

FAMILY SERVICE LEAGUE, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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 Managers:

Melissa Hofmann, MAcc
Goran Mudrinic, CPA

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Family Service League, Inc. (a nonprofit organization), which is comprised of the Balance Sheet as of June 30, 2023, and the related Statements of Revenues, Expenses, and Changes in Net Assets and Cash flows for the year then ended, and the related notes to the 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 June 30, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Family Service League, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 controls 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 Family Service League, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

(1)

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 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 Family Service League, Inc.'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 Family Service League, Inc.'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.

Ruotolo, Spewak & Co

Mount Laurel, NJ
February 7, 2024

FAMILY SERVICE LEAGUE, INC.
STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

ASSETS

CURRENT ASSETS

Cash	\$ 387,893
Investments	18,107
Accounts receivable	175,033
Prepaid expenses	<u>10,066</u>
Total current assets	591,099

FIXED ASSETS

Fixed assets, net	<u>8,669</u>
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OTHER ASSETS

Right of use asset	<u>556,875</u>
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Total assets	<u>\$1,156,643</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accrued expenses and other payables	\$ 54,127
Contract advance	137,341
Operating lease obligations, current portion	<u>74,088</u>
Total current liabilities	265,556

OTHER LIABILITIES

Operating lease obligations, net of current portion	<u>489,468</u>
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Total liabilities	755,024
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NET ASSETS

Without donor restrictions	<u>401,619</u>
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Total liabilities and net assets	<u>\$1,156,643</u>
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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, 2023

REVENUE AND SUPPORT

Grant income	\$ 972,409
Program fees and other	87,801
Contributions	8,168
Investment income, net	<u>111</u>
Total revenue and support	<u>1,068,489</u>

EXPENSES

<u>Program Expenses</u>	
Program services	902,642
Management and general	165,281
Fundraising	<u>-</u>
Total expenses	<u>1,067,923</u>
Change in net assets	566
Net assets, beginning of year	<u>401,053</u>
Net assets, end of year	<u>\$401,619</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, 2023

	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$570,969	\$ 92,948	\$ -	\$ 663,917
Payroll tax and benefits	<u>84,055</u>	<u>13,683</u>	<u>-</u>	<u>97,738</u>
Total personnel	655,024	106,631	-	761,655
Hotline monitoring	54,230	-	-	54,230
Insurance	14,362	4,240	-	18,602
Miscellaneous	1,182	8,154	-	9,336
Occupancy	92,762	2,000	-	94,762
Office expenses	19,813	1,043	-	20,856
Outreach and marketing	16,025	-	-	16,025
Professional fees	6,188	29,959	-	36,147
Program expenses	15,515	-	-	15,515
Repairs and maintenance	10,317	543	-	10,860
Telephone	7,589	399	-	7,988
Travel, conferences, dues	<u>9,635</u>	<u>-</u>	<u>-</u>	<u>9,635</u>
Total expenses before depreciation	902,642	152,969	-	1,055,611
Depreciation and amortization	<u>-</u>	<u>12,312</u>	<u>-</u>	<u>12,312</u>
Total expenses	<u>\$902,642</u>	<u>\$165,281</u>	<u>\$ -</u>	<u>\$1,067,923</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, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 566
Adjustments to reconcile to net assets to net cash provided by operating activities:	
Depreciation and amortization	12,312
Lease amortization	6,681
Unrealized loss on investments	222
(Increase) decrease in assets:	
Accounts receivable	2,672
Prepaid expenses	736
Increase (decrease) in liabilities:	
Accrued expenses and other payables	6,500
Contract advance	<u>105,027</u>
Net cash provided by operating activities	134,716

CASH FLOWS FROM INVESTING ACTIVITIES

-

CASH FLOWS FROM FINANCING ACTIVITIES

-

Net change in cash	134,716
Cash, beginning of year	<u>253,177</u>
Cash, end of year	<u><u>\$387,893</u></u>

SUPPLEMENTAL DISCLOSURES

Interest paid	\$ <u>-</u>
Income tax paid	\$ <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 year ended June 30, 2023, 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, 2023, 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, 2023.

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, 2023.

Recently Issued Accounting Pronouncements

In February 2016 the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases*, which requires lessees to recognize right-of-use assets and lease liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than 12 months. This new accounting pronouncement applies to both types of leases—capital leases and operating leases. Previously, GAAP required only capital leases to be recognized on lessee statements of financial position. The standard took effect for fiscal years beginning after December 15, 2021, and for interim periods within fiscal years beginning after December 15, 2022. The Organization adopted ASU No. 2016-02 as of July 1, 2022.

Subsequent Events

Subsequent events have been evaluated through February 7, 2024 the date that the financial statements were available to be issued.

FAMILY SERVICE LEAGUE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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.

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	\$387,893
Investments	18,107
Accounts receivable	175,033
Less: Operating lease obligations, current portion	<u>(74,088)</u>
Financial assets available within one year	<u>\$506,945</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, receivables, right of use assets, and line of credit.

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.

FAMILY SERVICE LEAGUE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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, 2023, are as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Accumulated Unrealized Gain</u>
Equities	<u>\$12,589</u>	<u>\$18,107</u>	<u>\$5,518</u>

Investment income consisted of the following for the year ended June 30, 2023:

Interest and dividends	\$333
Unrealized loss on investments	<u>(222)</u>
	<u>\$111</u>

6) FIXED ASSETS, NET

Fixed assets consist of the following at June 30, 2023:

Property and equipment:	
Equipment	\$20,866
Improvements	<u>1,877</u>
	22,743
Less: Accumulated depreciation	<u>(21,257)</u>
Property and equipment, net	<u>1,486</u>
 Website and software	 26,400
Less: Accumulated amortization	<u>(19,217)</u>
Website and software, net	<u>7,183</u>
 Fixed assets, net	 <u>\$8,669</u>

7) LINE OF CREDIT

The Organization has a \$20,000 line of credit with a bank, of which \$172 was outstanding on June 30, 2023. The line of credit carries an interest rate which is subject to change from time to time based on changes in an independent index which is prime rate as published by the Wall Street Journal. The current interest rate is 9%.

FAMILY SERVICE LEAGUE, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

8) LEASE COMMITMENTS

On March 1, 2020, the Organization entered into a long-term lease of its facility through February 28, 2030. Additionally, on January 28, 2021, the Organization entered into a long-term lease of a copier through January 28, 2026. In accordance with the new leasing standard (ASU 2016-02) the office and copier leases have been capitalized as right-of-use assets and lease liabilities on the statement of financial position. The net present value of the lease based on a 2% annual interest rate increase for the office and the risk-free rate of return for the copier has been recognized as a lease liability. The right-of-use asset has been recognized as the net asset present value of the lease less deferred rent. The following is a schedule by year of the future minimum rental payments required under the operating lease as of June 30:

<u>Year ending</u>	<u>Office</u>	<u>Copier</u>
2024	\$ 82,691	\$2,040
2025	84,345	2,040
2026	86,032	1,190
2027	87,753	-
2028	89,508	-
2029	91,298	-
2030	<u>69,266</u>	<u>-</u>
Total minimum lease payment	590,893	5,270
Less: amount representing interest	<u>(32,559)</u>	<u>(48)</u>
Present value of minimum lease payments	<u>\$558,334</u>	<u>\$5,222</u>

Rent expense and copier expense amortized under the lease for the year ended June 30, 2023, totaled \$87,569 and \$48 respectively.

FAMILY SERVICE LEAGUE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL, STATE, AND LOCAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

	<u>CFDA #</u>	<u>Pass-through Entity Number</u>	<u>Current Year Disbursements</u>
U.S. Department of Criminal Justice and Public Safety			
Passed through the State of New Jersey			
Department of Law and Public Safety– Division of Criminal Justice:			
Crime Victim Assistance – FFY 19 Victims of Crime Act (VOCA)	16.575	VCA 07-20	\$132,032
Crime Victim Assistance – FFY 19 Victims of Crime Act (VOCA)	16.575	VSG 52-20	<u>95,318</u>
			<u>227,350</u>
U.S. Department of Health and Human Services			
Passed through the State of New Jersey			
Department of Children and Families – Division on Women:			
Preventative Health and Health Services Block Grant (SOSA)	93.758/93.991	DOW 22 SBMW	16,480
FVPSA ARP SV	93.497	DOW 22 SBWM	<u>12,960</u>
			<u>29,440</u>
U.S. Department of Housing and Urban Development			
Passed through the Essex County			
Essex County Division of Housing and Community Development:			
Community Development Block Grant – Public Service	14.218	CDBG ESSEX COUNTY	51,647
Community Development Block Grant – Through the City of Bloomfield	14.218	CDBG BLOOMFIELD	42,970
Community Development Block Grant – CV (CDBGCV)	14.218	CDBG ESSEX	<u>61,058</u>
			<u>155,675</u>
State of New Jersey			
State Funding through the Division of Women and Children			
SAARC Supplemental Fund	1630-014	DOW 23 SBMW	253,948
SAARC Primary Preventional Expansion	1630-077	DOW 23 SBMW	60,568
Domestic State Grant Contract 23SBMW	1630-014	DOW 23 SBMW	<u>161,097</u>
			<u>475,613</u>
Total Expenditures Federal, State, and Local Awards			<u>\$888,078</u>

FAMILY SERVICES LEAGUE INC.

NOTES TO SCHEDULE OF FEDERAL, STATE AND LOCAL FINANCIAL ASSISTANCE

JUNE 30, 2023

1) GENERAL INFORMATION

The accompanying schedule of federal, state and local financial assistance presents the activities in all the federal, state and local grant programs of Family Services League Inc. (the Organization). All financial assistance received directly from federal, state or local agencies as well as financial assistance passed through other government agencies or not-for-profit organizations are included on the schedule.

2) BASIS OF ACCOUNTING

The accompanying schedule of federal, state and local financial assistance is presented using the accrual basis of accounting. The amounts reported on this schedule as expenditures may differ from certain financial reports submitted to the funding agencies due to those reports being submitted on the cash basis of accounting.

3) RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal, state and local financial assistance expenditures are reported on the statement of functional expenses as program services. In certain programs, the expenditures reported in the basic financial statements may differ from the expenditures reported in the schedule of federal, state and local financial assistance due to program expenditures exceeding grant or contract budget limitations which are not included as federal, state and local financial assistance.

4) INDIRECT COST RATE

The Organization has not elected to use the 10% de minimis indirect cost rate.



Partners:

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

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COMMITTED TO CLIENT SERVICE

Members:

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Senior Managers:

Melissa Hofmann, MAcc
Goran Mudrinic, CPA

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To: The Board of Directors
Family Services League Inc.
Bloomfield, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Family Services League Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 7, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Family Services League Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Family Services League Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

(16)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Family Services League Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ruotolo, Spewak & Co

Mount Laurel, NJ
February 7, 2024