

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

Financial Statements

June 30, 2022

(With Summarized Comparative Totals
for the Year Ended 2021)



NISIVOCCIA
ASSURANCE · TAX · ADVISORY

Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, Inc.
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June 30, 2022 and 2021

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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 Audit of the Financial Statements

Opinion

We have audited the 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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements 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, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained *in Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

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

Report on Summarized Comparative Information

We have previously audited Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, Inc.'s June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 5, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary 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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the New Jersey State Circular 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2022 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, Inc.'s internal control over financial reporting and compliance.

Mt. Arlington, New Jersey
December 5, 2022

Nisiroccia LLP

Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, Inc.
Statement of Financial Position
June 30, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|--|-------------------|-------------------|
| Assets: | | |
| Cash | \$ 464,151 | \$ 408,400 |
| Grants receivable | 98,463 | 95,752 |
| Prepaid expenses | 7,494 | 5,378 |
| Property and equipment, net | 846 | 1,906 |
| Other assets | <u>4,336</u> | <u>4,336</u> |
| Total assets | <u>\$ 575,290</u> | <u>\$ 515,772</u> |
| Liabilities: | | |
| Accrued expenses and other liabilities | <u>\$ 17,677</u> | <u>14,722</u> |
| Total liabilities | 17,677 | 14,722 |
| Net assets without donor restrictions | <u>557,613</u> | <u>501,050</u> |
| Total liabilities and net assets | <u>\$ 575,290</u> | <u>\$ 515,772</u> |

See Accompanying Notes to Financial Statements

Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, Inc.
Statement of Activities
Years Ended June 30, 2022 and 2021

| | Without Donor Restrictions | |
|---|----------------------------|-------------------|
| | 2022 | 2021 |
| Revenue and Support: | | |
| Government grants | \$ 414,315 | \$ 471,415 |
| Government grant - PPP loan forgiveness | | 72,983 |
| Contributions: | | |
| Foundations | 32,080 | 26,520 |
| Corporations | 42,000 | 27,277 |
| Individuals | 97,303 | 67,577 |
| Other income | | 599 |
| Donates securities | 3,646 | 6,109 |
| Donated services and materials | 293,916 | 277,152 |
| Special events | 21,690 | 21,017 |
| Interest income | 768 | 434 |
| Net investment income (loss) | (216) | 8 |
| Total revenue and support | <u>905,502</u> | <u>971,091</u> |
| Expenses: | | |
| Program services | 743,655 | 711,290 |
| Supporting services: | | |
| Management and general | 60,361 | 58,576 |
| Fundraising | 44,923 | 40,653 |
| Total expenses | <u>848,939</u> | <u>810,519</u> |
| Change in net assets | 56,563 | 160,572 |
| Net assets, beginning of year | <u>501,050</u> | <u>340,478</u> |
| Net assets, end of year | <u>\$ 557,613</u> | <u>\$ 501,050</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, 2022
(With Summarized Comparative Totals For the Year Ended June 30, 2021)

| | Program Services | Supporting Services | | | Total | |
|------------------------------------|-------------------|------------------------|------------------|-------------------|-------------------|-------------------|
| | | Management and General | Fundraising | Total | 2022 | 2021 |
| Salaries | \$ 342,266 | \$ 35,073 | \$ 25,801 | \$ 60,874 | \$ 403,140 | \$ 402,423 |
| Payroll taxes | 26,882 | 2,756 | 2,027 | 4,783 | 31,665 | 31,865 |
| Employee benefits | 3,389 | 347 | 255 | 602 | 3,991 | 6,443 |
| Total salaries and related taxes | <u>372,537</u> | <u>38,176</u> | <u>28,083</u> | <u>66,259</u> | <u>438,796</u> | <u>440,731</u> |
| Donated volunteer services | 227,743 | | | | 227,743 | 220,313 |
| Donated services and other | 56,181 | 5,757 | 4,235 | 9,992 | 66,173 | 56,839 |
| Rent | 24,018 | 2,461 | 1,811 | 4,272 | 28,290 | 27,600 |
| Program expenses | 12,687 | | | | 12,687 | 6,274 |
| Dues and subscriptions | 914 | 94 | 69 | 163 | 1,077 | 923 |
| Insurance | 10,072 | 1,032 | 759 | 1,791 | 11,863 | 15,201 |
| Office supplies | 2,159 | 221 | 163 | 384 | 2,543 | 3,962 |
| Equipment | 212 | 22 | 16 | 38 | 250 | 75 |
| Payroll processing fees | 2,239 | 229 | 169 | 398 | 2,637 | 2,349 |
| Postage and delivery | 655 | 67 | 49 | 116 | 771 | 1,064 |
| Printing and reproduction | 75 | 8 | 6 | 14 | 89 | 1,676 |
| Professional fees | | 11,145 | | 11,145 | 11,145 | 10,000 |
| Public relations and marketing | 1,573 | 161 | 119 | 280 | 1,853 | 1,206 |
| Special events | | | 8,718 | 8,718 | 8,718 | 4,919 |
| Technology and consulting fees | 2,303 | | | | 2,303 | 2,030 |
| Technology subscriptions | 4,556 | | | | 4,556 | 4,926 |
| Telephone | 3,744 | 384 | 282 | 666 | 4,410 | 3,836 |
| Training and program development | 2,650 | | | | 2,650 | 940 |
| Travel | 2,336 | 239 | 176 | 415 | 2,751 | 500 |
| Utilities | 1,831 | 188 | 138 | 326 | 2,157 | 2,186 |
| Volunteer expenses | 12,380 | | | | 12,380 | 1,712 |
| Miscellaneous expenses | 1,730 | 177 | 130 | 307 | 2,037 | 197 |
| Total expenses before depreciation | <u>742,595</u> | <u>60,361</u> | <u>44,923</u> | <u>105,284</u> | <u>847,879</u> | <u>809,459</u> |
| Depreciation expense | <u>1,060</u> | | | | <u>1,060</u> | <u>1,060</u> |
| Total expenses | <u>\$ 743,655</u> | <u>\$ 60,361</u> | <u>\$ 44,923</u> | <u>\$ 105,284</u> | <u>\$ 848,939</u> | <u>\$ 810,519</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, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|--|-------------------|-------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 56,563 | \$ 160,572 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation expense | 1,060 | 1,060 |
| Realized loss (gain) on investments | 216 | (8) |
| Donated investment securities | (3,646) | (6,109) |
| Government grant - PPP loan forgiveness | | (72,983) |
| Changes in operating assets and liabilities: | | |
| Grants receivable | (2,711) | (59,867) |
| Prepaid expenses | (2,116) | 4,117 |
| Other assets | | 1,900 |
| Accrued expenses and other liabilities | 2,955 | 1,657 |
| Net cash provided by operating activities | <u>52,321</u> | <u>30,339</u> |
| Cash flows from investing activities: | | |
| Proceeds from sale of investments | <u>3,430</u> | <u>6,117</u> |
| Net cash provided by investing activities | <u>3,430</u> | <u>6,117</u> |
| Net increase in cash | 55,751 | 36,456 |
| Cash, beginning of year | <u>408,400</u> | <u>371,944</u> |
| Cash, end of year | <u>\$ 464,151</u> | <u>\$ 408,400</u> |
| Supplemental disclosure of noncash information: | | |
| In-kind donation of services and materials | <u>\$ 293,916</u> | <u>\$ 277,152</u> |
| Donated investment securities received | <u>\$ 3,646</u> | <u>\$ 6,109</u> |

See Accompanying Notes to Financial Statements

Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

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 (the "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*. *Presentation of Financial Statements of Not-for-Profit Entities* establishes standards for external financial reporting by not-for-profit organizations and 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, 2022 and 2021.

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, 2022 and 2021.

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, 2022 and 2021

A portion of the Organization’s revenue is derived from cost-reimbursable 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 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

| | 2022 | 2021 |
|--|-----------|-----------|
| Performance obligations satisfied at a point in time | 21,690 | \$ 21,017 |
| | \$ 21,690 | \$ 21,017 |

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 years ended June 30, 2022 or 2021. 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:

Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

- 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, 2022 and 2021.

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, the Organization received full forgiveness of the Paycheck Protection Program advance and, therefore, the Organization has determined it approximates fair value (See Note 10).

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 as increases or decreases of net assets without donor restrictions 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, 2022 and 2021, 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, 2022 and 2021.

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.

Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

Grants Receivable and Provision for Uncollectible Accounts

Grants receivable are stated at amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to 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 grants receivable. There was no allowance for uncollectible accounts established as of June 30, 2022 and 2021, as management deemed all grants receivable to be collectible as of the date of the financial statements.

Donated Services and Materials

The Organization follows the provisions of FASB ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958), which requires nonprofits to present contributed nonfinancial assets as a separate line in the statement of activities apart from contributions of cash or other financial assets.

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, 2022 and 2021 is comprised of the following:

| | <u>2022</u> | <u>2021</u> |
|---|-------------------|-------------------|
| Volunteer services | \$ 227,743 | \$ 220,313 |
| Accounting and administrative services | 26,535 | 32,264 |
| Gifts for abused and neglected children and other program-related items | <u>39,638</u> | <u>24,575</u> |
| | <u>\$ 293,916</u> | <u>\$ 277,152</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.

Reclassification

Certain amounts in the prior year financial statements have been reclassified in order to be consistent with the current year presentation.

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 its 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, 2021, from which the summarized information was derived.

Subsequent Events

Management has reviewed subsequent events and transactions that occurred after June 30, 2022 through the date of the independent auditor's report and the date the financial statements were available to be issued, December 5, 2022. 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.

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, 2022 and 2021, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|---|-------------------|-------------------|
| Financial assets: | | |
| Cash | \$ 464,151 | \$ 408,400 |
| Grants receivable | 98,463 | 95,752 |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 562,614</u> | <u>\$ 504,152</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's 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.

Investments at June 30, 2022 and 2021 are comprised of the following:

| | <u>2022</u> | <u>2021</u> |
|--------------------|-------------|-------------|
| Beginning balance | | |
| Donated securities | \$ 3,646 | \$ 6,109 |
| Sales | (3,430) | (6,117) |
| Realized gain | (216) | 8 |
| Ending balance | <u>\$ -</u> | <u>\$ -</u> |

5. Property and Equipment

Property and equipment and their related estimated useful lives at June 30, 2022 and 2021 is as follows:

| <u>Assets</u> | <u>Estimated Useful Life (Years)</u> | <u>2022</u> | <u>2021</u> |
|--------------------------------|--|---------------|-----------------|
| Furniture and fixtures | 5 | \$ 4,255 | \$ 4,255 |
| Equipment | 5 | 7,399 | 7,399 |
| | | <u>11,654</u> | <u>11,654</u> |
| Less: Accumulated depreciation | | <u>10,808</u> | <u>9,748</u> |
| | | <u>\$ 846</u> | <u>\$ 1,906</u> |

Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

Depreciation expense for both the years ended June 30, 2022 and 2021 totaled \$1,060, respectively.

6. Operating Lease

At June 30, 2022, 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:

| <u>Year Ended</u> <u>June 30,</u> | <u>Amount</u> |
|--------------------------------------|------------------|
| 2023 | \$ 28,997 |
| 2024 | 29,722 |
| 2025 | 30,465 |
| | <u>\$ 89,184</u> |

Total rent expense charged to operations for the years ended June 30, 2022 and 2021 was \$28,290 and \$27,600, respectively.

7. Related Party Transactions

The Organization is an affiliate of the state organization, CASA of New Jersey. For the years ended June 30, 2022 and 2021, the Organization received state pass-through grant funding from CASA of New Jersey totaling \$95,072 and \$113,643, respectively. The Organization is also a member agency of the National CASA Association ("National CASA"). In addition, the Organization paid dues to National CASA in the amount of \$275 and \$275 for years ended June 30, 2022 and 2021, respectively.

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 received \$72,983 under the United States Small Business Administration's (SBA) Paycheck Protection Program (PPP). The PPP funding is legally structured as a forgivable loan by the SBA. In order to achieve forgiveness of the loan, the Organization must spend the funding for specific purposes and also must generally maintain its full-time equivalent level of staffing over a defined time period. The Organization has accounted for the PPP funding as a conditional contribution in the financial statements by applying ASC Topic 958- 605, *Revenue Recognition*. Revenue is recognized only when conditions are met. PPP funding is subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to the recognition of revenue.

The PPP funding of \$72,983 was recognized as revenue during the year ended June 30, 2021, as the conditions were met and the refundable advance was forgiven in December 2020. The SBA Reserves the right to audit PPP funding forgiveness for ten years from the date that the forgiveness was awarded.

11. Risks and Uncertainties

The ongoing COVID-19 pandemic has caused an economic downturn on a global scale, disrupted global supply chains, and created significant uncertainty, volatility and disruption across economies and financial markets. The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Organization and financial results will depend on future developments, including the duration and spread of the outbreak within the markets in which the Organization operates and the related impact on consumer confidence and spending, all of which are highly uncertain.

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, 2022

| <u>Federal Grantor/Pass-Through Grantor/Program</u> | Assited Listing Number | Pass-Through Entity ID# | Grantor's Number | Grant Period | Grant Awards | Cumulative Program Disbursements | Current Year | | |
|---|------------------------|-------------------------|------------------|-------------------|---------------------|----------------------------------|-----------------------|-------------------|---------------------------|
| | | | | | | | Program Disbursements | Cash Received | Provided to Subrecipients |
| <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-22-18 | 09/01/19-08/31/21 | \$ 135,252 | \$ 133,149 | \$ 14,819 | \$ 33,672 | |
| Somerset County | | | | | | | | | |
| Crime Victims Assistance | 16.575 | N/A | VAG-23-18 | 09/01/19-08/31/21 | 281,234 | 253,075 | 22,187 | 66,857 | |
| Warren County | | | | | | | | | |
| Crime Victims Assistance | 16.575 | N/A | VAG-24-18 | 09/01/19-08/31/21 | 287,064 | 231,668 | 21,280 | 53,510 | |
| Hunterdon County | | | | | | | | | |
| Crime Victims Assistance | 16.575 | N/A | VAG-40-20 | 09/01/21-08/31/23 | 154,111 | 58,742 | 58,742 | 37,485 | |
| Somerset County | | | | | | | | | |
| Crime Victims Assistance | 16.575 | N/A | VAG-41-20 | 09/01/21-08/31/23 | 270,819 | 109,925 | 109,925 | 74,730 | |
| Warren County | | | | | | | | | |
| Crime Victims Assistance | 16.575 | N/A | VAG-42-20 | 09/01/21-08/31/23 | 208,498 | 76,810 | 76,810 | 50,279 | |
| <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 | 21-YCA11-06 | 10/01/21-09/30/22 | 21,733 | 15,480 | 15,480 | | |
| Total Expenditures of Federal Awards | | | | | <u>\$ 1,358,711</u> | <u>\$ 878,849</u> | <u>\$ 319,243</u> | <u>\$ 316,533</u> | |

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, 2022

| 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 | 21GPLC | 7/1/2021-6/30/2022 | \$ 16,213 | \$ 16,213 | \$ 16,213 | \$ 16,213 | |
| Somerset County Training/Advocacy | N/A | 21GPLC | 7/1/2021-6/30/2022 | 44,647 | 44,647 | 44,647 | 44,647 | |
| Warren County Training/Advocacy | N/A | 21GPLC | 7/1/2021-6/30/2022 | 34,212 | 34,212 | 34,212 | 34,212 | |
| Total Expenditures of State Awards | | | | <u>\$ 95,072</u> | <u>\$ 95,072</u> | <u>\$ 95,072</u> | <u>\$ 95,072</u> | |

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, 2022

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 and state 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 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 Bergen County Court Appointed Special Advocates, Inc. (the "Organization") (a nonprofit organization) which comprise the statement of financial position as of June 30, 2022, 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 date December 5, 2022.

Report on 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

December 5, 2022
Mt. Arlington, New Jersey

Nisiroccia LLP

Court Appointed Special Advocates of Somerset, Hunterdon, and Warren Counties, Inc.
Schedule of Findings and Responses
June 30, 2022

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, 2022

Summary of Prior Year Findings

There were no audit findings in the prior year.