

FAMILY SERVICE LEAGUE, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

**(WITH COMPARATIVE TOTALS FOR
THE YEAR ENDED JUNE 30, 2020)**

Together with Independent Auditors' Report

FAMILY SERVICE LEAGUE, INC.

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Ruotolo, Spewak & Co.
COMMITTED TO CLIENT SERVICE

Partners:

Greg Spewak, CPA
Joseph P. Greenfield, CPA
Dustin B. Ward, CPA, MBA

Members:

American Institute of CPAs
New Jersey Society of CPAs

Senior Manager:

Melissa Hofmann, MAcc

INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors
Family Service League, Inc.
Bloomfield, NJ

We have audited the accompanying financial statements of Family Service League, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

(1)

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Service League, Inc. as of June 30, 2021, and the statements of activities, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the financial statements of Family Service League, Inc. for the year ended June 30, 2020, and our report dated January 14, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Ricciolo, Spuck & Co

Mount Laurel, NJ
November 19, 2021

FAMILY SERVICE LEAGUE, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2020)

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$296,499	\$227,818
Investments	17,304	14,220
Accounts receivable	118,119	57,794
Prepaid expenses	5,438	7,426
Security deposits	<u>-</u>	<u>2,800</u>
Total current assets	437,360	310,058
<u>FIXED ASSETS</u>		
Fixed assets, net	<u>34,361</u>	<u>15,435</u>
Total assets	<u>\$471,721</u>	<u>\$325,493</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Accrued expenses and other payables	\$ 36,145	\$ 43,131
Contract advance	<u>49,752</u>	<u>16,389</u>
Total liabilities	85,897	59,520
<u>NET ASSETS</u>		
Without donor restrictions	<u>385,824</u>	<u>265,973</u>
Total liabilities and net assets	<u>\$471,721</u>	<u>\$325,493</u>

See accompanying notes which are an integral part of these financial statements.

FAMILY SERVICE LEAGUE, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

	<u>2021</u>	<u>2020</u>
<u>REVENUE AND SUPPORT</u>		
Grant income	\$ 888,671	\$614,664
Program fees and other	109,822	82,771
Contributions	38,979	20,800
Investment income, net	4,003	(843)
Total revenue and support	<u>1,041,475</u>	<u>717,392</u>
<u>EXPENSES</u>		
<u>Program Expenses</u>		
Program services	785,001	552,500
Management and general	136,623	117,655
Fundraising	-	-
Total expenses	<u>921,624</u>	<u>670,155</u>
Change in net assets	119,851	47,237
Net assets, beginning of year	<u>265,973</u>	<u>218,736</u>
Net assets, end of year	<u>\$385,824</u>	<u>\$265,973</u>

See accompanying notes which are an integral part of these financial statements.

FAMILY SERVICE LEAGUE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2021

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and General</u>	<u>Fundraising</u>	<u>2021</u> <u>Total</u>	<u>2020</u> <u>Total</u>
Salaries and wages	\$449,324	\$ 73,146	\$ -	\$522,470	\$418,203
Payroll tax and benefits	<u>61,168</u>	<u>9,958</u>	<u>-</u>	<u>71,126</u>	<u>55,523</u>
Total personnel	510,492	83,104	-	593,596	473,726
Hotline monitoring	47,525	-	-	47,525	39,663
Insurance	10,226	2,547	-	12,773	13,598
Miscellaneous	4,735	6,757	-	11,492	12,555
Occupancy	80,927	3,617	-	84,544	49,822
Office expenses	11,105	584	-	11,689	17,777
Outreach and marketing	41,984	-	-	41,984	-
Professional fees	44,800	31,500	-	76,300	31,750
Program expenses	13,441	-	-	13,441	3,964
Repairs and maintenance	12,667	667	-	13,334	14,452
Telephone	7,091	373	-	7,464	6,129
Travel, conferences, dues	<u>8</u>	<u>-</u>	<u>-</u>	<u>8</u>	<u>3,135</u>
Total expenses before depreciation	785,001	129,149	-	914,150	666,571
Depreciation and amortization	<u>-</u>	<u>7,474</u>	<u>-</u>	<u>7,474</u>	<u>3,584</u>
Total expenses	<u>\$785,001</u>	<u>\$136,623</u>	<u>\$ -</u>	<u>\$921,624</u>	<u>\$670,155</u>

See accompanying notes which are an integral part of these financial statements.

FAMILY SERVICE LEAGUE, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$119,851	\$ 47,237
Adjustments to reconcile to net assets to net cash (used) by operating activities:		
Depreciation and amortization	7,474	3,584
Unrealized (gain) loss on investments	(3,084)	2,269
(Increase) decrease in assets:		
Accounts receivable	(60,325)	(35,563)
Prepaid expenses	1,988	126
Security deposits	2,800	-
Increase (decrease) in liabilities:		
Accrued expenses and other payables	(6,986)	(25,608)
Contract advance	33,363	7,397
Refundable advances	-	(12,699)
Net cash provided (used) by operating activities	<u>95,081</u>	<u>(13,257)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) of fixed assets	(26,400)	(15,242)
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
Net change in cash	68,681	(28,499)
Cash, beginning of year	<u>227,818</u>	<u>256,317</u>
Cash, end of year	<u>\$296,499</u>	<u>\$227,818</u>
<u>SUPPLEMENTAL DISCLOSURES</u>		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Income tax paid	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes which are an integral part of these financial statements.

FAMILY SERVICE LEAGUE, INC.

NOTES TO FINANCIAL STATEMENTS

1) ORGANIZATION

Family Service League, Inc. (the "Organization") was organized to provide counseling and social services to individuals, couples, and families residing in New Jersey.

Founded in Montclair in 1881, the mission of the Organization has remained consistent for the past 137 years: to support and strengthen families in need in Montclair and surrounding communities through counseling, education, and social services. The Organization's programs include: The Counseling Program and A Sexual Violence and Education Center (SAVE), New Jersey's designated Rape Care Center for Essex County, which was established in 2004. Programs are deliberately designed to assist families and individuals in the community who could not otherwise access the help they need. The Organization receives its principal revenue from government contracts and program fees.

The Organization's core goals are:

- To help families identify and access their own strengths and resources that will nurture healthy relationships.
- To provide individuals, families and communities with the tools they need to cope with crisis.
- To offer outstanding counseling, therapy, social and educational services without regard to financial status, gender, race, religion, ethnicity, or sexual orientation.
- To be a leader in New Jersey and in the New York metropolitan area in the comprehensive training of counselors in family therapy.
- To provide free, confidential, round-the-clock access to support and services for survivors of sexual violence, including advocacy, accompaniment, information, referrals, and counseling services; and
- To provide and promote the education about sexual violence prevention, outreach, and crisis services.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and accordingly reflect all significant receivables, payables, and other liabilities.

FAMILY SERVICE LEAGUE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. For the years ended June 30, 2021 and June 30, 2020, the Organization had no net assets with donor restrictions.

Use of Estimates

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

Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measurements, a three-tier fair value hierarchy, which prioritizes the inputs used in the valuation methodologies, is as follows:

Level 1 – Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 – Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Valuations based on unobservable inputs reflecting the Organization's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

At June 30, 2021, the fair value of the Organization's financial instruments, including cash and cash equivalents, accounts receivable and accrued expenses and other payables, approximated book value due to the short maturity of these instruments.

Refer to Note 5 - Fair Value Measurements for assets measured at fair value.

FAMILY SERVICE LEAGUE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Accounts Receivable and Revenue Recognition

The Organization records revenue and receivables from government contracts as revenue in the period that services are performed. Refundable advances consist of amounts received from government funding sources toward future services. The Organization records counseling fees in the period in which they are earned. The Organization records an allowance of doubtful accounts based upon a periodic review of the accounts by management. Factors used to determine whether an allowance should be recorded include management's assessment of the creditworthiness of its debtors, the age of the receivable, a review of payments subsequent to year-end as well as current economic conditions and historical information. The Organization deemed all outstanding receivables are collectible and determined that no allowance for doubtful accounts is necessary for the year ended June 30, 2021.

Investments

Investments are stated at the readily determinable fair market value in accordance with the Not-for-Profit Entities topic of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). All interest, dividends and realized and unrealized gains and losses are reported in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

Fixed assets

Fixed assets is carried at cost or, if donated, at the approximate fair value at the date of donation. Normal repair and maintenance expenses are charged to operations as incurred. Depreciation and amortization is computed using the straight-line method over the estimated useful life of the asset. The Organization's policy requires capitalization of purchased assets with a cost greater than \$2,500 and donated assets with an estimated fair value at the date of the contribution of over \$2,500

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction is satisfied by the passage of time or substantial completion of the purpose restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

FAMILY SERVICE LEAGUE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expense Allocation (continued)

Expenses are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Accordingly, no provision for income taxes is provided. The Organization has reviewed tax positions taken in filings with federal and state jurisdictions and believes those positions would be sustained should the filings be examined by the relevant taxing authority. For federal income tax purposes, the returns remain open for possible examination three years after they are filed. The Organization's policy is to recognize interest and penalties on unrecognized tax benefits in other expense in the statement of activities. No interest and penalties were recorded during the year ended June 30, 2021.

Prior-Year Summarized Comparative Information

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

Subsequent Events

Subsequent events have been evaluated through November 19, 2021 the date that the financial statements were available to be issued.

3) CONCENTRATION OF CREDIT RISK

The Organization has deposits in various commercial banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to \$250,000.

At times throughout the year, cash balances in these banks may exceed federal depository insurance coverage due to working capital or other needs. The Organization believes it is not exposed to any significant credit risk on its cash balances.

FAMILY SERVICE LEAGUE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4) LIQUIDITY AND AVAILABILITY

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Cash	\$296,499
Investments	17,304
Accounts receivable	<u>118,119</u>
Financial assets available within one year	<u>\$431,922</u>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash, investments and accounts receivable.

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program activities as well as services undertaken to support those activities to be general expenditures.

5) INVESTMENTS

The Organization measures its investments in equities at market value. All of the Organization's investments are Level 1 and the fair value of assets measured as of June 30, 2021 are as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Accumulated Unrealized Gain</u>
Equities	<u>\$12,589</u>	<u>\$17,304</u>	<u>\$4,715</u>

Investment income consisted of the following for the year ended June 30, 2021:

Interest and dividends	\$ 919
Unrealized gain on investments	<u>3,084</u>
	<u>\$4,003</u>

FAMILY SERVICE LEAGUE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6) FIXED ASSETS, NET

Fixed assets consists of the following at June 30, 2021:

Property and equipment:	
Equipment	\$20,866
Improvements	<u>1,877</u>
	22,743
Less: Accumulated depreciation	<u>(13,165)</u>
Property and equipment, net	<u>9,578</u>
Website and software	26,400
Less: Accumulated amortization	<u>(1,617)</u>
Website and software, net	<u>24,783</u>
Fixed assets, net	<u>\$34,361</u>

7) COMMITMENTS

The Orchestra leases office space under a non-cancelable lease agreement, which was entered into on March 1, 2021 for another 10-year term. Rental expense incurred during the year ended June 30, 2021 totaled \$80,927.

Minimum future rentals payable under the office space operating lease are:

June 30, 2022	\$ 80,400
June 30, 2023	80,936
June 30, 2024	82,555
June 30, 2025	84,206
June 30, 2026	85,890
Thereafter	<u>337,380</u>
	<u>\$751,367</u>

8) CONTINGENCIES AND OTHER UNCERTAINTIES

The Organization is currently evaluating the recent introduction of the COVID-19 virus and its impact on the industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the Organization's operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.