FAMILY LIFELINE

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

CONTENTS

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Family Lifeline
Richmond, Virginia

Report on the Financial Statements

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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Lifeline as of June 30, 2021 and 2020, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedule of expenditures of federal awards for the year ended June 30, 2021, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) 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 information 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 9, 2021, 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 the Agency'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 9, 2021

FAMILY LIFELINE

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Cash	$ 993,751	$ 1,348,351
Contributions receivable	172,500	282,500
Grants receivable	284,464	237,457
Investments, operations	932,549	717,441
Prepaid expenses	60,403	56,622
Land, building, and equipment, net	860,720	891,459
Beneficial interest in trust	109,631	82,265
	$ 3,414,018	$ 3,616,095
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 41,910	$ 41,650
Accrued expenses	152,503	148,447
PPP advance grant	-	224,198
TOTAL LIABILITIES	194,413	414,295
NET ASSETS		
Without donor restrictions	2,627,473	2,318,963
With donor restrictions	592,132	882,837
TOTAL NET ASSETS	3,219,605	3,201,800
	$ 3,414,018	$ 3,616,095

See Independent Auditor's Report and Notes to Financial Statements

FAMILY LIFELINE

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Support, Other Than Special Events			
Contributions			
Individuals, corporations, and foundations	$ 934,077	$ 310,328	$ 1,244,405
In-kind	9,870	-	9,870
Sponsorships	59,185	-	59,185
Grants			
Federal agencies	1,087,981	-	1,087,981
State and local agencies	433,780	-	433,780
Total Support, Other Than Special Events	2,524,893	310,328	2,835,221
Special Events			
Special event revenue	30,428	-	30,428
Less: Direct benefits to donors	22,442	-	22,442
Net Support from Special Events	7,986	-	7,986
Program Services Revenue			
Client fees	15,864	-	15,864
Other Revenues, Gains and (Losses)			
Investment return, net	216,095	27,366	243,461
Loss on sale of fixed assets	(36)	-	(36)
PPP grant	18,407	-	18,407
Other revenue	5,707	-	5,707
Total Other Revenues, Gains and (Losses)	240,173	27,366	267,539
Net Assets Released from Restrictions			
Satisfaction of use restrictions	628,399	(628,399)	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	3,417,315	(290,705)	3,126,610
EXPENSES			
Program Services			
Early Childhood	1,901,107	-	1,901,107
Long-term support services	735,485	-	735,485
Total Program Services	2,636,592	-	2,636,592
Management and General	303,824	-	303,824
Fundraising	168,389	-	168,389
TOTAL EXPENSES	3,108,805	-	3,108,805
CHANGE IN NET ASSETS	308,510	(290,705)	17,805
NET ASSETS, beginning of year	2,318,963	882,837	3,201,800
NET ASSETS, end of year	$ 2,627,473	$ 592,132	$ 3,219,605

See Independent Auditor's Report and Notes to Financial Statements

FAMILY LIFELINE

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Support, Other Than Special Events			
Contributions			
Individuals, corporations, and foundations	$ 942,449	$ 768,235	$ 1,710,684
In-kind	27,450	-	27,450
Sponsorships	104,315	-	104,315
Grants			
Federal agencies	1,206,815	-	1,206,815
State and local agencies	507,819	-	507,819
Total Support, Other Than Special Events	2,788,848	768,235	3,557,083
Special Events			
Special event revenue	48,000	-	48,000
Less: Direct benefits to donors	62,078	-	62,078
Net Support from Special Events	(14,078)	-	(14,078)
Program Services Revenue			
Client fees	49,643	-	49,643
Other Revenues, Gains and (Losses)			
Investment return, net	19,352	(7,166)	12,186
Loss on sale of fixed assets	(1,325)	-	(1,325)
PPP grant	236,102	-	236,102
Other revenue	471	-	471
Total Other Revenues, Gains and (Losses)	254,600	(7,166)	247,434
Net Assets Released from Restrictions			
Satisfaction of use restrictions	334,745	(334,745)	-
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	3,413,758	426,324	3,840,082
EXPENSES			
Program Services			
Early Childhood	1,959,740	-	1,959,740
Long-term support services	895,483	-	895,483
Total Program Services	2,855,223	-	2,855,223
Management and General	302,662	-	302,662
Fundraising	164,522	-	164,522
TOTAL EXPENSES	3,322,407	-	3,322,407
CHANGE IN NET ASSETS	91,351	426,324	517,675
NET ASSETS, beginning of year	2,227,612	456,513	2,684,125
NET ASSETS, end of year	$ 2,318,963	$ 882,837	$ 3,201,800

See Independent Auditor's Report and Notes to Financial Statements

FAMILY LIFELINE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Program Services					
	Early Childhood	Long-Term Support Services	Total Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 1,307,612	$ 493,616	$ 1,801,228	$ 201,638	$ 49,812	$ 2,052,678
Employee benefits	258,749	84,287	343,036	12,954	6,642	362,632
Payroll taxes	93,957	38,735	132,692	15,113	3,616	151,421
Other personnel costs	17,177	11,950	29,127	1,881	544	31,552
	1,677,495	628,588	2,306,083	231,586	60,614	2,598,283
Professional fees and contract services	28,926	13,770	42,696	48,248	75,281	166,225
Occupancy	72,144	29,943	102,087	5,264	6,018	113,369
Supplies	13,764	6,257	20,021	1,660	25,237	46,918
Depreciation	22,792	9,459	32,251	1,931	1,460	35,642
Telephone	19,837	9,818	29,655	722	910	31,287
Training and conferences	16,563	2,199	18,762	6,604	2,854	28,220
Bad debt	-	27,578	27,578	-	-	27,578
Specific assistance to individuals	21,611	-	21,611	-	-	21,611
Organization dues	15,773	1,500	17,273	-	-	17,273
Advertising	-	-	-	-	13,808	13,808
Printing and publications	3,281	1,362	4,643	4,853	4,069	13,565
Local transportation	5,271	4,651	9,922	310	-	10,232
Miscellaneous	3,110	136	3,246	1,848	50	5,144
Postage and shipping	540	224	764	798	530	2,092
TOTAL EXPENSES	1,901,107	735,485	2,636,592	303,824	190,831	3,131,247
Direct benefits to donors	-	-	-	-	(22,442)	(22,442)
PER STATEMENT OF ACTIVITIES	$ 1,901,107	$ 735,485	$ 2,636,592	$ 303,824	$ 168,389	$ 3,108,805

See Independent Auditor's Report and Notes to Financial Statements

FAMILY LIFELINE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Program Services					
	Early Childhood	Long-Term Support Services	Total Program Services	Management and General	Fundraising	Total
Salaries and wages	$ 1,346,087	$ 591,722	$ 1,937,809	$ 205,518	$ 47,099	$ 2,190,426
Employee benefits	235,637	85,691	321,328	11,040	6,284	338,652
Payroll taxes	94,477	51,541	146,018	15,879	3,638	165,535
Other personnel costs	14,193	12,099	26,292	2,593	479	29,364
	1,690,394	741,053	2,431,447	235,030	57,500	2,723,977
Professional fees and contract services	44,573	17,790	62,363	52,961	87,820	203,144
Occupancy	67,809	23,931	91,740	5,673	17,929	115,342
Supplies	7,941	17,531	25,472	2,138	52,222	79,832
Bad debt	-	67,116	67,116	-	-	67,116
Specific assistance to individuals	46,459	-	46,459	-	-	46,459
Local transportation	37,759	6,316	44,075	547	13	44,635
Depreciation	22,513	7,946	30,459	2,206	1,326	33,991
Telephone	18,515	8,909	27,424	822	872	29,118
Training and conferences	13,147	2,579	15,726	-	534	16,260
Organization dues	9,675	1,898	11,573	-	8	11,581
Printing and publications	769	272	1,041	1,086	6,359	8,486
Postage and shipping	806	284	1,090	1,138	2,023	4,251
Miscellaneous	(620)	(142)	(762)	1,061	(6)	293
TOTAL EXPENSES	1,959,740	895,483	2,855,223	302,662	226,600	3,384,485
Direct benefits to donors	-	-	-	-	(62,078)	(62,078)
PER STATEMENT OF ACTIVITIES	$ 1,959,740	$ 895,483	$ 2,855,223	$ 302,662	$ 164,522	$ 3,322,407

See Independent Auditor's Report and Notes to Financial Statements

FAMILY LIFELINE

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 17,805	$ 517,675
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	35,642	33,991
Loss on sale of property and equipment	36	1,325
Reinvested investment return, operations	(118,426)	(3,749)
Unrealized gain on investments, operations	(96,682)	(10,842)
Revenue restricted to Paycheck Protection Program	(18,407)	(236,102)
(Increase) decrease in		
Contributions receivable	110,000	(225,000)
Grants receivable	(47,007)	2,054
Prepaid expenses	(3,781)	20,011
Increase (decrease) in		
Accounts payable	260	(2,821)
Accrued expenses	4,056	45,480
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(116,504)	142,022
CASH FLOWS FROM INVESTING ACTIVITIES		
Change in beneficial interest in trust	(27,366)	7,166
Purchases of land, building and equipment	(4,939)	(26,211)
NET CASH USED IN INVESTING ACTIVITIES	(32,305)	(19,045)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program	-	460,300
Repayment of Paycheck Protection Program	(205,791)	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(205,791)	460,300
NET INCREASE (DECREASE) IN CASH	(354,600)	583,277
CASH, beginning of year	1,348,351	765,074
CASH, end of year	$ 993,751	$ 1,348,351
NON-CASH INVESTING ACTIVITIES		
Reinvested proceeds from sale of securities	$ 337,784	$ 84,051

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 be self-sufficient. 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 partners with parents to assure 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 promote independence. 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.

Adoption of New Accounting Standard

In May 2014, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 606, Revenue from Contracts with Customers) which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in accounting principles generally accepted in the United States of America. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. ASC 606 is effective for annual reporting periods beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The Agency adopted ASC 606 with a date of the initial application of July 1, 2019, using the full-retrospective method.

As part of the adoption of ASC 606, the Agency elected to use the following transition practical expedients: (1) revenue from contracts which begin and end in the same fiscal year has not been restated and (2) all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price have been reflected in the aggregate.

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

Adoption of New Accounting Standard - Continued
The Agency's revenue is recognized both over time and at a point in time based on the transfer of control. Revenue recognized over time consists of performance obligations that are satisfied within one year or less. In addition, the majority of the Agency's contracts do not contain variable consideration and contract modifications are generally minimal. For these reasons, there is not a significant impact as a result of electing these transition practical expedients.

The adoption of ASC 606 did not have a significant impact on the Agency's financial position, results of operations, or cash flows. The majority of the Agency's revenue arrangements generally consist of a single performance obligation to transfer promised goods or services. Based on the Agency's evaluation of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.

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:

- *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).

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

Fair Value Measurements - Continued
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.

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, 2021 and 2020.

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

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.

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, 2021 or 2020.

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, 2021 or 2020.

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

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 a 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.

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.

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

Net Assets With Donor Restrictions - Continued
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, 2021 or 2020.

Performance Obligations
Special event revenue - For performance obligations related to special event revenue, control transfers to the attendee over time. Revenue is recognized over the course of the event.

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.

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. Most are donated supplies, which are recorded as contributions as of the date of gift and as expenses when the donated items are placed into service or distributed. 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 $9,870 and $27,450 for the years ended June 30, 2021 and 2020, 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, 2021 are:

Financial assets:	
Cash	$ 993,751
Contributions receivable	172,500
Grants receivable	284,464
Investments, operations	932,549
Beneficial interest in trust	109,631
Total financial assets	2,492,895
Less financial assets held to meet donor-imposed restrictions:	
Purpose restricted net assets (Note J)	482,501
Beneficial interest in trust (Note F)	109,631
Less financial assets not available within one year:	
Contributions receivable (Note C)	50,000
Total financial assets available for general expenditures within one year	$ 1,850,763

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, 2021 and 2020, contributors to the Agency have made unconditional promises to give that relate to the following purposes:

	2021	2020
Net assets without donor restrictions	$ 2,500	$ 2,500
Net assets with donor restrictions	170,000	280,000
	$ 172,500	$ 282,500

Contributors will remit these contributions as follows:

	2021	2020
Less than one year	$ 122,500	$ 132,500
One to five years	50,000	150,000
	$ 172,500	$ 282,500

NOTE D - LAND, BUILDING, AND EQUIPMENT, NET

Land, building, and equipment, net are as follows as of June 30, 2021 and 2020:

	2021	2020
Building	$ 804,616	$ 804,616
Land	357,955	357,955
Furniture and equipment	174,291	170,555
	1,336,862	1,333,126
Less: Accumulated depreciation	476,142	441,667
Land, building, and equipment, net	$ 860,720	$ 891,459

NOTE E - INVESTMENTS

Investments held for operations consist of the following as of June 30, 2021 and 2020:

	2021	2020
Mutual funds		
Domestic equity	$ 251,473	$ 320,335
Taxable bonds	197,003	137,383
International	70,307	38,850
Exchange traded funds	363,008	136,639
Cash reserve	50,758	84,234
	$ 932,549	$ 717,441

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 assure 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 November 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, 2021 and 2020:

	2021	2020
Beneficial interest in assets held by The Community Foundation, beginning of year	$ 82,265	$ 89,431
Donations received by The Community Foundation	500	500
Amount distributed to the Agency	(3,920)	(3,985)
Net investment return	30,786	(3,681)
Beneficial interest in assets held by The Community Foundation, end of year	$ 109,631	$ 82,265

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% (4.25% as of June 30, 2021). As of June 30, 2021 and 2020, 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, 2021 and 2020 relating to this line of credit.

NOTE H - PAYCHECK PROTECTION PROGRAM (PPP) FORGIVABLE LOAN

On April 16, 2020, the Agency received loan proceeds in the amount of $460,300 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provided for loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying organization. The loans and accrued interest are forgivable after eight weeks, or an optional twenty-four weeks, as long as the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness is reduced if the borrower terminated employees or reduced salaries during the eight or twenty-four week period.

The Agency used $18,407 and $236,102 of the loan proceeds for qualifying expenses during fiscal years 2021 and 2020, respectively, and therefore believes that the PPP's eligibility criteria have been met and a portion of the loan proceeds represent, in substance, a grant that is expected to be forgiven. In accordance with FASB 958-605 loan proceeds that are expected to be forgiven should be accounted for as conditional contributions. The Agency believes it has substantially met all conditions required to obtain forgiveness and has therefore recognized revenue in the accompanying statement of activities. The Agency presented a liability of $224,198 in the accompanying statement of financial position as of June 30, 2020. On November 16, 2020, the $254,509 spent portion of the loan was forgiven. The Agency repaid $205,791 of unspent loan proceeds on November 3, 2020.

NOTE I - 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.

The risks of participating in a multi-employer plan are different from a single employer plan in the following aspects: (1) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers; (2) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; (3) if an employer chooses to stop participating in a multi-employer plan, the Agency may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability. If a plan were to terminate, if participants voluntarily withdrew or there was a mass withdrawal, the Agency may also be required to make additional payments to the plan for its proportionate share of underfunded liabilities.

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 years ended June 30, 2021 and 2020 was $191,465 and $189,273, respectively. As of the most recent funded status report, July 1, 2021, the plan was 87.4% funded with total assets of $37,693,249 and an accumulated benefit obligation of $42,970,000. The actuarial present value of vested and nonvested accumulated plan benefits and net assets available for benefits were not determined for the individual entities that participated in this multi-employer plan. Actuarial assumptions include a discount rate of 2.08% and an expected rate of investment return of 5.5%.

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 $13,690 and $13,253 for the years ended June 30, 2021 and 2020, respectively.

NOTE J - NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2021 and 2020, net assets with donor restrictions are available for the following purposes or periods:

	2021	2020
Purpose restrictions, available for spending:		
Early childhood	$ 419,734	$ 572,614
Long term support services	62,767	227,958
Total purpose-restricted net assets	482,501	800,572
Beneficial interest in trust	109,631	82,265
Total net assets with donor restrictions	$ 592,132	$ 882,837

NOTE K - 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, 2021. As of June 30, 2021, the Agency's balance in excess of insurance was $303,000.

One contributor represented approximately 10% of total support other than special events and 68% of accounts receivable for the year ended June 30, 2021. Three contributors represent approximately 31% of total support other than special events and 88% of accounts receivable for the year ended June 30, 2020.

NOTE L - COMMITMENTS

The Agency leases equipment and office space under non-cancelable operating leases. Future equipment and office space payments are as follows:

2022	$ 24,892
2023	11,392
2024	11,392
	$ 47,676

Total rent expense under all rental agreements (including month-to-month agreements) for the years ended June 30, 2021 and 2020 was $28,003 and $17,817, respectively.

NOTE M - DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table disaggregates the Agency's revenue based on the time of satisfaction of performance obligations for the years ended June 30, 2021 and 2020:

	2021	2020
Performance obligations satisfied over time		
Client fees	$ 15,864	$ 49,643
Special event revenue	30,428	48,000
Total revenue from contracts with customers	$ 46,292	$ 97,643

NOTE N - COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Agency's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the ongoing evolution of the COVID-19 outbreak and the global responses to curb its spread, the Agency is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for future years.

NOTE O - SUBSEQUENT EVENTS

In the preparation of its financial statements, Family Lifeline considered subsequent events through November 9, 2021, 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, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 9, 2021.

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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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 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 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 9, 2021

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

We have audited Family Lifeline's (the "Agency") (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended June 30, 2021. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency's major federal programs based on our audit of the types of compliance requirements referred to above. 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Agency's compliance.

Opinion on Each Major Federal Program

In our opinion, the Agency 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, 2021.

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Report on Internal Control over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 9, 2021

FAMILY LIFELINE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2021

Grant Name	Federal CFDA Number	Pass-Through Entity		Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Maternal, Infant, and Early Childhood Home Visiting Program	93.505	Virginia Department of Health		$ 319,344
Temporary Assistance for Needy Families	93.558	Children's Health Involving Parents (CHIP) of Virginia	$ 389,934	
	93.558	Virginia Department of Social Services	378,703	
				768,637
				$ 1,087,981

FAMILY LIFELINE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2021

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:

2021	CFDA #
Temporary Assistance for Needy Families	93.558

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