

CASA OF NEW JERSEY, INC.
FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

June 30, 2020

CASA OF NEW JERSEY, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
CASA of New Jersey, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Court Appointed Special Advocates ("CASA") of New Jersey, Inc. (the "Organization") which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 audit 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 auditors' 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and State of New Jersey Circular Letter 15-08-OMB (the "Circular"), *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying divisional statements of financial position and divisional statements of activities are presented for purposes of additional analysis and are 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 February 17, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 Organization'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 the Organization's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Organization's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 19, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Mercedien, P.C.
Certified Public Accountants

February 17, 2021

CASA OF NEW JERSEY, INC.STATEMENTS OF FINANCIAL POSITION
June 30, 2020
(With Comparative Totals for June 30, 2019)

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|-------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 931,111 | \$ 792,346 |
| Accounts receivable | 1,644 | 7,359 |
| Grants receivable | 166,832 | 48,852 |
| Marketable securities | <u>23,199</u> | <u>8,231</u> |
| Total current assets | 1,122,786 | 856,788 |
| Security deposit | 18,816 | 18,816 |
| Property and equipment, net | <u>5,970</u> | <u>9,841</u> |
| Total Assets | <u>\$ 1,147,572</u> | <u>\$ 885,445</u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities | | |
| Accounts payable and accrued expenses | \$ 160,249 | \$ 22,309 |
| Grants payable | - | 49,200 |
| Refundable advances | 30,000 | 30,434 |
| Paycheck Protection Program (PPP) loan | <u>129,342</u> | <u>-</u> |
| Total Liabilities | <u>319,591</u> | <u>101,943</u> |
| Net Assets | | |
| Without donor restrictions | 656,673 | 637,884 |
| With donor restrictions | <u>171,308</u> | <u>145,618</u> |
| Total Net Assets | <u>827,981</u> | <u>783,502</u> |
| Total Liabilities and Net Assets | <u>\$ 1,147,572</u> | <u>\$ 885,445</u> |

CASA OF NEW JERSEY, INC.

STATEMENTS OF ACTIVITIES

Year Ended June 30, 2020

(With Comparative Totals for the Year Ended June 30, 2019)

| | 2020 | | 2019 | |
|--|----------------------------------|-------------------------------|-------------------|-------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Total |
| Support and revenues | | | | |
| Government grants | \$ 2,792,777 | \$ - | \$ 2,792,777 | \$ 2,624,874 |
| Foundation grants | 67,480 | 60,100 | 127,580 | 173,994 |
| Contributions | 140,248 | - | 140,248 | 105,046 |
| Donated services and facilities | 149,652 | - | 149,652 | 165,841 |
| Special events | 10,540 | - | 10,540 | 82,076 |
| Program services | - | - | - | 4,403 |
| Investment income | 924 | - | 924 | 1,166 |
| Other income | 258 | - | 258 | 570 |
| Net assets released from restrictions | <u>34,410</u> | <u>(34,410)</u> | <u>-</u> | <u>-</u> |
| Total support and revenues | <u>3,196,289</u> | <u>25,690</u> | <u>3,221,979</u> | <u>3,157,970</u> |
| Expenses | | | | |
| Program services | 3,131,889 | - | 3,131,889 | 2,948,703 |
| Management and general | 19,695 | - | 19,695 | 18,911 |
| Fundraising | <u>25,916</u> | <u>-</u> | <u>25,916</u> | <u>46,703</u> |
| Total expenses | <u>3,177,500</u> | <u>-</u> | <u>3,177,500</u> | <u>3,014,317</u> |
| Change in net assets | 18,789 | 25,690 | 44,479 | 143,653 |
| Net assets, beginning of year | <u>637,884</u> | <u>145,618</u> | <u>783,502</u> | <u>639,849</u> |
| Net assets, end of year | <u>\$ 656,673</u> | <u>\$ 171,308</u> | <u>\$ 827,981</u> | <u>\$ 783,502</u> |

See notes to financial statements.

CASA OF NEW JERSEY, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

(With Comparative Totals for the Year Ended June 30, 2019)

| | 2020 | | | 2019 | |
|--|---------------------|------------------------|------------------|---------------------|---------------------|
| | Program Services | Management and General | Fundraising | Total | Total |
| State grants to local CASAs | \$ 1,745,174 | \$ - | \$ - | \$ 1,745,174 | \$ 1,813,632 |
| Salaries, payroll taxes and benefits | 769,643 | 15,986 | 13,684 | 799,313 | 697,963 |
| Donated services and facilities | 149,652 | - | - | 149,652 | 165,841 |
| Professional fees | 47,409 | 871 | - | 48,280 | 46,718 |
| Occupancy | 49,802 | 508 | 508 | 50,818 | 49,557 |
| Peer coordinator grants to local CASAs | - | - | - | - | 20,182 |
| Research and other program expenses | 166,517 | - | - | 166,517 | 14,705 |
| Special events | - | - | 9,981 | 9,981 | 23,656 |
| Travel | 7,410 | - | - | 7,410 | 19,635 |
| Office supplies and expense | 36,771 | 318 | 191 | 37,280 | 20,926 |
| Insurance | 8,515 | 106 | - | 8,621 | 11,143 |
| Communications | 13,610 | 139 | 139 | 13,888 | 14,892 |
| Training expenses | 35,561 | - | - | 35,561 | 37,852 |
| Printing and graphics | 48,655 | 1 | 1 | 48,657 | 60,378 |
| Advertising and marketing | 41,644 | - | 1,273 | 42,917 | 2,751 |
| Depreciation | 3,871 | - | - | 3,871 | 3,789 |
| Dues and subscriptions | 3,713 | - | 76 | 3,789 | 3,788 |
| Meeting expense | 535 | 3 | - | 538 | 712 |
| Equipment | 1,192 | 12 | 6 | 1,210 | 3,487 |
| Postage and delivery | 2,215 | 33 | 57 | 2,305 | 1,863 |
| Miscellaneous | - | 1,718 | - | 1,718 | 847 |
| Total expenses - 2020 | <u>\$ 3,131,889</u> | <u>\$ 19,695</u> | <u>\$ 25,916</u> | <u>\$ 3,177,500</u> | |
| Total expenses - 2019 | <u>\$ 2,948,703</u> | <u>\$ 18,911</u> | <u>\$ 46,703</u> | | <u>\$ 3,014,317</u> |

CASA OF NEW JERSEY, INC.

STATEMENTS OF CASH FLOWS

Year Ended June 30, 2020

(With Comparative Totals for the Year Ended June 30, 2019)

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ 44,479 | \$ 143,653 |
| Adjustments to reconcile change in net assets to net cash from operating activities: | | |
| Depreciation | 3,871 | 3,789 |
| Realized and unrealized loss (gain) | 224 | (364) |
| Donated stock | - | (7,702) |
| Change in cash from | | |
| Accounts receivable | 5,715 | (267) |
| Grants receivable | (117,980) | 37,416 |
| Accounts payable and accrued expenses | 137,940 | 965 |
| Grants payable | (49,200) | 49,200 |
| Refundable advances | <u>(434)</u> | <u>30,434</u> |
| Net cash from operating activities | <u>24,615</u> | <u>257,124</u> |
| Cash Flows from Investing Activities | | |
| Purchase of marketable securities | <u>(15,192)</u> | <u>(165)</u> |
| Cash Flows from Financing Activities | | |
| Proceeds from PPP loan | <u>129,342</u> | <u>-</u> |
| Net change in cash and cash equivalents | 138,765 | 256,959 |
| Cash and cash equivalents, beginning of year | <u>792,346</u> | <u>535,387</u> |
| Cash and cash equivalents, end of year | <u>\$ 931,111</u> | <u>\$ 792,346</u> |
| Supplemental disclosure of cash flow information | | |
| Donated stock | <u>\$ -</u> | <u>\$ 7,702</u> |
| In-kind support | <u>\$ 149,652</u> | <u>\$ 165,841</u> |

See notes to financial statements.

CASA OF NEW JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS

A. NATURE OF ORGANIZATION

Court Appointed Special Advocates ("CASA") of New Jersey, Inc. (the "Organization") is a nonprofit organization incorporated in the State of New Jersey and affiliated with the National CASA Association. The purpose of the Organization includes, but is not limited to, promoting, assisting and supporting the sustainability and growth of CASA programs in New Jersey. CASA programs promote the protection of abused and neglected children by using trained volunteers to advocate for these children in court, with particular focus on the children's safety, well-being and permanency. The Organization secures funding, primarily from federal and state grants, for its operations and to pass through to all twenty-one New Jersey counties to support existing CASA programs. The Organization assists these local CASA programs in maintaining quality services to the court and the children served. This is done by providing training and technical assistance for board and staff members on the following topics: data gathering, volunteer training and management, board governance, strategic planning, resource development, public relations output, stakeholder relations and CASA case-specific issues.

In 2010, the Board of Trustees of the Organization approved a merger with CASA of Middlesex County, Inc. ("CASA Middlesex"), a 501(c)(3) organization. CASA Middlesex was dissolved and the operations of this local CASA are now included with the operations of CASA.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

- Net assets without donor restrictions - net assets not subject to donor-imposed stipulations, and therefore expendable for operating purposes.
- Net assets with donor restrictions - net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or by the passage of time.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CASA OF NEW JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Organization considers cash and cash equivalents to be all highly liquid debt instruments with an initial maturity of ninety days or less. Cash and cash equivalents consist mainly of cash and money market funds.

Accounts and Grants Receivable

The Organization considers all receivables to be fully collectible; accordingly, no allowance for doubtful amounts is required. If amounts become uncollectible, they will be charged to the change in net assets when that determination is made.

Marketable Securities

Investments in marketable securities with readily determinable fair values are valued at their fair value in the statement of financial position. The Organization reports investment income and gains and losses in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is time, purpose or restricted in perpetuity by explicit donor stipulations or by law.

Property and Equipment

Property and equipment purchased in excess of \$500 are capitalized as assets and recorded at cost, except for donated items, which are recorded at the fair value on the date of donation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

| | |
|-------------------------|-----------|
| Equipment and furniture | 5-7 years |
|-------------------------|-----------|

Repairs and maintenance which do not extend the useful lives of the related assets are expensed as incurred.

Grants Payable

Grants payable consist of amounts awarded and due to subrecipients that have not been disbursed as of the fiscal year end.

Public Support Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value.

Conditional promises to give are recognized when the conditions on which they are dependent are substantially satisfied. Federal and state grant awards are classified as refundable advances until expended for the purposes of the grants, since they are considered conditional promises to give.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

CASA OF NEW JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Public Support and Revenue Recognition (Continued)

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Special events revenue is recognized when the event occurs.

Program service revenue is recognized when services are performed.

Fair Value Measurement

Valuation techniques used to measure fair value are prioritized into the following hierarchy:

Level 1 - Quoted prices for identical assets and liabilities traded in active exchange markets.

Level 2 - Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or can be derived principally from or corroborated by observable market data. The Organization does not have any Level 2 investments.

Level 3 - Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data. The Organization does not have any Level 3 investments.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. Income generated by activities that would be considered unrelated to the Organization's mission would be subject to tax, which, if incurred, would be recognized as a current expense. No such tax has been recognized for the years ended June 30, 2020 and 2019.

U.S. GAAP requires management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

The Organization did not record any interest or penalties on uncertain tax positions in the accompanying statements of financial position as of June 30, 2020 or 2019, or in the accompanying statements of activities for the years then ended. If the Organization were to incur any income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax liability would be reported as income taxes.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

Certain operating expenses have been allocated to program services based on the reasonable benefit that the program derived from these expenses. There are various funding sources providing support towards the Organization's programs, and some of the expenses charged to the programs represent direct expenses related to program operations and objectives. Indirect costs that benefit multiple functional areas have been allocated among the various functional areas based on time and effort.

Reclassifications

Certain amounts have been reclassified to conform to current year presentation.

Subsequent Events

Management has evaluated events for potential recognition and disclosure through February 17, 2021, the date the financial statements were available to be issued. No items were determined by management to require disclosure.

Recently Adopted Accounting Pronouncement

The Organization adopted the following Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") as of and for the year ended June 30, 2020:

ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and improves the scope and the accounting guidance for contributions received and contributions made. Because the Organization's existing revenue recognition policies were in line with the provisions of ASU 2018-08, the adoption of the new standard did not have a material impact on the Organization's financial statements or related disclosures for the year ended June 30, 2020.

Recent Accounting Pronouncements

The FASB has issued ASUs through the date of these financial statements which may be applicable to the Organization and for which the Organization is currently evaluating the effect that each will have on the financial statements and related disclosures.

ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, issued in May 2014, requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which deferred the effective date of ASU 2014-09 by one year. In June 2020, the FASB issued ASU 2020-05, which deferred the effective date of ASU 2014-09 by an additional year. The updated standard will be effective for the Organization for the year ending June 30, 2021.

CASA OF NEW JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (Continued)

ASU 2016-02, Leases (Topic 842), issued in February 2016, requires an entity (lessee) that leases assets for a term exceeding a one-year period to recognize a right-of-use asset and corresponding lease liability on the statement of financial position. ASU 2016-02 will result in lessees recognizing right-of-use assets and lease liabilities for most leases currently accounted for as operating leases under the legacy lease accounting guidance. ASU 2016-02 introduces limited changes to the lessor accounting model, none of which rise to the same level of significance as the changes made to the lessee accounting model. ASU 2016-02 also requires entities to disclose in the footnotes to their financial statements information about the amount, timing and uncertainty for the payments they make for lease agreements. In November 2019, the FASB issued ASU 2019-10 and in June 2020, the FASB issued 2020-05, both of which deferred the effective date of ASU 2016-02. ASU 2016-02 will now be effective for the Organization for the year ended June 30, 2023, with early adoption permitted.

ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, issued in September 2020, is intended to increase the transparency regarding the measurement of contributed nonfinancial assets recognized by not-for-profit entities, as well as the amount of those contributions used in a not-for-profit entity's programs and other activities. The amendments in this update require that the Organization present contributed nonfinancial assets as a separate line item in the statement of activities by category that depicts the type of contributed nonfinancial assets. This guidance will be effective for the Organization for the year ending June 30, 2023.

C. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets available for general expenditure within one year as of June 30, 2020:

| | | |
|---|----|------------------|
| Cash and cash equivalents | \$ | 931,111 |
| Marketable securities | | 23,199 |
| Grants receivable | | 166,832 |
| Accounts receivable | | 1,644 |
| Less: net assets with donor restrictions | | <u>(171,308)</u> |
| Financial assets available to meet general expenditures within one year of the statement of financial position date | \$ | <u>951,478</u> |

The Organization structures its financial assets to be available as its general expenditures, liabilities and obligations become due. In the event that the Organization faces unanticipated short-term liquidity needs, it would leverage its banking relationships to establish a credit facility.

D. GRANTS RECEIVABLE

Grants receivable consists of the following:

| | June 30, | |
|-----------------------|-------------------|------------------|
| | 2020 | 2019 |
| Federal grant funding | <u>\$ 166,832</u> | <u>\$ 48,852</u> |

E. MARKETABLE SECURITIES

Marketable securities consist of a mutual fund whose market value is based on quoted market prices. The fair value of the Organization's marketable securities was \$23,199 at June 30, 2020.

CASA OF NEW JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS

F. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods including market, income and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value are classified and disclosed in one of the three categories as described in Note B.

While the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

During the years ended June 30, 2020 and 2019, there were no changes to the Organization's valuation techniques that had, or are expected to have, a material impact on its financial position or changes in net assets.

The following is a description of the valuation methodologies used for instruments measured at fair value:

Marketable Securities - The fair value of marketable securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers.

Assets measured at fair value on a recurring basis as of June 30, 2020 and 2019, are summarized as follows:

| | June 30, 2020 | | | |
|-----------------------|------------------|-------------|-------------|------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Marketable securities | <u>\$ 23,199</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 23,199</u> |

| | June 30, 2019 | | | |
|-----------------------|-----------------|-------------|-------------|-----------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Marketable securities | <u>\$ 8,231</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 8,231</u> |

G. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

| | June 30, | |
|--------------------------------|-----------------|-----------------|
| | 2020 | 2019 |
| Office equipment and furniture | \$ 24,578 | \$ 24,578 |
| Less: accumulated depreciation | 18,608 | 14,737 |
| Total | <u>\$ 5,970</u> | <u>\$ 9,841</u> |

CASA OF NEW JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS

G. PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense for the years ended June 30, 2020 and 2019, was \$3,871 and \$3,789, respectively.

H. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consists primarily of an amount due for a research study agreement, as well as accrued payroll and related costs. The cost of the research study is reported as research and other program expenses in the statement of functional expenses. Accounts payable and accrued expenses are comprised of the following:

| | June 30, | |
|---------------------------|-------------------|------------------|
| | 2020 | 2019 |
| Research study | \$ 117,000 | \$ - |
| Accrued payroll and taxes | 29,795 | 22,309 |
| Other program expenses | 13,454 | - |
| Total | <u>\$ 160,249</u> | <u>\$ 22,309</u> |

I. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

| | June 30, | |
|--|-------------------|-------------------|
| | 2020 | 2019 |
| Peer coordinator initiative | \$ 91,799 | \$ 91,799 |
| Improvement of child's quality of life | 4,872 | 6,775 |
| Volunteer training | 18,000 | 23,777 |
| Recruitment | 26,945 | 8,267 |
| Marketing and public awareness | 29,692 | 15,000 |
| Total | <u>\$ 171,308</u> | <u>\$ 145,618</u> |

Net assets released from restrictions were \$34,410 and \$91,311 for the years ended June 30, 2020 and 2019, respectively.

J. DONATED SERVICES AND FACILITIES

The Organization was the recipient of donated services and facilities which were recorded at their fair market value, as follows:

| | Year Ended June 30, | |
|----------------------------------|---------------------|-------------------|
| | 2020 | 2019 |
| Facilities for training meetings | \$ 6,800 | \$ 20,736 |
| Facilities for other meetings | 800 | 1,500 |
| Volunteer time and mileage | 142,052 | 143,605 |
| Total | <u>\$ 149,652</u> | <u>\$ 165,841</u> |

CASA OF NEW JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS

K. AFFILIATED ORGANIZATIONS AND RELATED-PARTY TRANSACTIONS

The Organization is affiliated with the National Court Appointed Special Advocate Association ("National CASA"). National CASA provides leadership, training, technical assistance and grants to CASA programs across the country. They also stage annual conferences and promote CASA programs through public awareness efforts. They are a 501(c)(3) nonprofit organization that offers consultation and resources that help start CASA programs and provide vital assistance to established programs. For the years ended June 30, 2020 and 2019, the Organization received \$35,000 and \$16,400, respectively, of grant monies passed through from National CASA.

The Organization is also affiliated with the fourteen CASA corporations covering all twenty-one counties in the State of New Jersey, all of which have executed an affiliation agreement with the Organization. For the years ended June 30, 2020 and 2019, the Organization granted \$1,745,174 and \$1,813,632, respectively, to all twenty-one county CASA programs. For the year ended June 30, 2019, the Organization granted \$20,182 of peer coordinator funds to CASA programs. They also provided professional and training services to the local CASA programs for the years ended June 30, 2020 and 2019, as follows:

| | Year Ended June 30, | |
|-------------------|---------------------|------------------|
| | 2020 | 2019 |
| Gifts to children | \$ 15,407 | \$ 4,589 |
| Training | 34,110 | 10,116 |
| Total expenses | <u>\$ 49,517</u> | <u>\$ 14,705</u> |

L. LEASE

On March 19, 2013, the Organization entered into a 13-year lease for office space located in New Brunswick, New Jersey. Rental expense, including utilities, under this lease was \$50,818 and \$49,557 for the years ended June 30, 2020 and 2019, respectively.

Future minimum lease payments under the operating lease are as follows:

| Year Ending June 30, | |
|----------------------|-------------------|
| 2021 | \$ 42,967 |
| 2022 | 44,688 |
| 2023 | 44,688 |
| 2024 | 44,688 |
| 2025 | 44,688 |
| Thereafter | 43,862 |
| Total | <u>\$ 265,581</u> |

M. RETIREMENT PLAN

The Organization maintains a 401(k) Thrift Plan that covers all eligible employees. The Organization offers up to a 3% employee match. Total costs incurred by the Organization for the years ended June 30, 2020 and 2019, were \$12,791 and \$13,131, respectively.

N. CONCENTRATIONS OF RISK AND UNCERTAINTIES

The Organization maintains cash and cash equivalent balances which may, at times, exceed federally insured limits. The Organization historically has not experienced any credit related losses. Management believes that it is not subject to any significant credit risk on its cash and cash equivalent accounts.

CASA OF NEW JERSEY, INC.

NOTES TO FINANCIAL STATEMENTS

N. CONCENTRATIONS OF RISK AND UNCERTAINTIES (CONTINUED)

For the years ended June 30, 2020 and 2019, the Organization received approximately 78% of its support and revenues from the New Jersey Department of Children and Families ("NJDCF").

O. CORONAVIRUS OUTBREAK AND PAYCHECK PROTECTION PROGRAM LOAN

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Organization, to date, the Organization has been able to continue its programmatic operations, which are heavily reliant on the State of New Jersey court system, in a virtual manner. Additionally, the Organization's major state grant award is reliant upon passage of the state's budget, and has been funded in full for for the fiscal year ending June 30, 2021.

In April 2020, the Organization entered into a term note agreement as part of the United States Small Business Administration's (the "SBA") Paycheck Protection Program ("PPP"). The funds were used for payroll expenses, employee benefits, and other qualified expenses as prescribed under the law that established the PPP. The loan is for a principal sum of \$129,342 and bears interest at a rate of 1% per annum, payable over a two-year period after a six-month interest and principal deferral period. The PPP loan may be forgiven at the discretion of the SBA if certain criteria are met. The Organization expects to meet the forgiveness criteria and receive formal notification that the loan will be forgiven in the year ending June 30, 2021, at which time it will record debt forgiveness revenue for the full amount forgiven.

SUPPLEMENTARY INFORMATION

CASA OF NEW JERSEY, INC.

DIVISIONAL STATEMENT OF FINANCIAL POSITION

June 30, 2020

| | <u>New Jersey</u> | <u>Middlesex</u> | <u>Eliminations</u> | <u>Total</u> |
|--|-------------------|-------------------|---------------------|---------------------|
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 649,973 | \$ 281,138 | \$ - | \$ 931,111 |
| Accounts receivable | 1,644 | - | - | 1,644 |
| Grants receivable | 10,233 | 156,599 | - | 166,832 |
| Due from Middlesex | 128,651 | - | (128,651) | - |
| Marketable securities | <u>23,199</u> | <u>-</u> | <u>-</u> | <u>23,199</u> |
| Total current assets | 813,700 | 437,737 | (128,651) | 1,122,786 |
| Security deposit | 11,290 | 7,526 | - | 18,816 |
| Property and equipment, net | <u>5,970</u> | <u>-</u> | <u>-</u> | <u>5,970</u> |
| Total Assets | <u>\$ 830,960</u> | <u>\$ 445,263</u> | <u>\$ (128,651)</u> | <u>\$ 1,147,572</u> |
| LIABILITIES AND NET ASSETS | | | | |
| Current liabilities | | | | |
| Accounts payable and accrued expenses | \$ 151,669 | \$ 8,580 | \$ - | \$ 160,249 |
| Due to CASA of NJ | - | 128,651 | (128,651) | - |
| Refundable advances | 30,000 | - | - | 30,000 |
| Paycheck Protection Program (PPP) loan | <u>92,095</u> | <u>37,247</u> | <u>-</u> | <u>129,342</u> |
| Total Liabilities | <u>273,764</u> | <u>174,478</u> | <u>(128,651)</u> | <u>319,591</u> |
| Net Assets | | | | |
| Without donor restrictions | 385,888 | 270,785 | - | 656,673 |
| With donor restrictions | <u>171,308</u> | <u>-</u> | <u>-</u> | <u>171,308</u> |
| Total Net Assets | <u>557,196</u> | <u>270,785</u> | <u>-</u> | <u>827,981</u> |
| Total Liabilities and Net Assets | <u>\$ 830,960</u> | <u>\$ 445,263</u> | <u>\$ (128,651)</u> | <u>\$ 1,147,572</u> |

See independent auditors' report.

CASA OF NEW JERSEY, INC.

DIVISIONAL STATEMENT OF FINANCIAL POSITION

June 30, 2019

| | <u>New Jersey</u> | <u>Middlesex</u> | <u>Eliminations</u> | <u>Total</u> |
|---------------------------------------|-------------------|-------------------|---------------------|-------------------|
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 644,749 | \$ 147,597 | \$ - | \$ 792,346 |
| Accounts receivable | 7,359 | - | - | 7,359 |
| Grants receivable | 11,993 | 36,859 | - | 48,852 |
| Marketable Securities | <u>8,231</u> | <u>-</u> | <u>-</u> | <u>8,231</u> |
| Total current assets | 672,332 | 184,456 | - | 856,788 |
| Security deposit | 11,290 | 7,526 | - | 18,816 |
| Property and equipment, net | <u>9,841</u> | <u>-</u> | <u>-</u> | <u>9,841</u> |
| Total Assets | <u>\$ 693,463</u> | <u>\$ 191,982</u> | <u>\$ -</u> | <u>\$ 885,445</u> |
| LIABILITIES AND NET ASSETS | | | | |
| Current liabilities | | | | |
| Accounts payable and accrued expenses | \$ 15,701 | \$ 6,608 | \$ - | \$ 22,309 |
| Grants Payable | 49,200 | - | - | 49,200 |
| Refundable advances | <u>30,434</u> | <u>-</u> | <u>-</u> | <u>30,434</u> |
| Total Liabilities | <u>95,335</u> | <u>6,608</u> | <u>-</u> | <u>101,943</u> |
| Net Assets | | | | |
| Without donor restrictions | 452,510 | 185,374 | - | 637,884 |
| With donor restrictions | <u>145,618</u> | <u>-</u> | <u>-</u> | <u>145,618</u> |
| Total Net Assets | <u>598,128</u> | <u>185,374</u> | <u>-</u> | <u>783,502</u> |
| Total Liabilities and Net Assets | <u>\$ 693,463</u> | <u>\$ 191,982</u> | <u>\$ -</u> | <u>\$ 885,445</u> |

See independent auditors' report.

CASA OF NEW JERSEY, INC.

DIVISIONAL STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

| | <u>New Jersey</u> | <u>Middlesex</u> | <u>Total</u> |
|--------------------------------------|-------------------|-------------------|-------------------|
| Support and revenues | | | |
| Government grants | \$ 2,508,594 | \$ 284,183 | \$ 2,792,777 |
| Foundation grants | 77,480 | 50,100 | 127,580 |
| Contributions | 102,482 | 37,766 | 140,248 |
| Donated services and facilities | 800 | 148,852 | 149,652 |
| Special events | 4,682 | 5,858 | 10,540 |
| Investment income | 924 | - | 924 |
| Other income | 248 | 10 | 258 |
| Total support and revenues | <u>2,695,210</u> | <u>526,769</u> | <u>3,221,979</u> |
| Expenses | | | |
| State grants to local CASAs | 1,745,174 | - | 1,745,174 |
| Salaries, payroll taxes and benefits | 569,133 | 230,180 | 799,313 |
| Donated services and facilities | 800 | 148,852 | 149,652 |
| Professional fees | 43,565 | 4,715 | 48,280 |
| Occupancy | 25,409 | 25,409 | 50,818 |
| Research and other program expenses | 163,503 | 3,014 | 166,517 |
| Special events | 3,267 | 6,714 | 9,981 |
| Travel | 5,108 | 2,302 | 7,410 |
| Office supplies and expense | 31,398 | 5,882 | 37,280 |
| Insurance | 8,621 | - | 8,621 |
| Communications | 9,132 | 4,756 | 13,888 |
| Training expenses | 29,156 | 6,405 | 35,561 |
| Printing and graphics | 48,527 | 130 | 48,657 |
| Advertising and marketing | 42,197 | 720 | 42,917 |
| Depreciation | 3,871 | - | 3,871 |
| Dues and subscriptions | 3,789 | - | 3,789 |
| Meeting expense | 313 | 225 | 538 |
| Equipment | 609 | 601 | 1,210 |
| Postage and delivery | 1,095 | 1,210 | 2,305 |
| Miscellaneous | 1,475 | 243 | 1,718 |
| Total expenses | <u>2,736,142</u> | <u>441,358</u> | <u>3,177,500</u> |
| Change in net assets | (40,932) | 85,411 | 44,479 |
| Net assets, beginning of year | <u>598,128</u> | <u>185,374</u> | <u>783,502</u> |
| Net assets, end of year | <u>\$ 557,196</u> | <u>\$ 270,785</u> | <u>\$ 827,981</u> |

CASA OF NEW JERSEY, INC.DIVISIONAL STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

| | <u>New Jersey</u> | <u>Middlesex</u> | <u>Total</u> |
|--|-------------------|-------------------|-------------------|
| Support and revenues | | | |
| Government grants | \$ 2,433,598 | \$ 191,276 | \$ 2,624,874 |
| Foundation grants | 126,794 | 47,200 | 173,994 |
| Contributions | 100,083 | 4,963 | 105,046 |
| Donated services and facilities | 1,500 | 164,341 | 165,841 |
| Special events | 24,722 | 57,354 | 82,076 |
| Program services | 4,403 | - | 4,403 |
| Investment income | 1,166 | - | 1,166 |
| Other income | 505 | 65 | 570 |
| Total support and revenues | <u>2,692,771</u> | <u>465,199</u> | <u>3,157,970</u> |
| Expenses | | | |
| State grants to local CASAs | 1,813,632 | - | 1,813,632 |
| Salaries, payroll taxes and benefits | 478,431 | 219,532 | 697,963 |
| Donated services and facilities | 1,500 | 164,341 | 165,841 |
| Professional fees | 42,397 | 4,321 | 46,718 |
| Occupancy | 24,778 | 24,779 | 49,557 |
| Peer coordinator grants to local CASAs | 20,182 | - | 20,182 |
| Research and other program expenses | 11,039 | 3,666 | 14,705 |
| Special events | 8,278 | 15,378 | 23,656 |
| Travel | 13,593 | 6,042 | 19,635 |
| Office supplies and expense | 15,132 | 5,794 | 20,926 |
| Insurance | 9,103 | 2,040 | 11,143 |
| Communications | 9,846 | 5,046 | 14,892 |
| Training expenses | 32,746 | 5,106 | 37,852 |
| Printing and graphics | 59,298 | 1,080 | 60,378 |
| Advertising and marketing | 1,352 | 1,399 | 2,751 |
| Depreciation | 3,789 | - | 3,789 |
| Dues and subscriptions | 3,419 | 369 | 3,788 |
| Meeting expense | 712 | - | 712 |
| Equipment | 2,226 | 1,261 | 3,487 |
| Postage and delivery | 957 | 906 | 1,863 |
| Miscellaneous | 792 | 55 | 847 |
| Total expenses | <u>2,553,202</u> | <u>461,115</u> | <u>3,014,317</u> |
| Change in net assets | 139,569 | 4,084 | 143,653 |
| Net assets, beginning of year | <u>458,559</u> | <u>181,290</u> | <u>639,849</u> |
| Net assets, end of year | <u>\$ 598,128</u> | <u>\$ 185,374</u> | <u>\$ 783,502</u> |

CASA OF NEW JERSEY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2020

| Federal Grantor/Pass-through Grantor/ Program or Cluster Title | Federal CFDA Number | Pass-through Entity Identifying Number | Grant Period | Program Amount Received | Current Year Expenditures | Pass-through Grant Assistance |
|--|------------------------|---|---------------------|-------------------------------|---------------------------------|-------------------------------------|
| U.S. Department of Justice, Office of Victims of Crime Passed through the State of New Jersey, Office of the Attorney General, Department of Law & Public Safety, Division of Criminal Justice | | | | | | |
| VOCA Grant | 16.575 | 80-665-6781 | 01/01/18 - 12/31/19 | \$ 228,864 | \$ 99,956 | \$ - |
| VOCA Grant | 16.575 | 80-665-6781 | 09/01/19 - 08/31/21 | <u>399,615</u> | <u>85,805</u> | <u>-</u> |
| | | | | <u>628,479</u> | <u>185,761</u> | <u>-</u> |
| U.S. Department of Justice, Office of Juvenile Justice and Delinquency Protection, Passed through National CASA | | | | | | |
| Court Appointed Special Advocates Program | 16.756 | NJ10924-18-0719-SB | 07/01/19 - 12/31/19 | <u>35,000</u> | <u>35,000</u> | <u>-</u> |
| U.S. Department of Health and Human Services Administration for Children, Youth & Families Passed through the State of New Jersey, Department of Consumer Affairs, Division of Housing and Community Resources | | | | | | |
| Community Block Services Grant | 93.569 | 80-641-7549 | 10/01/19 - 09/30/20 | <u>68,220</u> | <u>34,110</u> | <u>-</u> |
| U.S. Department of Health and Human Services Administration for Children, Youth & Families Passed through the State of New Jersey, Judiciary Administrative Office of the Courts, Family Practice Division | | | | | | |
| State Court Improvement Program | 93.586 | 36-070-2883 | 10/01/19 - 09/30/20 | <u>27,472</u> | <u>27,472</u> | <u>-</u> |
| Total expenditures of federal awards | | | | <u>\$ 759,171</u> | <u>\$ 282,343</u> | <u>\$ -</u> |

CASA OF NEW JERSEY, INC.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

Year Ended June 30, 2020

| State Grantor Department and Program Title | State Account Number | Program Amount Received | Program Grant Period | Fiscal Year and Total Grant Expenditures to Date | Expenditures to Subrecipients |
|--|-------------------------|----------------------------|-------------------------|--|-------------------------------------|
| State of New Jersey Department of Children and Families, Division of Child Protection and Permanency, Public Awareness for Child Care Abuse Prevention CASA of New Jersey | 100-016-1610-096 | \$ 2,500,000 | 07/01/19 - 06/30/20 | \$ 2,500,000 | \$ 1,745,174 |
| State of New Jersey Department of State, Office of Faith Based Initiatives Improving College Readiness and Admission Outcomes for Foster Youth | 100-074-2505-115 | 10,000 | 10/01/19 - 09/30/20 | 10,434 | - |
| Total expenditures of state financial assistance | | \$ 2,510,000 | | \$ 2,510,434 | \$ 1,745,174 |

CASA OF NEW JERSEY, INC.

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
Year Ended June 30, 2020

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance (the "Schedules") include the federal and state grant activity of the Organization under programs of the federal and state government for the year ended June 30, 2020. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (the "Uniform Guidance"), and State of New Jersey Circular Letter 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* (the "Circular"). Because the Schedules present only a selected portion of the operations of the Organization, they are not intended to and do not present the financial position, change in net assets or cash flows of the Organization.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedules are reported on the accrual basis of accounting. Such expenditures are recognized following Uniform Guidance, the Circular, and the State of New Jersey, Department of Children and Families Cost Reimbursement Manual wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Subrecipients

Of the expenditures of state financial assistance, the Organization provided state financial assistance to subrecipients under the following program:

| Program Title | Grant Number | Amount |
|---|-----------------|---------------------|
| Public Awareness for Child Care Abuse Prevention | 20 GPLC | |
| CASA of Atlantic and Cape May Counties | | \$ 259,795 |
| Bergen County CASA, Inc. | | 78,622 |
| CASA of Camden County, Inc. | | 62,585 |
| CASA of Cumberland, Gloucester and Salem Counties | | 199,010 |
| Essex County CASA, Inc. | | 152,376 |
| Hudson County CASA, Inc. | | 107,486 |
| CASA of Burlington and Mercer Counties, Inc. | | 171,394 |
| CASA of Monmouth County, Inc. | | 93,539 |
| CASA of Morris and Sussex Counties | | 150,686 |
| CASA of Ocean County, Inc. | | 69,769 |
| Passaic County CASA, Inc. | | 132,777 |
| CASA of Somerset, Hunterdon and Warren, Inc. | | 127,147 |
| CASA of Union County | | 139,988 |
| Total | | <u>\$ 1,745,174</u> |

The legislative allocation is reconciled to the above amount as follows:

| | |
|------------------------------|---------------------|
| CASA of Middlesex | \$ 98,423 |
| CASA of New Jersey | 656,403 |
| Total legislative allocation | <u>\$ 2,500,000</u> |

CASA OF NEW JERSEY, INC.

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE (CONTINUED)
Year Ended June 30, 2020

Note 5. Reconciliation of Government Grants to Schedule

| | |
|--|---------------------|
| Grants and contracts revenue per audit | \$ 2,792,777 |
| Expenses per Schedules | |
| Federal Awards | \$ 282,343 |
| State financial assistance | <u>2,510,434</u> |
| Adjusted expenses per schedules | <u>\$ 2,792,777</u> |
| Variance | <u>\$ -</u> |

CASA OF NEW JERSEY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: ***Unmodified***

Internal control over financial reporting:

- Material weaknesses identified? _____ Yes X No
- Significant deficiencies identified? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

State Financial Assistance

Internal control over major program:

- Material weaknesses identified? _____ Yes X No
- Significant deficiencies identified? _____ Yes X None Reported

Type of auditors' report issued on compliance for major state program: ***Unmodified***

Any audit findings disclosed that are required to be reported in accordance with the Circular? _____ Yes X No

Identification of major program:

State Account Number

100-016-1610-096

Name of State Program

Public Awareness for Child Care Abuse Prevention

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Findings

No matters were reported.

Section III - State Financial Assistance Findings and Questioned Costs

No matters were reported.

Section IV - Prior Audit Findings

No matters were reported.

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

To the Board of Trustees of
CASA of New Jersey, Inc.

We have audited, 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, the financial statements of CASA of New Jersey, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2020, 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 February 17, 2021.

Internal Control Over Financial Reporting

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

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

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.

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

Compliance and Other Matters

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

Purpose of This Report

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

Mercedien, P.C.
Certified Public Accountants

February 17, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY STATE OF NEW JERSEY CIRCULAR LETTER 15-08-OMB

To the Board of Trustees of
CASA of New Jersey, Inc.

Report on Compliance for the Major State Program

We have audited CASA of New Jersey, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on the Organization's major state program for the year ended June 30, 2020. The Organization's major state program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the state statutes, regulations, and the terms and conditions of its state award.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major state program 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 State of New Jersey Circular Letter 15-08-OMB (the "Circular"). Those standards and the Circular 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 state program occurred. An audit includes examining, on a test basis, evidence about the Organization'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 the major state program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on the Major State Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended June 30, 2020.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR STATE PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY STATE OF NEW
JERSEY CIRCULAR LETTER 15-08-OMB (CONTINUED)**

Report on Internal Control Over Compliance

Management of the Organization 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 Organization's internal control over compliance with requirements that could have a direct and material effect on its major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state program and to test and report on internal control over compliance in accordance with the Circular, 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 Organization'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 state 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 state 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 state 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 Circular. Accordingly, this report is not suitable for any other purpose.

Mercadion, P.C.
Certified Public Accountants

February 17, 2021