FAMILY LIFELINE

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

CONTENTS

HARRIS, HARDY & JOHNSTONE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Family Lifeline
Richmond, Virginia

Opinion

We have audited the accompanying financial statements of Family Lifeline (the "Agency") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Family Lifeline as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Lifeline 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 opinions.

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 Family Lifeline's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 and *Government 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 and *Government 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 Lifeline'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 Lifeline'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2023, on our consideration of Family Lifeline's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Family Lifeline's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Family Lifeline's internal control over financial reporting and compliance.

Harris, Hardy & Johnstone, P.C.

Richmond, Virginia
November 29, 2023

FAMILY LIFELINE

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
Cash	$ 1,091,129	$ 913,879
Contributions receivable	137,500	52,500
Grants receivable	643,218	540,134
Other receivable	-	210,197
Prepaid expenses	44,641	43,854
Investments, operations	616,219	536,430
Land, building, and equipment, net	833,607	836,813
Right-of-use asset - operating lease	10,779	-
Beneficial interest in trust	106,990	116,492
	$ 3,484,083	$ 3,250,299
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 46,129	$ 13,596
Accrued expenses	128,726	121,550
Lease liability - operating lease	10,779	-
TOTAL LIABILITIES	185,634	135,146
NET ASSETS		
Without donor restrictions	2,363,255	2,221,874
With donor restrictions	935,194	893,279
TOTAL NET ASSETS	3,298,449	3,115,153
	$ 3,484,083	$ 3,250,299

See Independent Auditor's Report and Notes to Financial Statements

FAMILY LIFELINE

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Support, Other Than Special Events			
Contributions			
Individuals, corporations, and foundations	$ 736,790	$ 756,949	$ 1,493,739
In-kind	7,385	-	7,385
Grants			
Federal agencies	1,201,063	-	1,201,063
State and local agencies	511,403	-	511,403
Total Support, Other Than Special Events	2,456,641	756,949	3,213,590
Program Services Revenue			
Client fees	77,664	-	77,664
Other Revenues, Gains and (Losses)			
Investment return, net	88,309	(9,502)	78,807
Loss on sale of fixed assets	(3,813)	-	(3,813)
Total Other Revenues, Gains and (Losses)	84,496	(9,502)	74,994
Net Assets Released from Restrictions			
Satisfaction of use restrictions	705,532	(705,532)	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	3,324,333	41,915	3,366,248
EXPENSES			
Program Services			
Early Childhood	1,912,479	-	1,912,479
Long-term support services	813,036	-	813,036
Total Program Services	2,725,515	-	2,725,515
Management and General	309,781	-	309,781
Fundraising	147,656	-	147,656
TOTAL EXPENSES	3,182,952	-	3,182,952
LOSS FROM PENSION TERMINATION	-	-	-
CHANGE IN NET ASSETS	141,381	41,915	183,296
NET ASSETS, beginning of year	2,221,874	893,279	3,115,153
NET ASSETS, end of year	$ 2,363,255	$ 935,194	$ 3,298,449

See Independent Auditor's Report and Notes to Financial Statements

FAMILY LIFELINE

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Support, Other Than Special Events			
Contributions			
Individuals, corporations, and foundations	$ 903,359	$ 693,689	$ 1,597,048
In-kind	5,040	-	5,040
Grants			
Federal agencies	1,074,712	-	1,074,712
State and local agencies	376,885	-	376,885
Total Support, Other Than Special Events	2,359,996	693,689	3,053,685
Program Services Revenue			
Client fees	18,045	-	18,045
Other Revenues, Gains and (Losses)			
Investment return, net	(73,544)	6,861	(66,683)
Loss on sale of fixed assets	-	-	-
Total Other Revenues, Gains and (Losses)	(73,544)	6,861	(66,683)
Net Assets Released from Restrictions			
Satisfaction of use restrictions	399,403	(399,403)	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	2,703,900	301,147	3,005,047
EXPENSES			
Program Services			
Early Childhood	1,586,039	-	1,586,039
Long-term support services	663,934	-	663,934
Total Program Services	2,249,973	-	2,249,973
Management and General	282,995	-	282,995
Fundraising	142,468	-	142,468
TOTAL EXPENSES	2,675,436	-	2,675,436
LOSS FROM PENSION TERMINATION	(434,063)	-	(434,063)
CHANGE IN NET ASSETS	(405,599)	301,147	(104,452)
NET ASSETS, beginning of year	2,627,473	592,132	3,219,605
NET ASSETS, end of year	$ 2,221,874	$ 893,279	$ 3,115,153

See Independent Auditor's Report and Notes to Financial Statements

FAMILY LIFELINE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023

	Program Services					
	Early Childhood	Long-Term Support Services	Total Program Services	Management and General	Fundraising	Total
Salaries and wages	$1,371,845	$ 552,938	$1,924,783	$ 198,578	$ 52,116	$2,175,477
Payroll taxes	103,893	43,227	147,120	15,161	3,800	166,081
Employee benefits	103,979	17,727	121,706	21,553	7,360	150,619
Other personnel costs	14,760	14,355	29,115	(4,787)	951	25,279
	1,594,477	628,247	2,222,724	230,505	64,227	2,517,456
Professional fees and contract services	61,355	13,763	75,118	50,307	65,634	191,059
Occupancy	84,960	39,615	124,575	6,643	9,893	141,111
Training and conferences	46,825	15,635	62,460	6,637	2,758	71,855
Bad debt	-	65,599	65,599	-	-	65,599
Local transportation	39,319	20,274	59,593	717	-	60,310
Depreciation	22,105	10,307	32,412	2,039	1,552	36,003
Telephone	20,516	11,079	31,595	745	1,018	33,358
Supplies	12,473	5,377	17,850	4,471	1,539	23,860
Organization dues	13,577	634	14,211	-	16	14,227
Specific assistance to individuals	12,296	-	12,296	-	5	12,301
Printing and publications	2,861	1,724	4,585	4,339	551	9,475
Miscellaneous	1,089	490	1,579	2,416	55	4,050
Postage and shipping	626	292	918	962	408	2,288
TOTAL EXPENSES	$1,912,479	$ 813,036	$2,725,515	$ 309,781	$ 147,656	$3,182,952

See Independent Auditor's Report and Notes to Financial Statements

FAMILY LIFELINE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	Program Services					
	Early Childhood	Long-Term Support Services	Total Program Services	Management and General	Fundraising	Total
Salaries and wages	$1,049,379	$ 390,718	$1,440,097	$ 189,021	$ 51,425	$1,680,543
Employee benefits	179,447	63,303	242,750	13,642	6,915	263,307
Payroll taxes	84,535	31,905	116,440	13,431	4,242	134,113
Other personnel costs	18,016	12,053	30,069	740	555	31,364
	1,331,377	497,979	1,829,356	216,834	63,137	2,109,327
Professional fees and contract services	30,964	59,314	90,278	40,974	63,301	194,553
Occupancy	83,454	32,653	116,107	6,132	5,466	127,705
Training and conferences	30,536	9,159	39,695	6,499	1,534	47,728
Depreciation	23,021	9,136	32,157	2,022	1,529	35,708
Bad debt	-	34,980	34,980	-	-	34,980
Specific assistance to individuals	29,400	-	29,400	-	-	29,400
Telephone	18,884	8,374	27,258	745	939	28,942
Supplies	11,637	5,525	17,162	3,561	2,034	22,757
Organization dues	13,982	1,559	15,541	-	10	15,551
Local transportation	9,778	3,855	13,633	420	-	14,053
Printing and publications	1,816	848	2,664	2,657	4,439	9,760
Miscellaneous	568	305	873	2,240	38	3,151
Postage and shipping	622	247	869	911	41	1,821
TOTAL EXPENSES	$1,586,039	$ 663,934	$2,249,973	$ 282,995	$ 142,468	$2,675,436

See Independent Auditor's Report and Notes to Financial Statements

FAMILY LIFELINE

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 183,296	$ (104,452)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	46,481	35,708
Loss on sale of fixed assets	3,813	-
Reinvested investment return, operations	6,862	(125,618)
Unrealized gain on investments, operations	(86,651)	199,608
(Increase) decrease in		
Contributions receivable	(85,000)	120,000
Grants receivable	(103,084)	(255,670)
Other receivable	210,197	(210,197)
Prepaid expenses	(786)	16,548
Increase (decrease) in		
Accounts payable	32,533	(28,314)
Accrued expenses	7,175	(30,952)
Lease liability - operating	(10,478)	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	204,358	(383,339)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	-	322,129
Change in beneficial interest in trust	9,502	(6,861)
Purchases of land, building and equipment	(36,610)	(11,801)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(27,108)	303,467
NET INCREASE (DECREASE) IN CASH	177,250	(79,872)
CASH, beginning of year	913,879	993,751
CASH, end of year	$ 1,091,129	$ 913,879
NON-CASH INVESTING AND FINANCING ACTIVITIES		
Reinvested proceeds from sale of securities	$ 149,910	$ 397,601

See Independent Auditor's Report and Notes to Financial Statements

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization
Family Lifeline (the "Agency") is a nonprofit, non-stock, tax-exempt corporation organized to work with families in the Greater Richmond and Petersburg areas to improve their health and well-being and to strengthen their ability to achieve their goals. The Agency is headquartered in Richmond, Virginia.

Program Description
Early Childhood - The Agency supports healthy babies, children, parents, and other caregivers. The Agency's programs for families with young children partner with parents to ensure that their children are healthy, safe, and ready to succeed in school, work, and life. Recognizing that parents are their children's first and most important teachers, the Agency utilizes three best practice home visiting models: Parents As Teachers, Healthy Families, and CHIP (Children's Health Involving Parents) to support at risk families with young children as they strive to ensure their children are prepared for school and life.

Long Term Support Services - The Agency partners with older adults, persons living with disabilities, and their caregivers to reduce isolation and to live in the housing of their choosing for as long as possible. To accomplish this work, the Agency utilizes inter-generational programming that works with two generations at a time to ensure wellness, healthy aging, and caregiver support. Our intensive home-based caregiving, delivered by home care professionals and friendly visiting volunteers, allows individuals and families to remain socially engaged maintaining their health, safety, and dignity.

Summary of Significant Accounting Policies
The Agency prepares its financial statements in accordance with accounting principles generally accepted in the United States of America for nonprofit entities. The significant accounting and reporting policies used by the Agency are described subsequently to enhance the usefulness and understandability of the financial statements.

Recent Accounting Pronouncements
In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13 ("ASU 2016-13"), *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The ASU replaces the current incurred loss model used to measure impairment losses with an expected loss model for trade and other receivables. The standard is effective for non-public entities for annual reporting periods beginning after December 15, 2022, with early adoption permitted and will be applied using a modified-retrospective approach through a cumulative-effect adjustment, if necessary, to net assets as of the beginning of the first reporting period in which the guidance is effective. The Agency is currently evaluating the reporting and economic implications of the new standard.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Adoption of New Accounting Standard

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, “Leases (Topic 842)” superseding Topic 840 which provides a new approach to lease accounting with an objective to increase transparency and comparability among organizations by requiring the capitalization of substantially all leases on the statements of financial position and disclosure of key information about leasing arrangements. The FASB concluded that all leases give rise to assets and liabilities that should be recognized on the statements of financial position, but further concluded that the economics of leases differ from one another and those different economics should be reflected in the financial statements. Therefore, lessees classify leases as either a finance or operating lease. Both types of leases are recognized on the statements of financial position, but the amount, timing, and classification of expenses related to the leases differs depending on lease type.

The core principle of the new guidance is that an entity should recognize, at the lease commencement date, a right-of-use asset and lease liability when the lessee obtains control over the use of the leased asset. The right-of-use asset and lease liability are initially measured at the present value of the future lease payments.

The transition guidance allows for the application of various practical expedients in the adoption of FASB ASC 842, Leases.

Effective July 1, 2022, the Agency adopted FASB ASC 842, Leases on a modified retrospective basis, therefore comparative financial information has not been restated and continues to be reported under FASB ASC 840.

The Agency elected to adopt the package of three practical expedients available under the transition guidance. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract.

Fair Value Measurements

The Agency reports fair value measures of its assets and liabilities using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by accounting principles generally accepted in the United States of America, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset or liability measurement within the fair value hierarchy is based on the lowest level of input that is significant to the measurement. The three levels of inputs used to measure fair value are as follows:

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value Measurements - Continued

- *Level 1.* Quoted prices for identical assets or liabilities in active markets to which the Agency has access at the measurement date.
- *Level 2.* Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include
    - quoted prices for similar assets or liabilities in active markets;
    - quoted prices for identical or similar assets in markets that are not active;
    - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
    - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- *Level 3.* Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value if observable inputs are not available.

When available, the Agency measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs are not available for many of the assets and liabilities that the Agency is required to measure at fair value (for example, contributions receivable and in-kind contributions).

The primary uses of fair value measures in the Agency’s financial statements are

- initial measurement of noncash gifts, including gifts of investment assets and unconditional promises to give.
- recurring measurement of short-term investments (Note E).
- recurring measurement of beneficial interest in trust (Note F).

The Agency uses the following ways to determine the fair value of its investments:

Mutual funds: Determined by the published NAV per unit at the end of the last trading day of the year, which is the basis for transactions at that date.

Exchange-traded funds: Determined by the published closing price on the last business day of the fiscal year.

Cash reserves: Cost basis as of the date of the financial statements, which is equivalent to fair market value.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities as of the date of the financial statements. On an ongoing basis, the Agency's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Agency’s management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes
The Agency is exempt from federal income taxes as defined under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Agency's tax-exempt purpose could be subject to taxation as unrelated business income. In addition, the Agency 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).

Uncertain Tax Positions
The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Agency may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Agency and various positions related to the potential sources of unrelated business taxable income (UBTI). The Agency has recognized no uncertain tax positions for the years ended June 30, 2023 and 2022.

Classification of Transactions
All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on beneficial interest investments are reported as decreases in net assets without donor restrictions. Net gains on beneficial interest investments increase net assets with donor restrictions, and net losses on beneficial interest investments reduce that net asset class.

Schedule of Expenditures of Federal Awards
The accompanying Supplemental Schedule of Expenditures of Federal Awards is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Expenditures reported on the Supplemental Schedule of Expenditures of Federal Awards are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations* or the cost principles contained in Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Agency has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Cash Equivalents
Cash equivalents are short-term, interest bearing, highly liquid investments with original maturities of three months or less. Cash reserves in the investment account are included in the investment balance.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Contributions Receivable/Allowance

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value as of the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. Management identifies troubled receivables by evaluating individual receivables and then initiating contact with the individual or organization regarding expected payment. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Unless specifically identified, management has determined contributions receivable to be collectible. Therefore, no allowance for doubtful accounts has been recorded as of June 30, 2023 or 2022.

Grants Receivable/Allowance

Grants receivable are carried at original billed amount. Management identifies troubled receivables by evaluating individual receivables and then initiating contact with the grantor regarding expected payment. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Unless specifically identified, management has determined grants receivable to be collectible. Therefore, no allowance for doubtful accounts has been recorded as of June 30, 2023 or 2022.

Land, Building, and Equipment/Depreciation

Land, building, and equipment are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. All land and buildings are capitalized. Equipment is capitalized if it has a cost of $500 or more. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets.

Beneficial Interest in Trust

The Agency is the irrevocable beneficiary of perpetual charitable trusts held by The Community Foundation. The beneficial interest in the trust is reported at its fair value, which is estimated as the fair value of the underlying trust assets. Distributions of income from the trusts are restricted as set forth in the terms of the agreement with The Community Foundation (see Note F) and are reported as investment return increasing net assets with donor restrictions. The value of the beneficial interest in trust is adjusted annually for the change in its estimated fair value. Those changes in value beyond annual distributions are also reported as increases in net assets with donor restrictions, because the trust assets will never be distributed to the Agency.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Assets
The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions
Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the Agency, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions
Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Agency must continue to use the resources in accordance with the donor's instructions.

The Agency's unspent contributions are included in this class if the donor limited their use, as are its beneficial interest in trust.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Agency, unless the donor provides more specific directions about the period of its use.

Revenue Recognition Policy
Revenue is measured based on consideration specified in a contract with a customer. The Agency recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. The Agency has no contract assets or liabilities to report as of June 30, 2023 or 2022.

Performance Obligations
Client fees - For performance obligations related to client fees, control transfers to the client over time. Revenue is recognized over the course of the provided services.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Leases

The Agency determines if a contract contains a lease at inception based on whether the Agency has the right to control the asset during the contract period and other facts and circumstances. The lease classification is determined at the commencement date.

The Agency has elected to apply the practical expedient allowing for leases with terms of 12 months or fewer to remain off the statements of financial position.

The Agency applies the discount rate implicit in the lease contract. If there is no implicit rate, the Agency applies its incremental borrowing rate or the risk-free interest rate. The Agency has not elected to apply a single discount rate to each portfolio of leases.

The Agency applies the practical expedient to use hindsight in determining the lease term when a lease contains renewal or termination options. Options to renew are considered reasonably certain of being exercised based on evaluation of the Agency's economic and strategic initiatives.

The Agency has elected not to combine lease and non-lease components as a single lease component for each class of assets. Non-lease components are expensed as incurred and are not included in the right-of-use asset and lease liability.

Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Gifts-in-Kind Contributions

The Agency receives contributions in a form other than cash or investments. If the Agency receives a contribution of land, buildings, or equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets the Agency's capitalization policy.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Gifts-in-Kind Contributions - Continued
The Agency benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the Agency's program operations and in its fund-raising campaigns. However, the majority of the contributed services do not meet the criteria for recognition in financial statements. Accounting principles generally accepted in the United States of America allow recognition of contributed services only if (*a*) the services create or enhance nonfinancial assets or (*b*) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills. The Agency benefited from donated consulting services. The value of consulting services included in in-kind contributions in the accompanying statements of activities was $7,385 and $5,040 for the years ended June 30, 2023 and 2022, respectively.

Grant Revenue
Grant revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Grant revenue from federal agencies is subject to independent audit under the Office of Management and Budget's audit requirements for federal awards and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, the Agency's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the Agency.

Expense Recognition and Allocation
The cost of providing the Agency's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, payroll taxes, employee benefits, and other personnel costs are allocated based on time spent by personnel on specific programs.
- Professional fees and contract services, occupancy, and other expenses are allocated based on management's estimate of budgeted time and expense per program and supporting services.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Agency.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Agency generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

NOTE B - LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2023 are:

Financial assets:	
Cash	$ 1,091,129
Contributions receivable	137,500
Grants receivable	643,218
Investments, operations	616,219
Beneficial interest in trust	106,990
Total financial assets	2,595,056
Less financial assets held to meet donor-imposed restrictions:	
Purpose restricted net assets (Note I)	728,204
Beneficial interest in trust (Note F)	106,990
Total financial assets available for general expenditures within one year	$ 1,759,862

As part of the Agency's liquidity management plan, cash in excess of daily requirements is kept in short-term investments (Note E). The Agency maintains a revolving line of credit of $400,000 to cover short-term cash needs (Note G).

NOTE C - CONTRIBUTIONS RECEIVABLE

As of June 30, 2023 and 2022, contributors to the Agency have made unconditional promises to give that relate to the following purposes:

	2023	2022
Net assets without donor restrictions	$ 2,500	$ 2,500
Net assets with donor restrictions	135,000	50,000
	$ 137,500	$ 52,500

Contributors will remit these contributions as follows:

	2023	2022
Less than one year	$ 137,500	$ 52,500
One to five years	-	-
	$ 137,500	$ 52,500

NOTE D - LAND, BUILDING, AND EQUIPMENT, NET

Land, building, and equipment, net are as follows as of June 30, 2023 and 2022:

	2023	2022
Building	$ 801,785	$ 804,616
Land	357,955	357,955
Furniture and equipment	201,997	185,237
	1,361,737	1,347,808
Less: Accumulated depreciation	528,130	510,995
Land, building, and equipment, net	$ 833,607	$ 836,813

NOTE E - INVESTMENTS

Investments held for operations consist of the following as of June 30, 2023 and 2022:

	2023	2022
Mutual funds	$ 136,749	$ 154,977
Exchange traded funds	466,713	375,261
Cash reserve	12,757	6,192
	$ 616,219	$ 536,430

All investments held for operations were measured using Level 1 inputs.

NOTE F - BENEFICIAL INTEREST IN TRUST

On October 23, 1987, the Family Lifeline Board of Directors entered into an agreement with The Community Foundation *Serving Richmond and Central Virginia* (TCF) to create a beneficial interest in trust (Fund) as described under FASB ASC 958-605, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*. The beneficial interest was formed for the benefit of Family Lifeline.

Under the terms of the agreement, variance power was granted to TCF, including the power for TCF's Board of Governors to modify any restrictions or conditions on the distribution of the funds for any specified charitable purpose or to specified organizations, if in their sole judgment, such restriction or condition becomes incapable of fulfillment.

Income of the Fund shall be available at least annually to the Board of Governors of The Community Foundation for the benefit of Family Lifeline. Spendable income shall be determined each year to be not more than 5% of the Fund's balance at the prior calendar year end, exclusive of compensation to The Community Foundation.

NOTE F - BENEFICIAL INTEREST IN TRUST - Continued

The net income of the Fund, after deducting the expenses of investment and administering the Fund, shall be distributed quarterly to Family Lifeline. Family Lifeline may elect, by written notice to the Community Foundation, to add all or any part of such net income to the Fund. All such additions shall be treated as principal, unless otherwise directed by Family Lifeline at or before the time of addition.

Gifts may be added to the Fund at any time by Family Lifeline or other donors to ensure the growth of the Fund as a permanent beneficial interest for the programs of Family Lifeline. In the event of the dissolution of Family Lifeline, the Community Foundation shall thereafter continue to hold the Fund and shall apply the principal and income therefrom as the Board of Directors of TCF shall direct. For its services, the Community Foundation shall be entitled to take and receive an amount equal to one percent (1%) of the Fund balance per annum, charged quarterly.

On January 13, 2007, CHIP of Greater Richmond's (acquired by Family Lifeline on January 1, 2011) Board of Directors established a beneficial interest in trust and named it in honor of Barbara W. Fleming, the Organization's founding Executive Director.

The Agency entered into an agreement with The Community Foundation *Serving Richmond and Central Virginia* (TCF) to create beneficial interest in trust (Fund) as described under FASB ASC 958-605, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*. The Fund was formed to work with parents to improve the health and well-being of children through support of CHIP of Greater Richmond (CHIP).

Under the terms of the agreement, variance power was granted to TCF, including the power for TCF's Board of Governors to modify any restrictions or conditions on the distribution of the funds for any specified charitable purpose or to specified organizations, if in their sole judgment, such restriction or condition becomes incapable of fulfillment.

Income of the Fund shall be available at least annually to the Board of Governors of The Community Foundation for the benefit of Family Lifeline. Spendable income shall be determined each year to be not more than 5% of the Fund's balance at the prior calendar year end, exclusive of compensation to The Community Foundation. In addition to the aforementioned spendable income, upon a vote of 75% of all members of the Agency's Board of Directors, and not more than once in any five-year period, up to 10% of the prior calendar year-ending fund balance may be requested for capital or emergency purposes. Any spendable income not requested by the Board of Directors within a given calendar year will be added to the Fund's principal balance.

The beneficial interest in the trust is reported at its fair value, which is estimated as the fair value of the underlying trust assets. Because there are no observable market transactions for assets similar to the beneficial interest in the trust and because the trust cannot be redeemed, the valuation technique used by the Agency is a level 3 fair value measure.

NOTE F - BENEFICIAL INTEREST IN TRUST - Continued

The following table represents the activity in the beneficial interests for the years ended June 30, 2023 and 2022:

	2023	2022
Beneficial interest in assets held by The Community Foundation, beginning of year	$ 116,492	$ 109,631
Donations received by The Community Foundation	1,050	1,000
Amount distributed to the Agency	(4,900)	(4,043)
Net investment return	(5,652)	9,904
Beneficial interest in assets held by The Community Foundation, end of year	$ 106,990	$ 116,492

NOTE G - LINE OF CREDIT

The Agency has available a revolving line of credit with Atlantic Union Bank with a maximum principal amount not to exceed $400,000. Interest is computed at Wall Street Journal Prime plus 1% (9.25% as of June 30, 2023). As of June 30, 2023 and 2022, no amounts were outstanding on this line of credit. The note is collateralized by the Agency's real estate. There was no interest expensed or paid during the years ended June 30, 2023 and 2022 relating to this line of credit.

NOTE H - PENSION AND OTHER RETIREMENT PLANS

The Agency participated in a multi-employer defined benefit pension plan which extended to participating affiliate agencies with United Way Services serving as administrator (plan 6-17262), and which covered substantially all of the Agency's eligible employees. Contributions to the plan were remitted by the Agency to Mutual of America Life Insurance Company. Participants in the plan were fully vested after three years of service.

In February 2002, the Agency was notified by the United Way Services that the plan was overfunded; and, therefore, the Agency was allowed to cease contributions. The Agency froze the plan to new participants as of December 31, 2007.

In December 2008, the plan administrator, United Way Services, decided to freeze the entire plan as of December 31, 2008. As a result of economic and market conditions the Agency was required to resume contributions. Pension expense for year ended June 30, 2022 was $141,291.

The pension plan was terminated on March 31, 2022. The Agency paid a $644,260 deposit to settle the pension termination which was determined using the January 1, 2022 unfunded liability and assumed that 50% of eligible participants choose to take their benefit as a lump sum. If actual expenses varied from the estimate, the Agency would be due a refund or owe additional funds. On October 31, 2022, the Agency received a check for $210,197 refunding the overpayment of pension termination deposits. The net loss on pension termination reported on the statement of activities was $434,063.

NOTE H - PENSION AND OTHER RETIREMENT PLANS - Continued

Effective January 1, 2012, the Agency established a 401(k) plan, covering substantially all eligible employees twenty-one years old or over, with one year and 1,000 hours of service. The Agency's contribution to the plan is equal to 1% of the employees' compensation. The Agency's expense under the plan was $11,097 and $9,782 for the years ended June 30, 2023 and 2022 respectively.

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2023 and 2022, net assets with donor restrictions are available for the following purposes or periods:

	2023	2022
Purpose restrictions, available for spending:		
Early childhood	$ 549,826	$ 524,549
Long term support services	178,378	252,238
Total purpose-restricted net assets	728,204	776,787
Time restriction	100,000	-
Beneficial interest in trust	106,990	116,492
Total net assets with donor restrictions	$ 935,194	$ 893,279

NOTE J - CONCENTRATION OF CREDIT RISK

All depository accounts of the Agency are in institutions insured by the Federal Depository Insurance Corporation; however, the deposits exceeded the insurance limits from time to time during the year ended June 30, 2023. As of June 30, 2023, the Agency's balance in excess of insurance was $4,017.

Four contributors represent approximately 50% of total support, other than special events and 94% of accounts receivable for the year ended June 30, 2023. Three contributors represented approximately 33% of total support, other than special events and 89% of accounts receivable for the year ended June 30, 2022.

NOTE K - LEASES

The Agency leases equipment under a non-cancelable operating lease that expires in June 2024. As of the date of adoption of FASB ASC 842, the Agency recognized a right-of-use asset and liability for operating lease in the amount of $21,257. The lease requires monthly payments of $910.

In December 2022, the Agency entered into a twelve-month lease for office space. The lease requires monthly rental payments of $1,037. The lease includes no automatic renewal clause.

As of June 30, 2023, the weighted-average remaining lease term for the operating lease is 1 year.

NOTE K - LEASES - Continued

The risk-free rate has been used as the discount rate when the rate implicit in the lease is unknown. The weighted-average discount rate associated with the operating lease as of June 30, 2023 is 2.84%.

During the year ended June 30, 2023, lease expenses were as follows:

Operating lease expense	$ 10,920
Short-term lease expense	22,136
Total lease expenses	$ 33,056

As of June 30, 2023, the right-of-use asset and lease liability related to operating leases were as follows:

Right-of-use asset - operating lease	$ 10,779
Current portion of lease liability - operating lease	$ 10,779

Future payments due under the operating lease as of June 30, 2023 are as follows:

Year Ending June 30,	Operating
2024	$ 10,920
Total undiscounted cash flows	10,920
Less: present value discount	141
Total lease liability	$ 10,779

Total rent expense for all rental agreements (including month-to-month agreements) previously reported under the guidance of FASB ASC 840 for the year ended June 30, 2022 was $31,478.

NOTE L - SUBSEQUENT EVENTS

In the preparation of its financial statements, Family Lifeline considered subsequent events through November 29, 2023, which was the date the financial statements were available to be issued.

HARRIS, HARDY & JOHNSTONE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S 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*

Board of Directors
Family Lifeline
Richmond, Virginia

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 Lifeline (the "Agency") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 29, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency'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 the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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.

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.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency'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 financial statement. 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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harris, Hardy & Johnstone, P.C.

Richmond, Virginia
November 29, 2023

HARRIS, HARDY & JOHNSTONE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Family Lifeline
Richmond, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Family Lifeline's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Family Lifeline's major federal programs for the year ended June 30, 2023. Family Lifeline's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Family Lifeline complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Family Lifeline and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Family Lifeline's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Family Lifeline's federal programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Family Lifeline's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Family Lifeline's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Family Lifeline's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Family Lifeline's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Family Lifeline's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Harris, Hardy & Johnstone, P.C.

Richmond, Virginia
November 29, 2023

FAMILY LIFELINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023

Grant Name	Federal CFDA Number	Pass-Through Entity		Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Maternal, Infant, and Early Childhood Home Visiting Program	93.870	Virginia Department of Health		$ 466,267
Temporary Assistance for Needy Families	93.558	Children's Health Involving Parents (CHIP) of Virginia	$ 331,875	
	93.558	Virginia Department of Social Services	402,921	
				734,796
				$ 1,201,063

FAMILY LIFELINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2023

Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Family Lifeline were prepared in accordance with GAAP.

2. No material weaknesses were identified during the audit of the financial statements.

3. No instances of noncompliance material to the financial statements of Family Lifeline were disclosed during the audit.

4. No material weaknesses were identified during the audit of the major federal award programs.

5. The auditor's report on compliance for the major federal award programs for Family Lifeline expresses an unmodified opinion.

6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this schedule.

7. The program tested as a major program was:

2023	CFDA #
Maternal, Infant, and Early Childhood Home Visiting Program	93.870

8. The threshold for distinguishing Types A and B was $750,000.

9. Family Lifeline was determined to be a low-risk auditee.

Findings - Financial Statement Audit

None

Findings and Questioned Costs - Major Federal Award Programs Audit

None