

Passaic County Court Appointed Special Advocates, Inc.

***Reports on Audits of Financial Statements
For the Years Ended June 30, 2022 and 2021***



McIntee Fusaro Del Corral, LLC
Certified Public Accountants & Forensic Consultants

Passaic County Court Appointed Special Advocates, Inc.

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Independent Auditors' Report

To the Board of Trustees of
Passaic County Court Appointed Special Advocates, Inc.
Wayne, NJ

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Passaic County Court Appointed Special Advocates, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Passaic County Court Appointed Special Advocates, Inc. as of June 30, 2022 and 2021, 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 audit in accordance with auditing standards generally accepted in the United States of America and 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 Passaic County Court Appointed Special Advocates, Inc. 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 opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 Passaic County Court Appointed Special Advocates, Inc.'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 Passaic County Court Appointed Special Advocates, Inc.'s ability to continue as a going concern for a reasonable period of time.

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



Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2023, on our consideration of Passaic County Court Appointed Special Advocates, Inc.'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 solely 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 Passaic County Court Appointed Special Advocates, Inc.'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 Passaic County Court Appointed Special Advocates, Inc.'s internal control over financial reporting and compliance.



McIntee Fusaro Del Corral, LLC

February 15, 2023
Fairfield, New Jersey



Passaic County Court Appointed Special Advocates, Inc.
Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
ASSETS		
Assets:		
Cash	\$ 976,252	\$ 835,893
Grants and Pledges Receivable	303,525	246,655
Fixed Assets (Note C)	24,717	18,971
Other Assets	<u>14,799</u>	<u>15,601</u>
 Total Assets	 <u>\$ 1,319,293</u>	 <u>\$ 1,117,120</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Loan Payable - Paycheck Protection Program (Note D)	\$ 124,375	\$ 257,175
Accounts Payable and Accrued Expenses	92,576	51,791
Capital Lease Payable (Note E)	8,800	14,417
Deferred Revenue	<u>21,625</u>	<u>-</u>
 Total Liabilities	 <u>247,376</u>	 <u>323,383</u>
Net Assets:		
With Donor Restrictions	100,000	100,000
Without Donor Restrictions	<u>971,917</u>	<u>693,737</u>
	<u>1,071,917</u>	<u>793,737</u>
 Total Liabilities and Net Assets	 <u>\$ 1,319,293</u>	 <u>\$ 1,117,120</u>

See Independent Auditors' Report and Notes to Financial Statements

Passaic County Court Appointed Special Advocates, Inc.
Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2022 and 2021

	2022	2021
Changes in net assets with restrictions:		
Federal and State Grants:		
Victim Assistance Grant Program	\$ 570,546	\$ 521,708
Zero to Three Infant Toddler Court Program	455,960	255,486
NJ Legislative Funding	133,517	164,927
Community Development Block Grant	160,842	101,465
National CASA	95,000	45,000
NJEDA Emergency Assistance Grants	-	20,000
Foundation Grants	<u>44,300</u>	<u>134,546</u>
Total	1,460,165	1,243,132
Released from restrictions:	<u>(1,460,165)</u>	<u>(1,143,132)</u>
Increase in net assets restricted for the Open Door Store	<u>-</u>	<u>100,000</u>
Changes in net assets without restrictions:		
Individual Contributions	137,035	79,252
Corporate Contributions	74,737	25,715
Foundation Grants	186,000	144,250
Donated Goods and Services (Note I)	464,476	370,064
Special Events Revenue, net of related expenses (Note J)	42,510	158,195
Net Assets Released from Restrictions	<u>1,460,165</u>	<u>1,143,132</u>
Increase in net assests without restrictions	<u>2,364,923</u>	<u>1,920,608</u>
Total Revenues	<u>2,364,923</u>	<u>2,020,608</u>
Expenses:		
Program Services:		
CASA Advocacy	1,151,773	1,042,417
Safe Babies Court Team	506,153	311,481
Neighborhood Assistance Program	<u>287,439</u>	<u>215,711</u>
Total Program Services	1,945,365	1,569,609
Supporting Activities:		
Management and General	172,748	140,428
Fund Raising	<u>154,827</u>	<u>85,508</u>
Total Expenses	<u>2,272,940</u>	<u>1,795,545</u>
Increase in net assets without restriction from operating activities:	<u>91,983</u>	<u>125,063</u>
Increase in net assets without restriction from non-operating activities:		
PPP Loan Forgiveness (Note D)	134,470	-
Insurance Proceeds from Flood Damage, net (Note K)	49,334	-
Investment income	<u>2,393</u>	<u>2,841</u>
	<u>186,197</u>	<u>2,841</u>
Increase in Net Assets	278,180	227,904
Net Assets, Beginning of Year	<u>793,737</u>	<u>565,833</u>
Net Assets, End of Year	<u>\$ 1,071,917</u>	<u>\$ 793,737</u>

See Independent Auditors' Report and Notes to Financial Statements

Passaic County Court Appointed Special Advocates, Inc.
Statements of Functional Expenses
For the Year Ended June 30, 2022

	CASA Advocacy	Safe Babies Court Team	Neighborhood Assistance Program	Total Program Services	Management and General	Fundraising	Total
Salaries and Wages	\$ 566,234	\$ 351,250	\$ 100,520	\$ 1,018,004	\$ 107,634	\$ 60,710	\$ 1,186,348
Payroll Taxes and Benefits	88,100	54,652	15,640	158,392	16,747	9,445	184,584
Donated Volunteer Advocate Time	294,971	-	-	294,971	-	-	294,971
Donated Goods and Services	50,649	16,199	78,537	145,385	7,744	16,376	169,505
Occupancy Costs	65,226	40,461	11,579	117,266	12,399	6,993	136,658
Office Services and Supplies	30,831	19,125	9,396	59,352	8,725	13,227	81,304
Marketing and Communications	5,662	2,985	854	9,501	2,451	19,106	31,058
Fundraising Events	-	-	-	-	-	6,243	6,243
Professional Fees	11,188	7,340	1,937	20,465	14,075	25,110	59,650
Program Services and Supplies	3,944	2,039	65,841	71,824	-	-	71,824
Insurance	8,179	5,074	1,452	14,705	1,555	877	17,137
Other Expenditures	21,919	4,007	818	26,744	492	2,461	29,697
Depreciation	4,870	3,021	865	8,756	926	522	10,204
Total Expenses by Function	1,151,773	506,153	287,439	1,945,365	172,748	161,070	2,279,183
Less Expenses Included With Revenues on the Statement of Activities	-	-	-	-	-	(6,243)	(6,243)
Total Expenses	<u>\$ 1,151,773</u>	<u>\$ 506,153</u>	<u>\$ 287,439</u>	<u>\$ 1,945,365</u>	<u>\$ 172,748</u>	<u>\$ 154,827</u>	<u>\$ 2,272,940</u>

For the Year Ended June, 30, 2021

	CASA Advocacy	Safe Babies Court Team	Neighborhood Assistance Program	Total Program Services	Management and General	Fundraising	Total
Salaries and Wages	\$ 557,821	\$ 225,275	\$ 66,411	\$ 849,507	\$ 92,290	\$ 45,457	\$ 987,254
Payroll Taxes and Benefits	86,890	35,091	10,345	132,326	14,376	7,081	153,783
Donated Volunteer Advocate Time	230,573	-	32,293	262,866	-	-	262,866
Donated Goods and Services	30,264	-	74,873	105,137	-	2,061	107,198
Occupancy Costs	60,460	24,417	7,198	92,075	10,003	4,927	107,005
Office Services and Supplies	32,052	12,944	3,816	48,812	9,393	6,451	64,656
Marketing and Communications	14,130	5,706	1,698	21,534	746	3,302	25,582
Fundraising Events	-	-	-	-	-	25,247	25,247
Professional Fees	977	383	84	1,444	9,116	14,004	24,564
Program Services and Supplies	5,857	951	17,014	23,822	-	-	23,822
Insurance	7,750	3,130	923	11,803	1,282	632	13,717
Other Expenditures	10,735	1,602	472	12,809	2,410	1,193	16,412
Depreciation	4,908	1,982	584	7,474	812	400	8,686
Total Expenses by Function	1,042,417	311,481	215,711	1,569,609	140,428	110,755	1,820,792
Less Expenses Included With Revenues on the Statement of Activities	-	-	-	-	-	(25,247)	(25,247)
Total Expenses	<u>\$ 1,042,417</u>	<u>\$ 311,481</u>	<u>\$ 215,711</u>	<u>\$ 1,569,609</u>	<u>\$ 140,428</u>	<u>\$ 85,508</u>	<u>\$ 1,795,545</u>

See Independent Auditors' Report and Notes to Financial Statements

Passaic County Court Appointed Advocates, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021

	2022	2021
Change in Net Assets	\$ 278,180	\$ 227,904
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities		
Forgiveness of Paycheck Protection Program Loan	(132,800)	-
Depreciation	10,203	8,686
Changes in Operating Assets and Liabilities:		
Grants and Pledges Receivable	(56,870)	(17,082)
Other Assets	802	2,055
Accounts Payable and Accrued Expenses	40,785	20,475
Deferred Revenue	<u>21,625</u>	<u>-</u>
Net Cash Flows From Operating Activities	<u>161,925</u>	<u>242,038</u>
Cash Flows From Investing Activities		
Purchase of Fixed Assets	<u>(15,949)</u>	<u>-</u>
Net Cash Flows From Investing Activities	<u>(15,949)</u>	<u>-</u>
Cash Flows From Financing Activities		
Proceeds from Paycheck Protection Program Loan	-	124,375
Capital Lease Principal Payments	<u>(5,617)</u>	<u>(4,910)</u>
Net Cash Flows From Financing Activities	<u>(5,617)</u>	<u>119,465</u>
Net Change in Cash	140,359	361,503
Cash, Beginning of Year	<u>835,893</u>	<u>474,390</u>
Cash, End of Year	<u><u>\$ 976,252</u></u>	<u><u>\$ 835,893</u></u>

See Independent Auditors' Report and Notes to Financial Statements

Passaic County Court Appointed Special Advocates, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

A. Nature of Activities and Significant Accounting Policies

1. Nature of Activities

Incorporated on January 26, 2007 and operating since July 1, 2007, Passaic County CASA (PC CASA) is a non-profit organization that champions the best interests of children, with a particular focus on children involved with the child welfare/foster care systems. The Organization operates three complementary yet distinct programs. Programs include:

COURT APPOINTED SPECIAL ADVOCATES recruits, screens, trains, and supervises volunteer advocates from the local community who ensure children in the child welfare system are safe and receiving the services they need. These advocates focus on the individual needs of each child and advocate for those interests throughout the legal and child welfare process. This program is affiliated with the Court Appointed Special Advocates of New Jersey, Inc. (NJ CASA) and the National CASA/GAL Association for Children.

NEW JERSEY SAFE BABIES COURT TEAM (NJSBCT) provides evidence-based and hands-on support to children aged 0-3 and their families in the court system. NJSBCT works to improve outcomes for very young children in foster care, or at risk of removal from their parents' care, and their families. The team is focused on minimizing trauma and its impact on early development by improving collaboration between the judicial and child welfare systems, working together to support young children and their families.

THE NEIGHBORHOOD ASSISTANCE PROGRAM, including **THE OPEN DOOR STORE**, responds to the needs of vulnerable children and families in our area, ensuring a holistic approach to supporting children in the CASA advocacy and NJSBCT programs. By helping families with necessities like diapers, wipes, formula, clothing, toiletries, school supplies, and other essentials, our goal is to reduce infant/toddler health risks, reduce the risk of child abuse, and lessen the burden of basic childhood necessities on local families engaged with the child welfare system.

2. Basis of Accounting

The financial statements of PC CASA have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

3. Comparative Financial Information

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

4. Newly Adopted Accounting Pronouncements

On July 1, 2020, the Organization adopted Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), an accounting pronouncement issued by the Financial Accounting Standards Board ("FASB"), as well as subsequently issued clarifying ASUs, which clarifies guidance on revenue

recognition. This guidance includes the required steps to achieve the core principle that a company should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The Organization adopted this pronouncement on a modified retrospective basis for all ongoing customer contracts.

The results of operations for the reported period after July 1, 2020 is presented under this amended guidance, while prior period amounts are not adjusted and continue to be reported in accordance with historical accounting guidance. The adoption of this pronouncement had no impact on net assets and results of operations but resulted in required additional disclosures. ASC 606 does not apply to all revenue recognized by the Organization. See footnotes for further details.

5. Revenue Recognition

The Organization derives its revenue and support primarily from federal and state grants and contributions from the general public. Under ASC 606, revenue is recognized when performance obligations to a customer are satisfied, and revenue is earned. Secondary revenue and support are received from fundraising. The Organization applied the guidance under ASC Topic 958 (“ASC 958”) – *Non-Profit Entities* to recognize support received that is not subject to revenue recognition under ASC 606. A portion of the Organization’s revenue is derived from federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when expenditures in compliance with specific contract or grant provisions have been incurred. The Organization was awarded cost reimbursable grants of \$883,543 and \$627,282 that have not been recognized at June 30, 2022 and 2021 because qualifying expenditures had not yet been incurred.

Fundraising Revenue (Special Events) – Fundraising revenue is comprised of payments received from third parties (individuals and corporations) to support and/or attend fundraising events. Fundraising revenue includes an exchange transaction component for the value of the goods or services received, which follows revenue recognition guidance under ASC 606. The amount paid by individuals and corporations that is above the value of goods or services received is considered a contribution. Revenue is recognized over time at the time the fundraising event occurs. Special event revenue of \$42,510 and \$158,195 is net of direct benefit to donor costs consisting of meals and entertainment for the years ended June 30, 2022 and 2021, respectively.

Contribution Support – Support that is received from a donor follows guidance under ASC 958 and is recognized as income at the time it is received, unless the amount received is conditional. Unconditional contributions are recognized as revenue at the time received as an increase in net assets without donor restriction or as an increase in net assets with donor restriction. When a restriction expires, net assets with a donor restriction are reclassified to net assets without a donor restriction and reported in the statement of activities as net assets released from restrictions. If the restriction expires in the reporting period in which the support is recognized, then the contribution is recorded as an increase in net assets without donor restriction. When a contribution is conditional, the amount received is deferred and not recognized as revenue until the conditions are satisfied.

6. Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of PC CASA. These net assets may be used at the discretion of the PC CASA's management and the board of directors.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of PC CASA or by the passage of time. Donor restricted contributions are reported under the caption net assets with donor restrictions. When a restriction is met or expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

7. Donated Goods and Services

PC CASA has a system to account for and value donated services and items. Donated services and items, such as children's clothing, supplies, toys and volunteer hours amounting to \$464,476 and \$370,064 have been recognized on the accompanying statement of activities and changes in net assets, and on the statement of functional expenses, for the years ended June 30, 2022 and 2021, respectively.

8. Estimates

Preparing financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates, and those differences could be material.

9. Cash and Cash Equivalents

Cash and cash equivalents include all highly-liquid investments with a maturity of three months or less at the date of purchase. PC CASA minimizes its credit risk by placing its cash and cash equivalents with a major bank. PC CASA believes that no concentration of credit risk exists with respect to cash and cash equivalents.

PC CASA maintains its cash in financial institutions which are insured by Federal Deposit Insurance Corporation (FDIC) up to \$250,000 each. At times, such balances may be in excess of the FDIC insurance limit.

10. Grants and Pledges Receivable

Grants and pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment of a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

11. Functional Allocation of Expenses

The costs of providing the various programs and other activities of PC CASA have been allocated among the programs and supporting services benefited based on methods considered by management to be reasonable. All salaries and benefits expense allocations are driven by a time and effort allocation method. Management considers this to be a reasonable basis due to the fact that salaries and benefits are the largest expense. Expenses directly attributable to specific functional areas of the Organization are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the various functional areas based on the number of employees involved or the amount of time and effort spent.

12. Income and Other Taxes

When PC CASA was established, it was granted 501(c) (3) status as part of a group exemption under CASA of New Jersey. As part of this exemption, PC CASA qualified as a charitable organization as defined by Internal Revenue Code (the "Code") Section 501(c) (3) and, accordingly, has been exempt from Federal income taxes under Section 501(a) of the Code. On January 3, 2022, CASA filed for independent 501(c) (3) status with the Internal Revenue Service issued a determination letter on July 6, 2022 that this application was approved effective January 3, 2022. PC CASA has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a)(1) of the Code. PC CASA is also exempt from New Jersey State income tax.

PC CASA was in compliance with applicable Federal and State regulations as of June 30, 2022 relative to the remitting of employee withholding taxes and filing of payroll tax returns and all other annual regulatory information filings.

13. Uncertain Tax Positions

Management has analyzed the tax positions taken by PC CASA and has concluded that as of June 30, 2022, there are no uncertain tax positions taken or expected to be taken. Management believes it is no longer subject to federal and state income tax examinations for years prior to 2019.

14. Fixed Assets

The cost of fixed assets is capitalized when purchased. Depreciation is provided over the estimated useful lives of the respective assets on a straight line basis.

Estimated useful lives are as follows:

Photocopiers	5 years
Furniture and Fixtures	5 years
Equipment	5 years
Leasehold Improvements	5 years

15. Long-Lived Assets

PC CASA evaluates all long-lived assets for impairment. As of June 30, 2022 and 2021, management has determined that these assets are not impaired.

16. Recent Accounting Guidance

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. The new standard established the right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for most leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of the expense recognition in the statement of activities. The effective date for this standard has been delayed to annual reporting periods beginning after December 15, 2021.

17. Subsequent Events

The constituency that PC CASA serves, children and families involved with the child welfare system, in Passaic, Essex, and Hudson Counties especially, continue to be among the hardest hit by the pandemic and its effects on daily living. PC CASA has expanded the services that it provides to these families to include the provision of essential supplies such as diapers, wipes, seasonal clothing, supplemental food, educational support and supplies, and support to help prepare for, prevent and respond to the impacts of COVID-19 on their health and safety.

Although the pandemic caused PC CASA to cancel major fundraisers which would have ordinarily been held in October 2020, 2021, and 2022, smaller scale and COVID-19 safe events were held in March and June of 2021 and in June of 2022, and the major fall fundraiser was held once again in September 2022. CASA will continue to plan such events as conditions dictate. The financial impact of the downsizing of fundraising events has been offset by funding from various sources. New philanthropic sources continue to provide funding to support the extension of services to address the impacts of the pandemic. The current budget projection for the year ending June 30, 2023 anticipates a surplus for this fiscal year.

PC CASA has evaluated subsequent events through February 15, 2023, the date that the financial statements are available for issuance. Based on this evaluation, PC CASA has determined that no subsequent events have occurred that require adjustment to or disclosure in the financial statements.

B. Availability and Liquidity

The following represents PC CASA's financial assets at June 30, 2022 and 2021:

	2022	2021
Cash	\$ 976,252	\$ 835,893
Grants and Pledges Receivable	<u>303,525</u>	<u>246,655</u>
Total Financial Assets	1,279,777	1,082,548
Less Amounts Not Available to be Used Within One Year:		
Net Assets With Donor Restrictions	<u>100,000</u>	<u>100,000</u>
Financial Assets, all of which are Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 1,179,777</u>	<u>\$ 982,548</u>

As part of its liquidity plan, funds are invested based on current and projected cash flow needs. Risk and return is considered based on those requirements.

C. Fixed Assets

A summary of fixed assets as of June 30, 2022 and 2021 follows:

	2022	2021
Photocopiers under Capital Lease	\$ 37,937	\$ 37,937
Equipment	13,858	13,858
Leasehold Improvements	15,949	-
Furniture and Fixtures	<u>-</u>	<u>2,865</u>
	67,744	54,660
Accumulated Depreciation	<u>(43,027)</u>	<u>(35,689)</u>
	<u>\$ 24,717</u>	<u>\$ 27,657</u>

D. Loan Payable – Paycheck Protection Program

On April 15, 2020, and May 15, 2021 PC CASA was granted loans from Columbia Bank in the amounts amount of \$132,800 and \$124,375, respectively, pursuant to the Paycheck Protection Program (“PPP”) under Division A, Title I of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), which was enacted March 27, 2020

The loans and accrued interest are forgivable after 24 weeks as long as PC CASA uses the loan proceeds for eligible purposes, including payroll, benefit, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the 24 week period. PC CASA was granted forgiveness for the first loan on August 4, 2021 in the amount of \$134,470, which includes accrued interest of \$1,670. Forgiveness was granted for the second loan subsequently on August 5, 2022, and has not been recognized in these financial statements.

E. Capital Lease Payable

PC CASA leases its two photocopiers under an agreement that is classified as a capital lease. The future minimum lease payments required under the capital lease for years ended June 30 are as follows:

2023	4,903
2024	<u>4,611</u>
	<u>\$ 9,514</u>

F. Line of Credit Agreement

PC CASA has a line of credit agreement with a bank with a maximum balance of \$150,000, increased from \$50,000 on September 7, 2021. Interest is charged at this higher of 3.75% or the published prime rate plus 0.50%. The line of credit expires September 1, 2023. There have been no borrowings against the line since September 2016.

G. Lease Commitment

PC CASA is obligated under a lease amendment dated December 22, 2020 for its premises with an expiration of February 28, 2026, with an option for PC CASA to extend the lease for an additional five-year period. Monthly rent was \$3,480 per month until September 2022, when additional space was occupied and rent increased to \$8,450 per month. Rent expense was \$92,865 and \$58,142 for the years ended June 30, 2022 and 2021, respectively.

The landlord has pledged to make quarterly unrestricted donations of \$4,000 for the term of the lease and will allow the donations to be deducted from rent payments under the terms of the lease. Rent expense is reflected in the gross amount in the financial statements, and the donation is recorded as unrestricted corporate donations.

In December 2020, the lease was amended to include additional space within the same building, extend the lease term and modify certain terms.

Minimum annual rentals under the lease for the year ended June 30 are as follows:

2023	\$ 104,130
2024	106,236
2025	108,338
2026	<u>73,156</u>
	<u>\$ 391,860</u>

H. Major Contributors

The Organization receives most of its support from government sponsored grants, workplace campaigns, corporate donations, and special events. The continued operations of the Organization are contingent upon receiving support from these sources.

I. Donated Services and Supplies (In-Kind)

The success of PC CASA in conducting its mission is highly dependent on recruiting and retaining committed volunteers. A substantial number of volunteers have donated approximately 8,700 hours to PC CASA's program services. Donated services provide to PC CASA for the years ended June 30, 2022 and 2021 consisted of the following:

	2022	2021
Volunteer Services	\$ 294,971	\$ 262,866
Professional Services	79,248	30,264
Supplies and Expenses	59,611	46,288
Storage Space	<u>30,646</u>	<u>30,646</u>
	<u>\$ 464,476</u>	<u>\$ 370,064</u>

Contributed services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. The Organization receives contributed volunteer services that are reported using current rates for similar volunteer services. The Organization also receives a significant amount of donated program supplies and toys recognized at their estimated fair value.

All donated services and assets were utilized by the Organization's program and supporting services. There were no donor-imposed restrictions associated with the donated services and supplies.

J. Special Events

PC CASA held the following special events during the years ended June 30, 2022 and 2021:

2022	<u>Revenue</u>	<u>Expenses</u>	<u>Net</u>
Tricky Tray	\$ 33,455	\$ 5,120	\$ 28,335
Virtual 5K Event	<u>15,298</u>	<u>1,123</u>	<u>14,175</u>
	<u>\$ 48,753</u>	<u>\$ 6,243</u>	<u>\$ 42,510</u>
2021	<u>Revenue</u>	<u>Expenses</u>	<u>Net</u>
Night In with CASA	\$ 137,752	\$ 21,796	\$ 115,956
Tricky Tray	35,655	2,356	33,299
Virtual 5K Event	<u>10,035</u>	<u>1,095</u>	<u>8,940</u>
	<u>\$ 183,442</u>	<u>\$ 25,247</u>	<u>\$ 158,195</u>

K. Flood Damages

On July 9, 2021, a construction accident flooded the office space leaving it unusable. Temporary on-site and remote work arrangements provided for continuing operations until remediation was completed. Insurance coverage provided \$90,884 towards incurred losses, of which \$41,550 funded non-programmatic expenditures for supplies, services, equipment rental and consulting fees directly related to remediation efforts. The balance of \$49,334 is classified as non-operating revenue, and expenditures for operating supplies, equipment, and leasehold improvements are included in operating expenses and fixed assets.

L. Retirement Plan

PC CASA has a Savings Incentive Match Plan for Employees (SIMPLE), which allows employees to contribute to a traditional IRA. All employees are eligible to participate and PC CASA makes a matching contribution equal to the employee's contribution up to a limit of 3% of employee compensation. Pension expense amounted to \$23,977 and \$20,691 for the years ended June 30, 2022 and 2021, respectively.



McIntee Fusaro Del Corral, LLC
Certified Public Accountants & Forensic Consultants

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
Passaic County Court Appointed Special Advocates, 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 Passaic County Court Appointed Special Advocates, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, 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 15, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Passaic County Court Appointed Special Advocates, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Passaic County Court Appointed Special Advocates, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Passaic County Court Appointed Special Advocates, Inc.'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.

Compliance and Other Matters

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

Purpose of this Report

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



McIntee Fusaro Del Corral, LLC

February 15, 2023



Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Trustees of
Passaic County Court Appointed Special Advocates, Inc.

Report on Compliance for Each Major Federal Program

We have audited Passaic County Court Appointed Special Advocates, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Passaic County Court Appointed Special Advocates, Inc.'s major federal program for the year ended June 30, 2022. Passaic County Court Appointed Special Advocates, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Passaic County Court Appointed Special Advocates, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Passaic County Court Appointed Special Advocates, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Passaic County Court Appointed Special Advocates, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Passaic County Court Appointed Special Advocates, Inc. 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 federal program for the year ended June 30, 2022.



Report on Internal Control Over Compliance

Management of Passaic County Court Appointed Special Advocates, Inc. is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit, we considered Passaic County Court Appointed Special Advocates, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State of New Jersey Department of the Treasury Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Passaic County Court Appointed Special Advocates, Inc.'s internal control over compliance.

A deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a federal or 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 federal or 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 federal or 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 significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



McIntee Fusaro Del Corral, LLC

February 15, 2023



**Passaic County Court Appointed Special Advocates, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022**

Contract Period	Grantor Type of Contract	Contract Number	Assisted Listing Number	Federal Grantor	Pass Thru	Amount (Maximum)	Contract Expenditures
9/1/19 - 8/31/21	New Jersey Department of Law and Public Safety Advocacy for Victims of Child Abuse	VAG-126-18	16.575	U.S. Dept of Justice	New Jersey Dept. of Law and Public Safety	\$ 400,000	\$ 28,351
9/1/19 - 8/31/21	New Jersey Department of Law and Public Safety Training for Volunteers and Child Victims Advocacy Services	VAG-127-18	16.575	U.S. Dept of Justice	New Jersey Dept. of Law and Public Safety	\$ 400,000	\$ 40,605
9/1/19 - 8/31/21	New Jersey Department of Law and Public Safety Reaching Unserved Victims of Child Abuse	VAG-128-18	16.575	U.S. Dept of Justice	New Jersey Dept. of Law and Public Safety	\$ 400,000	\$ 36,402
9/1/21 - 8/31/23	New Jersey Department of Law and Public Safety Advocacy for Victims of Child Abuse	VAG 79-20	16.575	U.S. Dept of Justice	New Jersey Dept. of Law and Public Safety	\$ 275,000	\$ 105,617
9/1/21 - 8/31/23	New Jersey Department of Law and Public Safety Training for Volunteers and Child Victims Advocacy Services	VAG 80-20	16.575	U.S. Dept of Justice	New Jersey Dept. of Law and Public Safety	\$ 275,000	\$ 93,425
9/1/21 - 8/31/23	New Jersey Department of Law and Public Safety Reaching Unserved Victims of Child Abuse	VAG 81-20	16.575	U.S. Dept of Justice	New Jersey Dept. of Law and Public Safety	\$ 275,000	\$ 107,259
9/1/21 - 8/31/22	New Jersey Department of Law and Public Safety Emergency Victim Assistance	VAG 227-18	16.575	U.S. Dept of Justice	New Jersey Dept. of Law and Public Safety	\$ 120,443	\$ 96,777
9/1/21 - 8/31/22	New Jersey Department of Law and Public Safety New Jersey Safe Babies Court Team	VAG 228-18	16.575	U.S. Dept of Justice	New Jersey Dept. of Law and Public Safety	\$ 115,910	\$ 62,110 \$ 570,546
9/30/20 - 9/29/21	ZERO TO THREE: National Center for Infants, Toddlers and Families Infant-Toddler Court Program	2020090542	93.110	U.S. Dept of HHS	ZERO TO THREE: National Center for Infants, Toddlers and Families	\$ 425,000	\$ 169,514
9/30/21 - 9/29/22	ZERO TO THREE: National Center for Infants, Toddlers and Families Infant-Toddler Court Program	2021090590	93.110	U.S. Dept of HHS	ZERO TO THREE: National Center for Infants, Toddlers and Families	\$ 425,000	\$ 286,446 \$ 455,960
1/21/20 - 9/30/23	County of Passaic Community Development Block Grant	CDBG-CV1	14.218	HUD	County of Passaic	\$ 120,000	\$ 43,961
8/20/20 - 12/31/22	County of Passaic Community Development Block Grant	CDBG-CV2	14.218	HUD	County of Passaic	\$ 139,363	\$ 101,111
9/1/20 - 8/31/22	County of Passaic Community Development Block Grant	CDBG-FY2020	14.218	HUD	County of Passaic	\$ 20,000	\$ 15,770 \$ 160,842
5/1/20 - 4/30/21	Department of Justice - Office of Juvenile Justice and Delinquency Prevention	NJ11197-20-0721-CM	16.726	U.S. Dept of Justice	National Court Appointed Special Advocates/ Guardian Ad Litem Association for Children	\$ 50,000	\$ 50,000
5/1/21 - 4/30/22	Department of Justice - Office of Juvenile Justice and Delinquency Prevention	NJ11197-19-0521-M2	16.726	U.S. Dept of Justice	National Court Appointed Special Advocates/ Guardian Ad Litem Association for Children	\$ 45,000	\$ 45,000 \$ 95,000
							\$ 1,282,348

**Passaic County Court Appointed Special Advocates, Inc.
 Schedule of Expenditures of State Awards
 For the Year Ended June 30, 2022**

Contract Period	Grantor Type of Contract	Pass-Thru	Contract Number	Contract Amount (Maximum)	Contract Expenditures
NEW JERSEY DEPARTMENT OF CHILDREN AND FAMILIES					
7/1/21 to 6/30/22	Legislative Funding	CASA of New Jersey	Not Provided	\$ 133,517	<u>\$ 133,517</u>

Passaic County Court Appointed Special Advocates, Inc.
Notes to the Schedules of Expenditures of Federal and State Awards
For the Year Ended June 30, 2022

Note 1 - Basis of Presentation

The accompanying schedules of expenditures federal and state awards (“Schedules”) includes the federal and state award activities of Passaic County Court Appointed Special Advocates, Inc., under programs of the federal and state government for the year ended June 30, 2021. The information in these Schedules are presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because these Schedules present only a selected portion of the operations of Passaic County Court Appointed Special Advocates, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Passaic County Court Appointed Special Advocates, Inc.

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, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Passaic County Court Appointed Special Advocates, Inc. has elected to use the 10% de minimis cost rate as allowed under the Uniform Guidance.

Note 3 - Subrecipient Pass Through

No entities received pass through federal awards from Passaic County Court Appointed Special Advocates, Inc. during the year ended June 30, 2022.

Passaic County Court Appointed Special Advocates, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section I - Summary of Auditors' Results

Financial Statements

<u>Type of Auditors' Report Issued:</u>	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None
Noncompliance material to financial statements noted?	No

Federal and State Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None

<u>Type of Auditors' Report Issued on Compliance for Major Programs:</u>	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance 2 CFR 200-516(a)?	No

Identification of Major Program/Cluster

<u>Name of Federal Program/Cluster</u>	<u>ALN</u>	<u>Amount</u>
United States Department of Justice Passed Through the State of New Jersey Department of Law and Public Safety		
Training for Volunteers and Child Victims		
Advocacy Services	16.575	\$ 134,029
Advocacy for Victims of Child Abuse	16.575	133,968
Reaching Unserved Victims of Child Abuse	16.575	143,662
Emergency Victim Assistance	16.575	96,777
New Jersey Safe Babies Court Team	16.575	62,110
		<u>\$ 570,546</u>

Passaic County Court Appointed Special Advocates, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Dollar threshold used to distinguish between Type A and B Programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

No Findings

Section III – Federal Award Findings and Questioned Costs

Current Year Findings

None

Questioned Costs

None