



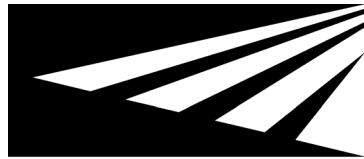
FAMILY SERVICE LEAGUE, INC.

**FINANCIAL STATEMENTS
TOGETHER WITH AUDITOR'S REPORT**

**AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022**

**FAMILY SERVICE LEAGUE, INC.
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AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022**

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NawrockiSmith

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Family Service League, Inc.:

Opinion

We have audited the accompanying financial statements of Family Service League, Inc. (the "Organization", a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Service League, Inc. as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

NawrockiSmith

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Hauppauge, New York
May 8, 2024

Nawrocki Smith LLP

FAMILY SERVICE LEAGUE, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 14,271,519	\$ 12,403,481
Investments	6,003,619	5,557,366
Accounts receivable, net	11,350,958	11,168,696
Prepaid expenses	93,550	322,766
Current portion of right-of-use assets, net - operating	5,868,414	4,144,037
Total current assets	37,588,060	33,596,346
NONCURRENT ASSETS:		
Restricted cash and cash equivalents	328,585	790,635
Restricted investments	1,154,748	1,074,333
Land, buildings and equipment, net	14,132,219	14,571,542
Right-of-use assets, net - operating	8,054,822	8,238,958
Other assets	125,369	126,804
Total noncurrent assets	23,795,743	24,802,272
Total assets	\$ 61,383,803	\$ 58,398,618
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Current portion of bonds payable	\$ 199,000	\$ 194,000
Current portion of loan payable	322,667	322,667
Current portion of lease liabilities - operating	5,868,414	4,144,037
Accounts payable and accrued expenses	13,026,449	11,372,080
Deferred income	6,168,125	5,354,860
Total current liabilities	25,584,655	21,387,644
NONCURRENT LIABILITIES:		
Lease liabilities, net of current portion - operating	8,054,822	8,238,958
Bonds payable, net of current portion	4,679,578	4,864,511
Loan payable, net of current portion	4,016,334	4,331,897
Mortgage note payable	326,468	326,468
Total noncurrent liabilities	17,077,202	17,761,834
Total liabilities	42,661,857	39,149,478
NET ASSETS:		
Without donor restrictions -		
Designated for land, buildings and equipment	4,683,964	5,009,425
Board designated for capital expenditures	1,000,000	1,000,000
Board designated for operational allowance	250,000	250,000
Board designated for ensuing year's budget	236,085	742,761
Undesignated	8,343,265	7,742,221
Total net assets without donor restrictions	14,513,314	14,744,407
With donor restrictions -		
Purpose restricted	2,821,093	3,117,194
Restricted in perpetuity	1,387,539	1,387,539
Total net assets with donor restrictions	4,208,632	4,504,733
Total net assets	18,721,946	19,249,140
Total liabilities and net assets	\$ 61,383,803	\$ 58,398,618

The accompanying notes to financial statements
are an integral part of these statements.

FAMILY SERVICE LEAGUE, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Operating revenues:		
Program fees	\$ 25,676,851	\$ 24,562,578
Government contracts	27,495,602	26,111,524
Indirect public support	3,067,789	3,695,188
Public support and fundraising	2,423,997	2,782,083
Other income	172,611	563,495
Net assets released from restrictions	1,065,927	1,043,342
Total operating revenues	59,902,777	58,758,210
Operating expenses:		
Program services	53,287,943	50,419,620
Administration	6,546,186	6,900,194
Fundraising	802,158	862,617
Total operating expenses	60,636,287	58,182,431
Increase (decrease) in net assets from operating activities	(733,510)	575,779
Nonoperating activities:		
Unrealized gain (loss) on investments	162,814	(935,397)
Unrealized loss on swap contract	(20,622)	(8,283)
Investment income, net	360,225	268,752
Increase (decrease) in net assets from nonoperating activities	502,417	(674,928)
Decrease in net assets without donor restrictions	(231,093)	(99,149)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:		
Revenues	769,826	1,075,007
Net assets released from restrictions	(1,065,927)	(1,043,342)
Increase (decrease) in net assets with donor restrictions	(296,101)	31,665
CHANGE IN NET ASSETS	(527,194)	(67,484)
NET ASSETS, BEGINNING OF YEAR	19,249,140	19,316,624
NET ASSETS, END OF YEAR	\$ 18,721,946	\$ 19,249,140

The accompanying notes to financial statements
are an integral part of these statements.

FAMILY SERVICE LEAGUE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services					Supporting Services			
	Behavioral Health Services	Family Services	Youth, Seniors And Intergenerational Services	Housing And Homeless Services	Vocational Services	Total	Administration	Fundraising	Total
Payroll	\$ 18,896,564	\$ 3,349,855	\$ 1,490,488	\$ 4,283,596	\$ 561,798	\$ 28,582,301	\$ 3,796,589	\$ 402,617	\$ 32,781,507
Employee Benefits	2,693,021	363,806	191,738	472,928	91,150	3,812,643	468,534	41,004	4,322,181
Lease	1,002,151	55,704	12,058	3,212,588	4,145	4,286,646	23,313	87	4,310,046
Professional Fees	830,895	5,949	33,578	1,995,728	549	2,866,699	527,623	-	3,394,322
Payroll Taxes	1,724,270	311,223	215,574	440,175	52,291	2,743,533	302,707	36,692	3,082,932
Program Supplies	814,378	155,077	139,728	607,009	(6,731)	1,709,461	711,261	94,409	2,515,131
Client Support	307,515	64,328	3,538	1,526,146	-	1,901,527	-	88,111	1,989,638
Depreciation and Amortization	727,822	88,474	120,717	460,093	40,008	1,437,114	61,879	4,902	1,503,895
Insurance	800,640	120,001	44,072	152,322	16,241	1,133,276	213,331	12,770	1,359,377
Repairs and Maintenance	300,246	60,151	76,101	557,466	59,438	1,053,402	67,652	3,651	1,124,705
Telephone	740,236	74,785	32,337	111,177	11,049	969,584	35,556	7,971	1,013,111
Office	183,860	45,710	33,463	134,829	11,674	409,536	218,614	13,515	641,665
Utilities	206,280	26,429	50,147	266,885	37,534	587,275	15,279	1,290	603,844
Interest	232,944	2,407	144,757	35,669	17,610	433,387	25,308	1,862	460,557
Janitorial	211,250	35,862	25,068	74,384	44,336	390,900	24,088	3,673	418,661
Auto and Van	256,238	45,485	-	40,215	-	341,938	7,617	-	349,555
Food	2,426	-	-	267,815	-	270,241	-	-	270,241
Rent	125,693	3,245	-	-	-	128,938	-	-	128,938
Advertising	37,817	15,107	17,599	12,314	573	83,410	15,427	2,050	100,887
Travel	9,234	42,523	17,264	4,174	202	73,397	11,646	-	85,043
Events	-	-	-	-	-	-	-	74,491	74,491
Patient Transportation	41,406	-	3,501	-	-	44,907	-	-	44,907
Conferences and Trainings	6,253	16,239	50	140	-	22,682	4,483	5,642	32,807
Postage	3,882	140	525	501	82	5,130	8,867	5,009	19,006
Dues	-	-	-	16	-	16	6,412	415	6,843
Printing	-	-	-	-	-	-	-	1,997	1,997
	<u>\$ 30,155,021</u>	<u>\$ 4,882,500</u>	<u>\$ 2,652,303</u>	<u>\$ 14,656,170</u>	<u>\$ 941,949</u>	<u>\$ 53,287,943</u>	<u>\$ 6,546,186</u>	<u>\$ 802,158</u>	<u>\$ 60,636,287</u>

The accompanying notes to financial statements
are an integral part of this statement.

**FAMILY SERVICE LEAGUE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Program Services					Supporting Services			
	Behavioral Health Services	Family Services	Youth, Seniors And Intergenerational Services	Housing And Homeless Services	Vocational Services	Total	Administration	Fundraising	Total
Payroll	\$ 18,422,283	\$ 2,844,317	\$ 1,630,154	\$ 3,894,106	\$ 563,471	\$ 27,354,331	\$ 3,597,373	\$ 476,807	\$ 31,428,511
Lease	982,976	27,515	10,198	3,161,832	2,735	4,185,256	27,321	960	4,213,537
Employee Benefits	2,530,545	352,577	189,040	406,393	96,597	3,575,152	429,183	51,335	4,055,670
Professional Fees	1,180,767	4,535	105,371	1,865,537	477	3,156,687	469,069	-	3,625,756
Payroll Taxes	1,608,498	264,104	178,958	353,502	52,764	2,457,826	270,448	41,849	2,770,123
Program Supplies	464,784	115,154	117,265	623,176	62,451	1,382,830	676,548	96,435	2,155,813
Depreciation and Amortization	778,415	96,434	127,875	269,846	38,429	1,310,999	745,803	5,020	2,061,822
Insurance	739,476	108,428	45,936	141,361	15,702	1,050,903	237,731	13,222	1,301,856
Client Support	274,967	69,345	2,357	832,319	-	1,178,988	-	55,954	1,234,942
Repairs and Maintenance	267,563	66,803	150,086	563,633	56,160	1,104,245	16,466	6,247	1,126,958
Telephone	757,775	73,687	34,325	114,846	11,042	991,675	39,641	7,422	1,038,738
Utilities	222,792	28,803	53,178	306,637	25,073	636,483	28,049	2,995	667,527
Office	181,413	39,173	28,670	63,204	6,828	319,288	226,438	7,528	553,254
Janitorial	211,751	28,427	34,385	127,864	55,496	457,923	29,154	2,232	489,309
Interest	197,085	31,290	80,908	28,818	9,479	347,580	48,254	849	396,683
Auto and Van	235,097	29,786	-	21,790	-	286,673	10,921	-	297,594
Food	186	-	-	261,413	62	261,661	-	-	261,661
Rent	109,387	18,908	-	-	-	128,295	-	-	128,295
Events	-	-	-	-	-	-	-	76,917	76,917
Advertising	26,063	14,008	4,493	12,211	57	56,832	15,211	1,700	73,743
Travel	3,459	36,351	11,584	2,329	25	53,748	11,222	88	65,058
Patient Transportation	37,442	-	9,098	-	89	46,629	-	-	46,629
Conferences and Trainings	26,906	1,665	190	-	-	28,761	12,723	987	42,471
COVID	3,346	4,550	102	23,498	74	31,570	258	-	31,828
Postage	5,695	1,397	519	394	175	8,180	5,284	7,836	21,300
Real Estate Taxes	-	-	-	7,105	-	7,105	408	-	7,513
Printing	-	-	-	-	-	-	-	5,869	5,869
Dues	-	-	-	-	-	-	2,689	365	3,054
	<u>\$ 29,268,671</u>	<u>\$ 4,257,257</u>	<u>\$ 2,814,692</u>	<u>\$ 13,081,814</u>	<u>\$ 997,186</u>	<u>\$ 50,419,620</u>	<u>\$ 6,900,194</u>	<u>\$ 862,617</u>	<u>\$ 58,182,431</u>

The accompanying notes to financial statements
are an integral part of this statement.

FAMILY SERVICE LEAGUE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (527,194)	\$ (67,484)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,503,895	2,061,822
Unrealized (gain) loss on investments	(162,814)	935,397
Increase in accounts receivable	(182,262)	(2,427,698)
(Increase) decrease in prepaid expenses	229,216	(223,269)
Decrease in other assets	1,435	5,684
Increase in accounts payable and accrued expenses	1,654,369	2,136,035
Increase in deferred income	813,265	1,036,840
	<u>3,329,910</u>	<u>3,457,327</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of land, buildings and equipment	(1,043,401)	(1,573,844)
Purchase of investments	(1,113,356)	(3,828,514)
Sale of investments	749,502	3,356,732
	<u>(1,407,255)</u>	<u>(2,045,626)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of loan payable	-	4,840,000
Payments on recalled bonds payable	-	(4,840,000)
Loan issuance costs	-	(106,545)
Payments on bonds payable	(194,000)	(267,000)
Payments on loan payable	(322,667)	(80,666)
	<u>(516,667)</u>	<u>(454,211)</u>
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	1,405,988	957,490
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	<u>13,194,116</u>	<u>12,236,626</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	<u>\$ 14,600,104</u>	<u>\$ 13,194,116</u>
CASH PAID DURING THE YEAR FOR:		
Interest	<u>\$ 460,557</u>	<u>\$ 396,683</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Disposal of fully depreciated fixed assets	<u>\$ -</u>	<u>\$ 51,829</u>
Initial recognition of right-of-use-assets obtained via operating lease liabilities	<u>\$ 5,834,534</u>	<u>\$ 158,731</u>
COMPONENTS OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH THE STATEMENTS OF FINANCIAL POSITION:		
Cash and cash equivalents	\$ 14,271,519	\$ 12,403,481
Restricted cash	<u>328,585</u>	<u>790,635</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 14,600,104</u>	<u>\$ 13,194,116</u>

The accompanying notes to financial statements
are an integral part of these statements.

FAMILY SERVICE LEAGUE, INC.
NOTES TO FINANCIAL STATEMENTS

(1) Organization and operation:

Family Service League, Inc. (the "Organization") is a non-profit corporation, exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. The Organization serves troubled and needy individuals and families.

(2) Summary of significant accounting policies:

The accompanying financial statements include the assets, liabilities, revenues and expenses of the Organization which are reflected on the accrual basis of accounting. The following is a summary of significant accounting policies followed by the Organization.

Financial statement presentation -

The accompanying financial statements include the accounts of the Organization's programs, administration and fundraising. The Organization presents its financial statements in accordance with U.S. generally accepted accounting principles ("GAAP") which require that the Organization's financial statements distinguish net assets and changes in net assets between those with and without donor restrictions. The Organization's net assets consist of the following:

Without donor restrictions - net assets of the Organization which have not been restricted by an outside donor or by law and are therefore available for use in carrying out the operations of the Organization.

With donor restrictions - net assets subject to donor-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.

As required by GAAP, the Organization has also presented Statements of Cash Flows for the years ended December 31, 2023 and 2022.

Cash and cash equivalents -

All highly liquid investments purchased with an original maturity of three months or less are considered to be cash equivalents, principally money market funds.

Restricted cash and investments -

Restricted cash as of December 31, 2023 and 2022, relates to bond proceeds of \$95,794 and \$477,428, respectively, and donor restricted funds of \$232,791 and \$313,207, respectively. Restricted investments as of December 31, 2023 and 2022, relates to donor restricted funds of \$1,154,748 and \$1,074,333, respectively.

Accounts receivable -

The Organization provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables and historical collection information. As of December 31, 2023 and 2022, the allowance for doubtful accounts was \$2,792,088 and \$3,240,093, respectively.

FAMILY SERVICE LEAGUE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Investments -

Investments are stated at fair value for the periods presented. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) on fair value measurements also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

Land, buildings and equipment -

Land, buildings and equipment are capitalized at cost or, if donated, at fair market value as of the date of receipt. The cost of land, buildings and equipment purchased in excess of \$1,000 is capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (generally periods of five to thirty years).

Impairment of long-lived assets and long-lived assets to be disposed of -

The Organization follows the provisions of the FASB ASC on accounting for the impairment or disposal of long-lived assets which require that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. These principles did not have a material impact on the Organization’s financial position, results of activities or liquidity during the years ended December 31, 2023 and 2022.

Conditional asset retirement obligations -

The FASB ASC on accounting for conditional asset retirement and environmental obligations requires the Organization to recognize a liability for the fair value of its legal obligation to perform an asset retirement activity, even though uncertainty exists about the timing and/or method of settlement, if and when the fair value of the liability can be reasonably estimated. As of December 31, 2023 and 2022, the Organization has met the provisions of and is in compliance with these requirements and no obligation currently exists.

FAMILY SERVICE LEAGUE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Right of use assets and lease liabilities -

The Organization complies with the provisions of FASB Accounting Standards Update (“ASU”) No. 2016-02, *Leases* (“Topic 842”). All leases entered into during the year were required to be recognized and measured. In applying Topic 842, the Organization made an accounting policy election not to recognize the right-of-use assets and lease liabilities relating to short term leases.

The Organization determines if an arrangement is or contains a lease at inception. The Organization’s operating lease arrangements are comprised of building leases and equipment leases. Right-of-use (“ROU”) assets represent the Organization’s right to use the underlying assets for the lease terms and lease liabilities represent the Organization’s obligation to make lease payments arising from the leases. ROU assets and lease liabilities are recognized at the commencement date based on the present value of the lease payments over the lease terms. As the Organization’s leases do not provide an implicit rate and the implicit rate is not readily determinable, the Organization estimates its incremental borrowing rate based on the information available at the commencement date in determining the present value of the lease payments. ROU assets also exclude lease incentives.

The Organization reconciles the operating lease expenses with the operating lease payments by presenting the amortization of the right-of-use assets and the change in the lease liabilities in a single line item within the adjustments to reconcile change in net assets to net cash provided by operating activities in the accompanying Statements of Cash Flows.

Revenue recognition -

The Organization complies with and accounts for its revenues in accordance with FASB ASC 958, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* and ASC 606, *Revenue from Contracts with Customers*.

The following are the significant revenue recognition accounting policies of the Organization:

Program fees - Program fees are reported at an amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing health services. These amounts are due from third party payors, as applicable, and include variable consideration and price concessions due to coverage. Revenue is recognized as performance obligations are satisfied based on actual charges incurred in relation to total expected collections.

Government contracts - Revenue under government contracts are recognized when earned. Revenue is earned when performance obligations, as defined in each contract, are fulfilled. Funds received but not yet earned are shown as deferred income. Expenditures under contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made.

FAMILY SERVICE LEAGUE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Grants and contributions - Grants and contributions are recognized as income when received and are considered to be available for unrestricted use unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. Conditional contributions are accounted for as a liability or are not recognized as revenue initially, until the barriers to entitlement are overcome, at which point a transaction is recognized as unconditional and classified as either net assets with donor restrictions, or net assets without donor restrictions.

Fundraising revenue - The portion of fundraising revenue that relates to the commensurate value the attendee receives in return is recognized when the related events are held, and performance obligations are met.

Donated services -

A number of volunteers have donated significant amounts of their time in the Organization's program services, administration and fundraising campaigns. However, since these services do not meet the criteria for recognition under GAAP, they are not reflected in the accompanying financial statements.

Functional expenses -

Expenses are recognized as incurred. The Statements of Functional Expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Direct program expenses are reported in their respective functional categories. The significant expenses that are allocated include: payroll, employee benefits and payroll taxes which are allocated on the basis of estimates of time and effort. Depreciation and rent are allocated on the basis of square footage and use, and all other expenses are allocated on a systematic and rational basis.

Liquidity considerations -

Quantitative

As of December 31, 2023, the Organization has \$31,626,096 of financial assets available to meet cash needs for program and supporting services expenditures within one year of the Statement of Financial Position date. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for expenditures within the ensuing fiscal year.

Qualitative

As a part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a committed line of credit in the amount of \$2 million, which it could draw upon.

FAMILY SERVICE LEAGUE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Income taxes -

The Organization qualifies as a tax-exempt not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and applicable New York State tax laws. Accordingly, no provision for federal or state income taxes is required.

Uncertainty in income taxes -

The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition. The Organization is no longer subject to examination by the applicable taxing jurisdictions for tax years prior to 2020.

The use of estimates in the preparation of financial statements -

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the reported period. Actual results may differ from those estimates.

(3) Fair value measurement:

The FASB *Fair Value Measurement* standard clarifies the definition of fair value for financial reporting, establishes framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable. The Organization has adopted the standard for its financial assets and liabilities measured on a recurring and nonrecurring basis.

Fair Value Measurement defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price. The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reported entity has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

FAMILY SERVICE LEAGUE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The following table represents the Organization's fair value hierarchy for investments as of December 31, 2023:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Corporate fixed income	\$ 5,543,695	\$ 5,543,695	\$ -	\$ -
Certificates of deposit	1,154,748	1,154,748	-	-
Mutual funds	459,917	459,917	-	-
Common stock	7	7	-	-
	<u>7</u>	<u>7</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 7,158,367</u>	<u>\$ 7,158,367</u>	<u>\$ -</u>	<u>\$ -</u>

The following table represents the Organization's fair value hierarchy for investments as of December 31, 2022:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Corporate fixed income	\$ 5,162,324	\$ 5,162,324	\$ -	\$ -
Certificates of deposit	1,074,333	1,074,333	-	-
Mutual funds	395,035	395,035	-	-
Common stock	7	7	-	-
	<u>7</u>	<u>7</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 6,631,699</u>	<u>\$ 6,631,699</u>	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2023 and 2022, the Organization did not possess any level 2 or 3 type of investments.

(4) Land, buildings and equipment:

Land, buildings and equipment as of December 31, 2023 and 2022 are comprised of the following:

	<u>2023</u>	<u>2022</u>
Land	\$ 2,144,455	\$ 2,144,455
Buildings and building improvements	19,429,658	19,024,452
Construction-in-progress	462,054	-
Office furniture and equipment	1,654,097	1,477,956
Vehicles	2,430,361	2,430,361
	<u>26,120,625</u>	<u>25,077,224</u>
Less: accumulated depreciation	<u>(11,988,406)</u>	<u>(10,505,682)</u>
	<u>\$ 14,132,219</u>	<u>\$ 14,571,542</u>

Depreciation expense amounted to \$1,482,724 and \$1,338,012 in 2023 and 2022, respectively.

FAMILY SERVICE LEAGUE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(5) Leases:

The Organization evaluated current contracts to determine which met the criteria of a lease. ROU assets represent the Organization's right to use underlying assets for the lease term, and the lease liabilities represent the Organization's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Organization has made an accounting policy election to use its incremental borrowing rate to discount future lease payments. The weighted average discount rate applied to calculate lease liabilities was 4.69%.

The Organization's operating leases consist primarily of facilities and equipment. As of December 31, 2023, the weighted-average remaining lease terms for the Organization's operating leases was approximately 3 years.

Cash paid for operating leases for the years ended December 31, 2023 and 2022 was \$4,310,046 and \$4,213,537, respectively.

Future maturities of lease liabilities are presented in the following table, for the fiscal years ending December 31:

<u>Year Ending December 31,</u>	
2024	\$ 5,877,789
2025	5,487,475
2026	2,652,762
2027	143,064
2028	<u>112,891</u>
Total	14,273,981
Discount to present value	<u>(350,745)</u>
	<u><u>\$ 13,923,236</u></u>

(6) Line of credit:

The Organization has a line of credit agreement with a bank through September 30, 2025, which provides for maximum borrowings of \$2,000,000. Borrowings under this line bear interest at LIBOR plus 1.8% and are secured by a security interest and lien in a certain securities account of the Organization. As of December 31, 2023 and 2022, there were no outstanding borrowings under this line.

FAMILY SERVICE LEAGUE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(7) Mortgage note payable:

On December 17, 2008, the Organization acquired land and a building located in Huntington, New York under a contractual agreement with the New York State Homeless Housing and Assistance Corporation ("HHAC"). HHAC has committed total funding in the amount of \$489,640, of which \$420,000 was advanced as of December 31, 2009 to acquire the land and building. In connection therewith, the Organization incurred a 25 year mortgage note, secured by the land and building. The note will be completely forgiven at the end of the 25 year period, provided the Organization complies with the terms and conditions of the agreement.

(8) Bonds payable:

On June 28, 2012, the Suffolk County Economic Development Corporation issued Revenue Bonds in the aggregate principal amounts of \$6,285,000 of tax-exempt bonds, and \$487,000 of taxable bonds on behalf of the Family Service League, Inc. for the purposes described below:

(A) Tax-Exempt Revenue Refunding Bonds in the amount of \$4,995,000 ("Series 2012A Bonds"), to provide funding for the purpose of refinancing the Organization's Civic Facility Revenue Bonds, Series 2004, issued by the Suffolk County Industrial Development Agency in the original aggregate principal amount of \$4,895,000 ("Series 2004 Bonds"), the proceeds of which were used to finance or refinance various real property acquisitions and renovations.

(B) Tax-Exempt Revenue Bonds in the amount of \$1,290,000 ("Series 2012B Bonds"), for the purpose of financing a portion of the costs of building renovations and equipment of the Organization, and a portion of the issuance costs of the Series 2012A Bonds, the Series 2012B Bonds and the Series 2012C Bonds.

(C) Taxable Revenue Bonds in the amount of \$184,000 ("Series 2012C Bonds"), for the purpose of (1) refinancing a portion of the Series 2004 Bonds, the proceeds of which Series 2004 Bonds were used to finance the costs of a building; and (2) paying the redemption premiums in connection with such portion of the refunded bonds.

On September 29, 2022, the above mentioned bonds were called and converted into a loan payable. See Note 9 for further details.

On December 18, 2017, the Suffolk County Economic Development Corporation issued Revenue Bonds in the aggregate principal amounts of \$6,087,000 of tax-exempt bonds, and \$264,000 of taxable bonds on behalf of the Family Service League, Inc. for the purposes described below:

(A) Tax-Exempt Revenue Bonds in the amount of \$3,815,000 ("Series 2017A Bonds"), to provide funding for the purpose of financing various real property acquisitions and renovations. The Series 2017A Bonds bear interest at a rate of 3.32% and mature in 2042. The balance outstanding on the Series 2017A Bonds as of December 31, 2023 and 2022 was \$3,282,000 and \$3,403,000, respectively.

FAMILY SERVICE LEAGUE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(B) Tax-Exempt Revenue Bonds in the amount of \$1,595,000 (“Series 2017B Bonds”), for the purpose of financing a portion of the costs of building renovations and equipment of the Organization, and a portion of the issuance costs of the Series 2017A Bonds. The Series 2017B Bonds bear interest at a rate of 3.32% and mature in 2042. The balance outstanding on the Series 2017B Bonds as of December 31, 2023 and 2022 was \$1,378,000 and \$1,427,000, respectively.

(C) Tax-Exempt Revenue Bonds in the amount of \$677,000 (“Series 2017C Bonds”), for the purpose financing a portion of the costs of building renovations and equipment of the Organization. The Series 2017C Bonds bear interest at the rate of 3.32% and mature in 2042. The balance outstanding on the Series 2017C Bonds as of December 31, 2023 and 2022 was \$555,000 and 579,000, respectively.

The Bonds are secured by a first priority mortgage lien on the Organization’s real property and require annual principal repayments through 2042 as follows:

<u>Year Ending December 31,</u>	
2024	\$ 199,000
2025	211,000
2026	217,000
2027	223,000
2028	228,000
2029-2033	1,249,000
2034-2038	1,505,000
2039 and thereafter	<u>1,383,000</u>
Subtotal	5,215,000
Less: bond issuance costs	<u>336,422</u>
Total	<u><u>\$ 4,878,578</u></u>

As of December 31, 2023 and 2022, bond issuance costs, net of amortization, totaling \$336,422 and \$350,489, respectively, are reflected as a direct deduction from bonds payable. Amortization expense of bond issuance costs as of December 31, 2023 and 2022 was \$14,067 and \$722,034, respectively.

The respective bond agreements have various covenants with which the Organization must comply. The Organization has complied with all of the debt covenants as of December 31, 2023 and 2022.

In connection with certain bond issues discussed previously, the Organization entered into two interest rate exchange agreements (the “Swap Contracts”) with a bank (“Swap Provider”) for the purpose of converting the Organization’s variable rate exposure relating to the Series 2012A and 2012B Bonds to a fixed rate. The Swap Contracts had initial notional amounts of \$4,995,000 and \$1,290,000, respectively. On September 29, 2022, the above mentioned agreement was converted with the loan payable. See Note 9 for further details.

FAMILY SERVICE LEAGUE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(9) Loan payable:

On September 29, 2022, the 2012 revenue bonds were converted into a loan payable. The loan bears interest at the rate of 3.75% and matures in 2037. The balance outstanding on the loan payable as of December 31, 2023 was \$4,436,666.

Scheduled principal payments on the loan payable are as follows:

<u>Year Ending December 31,</u>		
2024	\$	322,667
2025		322,667
2026		322,667
2027		322,667
2028		322,667
2029-2033		1,613,333
2034-2038		<u>1,209,998</u>
Subtotal		4,436,666
Less: loan issuance costs		<u>97,665</u>
Total	\$	<u><u>4,339,001</u></u>

As of December 31, 2023 and 2022, loan issuance costs, net of amortization, totaling \$97,665 and \$104,769, respectively are reflected as a direct deduction from the loan payable. Amortization expense of loan issuance costs as of December 31, 2023 and 2022 was \$7,104 and \$1,776, respectively.

In connection with the loan payable, the Organization entered into an interest rate exchange agreement (the "Swap Contract") with a bank ("Swap Provider") for the purpose of converting the Organization's variable rate exposure relating to the loan payable to a fixed rate. The Swap Contract has an initial notional amount of \$4,840,000. Under the terms of the Swap Contract, the Organization will make fixed rate payments to the Swap Provider in an amount equal to 2.25%, per annum multiplied by the notional amount of the Swap Contract, and the Organization will receive floating rate payments from the Swap Provider equal to the Swap Contract. The floating rate for each calculation period shall be calculated at 65.5% of 1-month USD-LIBOR. As of December 31, 2023 and 2022, the fair value of the interest rate swap was (\$72,322) and (\$51,700), respectively, which is included as an reduction, in other assets in the accompanying Statements of Financial Position. The change in fair value of the interest rate swap is included in other income in the accompanying Statements of Activities and Changes in Net Assets.

FAMILY SERVICE LEAGUE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(10) Net assets with donor restrictions:

Purpose restricted net assets are available for or relate to the following purposes:

	<u>2023</u>	<u>2022</u>
Amazon Grant	\$ 688,577	\$ 1,103,567
Health and Wellness Campaign	647,204	537,632
Lockwood Donation - Preschool	248,299	207,194
Manorfield Donations	234,603	230,090
Huntington Interfaith Housing Initiative	144,663	185,428
Crisis Stabilization	140,775	157,025
CAIR Relief Fund	102,038	62,789
Camp	68,498	46,248
Community School - Brentwood	67,565	12,895
Capital Campaign	62,517	69,463
"Senior Net" contributions	54,663	41,311
Community Behavioral Health	52,373	52,373
DCM - American Red Cross	47,703	47,703
33 9th Ave	38,525	54,214
FEP Capital One Grant	36,065	352
Shelter Donations	32,997	35,098
Ellie Sammis Fund interest	31,228	31,228
C-Cat Program	27,333	52,879
Kornreich Programs	22,929	29,869
Kate Cassidy Foundation	18,200	18,200
Riverhead Family Center	11,716	-
Mattituck Fund	11,509	11,509
Direct Relief	10,904	10,904
Home Share	6,601	6,601
Nestle Grant	3,412	17,489
Health Homes - Ewing Capostosto Philanthropy Fund	2,976	2,912
Debt Counseling Grants	2,912	1,440
Project Toy	1,552	7,310
LI Community Foundation Cleaning	1,441	2,976
Back to School Campaign	710	3,515
EFSP Phase ARPAP	605	21,765
Child Care Stabilization Grant	-	49,433
EFSP Phase 39	-	5,782
	<u>\$ 2,821,093</u>	<u>\$ 3,117,194</u>

FAMILY SERVICE LEAGUE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Restricted in perpetuity net assets are restricted to:

	<u>2023</u>	<u>2022</u>
Lockwood Family Foundation Fund	\$ 1,057,100	\$ 1,057,100
Campaign for the Future	226,891	226,891
Ellie Sammis Fund	79,548	79,548
Nichols donation	17,000	17,000
Preschool program endowment	<u>7,000</u>	<u>7,000</u>
	<u>\$ 1,387,539</u>	<u>\$ 1,387,539</u>

Restricted in perpetuity net assets relate to endowments to be maintained in perpetuity, the income from which is expendable to support general operations.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or applicable law requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2023 and 2022.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to protect the original value of the gift. In cases of endowment deficiencies, the Organization suspends all spending.

The Organization has interpreted the New York Prudent Management of Institutional Funds Act ("NYPMIFA") as allowing it to appropriate for expenditure or accumulate so much of an endowment fund as is determined prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets of a donor-restricted endowment fund shall be donor-restricted assets until appropriated by the Organization. The Organization classifies the original value of gifts donated to the endowment as net assets with donor restriction in perpetuity. The remaining portion of a donor restricted endowment fund is classified as net assets with donor restrictions until appropriated for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA. Management has interpreted state law to permit prudent spending from underwater endowments.

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

(11) Pension plan:

The Organization maintains a defined contribution plan for employees who have completed one year of service, as defined in the plan. The plan is non-contributory, and employees are fully vested after three years of employment. The Organization makes quarterly contributions to the plan based on five percent of a participant's salary as defined. Total pension expense was \$1,080,418 and \$1,011,774 for the years ended December 31, 2023 and 2022, respectively.

FAMILY SERVICE LEAGUE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(12) Business concentrations:

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. As of December 31, 2023 and 2022, cash and cash equivalents exceeding federally insured limits totaled \$13,871,297 and \$12,330,599, respectively.

The Organization does not have a material concentration of credit risk with respect to accounts receivable, due to the large number of government agencies and grantors comprising the Organization's contract and contributor base and their dispersion across different geographic areas.

(13) Commitments and contingencies:

Contract considerations -

The Organization receives a substantial portion of its funding from contracts and grants which are subject to audit by government agencies. Such audits may result in disallowances and a request for a return of funds. It is the opinion of management that the effect of disallowances, if any, would be immaterial to the Organization's financial position.

Litigation -

In the normal course of business, the Organization is a party to various claims and/or litigation. Management believes that the settlement of all such claims and/or litigation, considered in the aggregate, will not have a material adverse effect on the Organization's financial position and results of operations.

(14) Subsequent events:

The Organization has evaluated subsequent events through May 8, 2024, which is the date the financial statements were available to be issued. Based on this evaluation, the Organization has determined there are no matters which require disclosure in the financial statements.