

***Passaic County Court Appointed Special Advocates, Inc.***

***Reports on Audits of Financial Statements  
For the Years Ended June 30, 2021 and 2020***



**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 Financial Statements

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, 2021 and 2020 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Passaic County Court Appointed Special Advocates, Inc. as of June 30, 2021 and 2020 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules 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* and the other information such as the notes to the schedules of expenditures of federal and state awards, schedule of findings and questions costs, are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2022 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 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*

McIntee Fusaro Del Corral, LLC

March 30, 2022



**Passaic County Court Appointed Special Advocates, Inc.**  
**Statements of Financial Position**  
**June 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Assets:		
Cash	\$ 835,893	\$ 474,390
Grants and Pledges Receivable	246,655	229,573
Fixed Assets (Note C)	18,971	27,657
Other Assets	<u>15,601</u>	<u>17,656</u>
 Total Assets	 <u>\$ 1,117,120</u>	 <u>\$ 749,276</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Loan Payable - Paycheck Protection Program (Note D)	\$ 257,175	\$ 132,800
Accounts Payable and Accrued Expenses	51,791	31,316
Capital Lease Payable (Note E)	<u>14,417</u>	<u>19,327</u>
 Total Liabilities	 <u>323,383</u>	 <u>183,443</u>
Net Assets:		
With Donor Restrictions	100,000	-
Without Donor Restrictions	<u>693,737</u>	<u>565,833</u>
	<u>793,737</u>	<u>565,833</u>
 Total Liabilities and Net Assets	 <u>\$ 1,117,120</u>	 <u>\$ 749,276</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, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Changes in net assets with restrictions:		
Federal and State Grants:		
Victim Assistance Grant Program	\$ 521,708	\$ 647,695
Zero to Three Infant Toddler Court Program	255,486	-
NJ Legislative Funding	164,927	130,777
Community Development Block Grant	101,465	15,000
National CASA	45,000	-
NJEDA Emergency Assistance Grants	20,000	-
Foundation Grants	<u>134,546</u>	<u>51,500</u>
Total	1,243,132	844,972
Released from restrictions:	<u>(1,143,132)</u>	<u>(844,972)</u>
Increase in net assets restricted for the Open Door Store	<u>100,000</u>	<u>-</u>
Changes in net assets without restrictions:		
Individual Contributions	79,252	105,071
Corporate Contributions	25,715	50,087
Foundation Grants	144,250	500
Donated Goods and Services (Note I)	370,064	348,810
Special Events Revenue, net of related expenses	158,195	203,130
Investment Income	2,841	3,283
Net Assets Released from Restrictions	<u>1,143,132</u>	<u>844,972</u>
Increase in net assets without restrictions	<u>1,923,449</u>	<u>1,555,853</u>
Total Revenues	<u>2,023,449</u>	<u>1,555,853</u>
Expenses:		
Program Services:		
CASA Advocacy	1,042,417	1,241,519
Safe Babies Court Team	311,481	-
Neighborhood Assistance Program	<u>215,711</u>	<u>-</u>
Total Program Services	1,569,609	1,241,519
Supporting Activities:		
Management and General	140,428	78,918
Fund Raising	<u>85,508</u>	<u>78,482</u>
Total Expenses	<u>1,795,545</u>	<u>1,398,919</u>
Increase in net assets without restrictions:	<u>127,904</u>	<u>156,934</u>
Increase in Net Assets	227,904	156,934
Net Assets, Beginning of Year	<u>565,833</u>	<u>408,899</u>
Net Assets, End of Year	<u>\$ 793,737</u>	<u>\$ 565,833</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, 2021**

	<b>CASA Advocacy</b>	<b>Safe Babies Court Team</b>	<b>Neighborhood Assistance Program</b>	<b>Total Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
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	-	-	230,573	-	-	230,573
Donated Goods and Services	30,264	-	107,166	137,430	-	2,061	139,491
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	2,409	1,194	16,412
Depreciation	4,908	1,982	584	7,474	812	400	8,686
<b>Total Expenses by Function</b>	<b>1,042,416</b>	<b>311,481</b>	<b>215,711</b>	<b>1,569,609</b>	<b>140,428</b>	<b>110,755</b>	<b>1,820,792</b>
Less Expenses Included With Revenues on the Statement of Activities	-	-	-	-	-	(25,247)	(25,247)
<b>Total Expenses</b>	<b>\$ 1,042,416</b>	<b>\$ 311,481</b>	<b>\$ 215,711</b>	<b>\$ 1,569,609</b>	<b>\$ 140,428</b>	<b>\$ 85,508</b>	<b>\$ 1,795,545</b>

**For the Year Ended June, 30, 2020**

	<b>CASA Advocacy</b>	<b>Safe Babies Court Team</b>	<b>Neighborhood Assistance Program</b>	<b>Total Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries and Wages	\$ 623,620	\$ -	\$ -	\$ 623,620	\$ 48,290	\$ 44,208	\$ 716,118
Payroll Taxes and Benefits	76,839	-	-	76,839	5,950	5,447	88,236
Donated Volunteer Advocate Time	224,402	-	-	224,402	-	-	224,402
Donated Goods and Services	108,339	-	-	108,339	8,389	7,680	124,408
Occupancy Costs	64,173	-	-	64,173	4,969	4,549	73,691
Office Services and Supplies	37,267	-	-	37,267	2,886	2,582	42,735
Marketing and Communications	51,329	-	-	51,329	275	10,157	61,761
Fundraising Events	-	-	-	-	-	64,259	64,259
Professional Fees	1,460	-	-	1,460	6,200	-	7,660
Program Services and Supplies	14,268	-	-	14,268	-	-	14,268
Insurance	9,827	-	-	9,827	761	697	11,285
Other Expenditures	21,429	-	-	21,429	535	2,555	24,519
Depreciation	8,566	-	-	8,566	663	607	9,836
<b>Total Expenses by Function</b>	<b>1,241,519</b>	<b>-</b>	<b>-</b>	<b>1,241,519</b>	<b>78,918</b>	<b>142,741</b>	<b>1,463,178</b>
Less Expenses Included With Revenues on the Statement of Activities	-	-	-	-	-	(64,259)	(64,259)
<b>Total Expenses</b>	<b>\$ 1,241,519</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,241,519</b>	<b>\$ 78,918</b>	<b>\$ 78,482</b>	<b>\$ 1,398,919</b>

**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, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
Change in Net Assets	\$ 227,904	\$ 156,934
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities		
Depreciation	8,686	9,837
Changes in Operating Assets and Liabilities:		
Grants and Pledges Receivable	(17,082)	(124,524)
Other Assets	2,055	(3,561)
Accounts Payable and Accrued Expenses	20,475	7,650
Deferred Income	<u>-</u>	<u>(9,665)</u>
Net Cash Flows From Operating Activities	<u>242,038</u>	<u>36,671</u>
Cash Flows From Investing Activities		
Purchase of Fixed Assets	<u>-</u>	<u>(5,219)</u>
Net Cash Flows From Investing Activities	<u>-</u>	<u>(5,219)</u>
Cash Flows From Financing Activities		
Proceeds from Paycheck Protection Program Loan	124,375	132,800
Capital Lease Principal Payments	<u>(4,910)</u>	<u>(5,596)</u>
Net Cash Flows From Financing Activities	<u>119,465</u>	<u>127,204</u>
Net Change in Cash	361,503	158,656
Cash, Beginning of Year	<u>474,390</u>	<u>315,734</u>
Cash, End of Year	<u><u>\$ 835,893</u></u>	<u><u>\$ 474,390</u></u>

**See Independent Auditors' Report and Notes to Financial Statements**



**Passaic County Court Appointed Special Advocates, Inc.**  
**Notes to Financial Statements**  
**June 30, 2021 and 2020**

**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. 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 \$627,282 and \$452,986 that have not been recognized at June 30, 2021 and 2020 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 \$158,195 and \$203,130 is net of direct benefit to donor costs consisting of meals and entertainment for the years ended June 30, 2021 and 2020, 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 supplies, toys and volunteer hours amounting to \$370,064 and \$348,810 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, 2021 and 2020, 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. It is expected that this application will be approved. 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, 2021 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, 2021, 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 2018.

**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

**15. Long-Lived Assets**

PC CASA evaluates all long-lived assets for impairment. As of June 30, 2021 and 2020, 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 and 2021, smaller scale and Covid safe events were held in March and June of 2021, and another such event is scheduled for June 2022. Planning is underway for the major fall fundraiser in September 2022, taking into account the uncertainties of the current environment. 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, 2022 anticipates a surplus for this fiscal year

PC CASA has evaluated subsequent events through March 30, 2022, 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, 2021 and 2020:

	2021	2020
Cash and Equivalents	\$ 835,893	\$ 474,390
Grants Receivable	<u>246,655</u>	<u>229,573</u>
Total Financial Assets	<u>1,082,548</u>	<u>703,963</u>
Financial Assets, all of which are Available to Meet General Expenditures over the Next Twelve Months	<u>\$ 1,082,548</u>	<u>\$ 703,963</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, 2021 and 2020 follows:

	2021	2020
Photocopiers Under Capital Lease	\$ 37,937	\$ 37,937
Equipment	13,858	13,858
Furniture and Fixtures	<u>2,865</u>	<u>2,865</u>
	54,660	54,660
Accumulated Depreciation	<u>(35,689)</u>	<u>(27,003)</u>
	<u>\$ 18,971</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 and has not yet applied for forgiveness for the second loan.

Any unforgiven portion of the PPP loans is payable over five years at an interest rate of 1% with a deferral of payments for the first six months. PC CASA intends to use all proceeds for purposes consistent with the PPP. While PC CASA currently believes that its use of loan proceeds will meet the conditions for forgiveness of the loan, there may be actions taken where PC CASA could be ineligible for forgiveness of the loan in whole or in part.

## 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:

2022	\$ 4,903
2023	4,903
2024	<u>4,611</u>
	<u>\$ 14,417</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. Monthly rent was \$3,480 per month until September 2022, when additional space was occupied and rent increased to \$8,450 per month.

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. There is also an option for PC CASA to extend the lease for an additional five-year period.

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

2022	\$ 102,076
2023	104,130
2024	106,236
2025	108,338
2026	<u>73,156</u>
	<u>\$ 493,936</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, 2021 and 2020 consisted of the following:

	<b>2021</b>	<b>2020</b>
Volunteer Services	\$ 262,866	\$ 224,402
Professional Services	30,264	38,088
Supplies and Expenses	46,288	56,070
Storage Space	<u>30,646</u>	<u>30,250</u>
	<u>\$ 370,064</u>	<u>\$ 348,810</u>

## J. Special Events

PC CASA held the following special events during the year ended June 30, 2021 and 2020:

<b>2021</b>	<b><u>Revenue</u></b>	<b><u>Expenses</u></b>	<b><u>Net</u></b>
Night In with CASA	\$ 137,752	\$ 21,796	\$ 115,956
Tricky Tray	35,655	2,356	33,299
Run 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>

  

<b>2020</b>	<b><u>Revenue</u></b>	<b><u>Expenses</u></b>	<b><u>Net</u></b>
Gala	\$ 258,130	\$ 54,671	\$ 203,459
Passaic County Fair Raffle	9,259	7,343	1,916
Tricky Tray*	<u>-</u>	<u>2,245</u>	<u>(2,245)</u>
	<u>\$ 267,389</u>	<u>\$ 64,259</u>	<u>\$ 203,130</u>

\* Due to Covid-19, PC CASA was not able to hold its annual Tricky Tray. \$9,260 of tickets purchased for the Tricky Tray were recorded as individual donations on the Statement of Activities, for those donors who opted to donate the cost of the tickets back to PC CASA. Refunds were issued to those donors who requested them.

## K. 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 \$20,691 and \$14,142 for the years ended June 30, 2021 and 2020, 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, 2021, 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 March 30, 2022.

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**

March 30, 2022



## **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, 2021. 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, 2021.



## 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**

March 30, 2022



**Passaic County Court Appointed Special Advocates, Inc.  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2021**

<b>Contract Period</b>	<b>Grantor Type of Contract</b>	<b>Contract Number</b>	<b>CFDA Number</b>	<b>Federal Grantor</b>	<b>Pass Thru</b>	<b>Amount (Maximum)</b>	<b>Contract Expenditures</b>
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	\$ 170,434
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	\$ 163,484
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	\$ 187,790
9/30/20 - 9/29/21	ZERO TO THREE: National Center for Infants, Toddlers and Families Infant-Toddler Court Program	5 U2DMC32394-03-00	93.110	U.S. Dept of HHS	ZERO TO THREE: National Center for Infants, Toddlers and Families	\$ 425,000	\$ 255,486
1/21/20 - 12/31/22	County of Passaic Community Development Block Grant	CDBG-CV1	14.218	HUD	County of Passaic	\$ 120,000	\$ 58,982
8/20/20 - 12/31/22	County of Passaic Community Development Block Grant	CDBG-CV2	14.218	HUD	County of Passaic	\$ 139,363	\$ 38,253
9/1/20 - 8/31/22	County of Passaic Community Development Block Grant	Not Provided	14.218	HUD	County of Passaic	\$ 20,000	\$ 4,230
5/1/20 - 4/30/21	Department of Justice - Office of Juvenile Justice and Delinquency Prevention	NJ11197-19-0520-M1	16.726	U.S. Dept of Justice	National Court Appointed Special Advocates/ Guardian Ad Litem Association for Children	\$ 45,000	\$ <u>45,000</u>
							\$ <u>923,659</u>

**Passaic County Court Appointed Special Advocates, Inc.**  
**Schedule of Expenditures of State Awards**  
**For the Year Ended June 30, 2021**

<b>Contract Period</b>	<b>Grantor Type of Contract</b>	<b>Pass-Thru</b>	<b>Contract Number</b>	<b>Contract Amount (Maximum)</b>	<b>Contract Expenditures</b>
<b>NEW JERSEY DEPARTMENT OF CHILDREN AND FAMILIES</b>					
7/1/20 to 6/30/21	Legislative Funding	CASA of New Jersey	Not Provided	\$ 164,927	\$ 164,927
7/1/20 to 6/30/21	Emergency Assistance Grant (Phase 2)	New Jersey Economic Development Authority	Not Provided	\$ 10,000	\$ 10,000
7/1/20 to 6/30/21	Emergency Assistance Grant (Phase 3)	New Jersey Economic Development Authority	Not Provided	\$ 10,000	<u>\$ 10,000</u>
					<u>\$ 184,927</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, 2021**

**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, 2021.

**Passaic County Court Appointed Special Advocates, Inc.**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2021**

**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?	No

**Identification of Major Program/Cluster**

<u>Name of Federal Program/Cluster</u>	<u>CFDA No.</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	\$ 170,434
Advocacy for Victims of Child Abuse	16.575	163,484
Reaching Unserved Victims of Child Abuse	16.575	<u>187,790</u>
		<u>\$ 521,708</u>



**Passaic County Court Appointed Special Advocates, Inc.**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2021**

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