

CASA OF MIDDLESEX COUNTY

Financial Statements

For the years ended June 30, 2023 and 2022

(With Independent Auditor's Report Thereon)

CASA OF MIDDLESEX COUNTY
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June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
CASA of Middlesex County

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CASA of Middlesex County and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CASA of Middlesex County's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report

that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CASA of Middlesex County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CASA of Middlesex County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2024, on our consideration of CASA of Middlesex County'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 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 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 CASA of Middlesex County's internal control over financial reporting and compliance.

HOLMAN FRENIA ALLISON, PC.
Certified Public Accountants

February 14, 2024
Lakewood, New Jersey



**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***

The Boards of Trustees
CASA of Middlesex County

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 CASA of Middlesex County (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 14, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered CASA of Middlesex County’s internal control over financial reporting (internal control) as a basis for designing 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 CASA of Middlesex County’s internal control. Accordingly, we do not express an opinion on the effectiveness of CASA of Middlesex County’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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether CASA of Middlesex County’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.

HOLMAN FRENIA ALLISON, PC.
Certified Public Accountants

February 14, 2024
Lakewood, New Jersey

CASA OF MIDDLESEX COUNTY
Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
ASSETS		
Current assets:		
Cash and equivalents	\$ 267,996	\$ 530,744
Investments	350,000	-
Grants and accounts receivable	83,136	91,823
Prepaid expenses	2,695	2,114
Total current assets	703,827	624,681
Right-of-use operating leased asset	22,066	-
Total non-current assets	22,066	-
Total assets	\$ 725,893	\$ 624,681
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 10,241	\$ 7,224
Operating lease liability, current portion	22,289	-
Total current liabilities	32,530	7,224
Total liabilities	32,530	7,224
Net assets:		
Without donor restriction	693,363	617,457
Total net assets	693,363	617,457
Total liabilities and net assets	\$ 725,893	\$ 624,681

The accompanying notes to the financial statements are an integral part of this statement.

CASA OF MIDDLESEX COUNTY
Statements of Activities
For the years ended June 30, 2023 and 2022

	2023	2022
Support and revenue:		
Government grants - Federal	\$ 173,106	\$ 144,234
Government grants - State	137,425	139,694
Legacy Fund	7,500	6,150
Donations of services	193,279	170,954
Local government grant	23,389	57,247
Contributions	75,735	54,765
Special events	60,093	41,047
Other income	50	45
	670,577	614,136
Expenses:		
Program services	502,839	485,139
Fundraising	54,174	32,702
Management and general	38,606	31,052
	595,619	548,893
Change in net assets from operations	74,958	65,243
Non-operating income:		
Contribution from CASA of NJ	-	552,214
Interest income	948	-
	948	552,214
Change in net assets	75,906	617,457
Net assets without donor restriction, July 1	617,457	-
Net assets without donor restriction, June 30	\$ 693,363	\$ 617,457

The accompanying notes to the financial statements are an integral part of this statement.

CASA OF MIDDLESEX COUNTY
Statement of Functional Expenses
For the year ended June 30, 2023

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 208,114	\$ 26,012	\$ 26,012	\$ 260,138
Donated professional services	172,281	-	-	172,281
Payroll taxes and fees	23,843	2,980	2,980	29,803
Rent	18,054	2,257	2,257	22,568
Donated volunteer services	20,998	-	-	20,998
Special events	-	15,568	-	15,568
Professional fees	11,046	1,381	1,381	13,808
Communications	9,285	1,161	1,161	11,607
Pension	6,371	796	796	7,963
Insurance	5,242	655	655	6,552
Health benefits	3,130	1,565	1,565	6,260
Travel	4,436	555	555	5,546
Utilities & maintenance	3,401	425	425	4,251
Volunteer recruitment	3,564	-	-	3,564
Office equipment and repairs	2,802	350	350	3,502
Training and conferences	3,229	-	-	3,229
Legacy fund	2,526	-	-	2,526
Office supplies	1,906	238	238	2,382
Printing and reproduction	1,063	133	133	1,329
Postage and delivery	793	98	98	989
Dues, fees and subscriptions	635	-	-	635
Bank charges	120	-	-	120
Total expenses	<u><u>\$ 502,839</u></u>	<u><u>\$ 54,174</u></u>	<u><u>\$ 38,606</u></u>	<u><u>\$ 595,619</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

CASA OF MIDDLESEX COUNTY
Statement of Functional Expenses
For the year ended June 30, 2022

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 210,221	\$ 16,863	\$ 16,863	\$ 243,947
Donated professional services	146,419	-	-	146,419
Payroll taxes and fees	27,883	773	773	29,429
Donated volunteer services	24,535	-	-	24,535
Rent	17,977	2,246	2,246	22,469
Professional fees	14,117	1,765	1,764	17,646
Communications	7,372	922	922	9,216
Health benefits	9,194	-	-	9,194
Volunteer recruitment	6,391	799	799	7,989
Special events	-	7,134	-	7,134
Insurance	4,366	546	546	5,458
Pension	4,365	546	546	5,457
Office equipment and repairs	-	-	5,405	5,405
Legacy fund	3,117	390	390	3,897
Training and conferences	2,703	-	-	2,703
Office supplies	2,032	254	254	2,540
Utilities & maintenance	1,510	189	189	1,888
Printing and reproduction	1,289	161	161	1,611
Postage and delivery	642	80	80	802
Travel	322	-	80	402
Licensing Fees	233	29	29	291
Bank charges	232	-	-	232
Dues, fees and subscriptions	179	-	-	179
Advertising	40	5	5	50
	<u>485,139</u>	<u>32,702</u>	<u>31,052</u>	<u>548,893</u>
Total expenses	<u>\$ 485,139</u>	<u>\$ 32,702</u>	<u>\$ 31,052</u>	<u>\$ 548,893</u>

The accompanying notes to the financial statements are an integral part of this statement.

CASA OF MIDDLESEX COUNTY
Statements of Cash Flows
For the years ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Change in net assets	\$ 75,906	\$ 617,457
Amortization of right-of-use operating lease assets	21,964	-
Accretion of discounted right-of-use operating lease liabilities	603	-
Changes in operating assets and liabilities:		
Grants receivable	8,687	(91,823)
Prepaid expenses	(581)	(2,114)
Accounts payable and accrued expenses	3,017	7,224
Operating lease payments	(22,344)	-
Net cash flows from operating activities	87,252	530,744
Cash flows from investing activities		
Purchase of investments	(350,000)	-
Net cash flows from investing activities	(350,000)	-
Net change in cash and cash equivalents	(262,748)	530,744
Cash and cash equivalents, beginning of year	530,744	-
Cash and cash equivalents, end of year	\$ 267,996	\$ 530,744
Supplemental disclosures:		
Interest income received	\$ 948	\$ -
Supplemental disclosure of non-cash activities		
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 44,030	\$ -

CASA OF MIDDLESEX COUNTY
Notes to Financial Statements

NOTE 1: ORGANIZATION AND PURPOSE

Court Appointed Special Advocates of Middlesex County, Inc., (also referred to as “CASA of Middlesex County, Inc.”), (the “Organization”) is an independent, non-profit organization under the jurisdiction of the Superior Court of New Jersey, Chancery Division, Family Part, Middlesex County, which provides court-appointed volunteers to advocate for permanent homes for children. The Organization is principally in the business of recruiting, training, and supervising volunteers who are appointed by a judge in Family court to advocate for a child or family of children who are in out-of-home placement. The Organization was incorporated in the State of New Jersey on April 12, 2021, and began operations on July 1, 2021. In addition, effective April 12, 2021, the Organization was designated a 501(c)(3) charitable organization by Internal Revenue Service.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Basis of Presentation

CASA of Middlesex County is required to report information regarding its financial position and activities that resources be classified for accounting and reporting purposes into two net asset categories according to externally (donor) imposed restrictions. Net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions – Net assets subject to donor imposed (or certain grantor imposed) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. As of June 30, 2023 and 2022, the Organization did not have any net assets with donor restrictions.

Cash and Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within (90) days of purchase. The Organization maintains cash balances at three high quality financial institutions located in New Jersey. At times, the balance on deposit may exceed federally insured limits. The Organization has not experienced any losses in such account and believes it is not exposed to any significant credit risk on its cash and cash equivalents. The Organization considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

CASA OF MIDDLESEX COUNTY
Notes to Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements

The Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable inputs (Level III). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level I – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access. Fair values for these instruments are estimated using pricing models or quoted prices of securities with similar characteristics.

Level II – Inputs that include quoted market prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level III – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's assumptions, as there is little, if any, related market activity. Fair values for these instruments are estimated using appraised values.

Subsequent to initial recognition, the Organization may re-measure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value. The following methods and assumptions were used by the Organization in estimating the fair value of its financial instruments:

Certificate of Deposit: Valued at the net asset value (NAV) at year end where the NAV is valued at \$1 per unit.

Investment Income

Investment income includes interest income received from interest-bearing bank accounts and certificates of deposit, and increases or decreases in the aggregate fair market value of certificates of deposit. The separate components of investment income are not reported due to their individual and aggregate immateriality.

Grants and Accounts Receivable

The Organization carries its accounts and grants receivables at cost. On a periodic basis, management evaluates its receivables to determine if any portion is uncollectible. Management has determined that all open receivables are collectible and therefore no allowance account is deemed necessary.

Prepaid Expenses

Prepaid expenses are amounts paid in the current year that benefit future periods.

CASA OF MIDDLESEX COUNTY
Notes to Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Grants

The Organization receives funding from cost-reimbursable grant contracts from governmental agencies which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as unearned revenue in the statements of financial position.

Special Events

The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event- the exchange component, and a portion represents a contribution to the Organization. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are recorded as costs of direct donor benefits in the statement of activities and changes in net assets or the notes to financial statements. The performance obligation is delivery of the event, which is usually accompanied by a presentation. The event fee is set by the Organization. Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09 requires allocation of the transaction price to the performance obligation(s). Accordingly, the Organization separately presents in its statement of activities and changes in net assets or notes to financial statements the exchange and contribution components of the gross proceeds from special events. Special event fees collected by the Organization in advance of its delivery are initially recognized as liabilities (unearned revenue) and recognized as special event revenue after delivery of the event. For special event fees received before year-end for an event to occur after year-end, the Organization follows AICPA guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as a refundable advance along with the exchange component.

Contributions

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. 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.

Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. Conditional promises to give – that is, those with a measureable performance or other barrier and a right of return – are not recognized until the conditions on which they depend are substantially met and the promises become unconditional.

CASA OF MIDDLESEX COUNTY
Notes to Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

In-Kind

Noncash donations are recorded as contributions at their fair market value at their date of donation. The Organization reports the donations in the net assets without donor restrictions category, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets must be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported in the net assets with donor restrictions category. Per FASB ASU 2016-14 and absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Such services are valued at the rate necessary to replace these services. Services that do not meet the above criteria are not recognized.

All other operating revenue is recognized as services are rendered. Amounts collected in advance of services being provided or events are recorded as unearned revenue.

The Organization has no contracts qualifying as a point in time contract. The Organization primarily serves children in Middlesex County.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Income Taxes

The Organization is a non-profit entity as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Accordingly, there is no provision for income taxes.

The Organization is required to file Form 990, *Return of Organization Exempt from Income Tax*, with the Internal Revenue Service and the *New Jersey Charities Registration & Investigation Form (CRI)*. The Organization follows the income tax standards for uncertain tax positions. This standard had no impact on the Organization's financial statements. The Organization's income tax returns are subject to review and examination by federal and state authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status or any activities that are subject to tax on unrelated business income taxes.

CASA OF MIDDLESEX COUNTY
Notes to Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impact of Recently Issued Accounting Pronouncements Adopted in Current Year

In the current year, the Organization adopted Accounting Standards Update 2016-02, *Leases (Topic 842)*, and subsequent amendments thereto, which requires the Organization to recognize most leases on the consolidated statement of financial position. The Organization adopted the standard under a modified retrospective approach as of the date of adoption and elected to apply several of the available practical expedients, including

- a. Carry over of historical lease determination and lease classification conclusions
- b. Carry over of historical initial direct cost balances for existing leases
- c. Accounting for lease and non-lease components in contracts in which the Organization is a lessee as a single lease component

Adoption of the leasing standard resulted in the recognition of right-of-use assets of \$44,030 and operating lease liabilities of \$44,475 as of July 1, 2022, the date of lease commencement. These amounts were determined based on the present value of remaining lease payments, discounted using the U.S. Treasury risk-free rate as of the date of lease commencement. There was no material impact to the timing of expense or income recognition in the Organization's statement of activities. Prior periods were not restated and continue to be presented under legacy GAAP. Disclosures regarding the Organization's leasing activities are presented in Note 11.

Subsequent Events

CASA of Middlesex County has evaluated subsequent events occurring after June 30, 2023 through the date of February 14, 2024, which is the date the financial statements were available to be issued.

NOTE 3: CASH AND CASH EQUIVALENTS

The deposits held by CASA of Middlesex County at June 30, 2023 and 2022, reported at fair value, consist of demand deposits totaling \$267,996 and 530,744, respectively.

Custodial Credit Risk

Deposits in financial institutions, reported as components of cash had a bank balance of \$270,420 and \$546,300 at June 30, 2023 and 2022, respectively. Of the bank balances, \$250,000 was fully insured by depository insurance for both years.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash investments. At June 30, 2023 and 2022, all of the Organization's cash accounts were held by Provident Bank.

CASA OF MIDDLESEX COUNTY
Notes to Financial Statements (continued)

NOTE 4: LIQUIDITY AND AVAILABILITY

The following represents the Organization’s financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general use within one year of the statements of financial position date because of contractual or donor-imposed restrictions or internal designations.

	2023	2022
Current financial assets:		
Cash	\$ 267,996	\$ 530,744
Investments	350,000	-
Grants and accounts receivable	83,136	91,823
Total financial assets available to meet general expenditures over the next twelve months	\$ 701,132	\$ 622,567

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has a goal to maintain financial assets on hand to meet 365 days of normal operating expenses, which are, on average, approximately \$595,000.

NOTE 5: INVESTMENTS

The following Organization’s investments at fair value consist entirely of certificates of deposit totaling \$350,000 and \$-0- as of June 30, 2023 and 2022, respectively. These are considered level 1 within the fair value hierarchy.

NOTE 6: GRANTS AND ACCOUNTS RECEIVABLE

Grants and accounts receivable consisted of the following as of June 30, 2023 and 2022:

	2023	2022
VOCA Grant	\$ 56,811	\$ 45,342
Local government grant	9,325	30,172
Federal government grant	17,000	15,616
Accounts receivable	-	693
Total grants and accounts receivable	\$ 83,136	\$ 91,823

NOTE 7: DEPENDENCY FOR FUNDING - CASA OF NEW JERSEY, INC.

CASA of New Jersey, Inc. is part of a national network of non-profit programs that advocate for children removed from their families because of abuse or neglect. CASA of New Jersey, Inc. promotes and supports a statewide network of local CASA programs.

CASA of Middlesex County regularly receives support from CASA of New Jersey, Inc. For the years ended June 30, 2023 and 2022, the Organization received 20% and 23%, respectively, of its support from CASA of New Jersey, Inc.

CASA OF MIDDLESEX COUNTY
Notes to Financial Statements (continued)

NOTE 7: DEPENDENCY FOR FUNDING - CASA OF NEW JERSEY, INC. (continued)

CASA of New Jersey, Inc. also provides donated services to CASA of Middlesex County. Donated services from CASA of New Jersey, Inc. totaled \$20,988 and \$24,535 for the years ended June 30, 2023 and 2022, respectively.

CASA of New Jersey, Inc. also provides support to CASA of Middlesex County in the form of grants and contributions. For the years ended June 30, 2023 and 2022, CASA of New Jersey, Inc. provided support totaling \$137,425 and \$139,694, respectively.

NOTE 8: SPECIAL EVENT REVENUE

Gross receipts from special fundraising events recorded by the Organization consist of exchange transaction revenue and contribution revenue. In accordance with FASB ASU 2014-09, the Organization is required to separately present the components of this revenue.

See below for approximated contribution and exchange component revenues recorded in accordance with special events held during the years ended June 30, 2023 and 2022:

	2023	2022
Contributions	\$ 55,738	\$ 41,047
Special event revenue - exchange component	4,355	-
Special event revenue, gross	60,093	41,047
Less - direct expenses	(12,864)	(5,070)
Special event revenue, net of direct expenses	\$ 47,229	\$ 35,977

NOTE 9: CONCENTRATION OF RISK

During the years ended June 30, 2023 and 2022, the Organization received 26% and 23%, respectively, of its support from the United States Department of Justice. A significant reduction in this support could result in a reduction of programs offered and could have an adverse effect on the Organization.

NOTE 10: FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated are salaries, rent, payroll taxes and fees, insurance, communications, professional fees, office supplies, advertising, printing and reproduction, travel and meals, and marketing.

Salaries and payroll taxes and fees are allocated based on actual time and effort worked in each function. Rent, insurance, communications, professional fees, office supplies, advertising, printing and reproduction, travel and meals, and marketing expenses are allocated based on costs of actual expenses utilized.

CASA OF MIDDLESEX COUNTY
Notes to Financial Statements (continued)

NOTE 11: LEASES

The Organization enters into leases in the normal course of business primarily for office space. The Organization's leases have remaining terms of 12 months, which do not include renewal or termination options. The Organization's leases do not include residual value guarantees or covenants.

The Organization includes lease extension and termination options in the lease term if, after considering relevant economic factors, it is reasonably certain the Organization will exercise the option. The Organization has also elected not to recognize leases with original lease terms of 12 months or less (short-term leases) on the Organization's statement of financial position.

Leases are classified as operating or finance leases at the lease commencement date. Lease expense for operating leases and short-term leases is recognized on a straight-line basis over the lease term. The Organization uses the U.S. Treasury risk-free rate at lease commencement to calculate the present value of lease payments when the rate implicit in a lease is not known.

Right-of-use assets and lease liabilities by lease type, and the associated statement of financial position classifications, are as follows:

Statement of Financial Position Classification	June 30, 2023
Right-of-use assets:	
Operating leases	Right-of-use lease assets, net of amortization \$ 22,066
Total right-of-use assets	<u>\$ 22,066</u>
Lease Liabilities:	
Operating leases	Operating lease liability, current portion \$ 22,289
Total lease liabilities	<u>\$ 22,289</u>

The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2023:

Weighted Average Remaining Lease Term	
Operating leases	12 months
Weighted Average Discount Rate	
Operating leases	0.46%

CASA OF MIDDLESEX COUNTY
Notes to Financial Statements (continued)

NOTE 11: LEASES (continued)

Future undiscounted lease payments for operating leases with initial terms of one year or more as of June 30, 2023 are as follows:

Year Ending June 30:	Operating Lease Payments
2024	\$ 22,344
Total lease payments	22,344
Less: imputed interest	(55)
Present value of lease liabilities	\$ 22,289

The following summarizes the line items in the statement of activities which include the components of lease expense for the year ended June 30, 2023:

Lease Cost	Statement of Activity Classification	June 30, 2023
Rent	Program services	\$ 22,568

During the year ended June 20, 2022, leases were accounted for in accordance with ASC 840.

NOTE 12: CONTRIBUTED NONCASH SERVICES

For the years ended June 30, 2023 and 2022, contributed noncash services consisted of the following:

Gifts-in-Kind	2023	2022	Usage	Restriction	Valuation Technique
Volunteer services	\$ 172,281	\$ 146,419	To provide foster children with trained advocates on their behalf while residing in foster care	None	Estimated at the New Jersey volunteer valuation rate provided by the Independent Sector
Donated Services from CASA of NJ	20,998	24,535	Various services including personnel activities, LMS online course development, and Rutgers study	None	Estimated at the value of professional services provided by CASA of New Jersey
Total donations of services	\$ 193,279	\$ 170,954			

NOTE 13: SAFE HARBOR 401(k)

The Organization adopted a Safe Harbor 401(k) Plan to provide retirement benefits for the employees. The employer match is 3% of the employee's salary for the plan year. For the year ended June 30, 2023 and 2022, employer contributions totaled \$7,264 and \$5,106, respectively.