

**CASA OF NEW JERSEY, INC.**

FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION

June 30, 2021

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

### **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 controls. 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, 2021, 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 December 16, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 17, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Meredien, P.C.*

*Certified Public Accountants*

December 16, 2021

**CASA OF NEW JERSEY, INC.**STATEMENTS OF FINANCIAL POSITION  
June 30, 2021  
(With Comparative Totals for June 30, 2020)

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 1,218,995	\$ 931,111
Accounts receivable	-	1,644
Grants receivable	68,775	166,832
Marketable securities	<u>26,347</u>	<u>23,199</u>
Total current assets	1,314,117	1,122,786
Security deposit	18,816	18,816
Property and equipment, net	<u>4,579</u>	<u>5,970</u>
Total Assets	<u><u>\$ 1,337,512</u></u>	<u><u>\$ 1,147,572</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 86,037	\$ 160,249
Refundable advances	10,365	30,000
Paycheck Protection Program ("PPP") loan	<u>136,362</u>	<u>129,342</u>
Total Liabilities	<u>232,764</u>	<u>319,591</u>
Net Assets		
Without donor restrictions	900,472	656,673
With donor restrictions	<u>204,276</u>	<u>171,308</u>
Total Net Assets	<u>1,104,748</u>	<u>827,981</u>
Total Liabilities and Net Assets	<u><u>\$ 1,337,512</u></u>	<u><u>\$ 1,147,572</u></u>

**CASA OF NEW JERSEY, INC.**

## STATEMENTS OF ACTIVITIES

Year Ended June 30, 2021

(With Comparative Totals for the Year Ended June 30, 2020)

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenues				
Government grants	\$ 2,752,309	\$ -	\$ 2,752,309	\$ 2,792,777
Foundation grants	62,299	185,209	247,508	127,580
Contributions	153,509	-	153,509	140,248
Donated services and facilities	166,120	-	166,120	149,652
Special events	37,250	-	37,250	10,540
Investment income	3,548	-	3,548	924
PPP loan forgiveness	129,342	-	129,342	-
Other income	109	-	109	258
Net assets released from restrictions	152,241	(152,241)	-	-
Total support and revenues	<u>3,456,727</u>	<u>32,968</u>	<u>3,489,695</u>	<u>3,221,979</u>
Expenses				
Program services	3,162,657	-	3,162,657	3,131,889
Management and general	21,324	-	21,324	19,695
Fundraising	28,947	-	28,947	25,916
Total expenses	<u>3,212,928</u>	<u>-</u>	<u>3,212,928</u>	<u>3,177,500</u>
Change in net assets	243,799	32,968	276,767	44,479
Net assets, beginning of year	<u>656,673</u>	<u>171,308</u>	<u>827,981</u>	<u>783,502</u>
Net assets, end of year	<u>\$ 900,472</u>	<u>\$ 204,276</u>	<u>\$ 1,104,748</u>	<u>\$ 827,981</u>

See notes to financial statements.

**CASA OF NEW JERSEY, INC.****STATEMENTS OF FUNCTIONAL EXPENSES**

Year Ended June 30, 2021

(With Comparative Totals for the Year Ended June 30, 2020)

	2021				2020
	Program Services	Management and General	Fundraising	Total	Total
State grants to local CASAs	\$ 1,817,435	\$ -	\$ -	\$ 1,817,435	\$ 1,745,174
Salaries, payroll taxes and benefits	750,126	15,573	12,898	778,597	799,313
Donated services and facilities	166,120	-	-	166,120	149,652
Professional fees	126,774	2,458	615	129,847	48,280
Occupancy costs	49,108	1,267	253	50,628	50,818
Peer coordinator grants to local CASAs	11,400	-	-	11,400	-
Research and other program expenses	158,802	-	-	158,802	166,517
Special events	-	-	14,584	14,584	9,981
Travel	457	4	3	464	7,410
Office supplies and expense	19,184	207	128	19,519	37,280
Insurance	10,819	386	96	11,301	8,621
Communications	16,593	384	171	17,148	13,888
Training expenses	21,474	-	-	21,474	35,561
Printing and graphics	1,782	25	24	1,831	48,657
Advertising and marketing	1,836	25	19	1,880	42,917
Depreciation	2,690	27	27	2,744	3,871
Dues and subscriptions	3,001	91	61	3,153	3,789
Meeting expense	102	-	-	102	538
Equipment	820	9	2	831	1,210
Postage and delivery	2,490	79	66	2,635	2,305
Bad debt	1,644	-	-	1,644	-
Miscellaneous	-	789	-	789	1,718
Total expenses - 2021	<u>\$ 3,162,657</u>	<u>\$ 21,324</u>	<u>\$ 28,947</u>	<u>\$ 3,212,928</u>	
Total expenses - 2020	<u>\$ 3,131,889</u>	<u>\$ 19,695</u>	<u>\$ 25,916</u>		<u>\$ 3,177,500</u>

**CASA OF NEW JERSEY, INC.****STATEMENTS OF CASH FLOWS**

Year Ended June 30, 2021

(With Comparative Totals for the Year Ended June 30, 2020)

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 276,767	\$ 44,479
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	2,744	3,871
PPP loan forgiveness	(129,342)	-
Realized and unrealized (gain) loss	(2,553)	224
Donated stock	(499)	-
Change in cash from		
Accounts receivable	1,644	5,715
Grants receivable	98,057	(117,980)
Accounts payable and accrued expenses	(74,212)	137,940
Grants payable	-	(49,200)
Refundable advances	(19,635)	(434)
Net cash from operating activities	<u>152,972</u>	<u>24,615</u>
Cash flows from Investing Activities		
Proceeds from sale of marketable securities	543	-
Purchase of marketable securities	(640)	(15,192)
Purchase of property and equipment, net	(1,353)	-
Net cash from investing activities	<u>(1,450)</u>	<u>(15,192)</u>
Cash flows from Financing Activities		
Proceeds from PPP loan	136,362	129,342
Net cash from financing activities	<u>136,362</u>	<u>129,342</u>
Net change in cash and cash equivalents	287,884	138,765
Cash and cash equivalents, beginning of year	931,111	792,346
Cash and cash equivalents, end of year	<u>\$ 1,218,995</u>	<u>\$ 931,111</u>
Supplemental Disclosure of Cash Flow Information:		
Donated stock	\$ 499	\$ -
In-kind support	<u>\$ 166,120</u>	<u>\$ 149,652</u>
Non-cash financing activities:		
PPP loan forgiveness	<u>\$ 129,342</u>	<u>\$ -</u>



## **CASA OF NEW JERSEY, INC.**

### NOTES TO FINANCIAL STATEMENTS

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#### **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"). CASA Middlesex was dissolved and the operations of this local CASA are included with the operations of the Organization. As further described in Note B, effective July 1, 2021 CASA Middlesex separately incorporated and split off its operations from the Organization.

#### **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, 2020, 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

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

#### **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. 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 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 purpose of the grants since they are conditional promises to give.

The Organization records contributions as net assets with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions. When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is fulfilled, donor restricted net assets are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions. It is the Organization's policy to record donor restricted contributions as net assets without donor restriction if they are received and expended in the same accounting period.

## CASA OF NEW JERSEY, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### 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.

##### **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, 2021 and 2020.

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, 2021 or 2020, 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.

## CASA OF NEW JERSEY, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### 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.

##### Subsequent Events

Management has evaluated events for potential recognition and disclosure through December 16, 2021, the date the financial statements were available to be issued. Except for the item disclosed below, no items were determined by management to require disclosure.

As described in Note A, effective July 1, 2021, CASA Middlesex became a separately incorporated organization in the state of New Jersey. Therefore, effective July 1, 2021, CASA Middlesex will no longer be a program of CASA of New Jersey and all current employees under the CASA Middlesex program will become employees of CASA Middlesex.

##### 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, 2021:

**ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)***. The Organization adopted the provisions of ASC Topic 606, *Revenue from Contracts with Customers*, and all of the related amendments (ASC 606) as of and for the year ended June 30, 2021. ASC 606 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. ASU 2014-09 did not have a material impact on the financial statements as of June 30, 2021, since the Organization does not have any revenue streams that fall under the guidance of ASC 606.

##### 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 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.

## CASA OF NEW JERSEY, INC.

### NOTES TO FINANCIAL STATEMENTS

#### B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Recent Accounting Pronouncements (Continued)

**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 statements 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, 2021:

	June 30,	
	2021	2020
Cash and cash equivalents	\$ 1,218,995	\$ 931,111
Marketable securities	26,347	23,199
Grants receivable	68,775	166,832
Accounts receivable	-	1,644
Less: net assets with donor restrictions	(204,276)	(171,308)
Financial assets available to meet general expenditures within one year of the statement of financial position date	\$ 1,109,841	\$ 951,478

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,	
	2021	2020
Federal grant funding	\$ 68,775	\$ 166,832

#### 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 were \$26,347 and \$23,199 at June 30, 2021 and 2020, respectively.

## 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, 2021 and 2020, 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, 2021 and 2020, are summarized as follows:

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Marketable securities	\$ 26,347	\$ -	\$ -	\$ 26,347

  

	June 30, 2020			
	Level 1	Level 2	Level 3	Total
Marketable securities	\$ 23,199	\$ -	\$ -	\$ 23,199

#### G. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	June 30,	
	2021	2020
Office equipment and furniture	\$ 23,772	\$ 24,578
Less: accumulated depreciation	19,193	18,608
Total	\$ 4,579	\$ 5,970

## CASA OF NEW JERSEY, INC.

### NOTES TO FINANCIAL STATEMENTS

#### G. PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense for the years ended June 30, 2021 and 2020, was \$2,744 and \$3,871, respectively.

#### H. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist 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 statements of functional expenses. Accounts payable and accrued expenses are comprised of the following:

	June 30,	
	2021	2020
Research study	\$ 69,604	\$ 117,000
Accrued payroll and taxes	7,141	29,795
Other program expenses	9,292	13,454
Total	<u>\$ 86,037</u>	<u>\$ 160,249</u>

#### I. NET ASSETS WITH DONOR RESTRICTIONS

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

	June 30,	
	2021	2020
Peer coordinator initiative	\$ 80,399	\$ 91,799
Improvement of child's quality of life	2,913	4,872
Volunteer training	10,580	18,000
Recruitment	60,862	26,945
Girls inspiration fund and trust	4,521	-
Marketing and public awareness	45,001	29,692
Total	<u>\$ 204,276</u>	<u>\$ 171,308</u>

Net assets released from restrictions were \$152,241 and \$34,410 for the years ended June 30, 2021 and 2020, 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,	
	2021	2020
Facilities for training meetings	\$ -	\$ 6,800
Facilities for other meetings	-	800
Volunteer time and mileage	166,120	142,052
Total	<u>\$ 166,120</u>	<u>\$ 149,652</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 year ended June 30, 2021, the Organization did not receive any grant monies passed through from National CASA. For the year ended June 30, 2020, the Organization received \$35,000 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, 2021 and 2020, the Organization granted \$1,817,435 and \$1,745,174, respectively, to all twenty-one county CASA programs. For the year ended June 30, 2021, the Organization granted \$11,400 of peer coordinator funds to CASA programs. For the year ended June 30, 2020, the Organization did not grant any peer coordinator funds to CASA programs. The Organization also provided professional and training services to the local CASA programs for the years ended June 30, 2021 and 2020, as follows:

	Year Ended June 30,	
	2021	2020
Gifts to children	\$ 10,648	\$ 15,407
Training	78,549	34,110
Total	<u>\$ 89,197</u>	<u>\$ 49,517</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 \$50,628 and \$50,818 for the years ended June 30, 2021 and 2020, respectively. Future minimum lease payments under the operating lease are as follows:

<u>Year ending June 30,</u>	
2022	\$ 44,688
2023	44,688
2024	44,688
2025	44,688
2026	41,664
Thereafter	2,198
Total	<u>\$ 222,614</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, 2021 and 2020, were \$11,788 and \$12,791, respectively.



## **CASA OF NEW JERSEY, INC.**

### NOTES TO FINANCIAL STATEMENTS

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#### **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.

For the years ended June 30, 2021 and 2020, the Organization received approximately 72% and 78%, respectively, 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 continued its operations without any adverse financial impacts.

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 first draw loan was for a principal sum of \$129,342 and bore interest at a rate of 1% per annum, and is eligible to be forgiven if certain criteria are met. In June 2021, the Organization applied for and received forgiveness of the loan from the SBA.

In April 2021, the Organization entered into a term note agreement as part of the United States SBA's PPP. The funds are expected to be used for payroll expenses, employee benefits, and other qualified expenses as prescribed under the law that established the PPP. The second draw loan is for a principal sum of \$136,362 and bears interest at a rate of 1% per annum, payable over a five-year period after a ten-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, 2022, 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, 2021

	<u>New Jersey</u>	<u>Middlesex</u>	<u>Eliminations</u>	<u>Total</u>
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 730,244	\$ 488,751	\$ -	\$ 1,218,995
Accounts receivable	-	-	-	-
Grants receivable	-	68,775	-	68,775
Due from Middlesex	174,335	-	(174,335)	-
Marketable securities	<u>26,347</u>	<u>-</u>	<u>-</u>	<u>26,347</u>
Total current assets	930,926	557,526	(174,335)	1,314,117
Security deposit	11,290	7,526	-	18,816
Property and equipment, net	<u>3,373</u>	<u>1,206</u>	<u>-</u>	<u>4,579</u>
Total Assets	<u>\$ 945,589</u>	<u>\$ 566,258</u>	<u>\$ (174,335)</u>	<u>\$ 1,337,512</u>
<b>LIABILITIES AND NET ASSETS</b>				
Current liabilities				
Accounts payable and accrued expenses	\$ 83,583	\$ 2,454	\$ -	\$ 86,037
Due to CASA of NJ	-	174,335	(174,335)	-
Refundable advances	10,365	-	-	10,365
Paycheck Protection Program ("PPP") loan	<u>136,362</u>	<u>-</u>	<u>-</u>	<u>136,362</u>
Total Liabilities	<u>230,310</u>	<u>176,789</u>	<u>(174,335)</u>	<u>232,764</u>
Net Assets				
Without donor restrictions	585,358	315,114	-	900,472
With donor restrictions	<u>129,921</u>	<u>74,355</u>	<u>-</u>	<u>204,276</u>
Total Net Assets	<u>715,279</u>	<u>389,469</u>	<u>-</u>	<u>1,104,748</u>
Total Liabilities and Net Assets	<u>\$ 945,589</u>	<u>\$ 566,258</u>	<u>\$ (174,335)</u>	<u>\$ 1,337,512</u>

**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>
<b>ASSETS</b>				
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	23,199	-	-	23,199
Total current assets	<u>813,700</u>	<u>437,737</u>	<u>(128,651)</u>	<u>1,122,786</u>
Security deposit	11,290	7,526	-	18,816
Property and equipment, net	5,970	-	-	5,970
Total Assets	<u>\$ 830,960</u>	<u>\$ 445,263</u>	<u>\$ (128,651)</u>	<u>\$ 1,147,572</u>
<b>LIABILITIES AND NET ASSETS</b>				
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	92,095	37,247	-	129,342
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	171,308	-	-	171,308
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>

**CASA OF NEW JERSEY, INC.**

## DIVISIONAL STATEMENT OF ACTIVITIES

June 30, 2021

	<u>New Jersey</u>	<u>Middlesex</u>	<u>Total</u>
Support and revenues			
Government grants	\$ 2,446,750	\$ 305,559	\$ 2,752,309
Foundation grants	181,129	66,379	247,508
Contributions	114,907	38,602	153,509
Donated services and facilities	11,470	154,650	166,120
Special events	9,472	27,778	37,250
Investment income	3,548	-	3,548
PPP loan forgiveness	92,095	37,247	129,342
Other income	67	42	109
Total support and revenues	<u>2,859,438</u>	<u>630,257</u>	<u>3,489,695</u>
Expenses			
State grants to local CASAs	1,817,435	-	1,817,435
Salaries, payroll taxes and benefits	511,243	267,354	778,597
Donated services and facilities	11,470	154,650	166,120
Professional fees	123,472	6,375	129,847
Occupancy costs	25,314	25,314	50,628
Peer coordinator grants to local CASAs	11,400	-	11,400
Research and other program expenses	149,083	9,719	158,802
Special events	2,429	12,155	14,584
Travel	115	349	464
Office supplies and expense	11,826	7,693	19,519
Insurance	9,649	1,652	11,301
Communications	7,106	10,042	17,148
Training expenses	14,204	7,270	21,474
Printing and graphics	594	1,237	1,831
Advertising and marketing	1,255	625	1,880
Depreciation	-	2,744	2,744
Dues and subscriptions	3,034	119	3,153
Meeting expense	-	102	102
Equipment	222	609	831
Postage and delivery	1,362	1,273	2,635
Bad debt	-	1,644	1,644
Miscellaneous	142	647	789
Total expenses	<u>2,701,355</u>	<u>511,573</u>	<u>3,212,928</u>
Change in net assets	158,083	118,684	276,767
Net assets, beginning of year	<u>557,196</u>	<u>270,785</u>	<u>827,981</u>
Net assets, end of year	<u>\$ 715,279</u>	<u>\$ 389,469</u>	<u>\$ 1,104,748</u>

**CASA OF NEW JERSEY, INC.**

## DIVISIONAL STATEMENT OF ACTIVITIES

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 costs	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.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2021**

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	09/01/19 - 08/31/21	\$ 399,615	\$ 217,212	\$ -
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 Services Block Grant	93.569	80-641-7549	10/01/19 - 09/30/20	68,220	34,110	-
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	10/01/20 - 12/31/21	11,352	11,352	-
Total expenditures of federal awards				<u>\$ 479,187</u>	<u>\$ 262,674</u>	<u>\$ -</u>

**CASA OF NEW JERSEY, INC.**

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
 Year Ended June 30, 2021

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	10/01/20 - 06/30/21	\$ 2,489,635	\$ 1,817,435



## CASA OF NEW JERSEY, INC.

### NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE Year Ended June 30, 2021

#### 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, 2021. 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	21 GPLC	
CASA of Atlantic and Cape May Counties		\$ 264,576
Bergen County CASA, Inc.		95,523
CASA of Camden County, Inc.		53,359
CASA of Cumberland, Gloucester and Salem Counties		189,488
Essex County CASA, Inc.		179,816
Hudson County CASA, Inc.		117,219
CASA of Burlington and Mercer Counties, Inc.		172,093
CASA of Monmouth County, Inc.		92,766
CASA of Morris and Sussex Counties		124,743
CASA of Ocean County, Inc.		102,988
Passaic County CASA, Inc.		162,927
CASA of Somerset, Hunterdon and Warren, Inc.		113,643
CASA of Union County		148,294
Total		<u>\$ 1,817,435</u>
The legislative allocation is reconciled to the above amounts as follows:		
CASA of Middlesex		\$ 66,393
CASA of New Jersey		605,807
Total legislative allocation		<u>\$ 2,489,635</u>

**CASA OF NEW JERSEY, INC.**

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE  
FINANCIAL ASSISTANCE (CONTINUED)  
Year Ended June 30, 2021

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*Note 5. Reconciliation of Government Grants to Schedule*

Grants and contracts revenue per audit	\$ 2,752,309
Expenses per Schedules	
Federal Awards	\$ 262,674
State financial assistance	2,489,635
Adjusted expenses per Schedules	<u>\$ 2,752,309</u>
Variance	<u>\$ -</u>

**CASA OF NEW JERSEY, INC.**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2021

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**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  No
- Significant deficiencies identified?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

***State Financial Assistance***

Internal control over major program:

- Material weaknesses identified?  Yes  No
- Significant deficiencies identified?  Yes  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  No

Identification of major program:

State Account Number

Name of State Program

100-016-1610-096

Public Awareness for Child Care Abuse Prevention

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

Auditee qualified as low-risk auditee?  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, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 16, 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") 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 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 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.

*Mercedien, P.C.*

*Certified Public Accountants*

December 16, 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, 2021. 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 to its state program.

**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, 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 (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 the Organization's 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.

*Mercedien, P.C.*  
*Certified Public Accountants*

December 16, 2021