



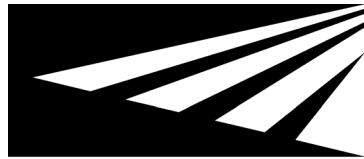
FAMILY SERVICE LEAGUE, INC.

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

**AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023**

**FAMILY SERVICE LEAGUE, INC.
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AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023**

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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, 2024 and 2023, 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, 2024 and 2023, 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 7, 2025

Nawrocki Smith LLP

FAMILY SERVICE LEAGUE, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 17,328,720	\$ 14,271,519
Investments	6,341,336	6,003,619
Accounts receivable, net of allowance for credit losses of \$2,645,578 and \$2,792,088, respectively	13,443,676	11,350,958
Prepaid expenses	96,642	93,550
Total current assets	37,210,374	31,719,646
NONCURRENT ASSETS:		
Restricted cash and cash equivalents	413,231	328,585
Restricted investments	1,198,062	1,154,748
Land, buildings and equipment, net	13,289,711	14,132,219
Right-of-use assets, net - operating	8,313,106	13,923,236
Other assets	249,259	125,369
Total noncurrent assets	23,463,369	29,664,157
Total assets	\$ 60,673,743	\$ 61,383,803
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Current portion of bonds payable	\$ 211,000	\$ 199,000
Current portion of loan payable	322,667	322,667
Current portion of lease liabilities - operating	5,608,767	5,868,414
Accounts payable and accrued expenses	17,769,543	13,026,449
Deferred income	5,313,674	6,168,125
Total current liabilities	29,225,651	25,584,655
NONCURRENT LIABILITIES:		
Lease liabilities, net of current portion - operating	2,870,605	8,054,822
Bonds payable, net of current portion and issuance costs	4,482,644	4,679,578
Loan payable, net of current portion and issuance costs	3,700,770	4,016,334
Mortgage note payable	326,468	326,468
Total noncurrent liabilities	11,380,487	17,077,202
Total liabilities	40,606,138	42,661,857
NET ASSETS:		
Without donor restrictions -		
Designated for land, buildings and equipment	4,469,914	4,683,964
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	408,725	236,085
Undesignated	10,536,769	8,343,265
Total net assets without donor restrictions	16,665,408	14,513,314
With donor restrictions -		
Purpose restricted	2,014,658	2,821,093
Restricted in perpetuity	1,387,539	1,387,539
Total net assets with donor restrictions	3,402,197	4,208,632
Total net assets	20,067,605	18,721,946
Total liabilities and net assets	\$ 60,673,743	\$ 61,383,803

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, 2024 AND 2023

	2024	2023
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Operating revenues:		
Program fees	\$ 26,391,902	\$ 25,676,851
Government contracts	33,945,521	27,495,602
Indirect public support	2,876,733	3,067,789
Public support and fundraising	1,865,438	2,423,997
Other income	949,500	172,611
Net assets released from restrictions	1,758,989	1,065,927
Total operating revenues	67,788,083	59,902,777
Operating expenses:		
Program services	58,301,362	53,287,943
Administration	7,187,804	6,546,186
Fundraising	884,332	802,158
Total operating expenses	66,373,498	60,636,287
Increase (decrease) in net assets from operating activities	1,414,585	(733,510)
Nonoperating activities:		
Loss on disposal of assets	(213,429)	-
Unrealized gain on investments	13,229	162,814
Unrealized gain (loss) on swap contract	127,469	(20,622)
Investment income, net	810,240	360,225
Increase in net assets from nonoperating activities	737,509	502,417
Increase (decrease) in net assets without donor restrictions	2,152,094	(231,093)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:		
Revenues	952,554	769,826
Net assets released from restrictions	(1,758,989)	(1,065,927)
Decrease in net assets with donor restrictions	(806,435)	(296,101)
CHANGE IN NET ASSETS	1,345,659	(527,194)
NET ASSETS, BEGINNING OF YEAR	18,721,946	19,249,140
NET ASSETS, END OF YEAR	\$ 20,067,605	\$ 18,721,946

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, 2024

	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	\$ 19,162,150	\$ 3,504,921	\$ 1,532,751	\$ 5,495,038	\$ 646,801	\$ 30,341,661	\$ 4,091,149	\$ 432,880	\$ 34,865,690
Operating lease expense	1,121,999	61,225	11,568	4,683,147	5,291	5,883,230	191,536	646	6,075,412
Employee Benefits	2,738,055	440,962	218,232	574,907	106,636	4,078,792	514,607	34,843	4,628,242
Professional Fees	758,394	4,089	9,684	2,695,616	431	3,468,214	518,880	-	3,987,094
Payroll Taxes	1,671,026	318,328	161,515	510,260	53,360	2,714,489	314,974	37,545	3,067,008
Program Supplies	742,878	206,326	117,757	666,202	36,406	1,769,569	711,406	122,270	2,603,245
Depreciation and Amortization	636,875	93,655	120,970	701,215	40,050	1,592,765	53,509	4,903	1,651,177
Insurance	856,212	140,757	51,403	207,609	20,327	1,276,308	261,567	15,230	1,553,105
Client Support	338,436	59,111	3,989	1,029,734	-	1,431,270	-	113,063	1,544,333
Repairs and Maintenance	264,483	60,622	49,504	782,957	80,499	1,238,065	89,257	6,030	1,333,352
Telephone	680,021	71,064	27,890	136,900	6,179	922,054	29,230	5,543	956,827
Office	212,073	52,507	27,722	216,459	11,302	520,063	281,565	13,851	815,479
Food	55	-	-	754,193	-	754,248	-	-	754,248
Utilities	209,914	24,985	45,595	374,581	49,465	704,540	17,103	1,553	723,196
Janitorial	199,909	34,246	42,390	82,715	54,279	413,539	28,164	2,598	444,301
Interest	220,746	-	138,855	34,177	16,886	410,664	23,579	1,786	436,029
Auto and Van	226,017	35,847	-	39,493	33	301,390	6,767	-	308,157
Rent	47,565	2,261	273	214,645	-	264,744	-	-	264,744
Patient Transportation	84,180	-	14,767	-	-	98,947	-	-	98,947
Travel	18,926	43,419	12,619	2,678	46	77,688	15,131	-	92,819
Events	-	-	-	-	-	-	-	83,433	83,433
Conferences and Trainings	9,430	14,965	340	-	-	24,735	19,463	85	44,283
Postage	3,596	452	220	233	136	4,637	15,437	5,403	25,477
Advertising	5,371	414	-	465	-	6,250	1,140	20	7,410
Dues	-	3,500	-	-	-	3,500	3,340	365	7,205
Printing	-	-	-	-	-	-	-	2,285	2,285
	<u>\$ 30,208,311</u>	<u>\$ 5,173,656</u>	<u>\$ 2,588,044</u>	<u>\$ 19,203,224</u>	<u>\$ 1,128,127</u>	<u>\$ 58,301,362</u>	<u>\$ 7,187,804</u>	<u>\$ 884,332</u>	<u>\$ 66,373,498</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, 2023**

	Program Services					Supporting Services			Total
	Behavioral Health Services	Family Services	Youth, Seniors And Intergenerational Services	Housing And Homeless Services	Vocational Services	Total	Administration	Fundraising	
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
Operating lease expense	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.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,345,659	\$ (527,194)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,651,177	1,503,895
Loss on disposal of assets	213,427	-
(Increase) decrease in operating lease costs	5,610,130	(1,540,241)
Increase (decrease) in operating lease liabilities	(5,443,864)	1,540,241
Unrealized gain loss on investments	(13,229)	(162,814)
Increase in accounts receivable	(2,092,718)	(182,262)
(Increase) decrease in prepaid expenses	(3,092)	229,216
(Increase) decrease in other assets	(123,890)	1,435
Increase in accounts payable and accrued expenses	4,743,094	1,654,369
Increase (decrease) in deferred income	(854,451)	813,265
	<u>5,032,243</u>	<u>3,329,910</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of land, buildings and equipment	(1,000,929)	(1,043,401)
Purchase of investments	(1,126,331)	(1,113,356)
Sale of investments	758,531	749,502
	<u>(1,368,729)</u>	<u>(1,407,255)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on bonds payable	(199,000)	(194,000)
Payments on loan payable	(322,667)	(322,667)
	<u>(521,667)</u>	<u>(516,667)</u>
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	3,141,847	1,405,988
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	14,600,104	13,194,116
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	<u>\$ 17,741,951</u>	<u>\$ 14,600,104</u>
CASH PAID DURING THE YEAR FOR:		
Interest	<u>\$ 436,029</u>	<u>\$ 460,557</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Initial recognition of right-of-use-assets obtained via operating lease liabilities	<u>\$ 4,668,031</u>	<u>\$ 5,834,534</u>
COMPONENTS OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH THE STATEMENTS OF FINANCIAL POSITION:		
Cash and cash equivalents	\$ 17,328,720	\$ 14,271,519
Restricted cash	<u>413,231</u>	<u>328,585</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 17,741,951</u>	<u>\$ 14,600,104</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. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

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, but allows for the expenditure of net investment income and gains earned on the corpus for either specified or unspecified purposes. The Organization has elected to show restricted support for which restrictions are met in the same reporting period as support within net assets without donor restrictions.

Cash and cash equivalents -

All highly liquid investments purchased with an original maturity of three months or less from the date of purchase are considered to be cash equivalents for financial statement purposes.

Restricted cash and investments -

Restricted cash as of December 31, 2024 and 2023, relates to bond proceeds of \$223,754 and \$95,794, respectively, and donor restricted funds of \$189,477 and \$232,791, respectively. Restricted investments as of December 31, 2024 and 2023, relates to donor restricted funds of \$1,198,062 and \$1,154,748, respectively.

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

Accounts receivable -

Accounts receivable includes contracts, grants and program fee receivables and are stated at the amount management expects to collect from outstanding balances. Receivables are recorded at net realizable value. The Organization provides an allowance for credit losses, which is based upon a review of outstanding receivables and historical collection information. As of December 31, 2024 and 2023, the allowance for credit losses was \$2,645,578 and \$2,792,088, respectively.

Investments -

All investments are presented at fair value. Fair values are based on quoted market prices, if available, or estimated using quoted market prices for similar securities. Realized and unrealized gains and losses on investments are determined by comparison of the actual cost to the proceeds at the time of the disposition or market values as of the end of the financial statement period. See Note 3 for discussion of fair market value.

Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the Statements of Activities and Changes in Net Assets as increases or decreases in net assets without donor restrictions unless the use was restricted by explicit donor stipulations or by law. Investment income includes interest, recognized on the accrual basis and dividends which are recognized on the ex-dividend date.

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 as follows:

Buildings and building improvements	10-30 years
Office furniture and equipment	3-10 years
Vehicles	3-5 years

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

The Organization follows the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") on accounting for the impairment or disposal of long-lived assets which require that long-lived assets 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 undiscounted cash flows expected to be generated and any estimated proceeds from the eventual disposition. 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. There were no impairment losses recognized for the years ended December 31, 2024 and 2023.

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

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, 2024 and 2023, the Organization has met the provisions of and is in compliance with these requirements and no obligation currently exists.

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.

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. Performance obligations are determined based on the nature of the services provided by the Organization.

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

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.

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 operating lease expense are allocated on the basis of square footage and use, and all other expenses are allocated on a systematic and rational basis.

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

Liquidity considerations -

Quantitative

As of December 31, 2024, the Organization has \$37,113,732 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.

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 2021.

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.

Reclassifications -

Certain reclassifications of prior year balances on the Statements of Financial Position and Statements of Cashflows have been made to conform to the current year presentation. These reclassifications had no effect on the decrease in net assets for the year ended December 31, 2023.

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

(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.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. The Organization did not hold any Level 3 investments. There have been no changes in the methodologies used as of December 31, 2024 and 2023.

Mutual funds, exchange-traded funds, corporate fixed income and common stock - Mutual funds, exchange-traded funds, corporate fixed income and common stock are measured using quoted market prices at the reporting date multiplied by the quantity held. The carrying value equals fair value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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, 2024:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Corporate fixed income	\$ 6,243,490	\$ 6,243,490	\$ -	\$ -
Mutual funds and ETFs	1,295,901	1,295,901	-	-
Common stock	7	7	-	-
Total investments	<u>\$ 7,539,398</u>	<u>\$ 7,539,398</u>	<u>\$ -</u>	<u>\$ -</u>

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	\$ 6,698,443	\$ 6,698,443	\$ -	\$ -
Mutual funds and ETFs	459,917	459,917	-	-
Common stock	7	7	-	-
Total investments	<u>\$ 7,158,367</u>	<u>\$ 7,158,367</u>	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2024 and 2023, 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, 2024 and 2023 are comprised of the following:

	<u>2024</u>	<u>2023</u>
Land	\$ 2,144,455	\$ 2,144,455
Buildings and building improvements	20,257,300	19,429,658
Construction-in-progress	108,592	462,054
Office furniture and equipment	1,553,723	1,501,892
Vehicles	2,796,143	2,582,566
	<u>26,860,213</u>	<u>26,120,625</u>
Less: accumulated depreciation	<u>(13,570,502)</u>	<u>(11,988,406)</u>
	<u>\$ 13,289,711</u>	<u>\$ 14,132,219</u>

Depreciation expense amounted to \$1,630,007 and \$1,482,724 in 2024 and 2023, 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 2.96%.

The Organization's operating leases consist primarily of facilities and equipment. As of December 31, 2024, the weighted-average remaining lease terms for the Organization's operating leases was approximately 2 years.

Cash paid for operating leases for the years ended December 31, 2024 and 2023 was \$6,048,500 and \$4,310,046, 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>	
2025	\$ 5,777,233
2026	2,646,252
2027	162,402
2028	117,835
2029	<u>565</u>
Total	8,704,287
Discount to present value	<u>(224,915)</u>
	<u><u>\$ 8,479,372</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, 2024 and 2023, there were no outstanding borrowings under this line.

(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.

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

(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, 2024 and 2023 was \$3,157,000 and \$3,282,000, respectively.

(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, 2024 and 2023 was \$1,328,000 and \$1,378,000, 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, 2024 and 2023 was \$531,000 and \$555,000, respectively.

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

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>	
2025	\$ 211,000
2026	217,000
2027	223,000
2028	228,000
2029	232,000
2030-2034	1,293,000
2035-2039	1,556,000
2040 and thereafter	<u>1,056,000</u>
Subtotal	5,016,000
Less: bond issuance costs	<u>322,356</u>
Total	<u>\$ 4,693,644</u>

As of December 31, 2024 and 2023, bond issuance costs, net of amortization, totaling \$322,356 and \$336,722, respectively, are reflected as a direct deduction from bonds payable. Amortization expense of bond issuance costs for each of the years ended December 31, 2024 and 2023 was \$14,067.

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, 2024 and 2023.

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.

(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, 2024 was \$4,113,999.

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

Scheduled principal payments on the loan payable are as follows:

<u>Year Ending December 31,</u>	
2025	\$ 322,667
2026	322,667
2027	322,667
2028	322,667
2029	322,667
2030-2034	1,613,333
2035-2037	<u>887,331</u>
Subtotal	4,113,999
Less: loan issuance costs	<u>90,562</u>
Total	<u><u>\$ 4,023,437</u></u>

As of December 31, 2024 and 2023, loan issuance costs, net of amortization, totaling \$90,562 and \$97,665, respectively are reflected as a direct deduction from the loan payable. Amortization expense of loan issuance costs for each of the years ended December 31, 2024 and 2023 was \$7,104.

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, 2024 and 2023, the fair value of the interest rate swap was \$55,147 and (\$72,322), respectively, which is included as an addition (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>2024</u>	<u>2023</u>
Amazon Grant	\$ 466,044	\$ 688,577
Lockwood donation - preschool	284,448	248,299
Manorfield donations	267,943	234,603
Crisis Stabilization	141,773	140,775
CAIR Relief Fund	118,659	102,038
Huntington Interfaith Housing Initiative	102,389	144,663
C-Cat Program	100,314	27,333
Camp	99,826	68,498
“Senior Net” contributions	58,528	54,663
DCM - American Red Cross	47,703	47,703
Shelter donations	46,958	32,997
33 9th Ave	38,525	38,525
Community School - Brentwood	32,762	67,565
Ellie Sammis Fund interest	31,246	31,228
FEP Capital One Grant	25,000	36,065
Community Behavioral Health	21,189	52,373
Kate Cassidy Foundation	18,200	18,200
Kornreich Programs	17,630	22,929
EFSP Phase 31	13,276	-
Mattituck Fund	11,509	11,509
Direct Relief	10,904	10,904
Longwood Family Center	10,000	-
EH Clinic	10,000	-
Project Toy	9,748	1,552
Riverhead Family Center	6,920	11,716
Home Share	6,601	6,601
Explore a Technology Center	3,942	-
Nestle Grant	3,412	3,412
LI Community Foundation Cleaning	2,976	2,976
Health Homes - Ewing Capostosto Philanthropy Fund	2,912	2,912
Debt Counseling Grants	1,440	1,441
Back to School Campaign	1,276	710
EFSP Phase ARPAN	605	605
Health and Wellness Campaign	-	647,204
Capital Campaign	-	62,517
	<u>\$ 2,014,658</u>	<u>\$ 2,821,093</u>

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

Restricted in perpetuity net assets are restricted to:

	<u>2024</u>	<u>2023</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, 2024 and 2023.

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 \$1,048,764 and \$1,080,418 for the years ended December 31, 2024 and 2023, 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, 2024 and 2023, cash and cash equivalents exceeding federally insured limits totaled \$17,155,814 and \$13,871,297, 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 7, 2025, 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.