

Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, Inc.

Financial Statements

June 30, 2020

(With Summarized Comparative Totals
for the Year Ended 2019)



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Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, Inc.
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Independent Auditors' Report

To the Board of Trustees of
Court Appointed Special Advocates of
Somerset, Hunterdon, and Warren Counties, Inc.
Lebanon, New Jersey

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization's internal control. Accordingly, we express no such opinion.

To the Board of Trustees of
Court Appointed Special Advocates of
Somerset, Hunterdon, and Warren Counties, Inc.

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 Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements and Report on Summarized Comparative Information

The financial statements of Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, Inc. for the year ended June 30, 2019 were audited by other auditors whose report dated October 17, 2019, expressed an unmodified opinion on those statements. The summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of expenditures of federal and state awards are presented for purposes of additional analysis and are not a required part of the financial statements. The schedules of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey State Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants and State Aid* are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

To the Board of Trustees of
Court Appointed Special Advocates of
Somerset, Hunterdon, and Warren Counties, Inc.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2020 on our consideration of Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Nisiroccia LLP

November 16, 2020
Mt. Arlington, New Jersey

Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, Inc.
Statement of Financial Position
June 30, 2020 and 2019

	2020	2019
Assets:		
Cash	\$ 371,944	\$ 317,932
Grants receivable	35,885	80,486
Prepaid expenses	9,495	9,127
Property and equipment, net	2,966	4,026
Other assets	6,236	1,900
Total assets	<u>\$ 426,526</u>	<u>\$ 413,471</u>
Liabilities:		
Accrued expenses and other liabilities	\$ 13,065	\$ 526
Refundable advance	72,983	
Total liabilities	<u>86,048</u>	<u>526</u>
Net assets without donor restrictions:		
Undesignated	<u>340,478</u>	<u>412,945</u>
	<u>340,478</u>	<u>412,945</u>
Total liabilities and net assets	<u>\$ 426,526</u>	<u>\$ 413,471</u>

See Accompanying Notes to Financial Statements

Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, Inc.
Statement of Activities
For the Years Ended June 30, 2020 and 2019

	Without Donor Restrictions	
	2020	2019
Revenue and Support:		
Government grants	\$ 377,313	\$ 434,847
Contributions:		
Foundations	14,250	24,081
Corporations	500	
Individuals	51,321	45,798
Donated services and materials	340,135	349,457
Special events	14,721	61,800
Interest income	1,237	1,603
Net investment income (loss)	59	(8)
	<u>799,536</u>	<u>917,578</u>
Total revenue and support		
Expenses:		
Program services	765,397	750,862
Supporting services:		
Management and general	64,462	50,000
Fundraising	42,144	56,793
	<u>872,003</u>	<u>857,655</u>
Total expenses		
Change in net assets	(72,467)	59,923
Net assets, beginning of year	<u>412,945</u>	<u>353,022</u>
Net assets, end of year	<u>\$ 340,478</u>	<u>\$ 412,945</u>

See Accompanying Notes to Financial Statements

Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, Inc.
Statement of Functional Expenses
Year Ended June 30, 2020
(With Summarized Comparative Totals For the Year Ended June 30, 2019)

	Program Services	Supporting Services			Total	
		Management and General	Fundraising	Total	2020	2019
Salaries	\$ 325,309	\$ 33,335	\$ 24,523	\$ 57,858	\$ 383,167	\$ 343,273
Payroll taxes	25,333	2,596	1,910	4,506	29,839	27,793
Employee benefits	10,986	1,126	828	1,954	12,940	15,967
Total salaries and related taxes	<u>361,628</u>	<u>37,057</u>	<u>27,261</u>	<u>64,318</u>	<u>425,946</u>	<u>387,033</u>
Donated volunteer services	243,346				243,346	277,104
Donated services and other	82,174	8,421	6,194	14,615	96,789	72,353
Rent	16,763	1,717	1,264	2,981	19,744	20,674
Program expenses	15,309				15,309	12,369
Dues and subscriptions	1,200	124	90	214	1,414	1,463
Insurance	6,921	709	522	1,231	8,152	9,634
Office supplies	5,120	525	386	911	6,031	4,225
Equipment	1,900	195	143	338	2,238	3,483
Payroll processing fees	1,950	200	147	347	2,297	2,108
Postage and delivery	711	72	54	126	837	1,362
Printing and reproduction	927	95	70	165	1,092	1,362
Professional fees		13,700		13,700	13,700	5,100
Public relations and marketing	6,373	654	480	1,134	7,507	755
Special events			4,803	4,803	4,803	23,762
Technology and consulting fees	6,222				6,222	2,975
Technology subscriptions	1,381				1,381	2,673
Telephone	3,114	319	235	554	3,668	3,643
Training and program development	1,084				1,084	4,917
Travel	5,086	521	383	904	5,990	6,682
Utilities	1,213	125	91	216	1,429	1,195
Volunteer expenses	1,638				1,638	11,389
Miscellaneous expenses	277	28	21	49	326	126
Total expenses before depreciation	<u>764,337</u>	<u>64,462</u>	<u>42,144</u>	<u>106,606</u>	<u>870,943</u>	<u>856,387</u>
Depreciation Expense	<u>1,060</u>				<u>1,060</u>	<u>1,268</u>
Total expenses	<u>\$ 765,397</u>	<u>\$ 64,462</u>	<u>\$ 42,144</u>	<u>\$ 106,606</u>	<u>\$ 872,003</u>	<u>\$ 857,655</u>

See Accompanying Notes to Financial Statements

Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, Inc.
Statement of Cash Flows
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ (72,467)	\$ 59,923
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	1,060	1,268
Realized (gain) loss on investments	(59)	8
Donated investment securities	(6,005)	(5,639)
Changes in operating assets and liabilities:		
Grants receivable	44,601	34,577
Prepaid expenses	(368)	(3,645)
Other assets	(4,336)	
Accrued expenses and other liabilities	12,539	(12,795)
Refundable advance	72,983	
Net cash provided by operating activities	<u>47,948</u>	<u>73,697</u>
Cash flows from investing activities:		
Proceeds from sale of investments	<u>6,064</u>	<u>5,631</u>
Net cash used in investing activities	<u>6,064</u>	<u>5,631</u>
Net increase in cash	54,012	79,328
Cash, beginning of year	<u>317,932</u>	<u>238,604</u>
Cash, end of year	<u><u>\$ 371,944</u></u>	<u><u>\$ 317,932</u></u>
Supplemental disclosure of noncash information:		
In-kind donation of services and materials	<u><u>\$ 340,135</u></u>	<u><u>\$ 349,457</u></u>
Donated investment securities received	<u><u>\$ 6,005</u></u>	<u><u>\$ 5,639</u></u>

See Accompanying Notes to Financial Statements

1. Nature of Organization

Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, Inc. ("CASA of SHaW", "the Organization"), was established as a New Jersey nonprofit corporation on March 30, 2005. The primary purpose of the Organization is to perform the following functions in Somerset, Hunterdon and Warren Counties, New Jersey:

- a. Advocate for the best interests of children in out-of-home placement and under the jurisdiction of the Family Part of the New Jersey Superior Court.
- b. Recruit, train, supervise and motivate community volunteers who will assist the Court by gathering relevant information about the child and the family through file reviews and interviews with the child, parents, foster parents/resource parents, relative, teachers, doctors, social workers and anyone else who might have pertinent information.
- c. Establish and maintain strong, positive relationships with the Court, the New Jersey Division of Youth and Family Services, Child Placement Review Boards, Case Assessment Resource Teams, Case Management Organizations, the Offices of the Public Defender, and other agencies and institutions in order to create a cooperative environment in which to best serve the needs of the children.
- d. Educate and inform the community about the role of CASA in the court system and in the lives of children in out-of-home placement; represent the CASA program at local and county level organizations concerned with child welfare; promote awareness of child abuse and prevention strategies; and promote cultural competence among CASA staff and volunteers.
- e. To engage in such other activities as it deems appropriate to provide assistance, through advocacy, to abused and neglected children in out-of-home placement, and to assist such children to achieve permanency in a safe and nurturing environment.
- f. To work in a collaborative manner with state and national CASA programs.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Organization are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. A summary of the significant accounting policies followed by the Organization in the preparation of the accompanying financial statements is set forth below:

The Organization prepares its financial statements in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), *Accounting for Contributions Received and Made, and Presentation of Financial Statements of Not-for-Profit Entities*. In 2019, the Organization adopted Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities* (FASB Update).

The new standard requires that resources be classified for accounting and reporting purposes into two net asset categories: net assets with donor restrictions and net assets without donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Accounting for Contributions Received and Made requires that unconditional promises to give be recorded as receivables and revenue and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Accordingly, the net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions are resources representing the portion of expendable funds available for support of the Organization's programs and activities. These resources are not subject to donor-imposed stipulations. Net assets without donor restrictions also include those expendable resources which may have been designated for special use by the Board of Trustees. The Organization did not have any board designated funds at June 30, 2020 and 2019.

Net assets with donor restrictions represent amounts with donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Organization did not have any net assets with donor restriction at June 30, 2020 and 2019.

Adoption of New Accounting Standards

In May 2014, the FASB issued guidance Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers* ASU 2014-09, which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive.

ASC 606 is effective for annual reporting periods beginning after December 15, 2018, and interim periods within annual years beginning after December 15, 2019. The Organization adopted ASC 606, as amended with a date of the initial application of July 1, 2019 as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. The Organization applied ASC 606 using the modified retrospective method, with no effect recorded to net assets without donor restrictions at July 1, 2019.

As part of the adoption of ASC 606, the Organization elected to use the following transition practical expedients: (1) all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price have been reflected in the aggregate; and (2) ASC 606 is applied only to contracts that are not completed at the initial date of application. Because there are no contract modifications, there is not a significant impact as a result of electing these practical expedients.

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

Revenue and Support Recognition

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give that is, those with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been substantially met.

Revenue is measured based on consideration specified in a contract with a customer. This occurs with the transfer of control at a specific point in time. The Organization recognizes fundraising and special event revenue at the time the event occurs. The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution revenue for the excess received when the event takes place.

Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

A portion of the Organization's revenue is derived from cost-reimbursable 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 the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

Disaggregation of Revenue

	<u>2020</u>	<u>2019</u>
Performance obligations satisfied at a point in time	<u>10,270</u>	<u>53,727</u>
	<u>\$ 10,270</u>	<u>\$ 53,727</u>

Revenue from performance obligations satisfied at a point in time consists of fundraising and special events.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. Accordingly, no provision for federal or state income tax has been presented in the accompanying financial statements. The Organization follows the provisions of FASB ASC, *Income Taxes*. The standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements.

It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition as they relate to those tax positions.

The Organization does not expect a significant increase or decrease to the total amounts of unrecognized tax positions during the year ended June 30, 2020. However, the Organization is subject to regular audit by tax authorities, including a review of its nonprofit status which management believes would be upheld upon examination. The Organization believes that it has appropriate support for the positions taken on its tax returns. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year.

As required by law, the Organization files informational returns with both the Federal and New Jersey State governments on an annual basis - Form 990 with the Internal Revenue Service, and Form CRI-300R with the State. These returns are subject to examination by these authorities within certain statutorily defined periods for both Federal and the State of New Jersey.

Fair Value Measurements

In accordance with FASB ASC, *Fair Value Measurements and Disclosures*, fair value is defined as a market-based measurement, not an entity-specific measurement. The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

A fair value measurement assumes that the transaction to sell the asset or transfer the liability either occurs in the principal market (or in its absence, the most advantageous market) for the asset or liability.

The Fair Value Measurements Topic of the FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value focuses on the price that would be received to sell the asset or paid to transfer the liability regardless of whether an observable liquid market price existed (an exit price). An exit price valuation will include margins for risk even if they are not observable. As the Organization is released from risk, the margins for risk will also be released through net realized capital gains (losses) in net income.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 assets and liabilities measured at fair value are based on one or more of three valuation techniques:

- Market approach - Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- Cost approach - Amount that would be required to replace the service capacity of an asset (i.e., replacement cost);
- Income approach - Techniques that convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

The fair value measurement level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

For some assets and liabilities, observable market transactions or market information may be available. For other assets and liabilities, observable market transactions and market information might not be available. When a price for an identical asset or liability is not observable, a reporting entity measures fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, a reporting entity's intention to hold an asset or settle or otherwise fulfill a liability is not relevant when measuring fair value.

The following is a description of valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

Cash, grants receivable, prepaid expenses, other assets, accrued expenses, and other liabilities: the carrying amounts approximate fair value because of the short-term maturity of these instruments.

Refundable advance: The Paycheck Protection Program advance, a government grant which may be forgiven or converted to a loan at a future point in time and which imputed interest does not apply, is carried at cost. However, management believes the Organization will receive full forgiveness of the Paycheck Protection Program advance and, therefore, the Organization has determined it approximates fair value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investments

The Organization records investments in accordance with FASB ASC, *Accounting for Certain Investments Held by Not-for-Profit Organizations*.

Under this standard, securities purchased for investment are carried at market value; those received as gifts are recorded at market value at date of gift and all investments in debt securities are reported at their fair market values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income or loss (including interest and dividends) and gains/losses on sale of investments are included in the statement of activities unless the income or loss is restricted by the donor or law. A decline in the market value of an investment security below its cost that is designated to be other than temporary is recognized through an impairment charge. That impairment charge would be included in the statement of activities and a new cost basis would be established. For the years ended June 30, 2020 and 2019, the Organization did not record any impairment charge in the statement of activities.

Property and Equipment

Property and equipment are recorded at cost when purchased, or at fair value at date of gift, when donated. Depreciation is provided for by the straight-line method over the estimated useful lives of the assets. Maintenance, repairs and renewals which neither materially add to the value of property nor appreciably prolong its life are charged to expense as incurred. Major renewals and improvements are capitalized.

The Organization continually evaluates whether current events or circumstances warrant adjustments to the carrying value or estimated useful lives of fixed assets in accordance with the provisions of FASB ASC, *Accounting for the Impairment or Disposal of Long-Lived Assets*. No impairment losses have been recorded for the years ended June 30, 2020 and 2019.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program and supporting services benefited. The financial statements report certain categories of expense that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated to each program based on level of activity attributed. Program expenses are those related to client assistance activities. Management and general expenses relate to administrative expenses associated with those programs. Fundraising includes the direct costs of special events and the allocations of employees' salaries, when applicable, as well as other costs involved in fundraising and special events.

Donated Services and Materials

The Organization receives donated services and materials. Volunteers contribute significant amounts of time to our program services, administration, and fundraising activities. The financial statements reflect the value of these contributed services because they meet the recognition criteria prescribed by generally accepted accounting principles. Volunteer hours are valued using the Independent Section rate for a trained volunteer in the state of New Jersey. This rate differs from the rate of a volunteer as CASA advocates have a significantly higher level of training. Donated professional services are recorded at the respective fair values of the services received. Contributed materials are recorded at fair value at the date of the donation. The value of the donated services and materials are included in revenue.

The revenue from donated services and materials as of June 30, 2020 and 2019 is comprised of the following:

	<u>2020</u>	<u>2019</u>
Volunteer services	\$ 243,346	\$ 277,104
Accounting and administrative services	40,088	20,793
Gifts for abused and neglected children and other program-related items	<u>56,701</u>	<u>51,560</u>
	<u>\$ 340,135</u>	<u>\$ 349,457</u>

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets and liabilities, revenue and expenses and changes therein, and disclosures of contingent assets and contingent liabilities and accompanying notes. It is reasonably possible that the Organization's estimates may change in the near term.

New Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 requires all lessees to record a lease liability at lease inception, with a corresponding right of use asset, except for short-term leases. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization is currently evaluating the impact of the adoption of this guidance on the Organization's consolidated financial statements.

Prior Year Summarized Financial Information

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

Reclassification

Certain reclassifications have been made to 2019 financial statement presentation to conform to the current year's presentation.

3. Liquidity and Availability

The adoption of FASB Update No. 2016-14 requires the presentation of qualitative information on how the Organization manages its liquid available resources and liquidity risks. Quantitative information that communicates the availability of a nonprofit's financial assets at the statement of financial position date to meet cash needs for general expenditures within one year is required to be presented on the face of the financial statement and/or in the notes to the financial statements.

As of June 30, 2020 and 2019, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash	\$ 371,944	\$ 317,932
Grants receivable	35,885	80,486
Prepaid expenses	<u>9,495</u>	<u>9,127</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 417,324</u></u>	<u><u>\$ 407,545</u></u>

The Organization strives to maintain reserves to meet six months of operational expenditures. In addition to these available financial assets, a significant portion of the Organization's annual expenditures will be funded by current year operating revenues including contributions, grant income, and special events revenue. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of the Organization liquidity management, it invests cash in excess of daily requirements in a savings account.

4. Investments

Investments are stated at fair value, based on quoted market prices. It is the Organization's policy to liquidate donated securities immediately upon receipt.

Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

Investments at June 30, 2020 and 2019 are comprised of the following:

	2020	2019
Beginning balance		
Donated securities	\$ 6,005	\$ 5,639
Sales	(6,064)	(5,631)
Realized gain (loss)	59	(8)
Ending balance	<u>\$</u>	<u>\$</u>

5. Property and Equipment

Property and equipment and their related estimated useful lives at June 30, 2020 and 2019 is as follows:

Assets	Estimated Useful Life (Years)	2020	2019
Furniture and fixtures	5	\$ 4,255	\$ 4,255
Equipment	5	7,399	6,130
		11,654	10,385
Less: Accumulated depreciation		8,688	6,359
		<u>\$ 2,966</u>	<u>\$ 4,026</u>

Depreciation expense for the years ended June 30, 2020 and 2019 totaled \$1,060 and \$1,268, respectively.

6. Operating Lease

At June 30, 2020, the Organization was obligated under an operating lease for office space located in Lebanon, New Jersey which expires May, 31, 2025. The following is a schedule of future minimum lease payments required under the noncancelable operating lease:

Year Ended June 30,	Amount
2021	\$ 27,600
2022	28,290
2023	28,997
2024	29,722
2025	30,465
	<u>\$ 145,074</u>

Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

Total rent expense charged to operations for the years ended June 30, 2020 and 2019 was \$19,744 and \$20,674, respectively.

7. Related Party Transactions

The Organization is an affiliate of the state organization, CASA of New Jersey. For the years ended June 30, 2020 and 2019, the Organization received state pass-through grant funding from CASA of New Jersey totaling \$127,147 and \$140,445, respectively. The Organization is also a member agency of the National CASA Association ("National CASA"). For the years ended June 30, 2020 and 2019, the Organization received federal pass-through grant funding from National CASA totaling \$0 and \$11,375, respectively. In addition, the Organization paid dues to National CASA in the amount of \$250 for both years ended June 30, 2020 and 2019.

8. Concentrations of Credit Risk and Funding Sources

The Organization deposits its cash in accounts with major banking institutions. At times, such amounts may be in excess of FDIC insurance limits. Management believes that the Organization has no significant risk of loss on these accounts due to the failure of the institutions. Concentration of credit risk associated with investments is considered low due to the credit quality of the financial institutions holding these investments.

As reflected in the Statement of Activities, the Organization receives support from government grants, contributions from individuals, corporations and foundation grants. Although no funding source is guaranteed, the Organization believes that based upon past history and the continued monitoring of the diverse funding sources by management there is not a significant risk to the Organization's funding streams in total.

9. Grant Programs

The Organization participates in federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors and their representatives. The Organization is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management of the Organization is not aware of any material items of noncompliance which would result in the disallowance of grant program expenditures.

10. Refundable Advance

In April 2020, the Organization applied and received funding in the amount of \$72,983 under the Paycheck Protection Program. Certain amounts will be forgiven if the Organization utilizes these funds in accordance with guidelines outlined under the program. Management is currently evaluating the use of these funds; therefore, the related financial impact and potential amount expected to be repaid, if any, cannot be reasonably estimated at this time. At June 30, 2020, refundable advance amounted to \$72,983.

11. Subsequent Events

Management has reviewed subsequent events and transactions that occurred after June 30, 2020 through the date of the independent auditor's report and the date the financial statements were available to be issued, November 16, 2020. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no nonrecognized subsequent events that require additional disclosure.

However, the COVID-19 coronavirus outbreak has caused business disruption through government mandated and voluntary closings. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Organization expects this matter may have an impact on its future operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

Supplementary Information

Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

<u>Federal Grantor/Pass-Through Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity ID#</u>	<u>Grantor's Number</u>	<u>Grant Period</u>	<u>Grant Awards</u>	<u>Cumulative Program Disbursements</u>	<u>Program Disbursements</u>	<u>Current Year Cash Received</u>	<u>Provided to Subrecipients</u>
<u>U.S. Department of Justice</u>									
<u>Passed Through New Jersey Department of Law and Public Safety - Office of Justice Programs</u>									
Hunterdon County									
Crime Victims Assistance	16.575	N/A	VAG-47-16	01/01/18-08/31/19	\$ 116,930	\$ 116,930	\$ 9,854	\$ 31,491	\$
Crime Victims Assistance	16.575	N/A	VAG-22-18	09/01/19-08/31/21	135,252	44,642	44,642	36,850	
					252,182	161,572	54,496	68,341	
Somerset County									
Crime Victims Assistance	16.575	N/A	VAG-48-16	01/01/18-8/31/19	130,538	130,538	10,234	33,390	
Crime Victims Assistance	16.575	N/A	VAG-23-18	09/01/19-08/31/21	281,234	81,672	81,672	71,192	
					411,772	212,210	91,906	104,582	
Warren County									
Crime Victims Assistance	16.575	N/A	VAG-49-16	01/01/18-8/31/19	158,237	158,237	16,575	44,235	
Crime Victims Assistance	16.575	N/A	VAG-24-18	09/01/19-08/31/21	287,064	78,826	78,826	65,042	
					445,301	237,063	95,401	109,277	
<u>U. S. Department of Housing and Urban Development</u>									
<u>Passed Through Somerset County Community Development</u>									
CDBG									
Volunteer Supervision	14.218	N/A	18-YCA81-06	10/01/18-09/30/19	20,941	20,941		8,033	
Volunteer Supervision	14.218	N/A	19-YCA91-06	10/01/19-09/30/20	11,668	4,533	8,363	4,533	
					32,609	25,474	8,363	12,566	
Total Expenditures of Federal Awards					\$ 1,141,864	\$ 636,319	\$ 250,166	\$ 294,766	\$

See Independent Auditors' Report and Notes to The Schedules of Expenditures of Federal and State Awards

Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, Inc.
Schedule of Expenditures of State Awards
For the Year Ended June 30, 2020

State Grantor/ Pass-Through Grantor/Program Title	Grantor's Number	State Account Number	Grant Period	Award Amount	Cumulative Program Disbursements	Current Year	
						Program Disbursements	Cash Received
<u>NJ Department of Children and Families</u>							
<u>Passed Through CASA of New Jersey</u>							
Hunterdon County							
Training/Advocacy	N/A	20GPLC	07/01/19-06/30/20	\$ 31,903	\$ 31,903	\$ 31,903	\$ 31,903
Somerset County							
Training/Advocacy	N/A	20GPLC	07/01/19-06/30/20	55,072	55,072	55,072	55,072
Warren County							
Training/Advocacy	N/A	20GPLC	07/01/19-06/30/20	<u>40,172</u>	<u>40,172</u>	<u>40,172</u>	<u>40,172</u>
Total Expenditures of State Awards				\$ 127,147	\$ 127,147	\$ 127,147	\$ 127,147

See Independent Auditors' Report and Notes to The Schedules of Expenditures of Federal and State Awards

Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, Inc.
Notes to the Schedules of Expenditures of Federal and State Awards
June 30, 2020

1. Basis of Presentation

The accompanying schedules of expenditures of federal and state awards present the activity of all federal and state financial assistance programs of Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, Inc. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey State Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of the basic financial statements. All federal and state financial assistance received directly from federal agencies, as well as federal and state financial assistance passed through other government agencies is included in the schedules of expenditures of federal and state awards. Because the schedules present only a selected portion of the operations of the Organization, they are not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. Summary of Significant Accounting Principles

The accompanying schedules of expenditures of federal and state awards are presented using the accrual basis of accounting which is described in Note 2 to the financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

3. Indirect Cost Rate

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

4. Sub-recipients

No federal or state awards were provided to sub-recipients.

5. Relationship to Federal and State Financial Reports

The regulations and guidelines governing the preparation of federal and state financial reports vary by agency and among programs administered by the same agency. Accordingly, the amounts reported in the federal and state financial reports do not necessarily agree with the amounts in the accompanying schedules of expenditures of federal and state awards, which is prepared on the accrual basis of accounting explained in Note 2.

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
Court Appointed Special Advocates of
Somerset, Hunterdon, and Warren Counties, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated November 16, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.

To the Board of Trustees of
Court Appointed Special Advocates of
Somerset, Hunterdon, and Warren Counties, Inc.

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

Purpose of this Report

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

Nisiroccia LLP

November 16, 2020
Mt. Arlington, New Jersey

Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, Inc.
Schedule of Findings and Responses
June 30, 2020

Summary of Auditors' Results:

- An unmodified report was issued on Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, Inc.'s financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, Inc.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, Inc.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Response for Federal and State Awards:

The audit did not disclose any findings or responses for federal and state award programs.

Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, Inc.
Schedule of Prior Year Audit Findings
June 30, 2020

Summary of Prior Year Findings

There were no audit findings in the prior year.