

FAMILY LIFE ACADEMY CHARTER SCHOOLS

BRONX, NEW YORK

AUDITED FINANCIAL STATEMENTS

OTHER FINANCIAL INFORMATION

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2021

(With Comparative Totals for 2020)



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Family Life Academy Charter Schools

Report on the Financial Statements

We have audited the accompanying financial statements of Family Life Academy Charter Schools (the "Organization"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Life Academy Charter Schools as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Family Life Academy Charter Schools' June 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report date October 14, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it is derived.

Other Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2021 on our consideration of Family Life Academy Charter Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Family Life Academy Charter Schools' internal control over financial reporting and compliance.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 14, 2021

FAMILY LIFE ACADEMY CHARTER SCHOOLS

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

(With Comparative Totals for 2020)

| <u>ASSETS</u> | June 30, | |
|---|---------------|---------------|
| | 2021 | 2020 |
| <u>CURRENT ASSETS</u> | | |
| Cash and cash equivalents | \$ 12,555,701 | \$ 9,460,803 |
| Certificate of deposit | 2,351,045 | 2,324,295 |
| Grants and other receivables | 2,393,507 | 1,694,306 |
| Prepaid expenses and other current assets | 336,792 | 433,194 |
| TOTAL CURRENT ASSETS | 17,637,045 | 13,912,598 |
| <u>PROPERTY AND EQUIPMENT, net</u> | 3,927,028 | 3,301,987 |
| <u>OTHER ASSETS</u> | | |
| Security deposits | 305,305 | 305,305 |
| Cash in escrow | 175,000 | 175,000 |
| Due from related party | 51,732 | 57,232 |
| | 532,037 | 537,537 |
| TOTAL ASSETS | \$ 22,096,110 | \$ 17,752,122 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| <u>CURRENT LIABILITIES</u> | | |
| Current portion of capital leases payable | \$ 84,222 | \$ 64,616 |
| Accounts payable and accrued expenses | 441,653 | 335,185 |
| Accrued payroll and benefits | 1,435,024 | 1,306,321 |
| Vacation accrual | 474,204 | 399,538 |
| Deferred revenue | 151,437 | 211,037 |
| TOTAL CURRENT LIABILITIES | 2,586,540 | 2,316,697 |
| <u>OTHER LIABILITIES</u> | | |
| Capital leases payable | 53,466 | 30,474 |
| Deferred lease incentive | 445,482 | 412,791 |
| Deferred rent payable | 2,093,074 | 4,190,447 |
| Long term debt | 2,571,253 | 2,571,253 |
| | 5,163,275 | 7,204,965 |
| TOTAL LIABILITIES | 7,749,815 | 9,521,662 |
| <u>NET ASSETS</u> | | |
| Without donor restrictions | 13,830,373 | 7,720,344 |
| With donor restrictions | 515,922 | 510,116 |
| | 14,346,295 | 8,230,460 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 22,096,110 | \$ 17,752,122 |

The accompanying notes are an integral part of the financial statements.

FAMILY LIFE ACADEMY CHARTER SCHOOLS

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2021
(With Comparative Totals for 2020)

| | Year ended June 30, | | | 2020 |
|---|-------------------------------|----------------------------|----------------------|---------------------|
| | 2021 | | Total | |
| | Without donor restrictions | With donor restrictions | | |
| Revenue, gains and other support: | | | | |
| Public school district: | | | | |
| Resident student enrollment | \$ 23,299,624 | \$ - | \$ 23,299,624 | \$ 22,471,834 |
| Students with disabilities | 853,403 | - | 853,403 | 640,803 |
| Grants and contracts: | | | | |
| State and local | 146,371 | - | 146,371 | 389,415 |
| Federal - Title and IDEA | 1,307,586 | - | 1,307,586 | 959,975 |
| Federal - other | 1,042,804 | - | 1,042,804 | 353,875 |
| Food service/Child Nutrition Program | 553,501 | - | 553,501 | 558,028 |
| NYC DOE rental assistance | 3,806,099 | - | 3,806,099 | 3,961,641 |
| TOTAL REVENUE, GAINS AND OTHER SUPPORT | 31,009,388 | - | 31,009,388 | 29,335,571 |
| Expenses: | | | | |
| Program services: | | | | |
| Regular education | 21,948,726 | - | 21,948,726 | 21,838,209 |
| Special education | 2,962,614 | - | 2,962,614 | 2,395,708 |
| Total program services | 24,911,340 | - | 24,911,340 | 24,233,917 |
| Management and general | 3,519,023 | - | 3,519,023 | 3,299,328 |
| Fundraising and special events | 172,410 | - | 172,410 | 165,406 |
| TOTAL OPERATING EXPENSES | 28,602,773 | - | 28,602,773 | 27,698,651 |
| SURPLUS FROM SCHOOL OPERATIONS | 2,406,615 | - | 2,406,615 | 1,636,920 |
| Support and other revenue: | | | | |
| Contributions: | | | | |
| Foundations | 209,180 | 178,400 | 387,580 | 1,462,100 |
| Individuals | 4,445 | - | 4,445 | 4,805 |
| Corporations | 10,819 | - | 10,819 | - |
| In-kind | 8,375 | - | 8,375 | - |
| Fundraising | 180 | - | 180 | 1,502 |
| Interest income | 121,297 | - | 121,297 | 162,750 |
| Gain on lease termination | 3,176,524 | - | 3,176,524 | - |
| Other income | - | - | - | 348 |
| Net assets released from restriction | 172,594 | (172,594) | - | - |
| TOTAL SUPPORT AND OTHER REVENUE | 3,703,414 | 5,806 | 3,709,220 | 1,631,505 |
| CHANGE IN NET ASSETS | 6,110,029 | 5,806 | 6,115,835 | 3,268,425 |
| Net assets at beginning of year | 7,720,344 | 510,116 | 8,230,460 | 4,962,035 |
| NET ASSETS AT END OF YEAR | <u>\$ 13,830,373</u> | <u>\$ 515,922</u> | <u>\$ 14,346,295</u> | <u>\$ 8,230,460</u> |

The accompanying notes are an integral part of the financial statements.

FAMILY LIFE ACADEMY CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021
(With Comparative Totals for 2020)

| | Year ended June 30, | | | | | | | | |
|--|---------------------|----------------------|--------------|------------------------------|--------------------------------------|------------|--------------|---------------|---------------|
| | 2021 | | | | | | 2020 | | |
| | No. of Positions | Program Services | | | Supporting Services | | | Total | Total |
| Regular Education | | Special Education | Sub-total | Management and general | Fundraising and special events | Sub-total | | | |
| Personnel services costs: | | | | | | | | | |
| Administrative staff personnel | 65 | \$ 3,509,961 | \$ 547,702 | \$ 4,057,663 | \$ 1,739,581 | \$ 144,240 | \$ 1,883,821 | \$ 5,941,484 | \$ 5,197,844 |
| Instructional personnel | 144 | 7,194,199 | 892,790 | 8,086,989 | - | - | - | 8,086,989 | 7,101,060 |
| Non-instructional personnel | 23 | 761,320 | 92,318 | 853,638 | 85,995 | - | 85,995 | 939,633 | 1,639,805 |
| Total personnel services costs | 232 | 11,465,480 | 1,532,810 | 12,998,290 | 1,825,576 | 144,240 | 1,969,816 | 14,968,106 | 13,938,709 |
| Fringe benefits and payroll taxes | | 2,065,067 | 271,877 | 2,336,944 | 277,240 | 19,994 | 297,234 | 2,634,178 | 2,378,289 |
| Retirement | | 207,343 | 29,252 | 236,595 | 51,768 | 4,787 | 56,555 | 293,150 | 246,763 |
| Legal service | | - | - | - | 44,379 | - | 44,379 | 44,379 | 22,721 |
| Accounting / audit services | | - | - | - | 53,800 | - | 53,800 | 53,800 | 54,700 |
| Other purchased / professional / consulting services | | 66,546 | 9,966 | 76,512 | 156,754 | 1,650 | 158,404 | 234,916 | 237,773 |
| Building and land rent / lease | | 5,162,298 | 652,982 | 5,815,280 | 263,740 | - | 263,740 | 6,079,020 | 6,708,487 |
| Repairs and maintenance | | 378,281 | 48,253 | 426,534 | 29,973 | - | 29,973 | 456,507 | 510,207 |
| Insurance | | 6,422 | 803 | 7,225 | 208,319 | - | 208,319 | 215,544 | 191,259 |
| Utilities | | 227,987 | 28,287 | 256,274 | 11,599 | - | 11,599 | 267,873 | 325,837 |
| Supplies / materials | | 464,835 | 57,700 | 522,535 | - | - | - | 522,535 | 427,423 |
| Equipment / furnishings | | 13,253 | 1,770 | 15,023 | 682 | - | 682 | 15,705 | 28,418 |
| Staff development | | 73,694 | 8,828 | 82,522 | 19,793 | - | 19,793 | 102,315 | 288,247 |
| Marketing / recruitment | | - | - | - | 153,442 | - | 153,442 | 153,442 | 129,440 |
| Technology | | 116,258 | 14,896 | 131,154 | 235,699 | - | 235,699 | 366,853 | 243,500 |
| Food services | | 527,626 | 65,096 | 592,722 | - | 38 | 38 | 592,760 | 620,033 |
| Student services | | 165,148 | 105,633 | 270,781 | - | - | - | 270,781 | 196,750 |
| Office expense | | 231,147 | 27,678 | 258,825 | 42,915 | 1,701 | 44,616 | 303,441 | 375,984 |
| Depreciation and amortization | | 777,341 | 106,783 | 884,124 | 117,191 | - | 117,191 | 1,001,315 | 759,846 |
| Other | | - | - | - | 26,153 | - | 26,153 | 26,153 | 14,265 |
| | | \$ 21,948,726 | \$ 2,962,614 | \$ 24,911,340 | \$ 3,519,023 | \$ 172,410 | \$ 3,691,433 | \$ 28,602,773 | \$ 27,698,651 |

The accompanying notes are an integral part of the financial statements.

FAMILY LIFE ACADEMY CHARTER SCHOOLS

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021
(With Comparative Totals for 2020)

| | Year ended June 30, | |
|---|---------------------|--------------|
| | 2021 | 2020 |
| <u>CASH FLOWS - OPERATING ACTIVITIES</u> | | |
| Change in net assets | \$ 6,115,835 | \$ 3,268,425 |
| Adjustments to reconcile change in net assets to net cash provided from operating activities: | | |
| Depreciation and amortization | 1,001,315 | 759,846 |
| (Gain) loss on sale of property and equipment | (42,623) | 4,205 |
| Gain on lease termination | (3,176,524) | - |
| Changes in certain assets and liabilities affecting operations: | | |
| Grants and other receivables | (699,201) | (727,212) |
| Prepaid expenses and other current assets | 96,402 | (118,199) |
| Security deposits | - | 14,005 |
| Accounts payable and accrued expenses | 106,468 | (299,337) |
| Accrued payroll and benefits | 128,703 | 334,952 |
| Vacation accrual | 74,666 | 59,692 |
| Deferred revenue | (59,600) | (1,461,913) |
| Deferred lease incentive | 32,691 | (21,255) |
| Deferred rent payable | 1,079,151 | 1,150,176 |
| NET CASH PROVIDED FROM OPERATING ACTIVITIES | 4,657,283 | 2,963,385 |
| <u>CASH FLOWS - INVESTING ACTIVITIES</u> | | |
| Purchases of property and equipment | (1,490,550) | (923,327) |
| Proceeds from sale of property and equipment | 67,497 | - |
| Purchase of certificate of deposit | (26,750) | (55,293) |
| Change in due from related party | 5,500 | 6,000 |
| NET CASH USED FOR INVESTING ACTIVITIES | (1,444,303) | (972,620) |
| <u>CASH FLOWS - FINANCING ACTIVITIES</u> | | |
| Repayments of capital leases payable | (118,082) | (194,743) |
| Borrowings of long term debt | - | 2,571,253 |
| NET CASH (USED FOR) PROVIDED FROM FINANCING ACTIVITIES | (118,082) | 2,376,510 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH | 3,094,898 | 4,367,275 |
| Cash and cash equivalents and restricted cash at beginning of year | 9,635,803 | 5,268,528 |
| CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR | \$ 12,730,701 | \$ 9,635,803 |

FAMILY LIFE ACADEMY CHARTER SCHOOLS

STATEMENT OF CASH FLOWS, Cont'd

YEAR ENDED JUNE 30, 2021
(With Comparative Totals for 2020)

| | <u>Year ended June 30,</u> | |
|--|----------------------------|-------------------|
| | <u>2021</u> | <u>2020</u> |
| <u>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</u> | | |
| Cash paid during the year for: | | |
| Interest | <u>\$ 26,153</u> | <u>\$ 4,604</u> |
| <u>NON CASH INVESTING AND FINANCING ACTIVITIES</u> | | |
| Capital lease payable incurred in connection with purchase of property and equipment | <u>\$ 160,680</u> | <u>\$ 102,233</u> |

The accompanying notes are an integral part of the financial statements.

FAMILY LIFE ACADEMY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization

Family Life Academy Charter Schools (the “Organization”) is an educational corporation operating in the borough of the Bronx, New York and is comprised of various individual charter schools.

Family Life Academy Charter School I (“FLACS I”) is a charter school that operates under the Organization in the borough of the Bronx, New York. On May 14, 2001, the Board of Regents of the University of the State of New York granted FLACS I a provisional charter valid for a term of five years and renewable upon expiration. On May 20, 2008, August 19, 2013 and February 13, 2018, FLACS I obtained a five year renewal, which expires June 30, 2023.

Family Life Academy Charter School II (“FLACS II”) is a charter school that operates under the Organization in the borough of the Bronx, New York. On September 13, 2011, the Board of Regents of the University of the State of New York granted FLACS II a provisional charter valid for a term of five years and renewable upon expiration. On March 8, 2017, FLACS II obtained a five year renewal, which currently expires July 31, 2022.

On March 31, 2014, the Board of Regents of the University of the State of New York amended the FLACS I charter agreement permitting additional schools under FLACS I’s educational corporation. During the 2014 fiscal year, FLACS I added Family Life Academy Charter School III (“FLACS III”) under its expanded charter. FLACS III had the authority to operate through July 31, 2019. On May 27, 2019, FLACS III obtained a five year renewal, which expires July 31, 2024.

FLACS I, FLACS II, and FLACS III are schools in a predominately Latino community in the South Bronx. They seek to empower New York City English language learners in grades Kindergarten through Grade 8 to achieve high standards in English and to help them take responsibility for their own learning and encourage them to explore and affirm human values.

Family Life Academy Charter Schools Network (“FLACS N”) is a division of the educational corporation operating as a charter school management organization. FLACS N’s purpose is to manage and support a network of open-enrollment free charter schools committed to high academic standards, merit, citizenship and responsibility in New York City’s neediest neighborhoods.

On June 6, 2019, the Board of Regents of the University of the State of New York amended the FLACS I charter agreement permitting additional schools under FLACS I’s educational corporation. During the 2019 fiscal year, FLACS I added Family Life Academy Charter School IV (“FLACS IV”) under its expanded charter. FLACS IV is expected to open September 2022.

Basis of presentation

The accompanying financial statements include the accounts of FLACS I, FLACS II, FLACS III, FLACS IV and FLACS N (collectively referred to as the “Organization”). All intercompany balances and transactions have been eliminated in the accompanying financial statements.

Basis of accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

FAMILY LIFE ACADEMY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Classification of net assets

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization are maintained in accordance with the principles of accounting for not-for-profit organizations. This is the procedure by which resources are classified for reporting purposes into net asset groups, established according to their nature and purpose. Accordingly, all financial transactions have been recorded and reported by net asset group.

The assets, liabilities, activities, and net assets are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Trustees has discretionary control to use these in carrying on operations in accordance with the guidelines established by the Organization.

Net Assets With Donor Restrictions

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Net assets with donor restrictions were \$515,922 and \$510,116 at June 30, 2021 and 2020, respectively.

Revenue recognition

Revenue from Exchange Transactions: The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

The Organization records substantially all revenues over time as follows:

Public school district revenue

The Organization recognizes revenue as educational programming is provided to students throughout the year. The Organization earns public school district revenue based on the approved per pupil tuition rate of the public school district in which the pupil resides. The amount received each year from the resident district is the product of the approved per pupil tuition rate and the full-time equivalent student enrollment of the Organization. Each NYS school district has a fixed per pupil tuition rate which is calculated annually by NYSED in accordance with NYS Education Law. Amounts are billed in advance every other month and payments are typically received in six installments during the year. At the end of each school year, a reconciliation of actual enrollment to billed enrollment is performed and any additional amounts due or excess funds received are agreed upon between the Organization and the district(s) and are paid or recouped. Additional funding is available for students requiring special education services. The amount of additional funding is dependent upon the length of time and types of services provided by the Organization to each student, subject to a maximum amount based upon a set rate for each district as calculated by NYSED.

FAMILY LIFE ACADEMY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Rental assistance

Facilities rental assistance funding is provided by the New York City Dept of Education (NYCDOE) to qualifying charter schools located in the five boroughs of NYC. In order to receive rental assistance funding, a charter school must have commenced instruction or added grade levels in the 2014-15 school year or thereafter and go through a space request process with the NYCDOE. If NYCDOE is not able to provide adequate space, the Organization can become eligible for rental assistance. Rental assistance is calculated as the lesser of 30% of the per-pupil tuition rate for NYC times the number of students enrolled, or actual total rental costs. As rental assistance is based on the number of students enrolled, revenue is recognized throughout the year as educational programming is provided to students.

The following table summarizes contract balances at their respective statement of financial position dates:

| | June 30, | | |
|----------------------------------|-----------|------------|-----------|
| | 2021 | 2020 | 2019 |
| Grants and contracts receivables | \$ 44,183 | \$ 319,411 | \$ 28,114 |

Contributions

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence of any donor restrictions. A contribution that is received and expended in the same year for a specific purpose is classified as without donor restricted revenue.

Contributions are recorded as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Grant revenue

Some of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Certain grants are subject to audit and retroactive adjustments by its funders. Any changes resulting from these audits are recognized in the year they become known. Qualifying expenditures that have been incurred but are yet to be reimbursed are reported as grants receivable in the accompanying statement of financial position. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the accompanying statement of financial position and amounted to \$151,437 and \$211,037 at June 30, 2021 and 2020, respectively. The Organization received cost-reimbursement grants of approximately \$146,970 and \$433,325 that have not been recognized at June 30, 2021 and 2020, respectively, because qualifying expenditures have not yet been incurred.

FAMILY LIFE ACADEMY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Cash and cash equivalents

Cash and cash equivalents are maintained in certain financial institutions located in New York and are insured by the FDIC up to \$250,000 at each institution. The Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. In the normal course of business, the cash account balances at any given time may exceed insured limits. However, the Organization has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash and cash equivalents.

Cash in escrow

The Organization maintains cash in an escrow account, in accordance with the terms of its Charter Agreement. A portion of the escrow account is invested in a certificate of deposit with a maturity date of July 2021.

Grants and other receivables

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts based on its assessment of the current status of individual receivables from grants, agencies and others. Balances that are still outstanding after management has used reasonable collection efforts are written off against the allowance for doubtful accounts. There was no allowance for doubtful accounts at June 30, 2021 or 2020.

Property and equipment

Property and equipment are recorded at cost. Depreciation and amortization are computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from two to fifteen years.

Major renewals and betterments are capitalized, while repairs and maintenance are charged to operations as incurred. Upon sale or retirement, the related cost and allowances for depreciation are removed from the accounts and the related gain or loss is reflected in operations.

Deferred revenue

The Organization records grant revenue as deferred revenue until it is expended for the purpose of the grant, at which time it is recognized as revenue.

Certificate of deposit

The Organization maintains its certificate of deposit at a financial institution. The balance is insured at the financial institution up to \$250,000 by the FDIC. At times the Organization's balance may exceed federally insured limits. The Organization has not experienced any losses in such account and does not believe it is exposed to any significant risk. Certificate of deposit has a maturity date of July 2021.

Tax exempt status

The Organization is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and applicable state regulations and, accordingly, is exempt from federal and state taxes on income.

The Organization files Form 990 tax returns in the U.S. federal jurisdiction. The tax returns for the years ended June 30, 2018 through June 30, 2021 are still subject to potential audit by the IRS. Management of the Organization believes it has no material uncertain tax positions and, accordingly it will not recognize any liability for unrecognized tax benefits.

FAMILY LIFE ACADEMY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Contributed goods and services

The Organization receives contributed services from volunteers to serve on the Board of Trustees. In addition, the Organization received transportation services, special education services and a school nurse for the students from the local district. The Organization was unable to determine a value for these services.

The Organization received contributed professional development and programming services and contributed goods which were valued at approximately \$8,400 for the year ended June 30, 2021. These amounts are included in in-kind revenue in the accompanying statement of activities and changes in net assets. The Organization did not receive any contributed services or goods for the year ended June 30, 2020.

Marketing costs

The Organization expenses marketing costs as they are incurred. Total marketing and recruiting costs approximated \$153,000 and \$129,000 for the years ended June 30, 2021 and 2020, respectively.

Comparative information for the year ended June 30, 2020

The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2020 from which the summarized information was derived.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

New accounting pronouncements

Leases

In February 2016, the FASB issued a new standard related to leases to increase transparency and comparability among entities by requiring the recognition of right-of-use ("ROU") assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases under current U.S. GAAP. For nonpublic entities, the FASB voted on May 20, 2020, to extend the guidance in this new standard to be effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Organization is currently evaluating the provisions of this standard to determine the impact the new standard will have on the Organization's financial position or results of operations.

FAMILY LIFE ACADEMY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Gifts-in-kind

In September 2020, the FASB issued a new accounting update to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind. The update requires not-for-profit entities to present contributed nonfinancial assets separately on the statement of activities, apart from contributions of cash and other financial assets. In addition, the update requires not-for-profit entities to disclose in the notes to the financial statements a breakout of the different types of gifts-in-kind recognized, any donor restrictions associated with the gift, the valuation technique(s) used to arrive at the fair value measure, whether or not the gift-in-kind was monetized, and any policies on monetization. The update is effective for fiscal years beginning after June 15, 2021 and will be applied on a retrospective basis. The Organization is currently evaluating the provisions of this update to determine the impact it will have on the Organization's financial statements.

Subsequent events

The Organization has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 14, 2021, which is the date the financial statements are available to be issued. See Note M.

NOTE B: LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization's main source of liquidity is its cash and cash equivalents accounts.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of teaching, and public service as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Organization's cash and shows positive cash generated by operations for fiscal year 2021 and 2020.

FAMILY LIFE ACADEMY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE B: LIQUIDITY AND AVAILABILITY, Cont'd

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

| | <u>June 30,</u> | |
|---|----------------------|----------------------|
| | <u>2021</u> | <u>2020</u> |
| Cash and cash equivalents | \$ 12,555,701 | \$ 9,460,803 |
| Certificate of deposit | 2,351,045 | 2,324,295 |
| Grants and other receivables | <u>2,393,507</u> | <u>1,694,306</u> |
| Total financial assets available within one year | 17,300,253 | 13,479,404 |
| Less: | | |
| Amounts unavailable for general expenditures within one year, due to: | | |
| Restricted by donors with purpose restrictions | <u>(515,922)</u> | <u>(510,116)</u> |
| Total amount unavailable for general expenditures within one year | <u>(515,922)</u> | <u>(510,116)</u> |
| Total financial assets available to management for general expenditures within one year | <u>\$ 16,784,331</u> | <u>\$ 12,969,288</u> |

The Organization has a \$400,000 line of credit that they could draw upon in the event of unanticipated liquidity needs. At June 30, 2021 and 2020, there were no amounts outstanding on this line.

NOTE C: RELATED PARTY TRANSACTIONS

FLACS N receives a management allocation from FLACS I, FLACS II, and FLACS III (the "Charter Schools"). The Organization pays for certain operating expenses that benefit the entire organization and then allocates to each Charter School a percentage of these expenses based on the full-time equivalent student enrollment at each Charter School. FLACS N was allocated \$1,085,180 from FLACS I, \$2,339,862 from FLACS II, and \$670,915 from FLACS III for the year ended June 30, 2021. FLACS N was allocated \$1,103,391 from FLACS I, \$2,083,750 from FLACS II, and \$687,738 from FLACS III for the year ended June 30, 2020.

Classrooms and office facilities of FLACS I are leased from LPAC, whose President is a member of the Board of the Organization. See Note G for further details and future minimum lease payments. During the years ended June 30, 2021 and 2020, the Organization had approximately \$52,000 and \$57,000, respectively, of receivables from LPAC.

FAMILY LIFE ACADEMY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE C: RELATED PARTY TRANSACTIONS, Cont'd

The Organization is a guarantor of a mortgage in the name of LPAC. The term of the guarantee on the LPAC mortgage is through January 2018, at which time an option to extend for an additional 5 years was granted, until January 2023. The Organization would be required to pay the loan in the event of default and as of June 30, 2021 and 2020, the outstanding balance of the mortgage note is approximately \$1,503,000 and \$1,578,000, respectively. At June 30, 2021 and 2020, the maximum amount of future payments (undiscounted) the Organization could be required to make under the guarantee is \$2,145,000 and \$2,332,000, respectively.

During August 2017, the Organization became the guarantor of multiple loans of CG Educational Holdings, Inc. ("CG"). Prior to November 2016, the Organization held a membership interest in CG; however, in November 2016, the Organization transferred and assigned its membership interest to LPAC; therefore, CG is now wholly owned by LPAC. The loans are for the acquisition and remodeling of a building for a middle school leased to FLACS II, see Note G for more information. The loans were paid in full in December 2020; therefore, the guarantees are no longer in effect and the lease agreement was terminated.

During December 2020, HB Foundation ("HB"), a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code was formed. HB is the sole member of Highbridge Facilities LLC ("Highbridge"). Highbridge issued bonds to purchase the properties of FLACS II middle school, FLACS III and the property where FLACS IV will be located. The Organization became the guarantor of the bonds. The aggregate principal balance of the bonds at June 30, 2021 was approximately \$125,100,000. At June 30, 2021, the maximum potential amount of future payments (undiscounted) the guarantor could be required to make under the guarantee was approximately \$277,858,307. The Organization fully expects the bond payable will be repaid by Highbridge in accordance with its terms.

In connection with the bond agreement, the Organization must comply with certain covenants. The Organization was in compliance with these covenants for the year ended June 30, 2021.

The lease agreements for the FLACS II middle school and FLACS III facilities were terminated in December 2020. In December 2020, the Organization entered into lease agreements with Highbridge for the FLACS II middle school, FLACS III and FLACS IV facilities. See Note G.

FAMILY LIFE ACADEMY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE D: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

| | <u>June 30,</u> | |
|--|---------------------|---------------------|
| | <u>2021</u> | <u>2020</u> |
| Leasehold improvements | \$ 4,550,988 | \$ 4,122,093 |
| Furniture and fixtures | 1,765,620 | 1,532,473 |
| Computers and equipment | <u>3,180,147</u> | <u>2,513,359</u> |
| | 9,496,755 | 8,167,925 |
| Less accumulated depreciation and amortization | <u>5,569,727</u> | <u>4,865,938</u> |
| | <u>\$ 3,927,028</u> | <u>\$ 3,301,987</u> |

At June 30, 2021, \$297,269 of construction in progress was included in leasehold improvements; which was mainly for a future building project for FLACS IV and for improvements to the FLACS II middle school facility expected to be utilized in the 2022 school year. At June 30, 2020, \$93,433 of construction in progress was included in leasehold improvements; which was mainly for a future building project for FLACS I and for improvements to the FLACS II middle school facility expected to be utilized in the 2021 school year.

No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and put into use. Total depreciation and amortization expense was \$1,001,315 and \$759,846 for the years ended June 30, 2021 and 2020, respectively.

NOTE E: CAPITAL LEASES PAYABLE

The Organization entered into a capital lease payable during August 2017, payable in annual installments, including interest at .35066% per annum, through September 2019. The capital lease payable is secured by certain equipment. The capital lease had \$1,397 outstanding as of June 30, 2020. There was no balance outstanding as of June 30, 2021.

The lease agreement is through August 2020 and is for the right to use certain equipment which is included in property and equipment in the accompanying statement of financial position at June 30, 2021 and 2020. The net book value of this equipment was \$92,284 and \$171,385 at June 30, 2021 and 2020, respectively.

The Organization entered into a capital lease payable during July 2018, payable in annual installments, including interest at .36052% per annum, through July 2020. The capital lease payable is secured by certain equipment. The capital lease had \$27,373 outstanding as of June 30, 2020. There was no balance outstanding as of June 30, 2021.

The lease agreement is through August 2021 and is for the right to use certain equipment which is included in property and equipment in the accompanying statement of financial position at June 30, 2021 and 2020. The net book value of this equipment was \$35,222 and \$51,478 at June 30, 2021 and 2020, respectively.

FAMILY LIFE ACADEMY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE E: CAPITAL LEASES PAYABLE, Cont'd

The Organization entered into a capital lease payable during November 2019, payable in annual installments, including interest at .457% per annum, through August 2021. The capital lease payable is secured by certain equipment. The capital lease had \$30,474 and \$66,320 outstanding as of June 30, 2021 and 2020, respectively.

The lease agreement is through August 2022 and is for the right to use certain equipment which is included in property and equipment in the accompanying statement of financial position at June 30, 2021 and 2020. The net book value of this equipment was \$68,155 and \$88,602 at June 30, 2021 and 2020, respectively.

The Organization entered into a capital lease payable during July 2020, payable in annual installments, including interest at .351% per annum, through August 2022. The capital lease payable is secured by certain equipment. The capital lease had \$107,214 outstanding as of June 30, 2021.

The lease agreement is through July 2022 and is for the right to use certain equipment which is included in property and equipment in the accompanying statement of financial position at June 30, 2021. The net book value of this equipment was \$133,901 at June 30, 2021.

Interest expense related to the capital leases was \$26,153 and \$4,604 during the years ended June 30, 2021 and 2020, respectively.

The future maturities of the capital leases payable are as follows:

| <u>Year ending June 30,</u> | <u>Amount</u> |
|-----------------------------|-------------------|
| 2022 | \$ 84,222 |
| 2023 | 53,466 |
| | <u>\$ 137,688</u> |

NOTE F: EQUIPMENT LEASES

The Organization leases office equipment under non-cancelable lease agreements expiring at various dates through July 2024. The future minimum payments on these agreements are as follows:

| <u>Year ending June 30,</u> | <u>Amount</u> |
|-----------------------------|-------------------|
| 2022 | \$ 178,655 |
| 2023 | 92,564 |
| 2024 | 28,655 |
| 2025 | 2,388 |
| | <u>\$ 302,262</u> |

FAMILY LIFE ACADEMY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE G: SCHOOL FACILITIES

FLACS I leased classrooms and office facilities under a non-cancelable lease agreement originally expiring in June 2018. The lease was amended effective September 1, 2016 with an expiration date of June 30, 2022 and a revised payment schedule. FLACS I's base rent for the years ended June 30, 2021 and 2020 was \$1,037,811 and \$1,011,780, respectively. The base rent increased in accordance with the lease agreement. The total amount of rental payments due over the lease term is being charged to rent expense on the straight-line method over the term of the lease. The difference between rent expense recorded and the amount paid is credited or charged to "Deferred rent payable" in the accompanying statement of financial position at June 30, 2021 and 2020.

Total rent expense relative to this lease was \$993,577 for the years ended June 30, 2021 and 2020. In conjunction with this facility lease, FLACS I paid a security deposit of \$155,833 which is included in security deposits on the accompanying statement of financial position at June 30, 2021 and 2020.

The future minimum payments on this agreement are as follows:

| <u>Year ending June 30,</u> | <u>Amount</u> |
|-----------------------------|---------------|
| 2022 | \$ 1,068,947 |

FLACS II leases classrooms and office facilities under a non-cancelable lease agreement expiring in June 2038 which they assumed from their former landlord effective January 2015. FLACS II's base rent for the years ended June 30, 2021 and 2020 was \$616,397 and \$592,690, respectively. The base rent increased in accordance with the lease agreement. The total amount of rental payments due over the lease term is being charged to rent expense on the straight-line method over the term of the lease. The difference between rent expense recorded and the amount paid is credited or charged to "Deferred rent payable" in the accompanying statement of financial position at June 30, 2021 and 2020. In connection with the assumption of this lease, the former landlord agreed to share in the cost of FLACS II making certain leasehold improvements to the building in accordance with the terms of the agreement. During the year ended June 30, 2021, \$58,896 had been advanced to FLACS II in addition to total advances of \$526,981 made in prior years and are recorded as a "Deferred lease incentive" on the accompanying statement of financial position. These reimbursements will be recognized as a reduction of rent expense on a straight line basis over the term of the lease. Rent expense relative to this lease was \$799,806 for the years ended June 30, 2021 and 2020. Also in conjunction with this facility lease, FLACS II paid a security deposit of \$163,477, as of June 30, 2019 and received a credit towards this deposit of \$14,005 during 2020, leaving a balance of \$149,472 at June 30, 2021 and 2020, which is included in security deposits on the accompanying statement of financial position at June 30, 2021 and 2020.

FAMILY LIFE ACADEMY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE G: SCHOOL FACILITIES, Cont'd

The future minimum payments on this agreement are as follows:

| <u>Year ending June 30,</u> | <u>Amount</u> |
|-----------------------------|----------------------|
| 2022 | \$ 641,053 |
| 2023 | 666,695 |
| 2024 | 693,363 |
| 2025 | 721,098 |
| 2026 | 749,942 |
| Thereafter | <u>11,719,217</u> |
| | <u>\$ 15,191,368</u> |

On August 11, 2017, FLACS II signed a lease agreement with CG for a new middle school building as described in Note C. The lease has a twenty year term upon completion of the building. The certificate of occupancy was issued April 30, 2019 and FLACS II had access to the building at that time. Rent payments commenced July 1, 2019 and go through July 1, 2038. The original lease term was schedule to end on June 30, 2039. The base rent for the year ended June 30, 2020 was \$2,743,225. The base rent for the period July 1, 2020 through December 31, 2020 was \$1,351,255. The base rent increases in accordance with the lease agreement. The total amount of rental payments due over the lease term is being charged to rent expense on the straight-line method over the term of the lease. The difference between rent expense recorded and the amount paid was credited or charged to "Deferred rent payable" in the accompanying statement of financial position at June 30, 2020. Rent expense relative to this lease was \$3,474,784 for the year ended June 30, 2020. As mentioned in Note C, the lease with CG was terminated in December 2020. The deferred rent payable balance was written off and a gain of \$1,696,822 was recorded to "Gain on lease termination" in the accompanying statement of activities and changes in net assets for the year ended June 30, 2021.

On December 22, 2020, FLACS II entered into a lease agreement for its middle school with Highbridge. Rent payments commenced January 1, 2021 and go through June 30, 2055. The base rent for the period January 1, 2021 through June 30, 2021 was \$993,760. The base rent increases in accordance with the lease agreement. The total amount of rental payments due over the lease term is being charged to rent expense on the straight-line method over the term of the lease. The difference between rent expense recorded and the amount paid was credited or charged to "Deferred rent payable" in the accompanying statement of financial position at June 30, 2021. Rent expense relative to this lease was \$3,047,712 for the year ended June 30, 2021.

In connection with the Highbridge agreement, the lease requires certain covenants to be met. The Organization was in compliance with these covenants for the year ended June 30, 2021.

FAMILY LIFE ACADEMY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE G: SCHOOL FACILITIES, Cont'd

The future minimum payments on this agreement are as follows:

| <u>Year ending June 30,</u> | <u>Amount</u> |
|-----------------------------|----------------------|
| 2022 | \$ 2,630,417 |
| 2023 | 2,684,608 |
| 2024 | 2,701,501 |
| 2025 | 2,707,408 |
| 2026 | 2,725,922 |
| Thereafter | <u>75,968,598</u> |
| | <u>\$ 89,418,454</u> |

FLACS III leases classrooms and office facilities under an original lease agreement which was scheduled to expire in August 2036. FLACS III's base rent for the year ended June 30, 2020 was \$1,040,849. The base rent for the period July 1, 2020 through December 31, 2020 was \$504,463. The base rent increased in accordance with the lease agreement. The total amount of rental payments due over the lease term is being charged to rent expense on the straight-line method over the term of the lease. The difference between rent expense recorded and the amount paid was credited or charged to "Deferred rent payable" in the accompanying statement of financial position at June 30, 2020. Additionally, during the year ended June 30, 2019, a portion of the FLACS III facility was used for FLACS II students, therefore \$185,362 of this base rent was allocated to FLACS II. Rent expense relative to this lease was \$1,270,553 for the year ended June 30, 2020. The lease with was terminated in December 2020. The deferred rent payable balance was written off and a gain of \$1,479,702 was recorded to "Gain on lease termination" in the accompanying statement of activities and changes in net assets for the year ended June 30, 2021.

On December 22, 2020, FLACS III entered into a lease agreement with Highbridge. Rent payments commenced on January 1, 2021 and go through June 30, 2055. FLACS III's base rent for the period January 1, 2021 through June 30, 2021 was \$340,224. The base rent increased in accordance with the lease agreement. The total amount of rental payments due over the lease term is being charged to rent expense on the straight-line method over the term of the lease. The difference between rent expense recorded and the amount paid was credited or charged to "Deferred rent payable" in the accompanying statement of financial position at June 30, 2021. Rent expense was \$1,081,968 for the year ended June 30, 2021.

In connection with the Highbridge agreement, the lease requires certain covenants to be met. The Organization was in compliance with these covenants for the year ended June 30, 2021.

FAMILY LIFE ACADEMY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE G: SCHOOL FACILITIES, Cont'd

The future minimum payments on this agreement are as follows:

| <u>Year ending June 30,</u> | <u>Amount</u> |
|-----------------------------|----------------------|
| 2022 | \$ 899,706 |
| 2023 | 922,965 |
| 2024 | 920,683 |
| 2025 | 924,939 |
| 2026 | 926,800 |
| Thereafter | <u>25,886,735</u> |
| | <u>\$ 30,481,828</u> |

On December 22, 2020, FLACS IV entered into a lease agreement with Highbridge for a new school building as described in Note C. The lease has a thirty-five year term upon completion of the building, and payments are to be determined upon completion of the building. The building is expected to be completed prior to September 2022.

The estimated future minimum payments on this agreement are as follows:

| <u>Year ending June 30,</u> | <u>Amount</u> |
|-----------------------------|-----------------------|
| 2022 | \$ - |
| 2023 | 1,185,000 |
| 2024 | 2,316,000 |
| 2025 | 3,998,465 |
| 2026 | 5,023,465 |
| Thereafter | <u>145,825,895</u> |
| | <u>\$ 158,348,825</u> |

The total lease expense for all these leases, as outlined above, was approximately \$5,923,000 and \$6,546,000 for the years ended June 30, 2021 and 2020, respectively.

NOTE H: RETIREMENT PLAN

The Organization sponsors a 401(k) plan (the "Plan") for all eligible employees that are predominantly funded by employees' contributions. The Organization matches employees' contributions up to 4% of their annual salary. During the years ended June 30, 2021 and 2020, the Organization contributed approximately \$281,800 and \$240,700, respectively, to the Plan.

FAMILY LIFE ACADEMY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE I: CONTINGENCY

Certain grants and contracts may be subject to audit by funding sources. Such audits might result in disallowance of costs submitted for reimbursement by the Organization. Management is of the opinion that such disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

NOTE J: CONCENTRATIONS

At June 30, 2021, approximately 98% of grants and other receivables are due from the New York State Department of Education relating to certain grants. During the year ended June 30, 2021, 78% of total operating revenue and support came from per-pupil funding provided by New York State. The per-pupil rate is set annually by the State based on the school district in which the Organization's students are located.

At June 30, 2020, approximately 86% of grants and other receivables are due from the New York State Department of Education relating to certain grants. During the year ended June 30, 2020, 79% of total operating revenue and support came from per-pupil funding provided by New York State. The per-pupil rate is set annually by the State based on the school district in which the Organization's students are located.

NOTE K: NET ASSETS

Net assets without donor restrictions are as follows:

| | <u>June 30,</u> | |
|---|----------------------|---------------------|
| | <u>2021</u> | <u>2020</u> |
| Undesignated | \$ 10,041,033 | \$ 4,513,447 |
| Invested in property and equipment, net of related debt | <u>3,789,340</u> | <u>3,206,897</u> |
| | <u>\$ 13,830,373</u> | <u>\$ 7,720,344</u> |

Net assets with donor restrictions are as follows:

| | <u>June 30,</u> | |
|----------------------------------|-------------------|-------------------|
| | <u>2021</u> | <u>2020</u> |
| Music program | \$ 5,816 | \$ 7,087 |
| Wellness program | 2,141 | 2,141 |
| Display boards | 15,000 | - |
| Rental assistance | 375,000 | 375,000 |
| Middle school art curriculum | 835 | - |
| High school placement program | 97,836 | 116,878 |
| Middle school theater curtains | - | 9,010 |
| Healthy farm box project | 4,125 | - |
| K-2 home library project | 10,819 | - |
| Professional development program | <u>4,350</u> | <u>-</u> |
| | <u>\$ 515,922</u> | <u>\$ 510,116</u> |

FAMILY LIFE ACADEMY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE L: LINE OF CREDIT

In July 2018, the Organization entered into a line of credit agreement with a bank with maximum borrowings of \$400,000. The line bears interest at the prime rate plus 2% per annum and is secured primarily by the assets of the Organization. There was no balance outstanding at June 30, 2021 or 2020. The line expires in November 2021.

NOTE M: LONG TERM DEBT

In response to the COVID-19 outbreak, in April 2020 the Organization applied for and was approved by a bank for a loan of \$2,571,523 through the Paycheck Protection Program established by the Small Business Administration. The loan has a maturity of 2 years and an interest rate of 1%. The loan has the potential for forgiveness provided certain requirements are met by the Organization. The loan was funded on May 5, 2020. Due to the potential of forgiveness, repayment terms have not been finalized as of June 30, 2021; therefore, the entire balance has been classified as long-term at June 30, 2021 and 2020. On August 25, 2021, the loan was forgiven in full.

NOTE N: FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses that are allocated to more than one program or supporting function are allocated on the basis of estimates of time and effort.

NOTE O: CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash equivalents and restricted cash balances at June 30, 2021 and 2020 consisted of the following:

| | <u>June 30,</u> | |
|---------------------------|----------------------|---------------------|
| | <u>2021</u> | <u>2020</u> |
| Cash and cash equivalents | \$ 12,555,701 | \$ 9,460,803 |
| Cash in escrow | <u>175,000</u> | <u>175,000</u> |
| | <u>\$ 12,730,701</u> | <u>\$ 9,635,803</u> |

FAMILY LIFE ACADEMY CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2021

(With Comparative Totals for 2020)

NOTE P: ACCOUNTING IMPACT OF COVID-19 OUTBREAK

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

In response to the COVID-19 outbreak, the Federal Government passed several COVID relief acts which include funding for elementary and secondary education. The Elementary and Secondary School Emergency Relief Fund (ESSER Fund) was established to award grants to state and local educational agencies. The Organization has recognized \$737,354 of revenue relative to ESSER grants during the year ended June 30, 2021.

NOTE Q: RENEWAL PROCESS

The Organization is currently in the process of renewing its charters as part of an effort to synchronize the renewal timeline for all FLACS schools. The charter for FLACS I currently expires July 31, 2023, the Charter for FLACS II currently expires July 31, 2022 and the charter for FLACS III currently expires July 31, 2024. The renewal process includes review by the State University of New York Charter Schools Institute (CSI) of various operational and governance aspects, including fiscal health and internal controls, board governance, and academic performance. The Organization has submitted its application for renewal of all schools. Upon review of the application and results, CSI will determine if the charters should be renewed for an additional term ending July 31, 2027. At this time, Management of the Organization expects the charters of all schools to be renewed.

FAMILY LIFE ACADEMY CHARTER SCHOOLS

OTHER FINANCIAL INFORMATION

INDEPENDENT AUDITOR'S REPORT ON OTHER FINANCIAL INFORMATION

Board of Trustees
Family Life Academy Charter Schools

We have audited the financial statements of Family Life Academy Charter Schools as of and for the year ended June 30, 2021, and have issued our report thereon dated October 14, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The financial information hereinafter is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements for the year ended June 30, 2021, as a whole.

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
October 14, 2021

FAMILY LIFE ACADEMY CHARTER SCHOOLS

STATEMENT OF FINANCIAL POSITION BY CHARTER

JUNE 30, 2021

| <u>ASSETS</u> | <u>Family Life Academy Charter School I</u> | <u>Family Life Academy Charter School II</u> | <u>Family Life Academy Charter School III</u> | <u>Family Life Academy Charter School IV</u> | <u>Family Life Academy Charter School Network</u> | <u>Eliminations</u> | <u>Total</u> |
|--|---|--|---|--|---|---------------------|---------------|
| <u>CURRENT ASSETS</u> | | | | | | | |
| Cash and cash equivalents | \$ 1,509,606 | \$ 4,182,895 | \$ 2,728,805 | \$ 426,378 | \$ 3,708,017 | \$ - | \$ 12,555,701 |
| Certificate of deposit | 34,899 | 2,316,146 | - | - | - | - | 2,351,045 |
| Grants and other receivables | 477,658 | 932,433 | 433,466 | - | 549,950 | - | 2,393,507 |
| Interschool receivables | 285,298 | - | - | - | 35,354 | (320,652) | - |
| Prepaid expenses and other current assets | 95,252 | 161,020 | 49,866 | - | 30,654 | - | 336,792 |
| TOTAL CURRENT ASSETS | 2,402,713 | 7,592,494 | 3,212,137 | 426,378 | 4,323,975 | (320,652) | 17,637,045 |
| <u>PROPERTY AND EQUIPMENT, net</u> | 490,193 | 2,651,090 | 398,872 | 50,000 | 336,873 | - | 3,927,028 |
| <u>OTHER ASSETS</u> | | | | | | | |
| Security deposits | 155,833 | 149,472 | - | - | - | - | 305,305 |
| Cash in escrow | 175,000 | - | - | - | - | - | 175,000 |
| Due from related party | 51,732 | - | - | - | - | - | 51,732 |
| | 382,565 | 149,472 | - | - | - | - | 532,037 |
| TOTAL ASSETS | \$ 3,275,471 | \$ 10,393,056 | \$ 3,611,009 | \$ 476,378 | \$ 4,660,848 | \$ (320,652) | \$ 22,096,110 |

FAMILY LIFE ACADEMY CHARTER SCHOOLS

STATEMENT OF FINANCIAL POSITION BY CHARTER, Cont'd

JUNE 30, 2021

| <u>LIABILITIES AND NET ASSETS</u> | <u>Family Life Academy Charter School I</u> | <u>Family Life Academy Charter School II</u> | <u>Family Life Academy Charter School III</u> | <u>Family Life Academy Charter School IV</u> | <u>Family Life Academy Charter School Network</u> | <u>Eliminations</u> | <u>Total</u> |
|---|---|--|---|--|---|---------------------|----------------------|
| <u>CURRENT LIABILITIES</u> | | | | | | | |
| Current portion of capital leases payable | \$ 30,474 | \$ - | \$ - | \$ - | \$ 53,748 | \$ - | \$ 84,222 |
| Accounts payable and accrued expenses | 74,379 | 153,022 | 67,197 | - | 147,055 | - | 441,653 |
| Interschool payables | - | 185,891 | 84,761 | 50,000 | - | (320,652) | - |
| Accrued payroll and benefits | 363,776 | 732,436 | 251,060 | - | 87,752 | - | 1,435,024 |
| Vacation accrual | 78,609 | 210,071 | 71,683 | - | 113,841 | - | 474,204 |
| Deferred revenue | 6,302 | 10,248 | 134,887 | - | - | - | 151,437 |
| TOTAL CURRENT LIABILITIES | 553,540 | 1,291,668 | 609,588 | 50,000 | 402,396 | (320,652) | 2,586,540 |
| <u>OTHER LIABILITIES</u> | | | | | | | |
| Capital leases payable | - | - | - | - | 53,466 | - | 53,466 |
| Deferred lease incentive | - | 445,482 | - | - | - | - | 445,482 |
| Deferred rent payable | 75,368 | 1,911,236 | 106,470 | - | - | - | 2,093,074 |
| Long term debt | - | - | - | - | 2,571,253 | - | 2,571,253 |
| TOTAL LIABILITIES | 628,908 | 3,648,386 | 716,058 | 50,000 | 3,027,115 | (320,652) | 7,749,815 |
| <u>NET ASSETS</u> | | | | | | | |
| Without donor restrictions | 2,623,606 | 6,645,999 | 2,894,951 | 51,378 | 1,614,439 | - | 13,830,373 |
| With donor restrictions | 22,957 | 98,671 | - | 375,000 | 19,294 | - | 515,922 |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 3,275,471</u> | <u>\$ 10,393,056</u> | <u>\$ 3,611,009</u> | <u>\$ 476,378</u> | <u>\$ 4,660,848</u> | <u>\$ (320,652)</u> | <u>\$ 22,096,110</u> |

FAMILY LIFE ACADEMY CHARTER SCHOOLS

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS BY CHARTER

YEAR ENDED JUNE 30, 2021

| | Family Life Academy Charter School I | Family Life Academy Charter School II | Family Life Academy Charter School III | Family Life Academy Charter School IV | Family Life Academy Charter School Network | Eliminations | Total |
|---|---|--|---|--|---|--------------------|----------------------|
| Revenue, gains and other support: | | | | | | | |
| Public school district: | | | | | | | |
| Resident student enrollment | \$ 6,649,850 | \$ 12,729,725 | \$ 3,920,049 | \$ - | \$ - | \$ - | \$ 23,299,624 |
| Students with disabilities | 171,632 | 611,971 | 69,800 | - | - | - | 853,403 |
| Grants and contracts: | | | | | | | |
| State and local | 55,538 | 70,693 | 20,140 | - | - | - | 146,371 |
| Federal - Title and IDEA | 353,537 | 685,427 | 268,622 | - | - | - | 1,307,586 |
| Federal - other | 242,962 | 572,472 | 177,420 | - | 49,950 | - | 1,042,804 |
| Food service/Child Nutrition Program | 174,096 | 266,526 | 112,879 | - | - | - | 553,501 |
| NYC DOE rental assistance | - | 2,961,412 | 844,687 | - | - | - | 3,806,099 |
| TOTAL REVENUE, GAINS AND OTHER SUPPORT | 7,647,615 | 17,898,226 | 5,413,597 | - | 49,950 | - | 31,009,388 |
| Expenses: | | | | | | | |
| Program services: | | | | | | | |
| Regular education | 5,413,193 | 12,288,098 | 4,112,264 | - | 1,757,169 | (1,621,998) | 21,948,726 |
| Special education | 683,747 | 1,835,597 | 407,169 | - | 445,697 | (409,596) | 2,962,614 |
| Total program services | 6,096,940 | 14,123,695 | 4,519,433 | - | 2,202,866 | (2,031,594) | 24,911,340 |
| Management and general | 858,740 | 1,912,544 | 584,538 | - | 2,071,917 | (1,908,716) | 3,519,023 |
| Fundraising and special events | 41,674 | 89,896 | 25,765 | - | 170,722 | (155,647) | 172,410 |
| TOTAL OPERATING EXPENSES | 6,997,354 | 16,126,135 | 5,129,736 | - | 4,445,505 | (4,095,957) | 28,602,773 |
| SURPLUS (DEFICIT) / FROM SCHOOL OPERATIONS | 650,261 | 1,772,091 | 283,861 | - | (4,395,555) | 4,095,957 | 2,406,615 |
| Support and other revenue: | | | | | | | |
| Contributions: | | | | | | | |
| Foundations | 15,000 | 42,000 | - | 50,000 | 280,580 | - | 387,580 |
| Individuals | - | - | - | - | 4,445 | - | 4,445 |
| Corporations | - | - | - | - | 10,819 | - | 10,819 |
| In-kind | 2,375 | 3,625 | 2,375 | - | - | - | 8,375 |
| Management fee income | - | - | - | - | 4,095,957 | (4,095,957) | - |
| Fundraising | - | - | 7 | - | 173 | - | 180 |
| Interest income | 34,292 | 56,231 | 14,440 | 1,378 | 14,956 | - | 121,297 |
| Gain on lease termination | - | 1,696,822 | 1,479,702 | - | - | - | 3,176,524 |
| TOTAL SUPPORT AND OTHER REVENUE | 51,667 | 1,798,678 | 1,496,524 | 51,378 | 4,406,930 | (4,095,957) | 3,709,220 |
| CHANGE IN NET ASSETS | 701,928 | 3,570,769 | 1,780,385 | 51,378 | 11,375 | - | 6,115,835 |
| Net assets at beginning of year | 1,944,635 | 3,173,901 | 1,114,566 | 375,000 | 1,622,358 | - | 8,230,460 |
| NET ASSETS AT END OF YEAR | \$ 2,646,563 | \$ 6,744,670 | \$ 2,894,951 | \$ 426,378 | \$ 1,633,733 | \$ - | \$ 14,346,295 |

FAMILY LIFE ACADEMY CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER –
FAMILY LIFE ACADEMY CHARTER SCHOOL I

YEAR ENDED JUNE 30, 2021

| | No. of Positions | Program Services | | | Supporting Services | | | Total |
|--|---------------------|----------------------|----------------------|---------------------|------------------------------|--------------------------------------|-------------------|---------------------|
| | | Regular Education | Special Education | Sub-total | Management and general | Fundraising and special events | Sub-total | |
| Personnel services costs: | | | | | | | | |
| Administrative staff personnel | 9 | \$ 581,943 | \$ 67,129 | \$ 649,072 | \$ 111,884 | \$ - | \$ 111,884 | \$ 760,956 |
| Instructional personnel | 41 | 1,944,945 | 224,356 | 2,169,301 | - | - | - | 2,169,301 |
| Non-instructional personnel | 8 | 291,064 | 33,575 | 324,639 | 28,604 | - | 28,604 | 353,243 |
| Total personnel services costs | 58 | 2,817,952 | 325,060 | 3,143,012 | 140,488 | - | 140,488 | 3,283,500 |
| Fringe benefits and payroll taxes | | 559,172 | 64,502 | 623,674 | 27,877 | - | 27,877 | 651,551 |
| Retirement | | 44,753 | 5,162 | 49,915 | 2,231 | - | 2,231 | 52,146 |
| Other purchased / professional / consulting services | | 449,291 | 111,145 | 560,436 | 527,319 | 41,674 | 568,993 | 1,129,429 |
| Building and land rent / lease | | 852,704 | 98,362 | 951,066 | 42,511 | - | 42,511 | 993,577 |
| Repairs and maintenance | | 83,351 | 9,615 | 92,966 | 4,156 | - | 4,156 | 97,122 |
| Insurance | | 1,723 | 199 | 1,922 | 54,442 | - | 54,442 | 56,364 |
| Utilities | | 65,779 | 7,588 | 73,367 | 3,279 | - | 3,279 | 76,646 |
| Supplies / materials | | 124,289 | 14,337 | 138,626 | - | - | - | 138,626 |
| Equipment / furnishings | | 641 | 74 | 715 | 32 | - | 32 | 747 |
| Staff development | | 33,614 | 3,878 | 37,492 | 266 | - | 266 | 37,758 |
| Technology | | 28,395 | 3,275 | 31,670 | 45,131 | - | 45,131 | 76,801 |
| Food services | | 136,193 | 15,710 | 151,903 | - | - | - | 151,903 |
| Student services | | 29,627 | 3,418 | 33,045 | - | - | - | 33,045 |
| Office expense | | 45,601 | 5,260 | 50,861 | 4,023 | - | 4,023 | 54,884 |
| Depreciation and amortization | | 140,108 | 16,162 | 156,270 | 6,985 | - | 6,985 | 163,255 |
| Other | | - | - | - | - | - | - | - |
| | | <u>\$ 5,413,193</u> | <u>\$ 683,747</u> | <u>\$ 6,096,940</u> | <u>\$ 858,740</u> | <u>\$ 41,674</u> | <u>\$ 900,414</u> | <u>\$ 6,997,354</u> |

FAMILY LIFE ACADEMY CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER –
FAMILY LIFE ACADEMY CHARTER SCHOOL II

YEAR ENDED JUNE 30, 2021

| | No. of Positions | Program Services | | | Supporting Services | | | Total |
|--|---------------------|----------------------|----------------------|----------------------|------------------------------|--------------------------------------|---------------------|----------------------|
| | | Regular Education | Special Education | Sub-total | Management and general | Fundraising and special events | Sub-total | |
| Personnel services costs: | | | | | | | | |
| Administrative staff personnel | 21 | \$ 1,265,564 | \$ 178,310 | \$ 1,443,874 | \$ 243,878 | \$ - | \$ 243,878 | \$ 1,687,752 |
| Instructional personnel | 75 | 3,894,969 | 548,777 | 4,443,746 | - | - | - | 4,443,746 |
| Non-instructional personnel | 11 | <u>327,262</u> | <u>46,109</u> | <u>373,371</u> | <u>40,140</u> | <u>-</u> | <u>40,140</u> | <u>413,511</u> |
| Total personnel services costs | 107 | 5,487,795 | 773,196 | 6,260,991 | 284,018 | - | 284,018 | 6,545,009 |
| Fringe benefits and payroll taxes | | 1,004,662 | 141,551 | 1,146,213 | 51,996 | - | 51,996 | 1,198,209 |
| Retirement | | 86,932 | 12,248 | 99,180 | 4,499 | - | 4,499 | 103,679 |
| Other purchased / professional / consulting services | | 959,491 | 239,467 | 1,198,958 | 1,135,120 | 89,858 | 1,224,978 | 2,423,936 |
| Building and land rent / lease | | 3,308,919 | 466,206 | 3,775,125 | 171,251 | - | 171,251 | 3,946,376 |
| Repairs and maintenance | | 216,634 | 30,523 | 247,157 | 11,212 | - | 11,212 | 258,369 |
| Insurance | | 3,606 | 508 | 4,114 | 113,026 | - | 113,026 | 117,140 |
| Utilities | | 121,197 | 17,076 | 138,273 | 6,272 | - | 6,272 | 144,545 |
| Supplies / materials | | 191,066 | 26,920 | 217,986 | - | - | - | 217,986 |
| Equipment / furnishings | | 11,073 | 1,560 | 12,633 | 573 | - | 573 | 13,206 |
| Staff development | | 13,653 | 1,924 | 15,577 | 3,688 | - | 3,688 | 19,265 |
| Marketing / recruitment | | - | - | - | 8,667 | 38 | 8,705 | 8,705 |
| Technology | | 70,064 | 9,871 | 79,935 | 88,278 | - | 88,278 | 168,213 |
| Food services | | 230,901 | 32,532 | 263,433 | - | - | - | 263,433 |
| Student services | | 93,092 | 13,116 | 106,208 | - | - | - | 106,208 |
| Office expense | | 984 | 139 | 1,123 | 8,686 | - | 8,686 | 9,809 |
| Depreciation and amortization | | 488,029 | 68,760 | 556,789 | 25,258 | - | 25,258 | 582,047 |
| | | <u>\$ 12,288,098</u> | <u>\$ 1,835,597</u> | <u>\$ 14,123,695</u> | <u>\$ 1,912,544</u> | <u>\$ 89,896</u> | <u>\$ 2,002,440</u> | <u>\$ 16,126,135</u> |

FAMILY LIFE ACADEMY CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER-
FAMILY LIFE ACADEMY CHARTER SCHOOL III

YEAR ENDED JUNE 30, 2021

| | No. of Positions | Program Services | | | Supporting Services | | | Total |
|--|---------------------|----------------------|----------------------|--------------|------------------------------|--------------------------------------|------------|--------------|
| | | Regular Education | Special Education | Sub-total | Management and general | Fundraising and special events | Sub-total | |
| Personnel services costs: | | | | | | | | |
| Administrative staff personnel | 9 | \$ 548,212 | \$ 48,437 | \$ 596,649 | \$ 84,909 | \$ - | \$ 84,909 | \$ 681,558 |
| Instructional personnel | 28 | 1,354,285 | 119,657 | 1,473,942 | - | - | - | 1,473,942 |
| Non-instructional personnel | 4 | 142,994 | 12,634 | 155,628 | 17,251 | - | 17,251 | 172,879 |
| Total personnel services costs | 41 | 2,045,491 | 180,728 | 2,226,219 | 102,160 | - | 102,160 | 2,328,379 |
| Fringe benefits and payroll taxes | | 346,782 | 30,640 | 377,422 | 17,320 | - | 17,320 | 394,742 |
| Retirement | | 38,681 | 3,418 | 42,099 | 1,932 | - | 1,932 | 44,031 |
| Other purchased / professional / consulting services | | 276,909 | 68,300 | 345,209 | 327,872 | 25,765 | 353,637 | 698,846 |
| Building and land rent / lease | | 1,000,675 | 88,414 | 1,089,089 | 49,978 | - | 49,978 | 1,139,067 |
| Repairs and maintenance | | 69,708 | 6,159 | 75,867 | 3,481 | - | 3,481 | 79,348 |
| Insurance | | 1,093 | 96 | 1,189 | 38,162 | - | 38,162 | 39,351 |
| Utilities | | 41,011 | 3,623 | 44,634 | 2,048 | - | 2,048 | 46,682 |
| Supplies / materials | | 59,746 | 5,279 | 65,025 | - | - | - | 65,025 |
| Equipment / furnishings | | 1,539 | 136 | 1,675 | 77 | - | 77 | 1,752 |
| Staff development | | 7,259 | 641 | 7,900 | 139 | - | 139 | 8,039 |
| Technology | | 12,869 | 1,137 | 14,006 | 27,630 | - | 27,630 | 41,636 |
| Food services | | 86,471 | 7,640 | 94,111 | - | - | - | 94,111 |
| Student services | | 17,719 | 1,565 | 19,284 | - | - | - | 19,284 |
| Office expense | | 19,341 | 1,709 | 21,050 | 9,395 | - | 9,395 | 30,445 |
| Depreciation and amortization | | 86,970 | 7,684 | 94,654 | 4,344 | - | 4,344 | 98,998 |
| | | \$ 4,112,264 | \$ 407,169 | \$ 4,519,433 | \$ 584,538 | \$ 25,765 | \$ 610,303 | \$ 5,129,736 |

FAMILY LIFE ACADEMY CHARTER SCHOOLS

STATEMENT OF FUNCTIONAL EXPENSES BY CHARTER-
FAMILY LIFE ACADEMY CHARTER SCHOOL NETWORK

YEAR ENDED JUNE 30, 2021

| | No. of Positions | Program Services | | | Supporting Services | | | Total |
|--|---------------------|----------------------|----------------------|---------------------|------------------------------|--------------------------------------|---------------------|---------------------|
| | | Regular Education | Special Education | Sub-total | Management and general | Fundraising and special events | Sub-total | |
| Personnel services costs: | | | | | | | | |
| Administrative staff personnel | 26 | \$ 1,114,242 | \$ 253,826 | \$ 1,368,068 | \$ 1,298,910 | \$ 144,240 | \$ 1,443,150 | \$ 2,811,218 |
| Instructional personnel | - | - | - | - | - | - | - | - |
| Non-instructional personnel | - | - | - | - | - | - | - | - |
| Total personnel services costs | 26 | 1,114,242 | 253,826 | 1,368,068 | 1,298,910 | 144,240 | 1,443,150 | 2,811,218 |
| Fringe benefits and payroll taxes | | 154,451 | 35,184 | 189,635 | 180,047 | 19,994 | 200,041 | 389,676 |
| Retirement | | 36,977 | 8,424 | 45,401 | 43,106 | 4,787 | 47,893 | 93,294 |
| Legal service | | - | - | - | 44,379 | - | 44,379 | 44,379 |
| Accounting / audit services | | - | - | - | 53,800 | - | 53,800 | 53,800 |
| Other purchased / professional / consulting services | | 2,853 | 650 | 3,503 | 75,159 | - | 75,159 | 78,662 |
| Repairs and maintenance | | 8,588 | 1,956 | 10,544 | 11,124 | - | 11,124 | 21,668 |
| Insurance | | - | - | - | 2,689 | - | 2,689 | 2,689 |
| Supplies / materials | | 89,734 | 11,164 | 100,898 | - | - | - | 100,898 |
| Staff development | | 19,168 | 2,385 | 21,553 | 15,700 | - | 15,700 | 37,253 |
| Marketing / recruitment | | - | - | - | 144,775 | - | 144,775 | 144,775 |
| Technology | | 4,930 | 613 | 5,543 | 74,660 | - | 74,660 | 80,203 |
| Food services | | 74,061 | 9,214 | 83,275 | - | - | - | 83,275 |
| Student services | | 24,710 | 87,534 | 112,244 | - | - | - | 112,244 |
| Office expense | | 165,221 | 20,570 | 185,791 | 20,811 | 1,701 | 22,512 | 208,303 |
| Depreciation and amortization | | 62,234 | 14,177 | 76,411 | 80,604 | - | 80,604 | 157,015 |
| Other | | - | - | - | 26,153 | - | 26,153 | 26,153 |
| | | <u>\$ 1,757,169</u> | <u>\$ 445,697</u> | <u>\$ 2,202,866</u> | <u>\$ 2,071,917</u> | <u>\$ 170,722</u> | <u>\$ 2,242,639</u> | <u>\$ 4,445,505</u> |