

Passaic County Court Appointed Special Advocates, Inc.

***Reports on Audit of Financial Statements
For the Years Ended June 30, 2020 and 2019***



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

Passaic County Court Appointed Special Advocates, Inc.

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Passaic County Court Appointed Special Advocates, Inc. ("Passaic County CASA, Inc.") (a nonprofit organization) which comprise the statements of financial position as of June 30, 2020, and the related statements of activities, cash flows and functional expenses 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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

Other Matters

Other Information

Passaic County CASA, Inc.'s June 30, 2019 financial statements were audited by a predecessor auditor. The June 30, 2019 predecessor's report dated January 27, 2020 expressed an unmodified opinion on those audited financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis and is not a required part of the basic 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 statement or to the financial statement 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 March 17, 2020 on our consideration of Passaic County CASA, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Passaic County CASA, Inc.'s internal control over financial reporting and compliance.



McIntee Fusaro Del Corral, LLC

Fairfield, New Jersey
March 17, 2021



Passaic County Court Appointed Special Advocates, Inc.
Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
ASSETS		
Assets:		
Cash	\$ 471,390	\$ 312,734
Certificate of Deposit	3,000	3,000
Accounts Receivable	7,217	5,432
Grants Receivable	229,573	105,049
Prepaid Expenses	3,480	4,663
Fixed Assets (Note C)	27,657	32,275
Security Deposit	<u>6,959</u>	<u>4,000</u>
 Total Assets	 <u>\$ 749,276</u>	 <u>\$ 467,153</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Loan Payable - Payroll Protection Program (Note D)	\$ 132,800	\$ -
Accounts Payable and Accrued Expenses	31,316	23,666
Capital Lease Payable (Note E)	19,327	24,923
Deferred Revenue	<u>-</u>	<u>9,665</u>
 Total Liabilities	 <u>183,443</u>	 <u>58,254</u>
Net Assets:		
Without Donor Restrictions	<u>565,833</u>	<u>408,899</u>
 Total Liabilities and Net Assets	 <u>\$ 749,276</u>	 <u>\$ 467,153</u>

See Independent Auditors' Report and Notes to Financial Statements

Passaic County Court Appointed Special Advocates, Inc.
Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2020 and 2019

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
Revenues:				
Federal and State Grants:				
Victim Assistance Grant Program	\$ -	\$ 647,695	\$ 647,695	\$ 328,600
Community Development Block Grant	-	15,000	15,000	18,199
NJ Legislative Funding	-	130,777	130,777	113,516
Other Revenue and Gains:				
Individual Donations	105,071	-	105,071	87,092
Corporate Donations	50,087	-	50,087	26,492
Foundation Grants	500	51,500	52,000	173,000
Donated Services	348,810	-	348,810	286,265
Special Events Revenue	267,389	-	267,389	253,705
Special Events Expenses	(64,259)	-	(64,259)	(80,387)
Investment Income	3,283	-	3,283	7,126
Net Assets Released from Restrictions (Note N)	844,972	(844,972)	-	-
Total Revenues	<u>1,555,853</u>	<u>-</u>	<u>1,555,853</u>	<u>1,213,608</u>
Expenses:				
Program Services	1,241,519	-	1,241,519	919,382
Management and General	78,918	-	78,918	53,645
Fund Raising	78,482	-	78,482	45,166
Total Expenses	<u>1,398,919</u>	<u>-</u>	<u>1,398,919</u>	<u>1,018,193</u>
Change in Net Assets	156,934	-	156,934	195,415
Net Assets, Beginning of Year	<u>408,899</u>	<u>-</u>	<u>408,899</u>	<u>213,484</u>
Net Assets, End of Year	<u>\$ 565,833</u>	<u>\$ -</u>	<u>\$ 565,833</u>	<u>\$ 408,899</u>

See Independent Auditors' Report and Notes to Financial Statements

Passaic County Court Appointed Special Advocates, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2020

	Program Services	Management and General	Fundraising	Total
Donated Volunteer Services	\$ 224,402	\$ -	\$ -	\$ 224,402
Donated Services	33,169	2,568	2,351	38,088
Donated Supplies and Materials	48,828	3,781	3,461	56,070
Donated Storage Space	26,343	2,040	1,867	30,250
Salaries	623,620	48,290	44,208	716,118
Payroll Taxes	64,524	4,996	4,574	74,094
Retirement Plan Expense	12,315	954	873	14,142
Technology	16,033	1,242	1,137	18,412
Fundraising Expenses	-	-	12,307	12,307
Program Supplies	9,503	-	-	9,503
Office Repairs and Maintenance	1,787	138	127	2,052
Office Supplies	13,868	1,074	983	15,925
Equipment Expense	675	52	48	775
Janitorial Service	3,521	273	250	4,044
Professional Fees	-	6,200	-	6,200
Staff Training and Meetings	4,449	494	-	4,943
Volunteer Training Expense	6,503	-	-	6,503
Postage and Delivery	104	52	104	260
Printing and Reproduction	582	45	41	668
Occupancy	54,674	4,234	3,876	62,784
Marketing	48,353	-	-	48,353
Travel and Meals	14,710	-	-	14,710
Depreciation	8,567	663	607	9,837
Insurance	9,826	761	697	11,284
Memberships and Dues	1,460	-	-	1,460
Communications	4,645	360	329	5,334
Miscellaneous	9,058	701	642	10,401
Special Events	-	-	64,259	64,259
Total Expenses by Function	1,241,519	78,918	142,741	1,463,178
 Less Expenses Included With Revenues on the Statement of Activities	 -	 -	 (64,259)	 (64,259)
Total Expenses	<u>\$ 1,241,519</u>	<u>\$ 78,918</u>	<u>\$ 78,482</u>	<u>\$ 1,398,919</u>

See Independent Auditors' Report and Notes to Financial Statements

Passaic County Court Appointed Special Advocates, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2019

	Program Services	Management and General	Fundraising	Total
Donated Volunteer Services	\$ 196,831	\$ -	\$ -	\$ 196,831
Donated Services	20,793	-	-	20,793
Donated Supplies and Materials	58,837	4,221	1,883	64,941
Donated Storage Space	3,352	241	107	3,700
Salaries	437,911	31,304	14,073	483,288
Payroll Taxes	46,542	3,339	1,490	51,371
Retirement Plan Expense	6,924	497	222	7,643
Technology	8,834	634	3,866	13,334
Fundraising Expenses	-	-	21,005	21,005
Office Repairs and Maintenance	2,577	185	83	2,845
Office Supplies	8,970	644	287	9,901
Equipment Expense	6,065	-	-	6,065
Janitorial Service	2,154	155	69	2,378
Professional Fees	-	6,850	-	6,850
Staff Training and Meetings	4,351	-	-	4,351
Volunteer Training Expense	10,249	-	-	10,249
Postage and Delivery	3,638	910	-	4,548
Printing and Reproduction	1,703	122	54	1,879
Moving Expense	2,336	168	75	2,579
Occupancy	36,011	2,584	1,153	39,748
Marketing	25,983	-	-	25,983
Travel and Meals	8,991	-	-	8,991
Depreciation	4,645	333	149	5,127
Insurance	9,592	688	307	10,587
Memberships and Dues	1,361	-	-	1,361
Communications	6,232	447	199	6,878
Miscellaneous	4,500	323	144	4,967
Special Events	-	-	80,387	80,387
	<u>919,382</u>	<u>53,645</u>	<u>125,553</u>	<u>1,098,580</u>
Total Expenses by Function				
Less Expenses Included With Revenues on the Statement of Activities	<u>-</u>	<u>-</u>	<u>(80,387)</u>	<u>(80,387)</u>
Total Expenses	<u>\$ 919,382</u>	<u>\$ 53,645</u>	<u>\$ 45,166</u>	<u>\$ 1,018,193</u>

See Independent Auditors' Report and Notes to Financial Statements

Passaic County Court Appointed Advocates, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

	2020	2019
Change in Net Assets	\$ 156,934	\$ 195,415
Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities		
Depreciation	9,837	5,127
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(1,785)	(5,432)
Grants Receivable	(124,524)	(33,077)
Prepaid Expenses	1,183	3,959
Security Deposits	(2,959)	-
Accounts Payable and Accrued Expenses	7,650	14,169
Deferred Income	<u>(9,665)</u>	<u>(8,005)</u>
Net Cash Flows From Operating Activities	<u>36,671</u>	<u>172,156</u>
Cash Flows From Investing Activities		
Purchase of Fixed Assets	(5,219)	-
Purchase of Certificate of Deposit	<u>-</u>	<u>(3,000)</u>
Net Cash Flows From Investing Activities	<u>(5,219)</u>	<u>(3,000)</u>
Cash Flows From Financing Activities		
Proceeds from Payroll Protection Program Loan	132,800	-
Capital Lease Principal Payments	<u>(5,596)</u>	<u>(3,834)</u>
Net Cash Flows From Financing Activities	<u>127,204</u>	<u>(3,834)</u>
Net Change in Cash	158,656	165,322
Cash, Beginning of Year	<u>312,734</u>	<u>147,412</u>
Cash, End of Year	<u>\$ 471,390</u>	<u>\$ 312,734</u>
Supplemental Disclosures of Cash Flow Information		
Schedule of noncash investing and financing activities:		
Equipment acquired with capital lease payable	<u>\$ -</u>	<u>\$ 21,210</u>

See Independent Auditors' Report and Notes to Financial Statements

Passaic County Court Appointed Special Advocates, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

A. Nature of Activities and Significant Accounting Policies

1. Nature of Activities

Passaic County Court Appointed Special Advocates, Inc. (the Organization) is a non-profit organization of professionals and trained volunteers under the jurisdiction of the New Jersey Family Court to advocate for children removed from their homes due to abuse and/or neglect. The Organization works to ensure that needed services and assistance are made available to these children while helping to move them toward safe and permanent homes.

The Organization was incorporated on January 26, 2007, and began operations on July 1, 2007.

2. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, these financial statements reflect all significant receivables, payables, and other liabilities.

3. Comparative Financial Information

The accompanying 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 accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the audited financial statements for the year ended June 30, 2019 from which the summarized information was derived

4. Net Assets

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

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

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

5. Estimates

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

6. Cash and Cash Equivalents

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

Certificate of Deposit and Fair Value Measurements: The Organization is subject to the fair value measurements and disclosures standards established by the Financial Accounting Standards Board which defines fair value under U.S. generally accepted accounting principles, establishes a framework for measuring fair value and enhances disclosures about fair value measurements. These standards define fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction value hierarchy, which requires an entity to maximize the use of observable inputs when measuring fair value.

The sole financial instrument held by the Organization at June 30, 2020 which is subject to the fair value measurements and disclosures standards is a certificate of deposit having a value of \$3,000. Due to the immateriality of this item, the Organization has elected to not present such measurements and disclosures.

7. Grants and Pledges Receivable

Grants and pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment 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 accounts receivable.

8. Support and Revenues

Contribution Revenue

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or 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 conditions on which they depend have been substantially met.

Donated Services and Supplies - In-Kind

The Organization has a system to account for and value donated services and items. Donated services and items, such as children's supplies, toys and volunteer hours amounting to \$348,810 and \$286,265 have been recognized on the accompanying statement of activities and changes in nets assets, and on the statement of functional expenses, for the years ended June 30, 2020 and 2019, respectively.

Special Events, net

Contributions made for special events are recognized in the year the contribution is made, regardless of when the event takes place based upon the unconditional nature of the contributions. In cases where there is a benefit received by the donor, the fair market value of the value to be received by the donor is recognized as deferred revenue until the year the event occurs.

9. New Accounting Pronouncements

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2018-08. *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU will impact all organizations that receive or make contributions of cash or other asset. ASU 2018-18 includes specific criteria to consider when determining whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. It also provides a framework for determining whether a contribution is conditional or unconditional. ASU 2018-08 is effective for fiscal years beginning after December 15, 2019. The ASU has been applied on a modified prospective basis and had no material impact on the Organization.

10. Concentration of Credit Risk

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

11. Functional Allocation of Expenses

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

12. Income Taxes

The Organization qualifies as a charitable organization as defined by Internal Revenue Code (the "Code") Section 501(c)(3) and, accordingly, is exempt from Federal income taxes under Section 501(a) of the Code. The Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a)(1) of the Code. The Organization is also exempt from New Jersey State income tax.

13. Uncertain Tax Positions

Accounting principles generally accepted in the United States of America require management to evaluate uncertain tax positions taken by the Organization. The financial statements effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Organization and has concluded that as of June 30, 2020, there are no uncertain tax positions taken or expected to be taken. Other significant tax positions include its determination of whether any amounts are subject to unrelated business income tax (UBIT). Management has determined that the Organization was not subject to UBIT. The Organization has recognized no interest or penalties related to uncertain tax positions. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to federal and state income tax examinations for years prior to 2015.

14. Fixed Assets

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

Estimated useful lives are as follows:

Furniture and Fixtures	5 years
Equipment	5 years

15. Long-Lived Assets

The Organization evaluates all long-lived assets for impairment. Long lived assets are evaluated for impairment whenever events or change in circumstances indicate that the carrying value of an asset may not be recoverable. If the carrying amount is not fully recoverable, an impairment loss is recognized to reduce the carrying amount to fair value and is charged to expense in the period of impairment. As of June 30, 2020 and 2019, management has determined that these assets are not impaired.

16. Recent Accounting Guidance

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

17. Subsequent Events

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact operating results. The outbreak of the virus in the United States has caused business disruptions through mandated and voluntary closings of non-essential businesses and school districts. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. The related financial impact and duration cannot be reasonably estimated at this time.

The Organization has evaluated subsequent events through March 17, 2021, the date that the financial statements are available for issuance. Based on this evaluation, the Organization has determined that no subsequent events have occurred that require adjustment to or disclosure in the financial statements.

B. Availability and Liquidity

The following represents the Organization's financial assets at June 30, 2020 and 2019:

	2020	2019
Financial Assets at Year End:		
Cash and Equivalents	\$ 474,390	\$ 315,734
Accounts Receivable	7,217	5,432
Grants Receivable	229,573	105,049
Prepaid Expenses	<u>3,480</u>	<u>4,663</u>
Total Financial Assets	714,660	430,878
Less Amounts Not Available to be Used Within One Year:		
Net Assets With Donor Restrictions	<u>-0-</u>	<u>-0-</u>
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ 714,660</u>	<u>\$ 430,878</u>

As part of its liquidity plan, unrestricted and temporarily restricted funds are invested based on current and projected cash flow needs. The investment objectives for these funds are preservation of capital, adequate liquidity to meet anticipated cash flow needs, and sufficient liquidity to provide for unexpected operating and other contingencies within the next 18 to 24 months. Risk and return is considered based on those requirements.

C. Fixed Assets

A summary of fixed assets as of June 30, 2020 and 2019 follows:

	2020	2019
Photocopiers Under Capital Lease	\$ 37,937	\$ 37,937
Equipment	13,858	8,639
Furniture and Fixtures	<u>2,865</u>	<u>2,865</u>
	54,660	49,441
Accumulated Depreciation	<u>(27,003)</u>	<u>(17,166)</u>
	<u>\$ 27,657</u>	<u>\$ 32,275</u>

Depreciation expense for the years ended June 30, 2020 and 2019 was \$9,837 and \$5,127, respectively.

D. Loan Payable – Paycheck Protection Program

On April 15, 2020, the Organization was granted a loan from Columbia Bank in the aggregate amount of \$132,800, pursuant to the Paycheck Protection Program (“PPP”) under Division A, Title I of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), which was enacted March 27, 2020. The CARES Act provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of qualifying businesses. The loan and accrued interest are forgivable after 24 weeks as long as the Organization uses the loan proceeds for eligible purposes, including payroll, benefit, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the 24 week period. The Organization has not yet applied for loan forgiveness.

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

E. Capital Lease Payable

The Organization leases its two photocopiers under an agreement that is classified as a capital lease. The older photocopier was acquired under a lease which was to expire in October 2020. In April 2019, this photocopier was combined with a new photocopier under a new lease which expires in July 2024.

The cost of the equipment under the capital lease is included in furniture and fixtures (Note C). Amortization of the assets under the capital lease is included in depreciation expense. Interest expense on the lease and the difference between the balance of the capital lease payable and the present value of the net minimum lease payments are immaterial.

The future minimum lease payments required under the capital lease for years ended June 30 are as follows:

2021	\$ 4,210
2022	4,903
2023	4,903
2024	4,903
2025	408
	<u>\$ 19,327</u>

F. Line of Credit Agreement

On August 24, 2016, the Organization entered into a line of credit agreement with a bank, with an initial expiration date of September 15, 2017. The maximum balance on the line of credit is \$50,000. Interest is charged at this higher of 4.50% or the published prime rate plus 1.00%. No balances were outstanding at June 30, 2020 and 2019. The line of credit expires September 15, 2021.

G. Lease Commitment

The Organization was obligated under a lease for its premises with an original expiration of February 20, 2019. Monthly rent was \$2,292 per month until September 30, 2019, and \$2,356 per month until February 28, 2019.

On June 29, 2018, the lease was amended to provide for a move to a larger space in the same building, which occurred in February 2019. The amended lease expires on February 29, 2024. Monthly rent is \$4,721 per month for the first year of the amended lease which began in March 2019, plus escalations of approximately \$95 per month on subsequent anniversaries. The landlord has pledged to make quarterly unrestricted donations of \$4,000 for the term of the lease, which the lease states will be deducted monthly from the rent payments in the amount of \$1,333 each month. Rent expense is reflected in the gross amount in the financial statements, and the donation is recorded as unrestricted corporate donations.

In December 2020, the lease was amended to include additional space within the same building, extend the lease term and modify certain terms. The lease now runs through February 28, 2026.

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

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

2021	\$ 72,688
2022	102,076
2023	104,130
2024	106,236
2025	108,338
2026	73,156
	<u>\$ 566,624</u>

H. Major Contributors

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

I. Donated Services and Supplies (In-Kind)

The success of the Organization in conducting its mission is highly dependent on recruiting and retaining committed volunteers. A substantial number of volunteers have donated approximately 8,700 hours to the Organization's program services. Donated services provide to the organization for the years ended June 30, 2020 and 2019 consisted of the following:

	2020	2019
Volunteer Services	\$ 224,402	\$ 196,831
Professional Services	38,088	20,793
Program Supplies and Expenses	56,070	64,941
Storage Space	30,250	3,700
	<u>\$ 348,810</u>	<u>\$ 286,265</u>

J. Affiliation

The Organization is affiliated with the Court Appointed Special Advocates of New Jersey, Inc. (NJ CASA) and the National CASA/GAL Association for Children.

K. Special Events

The Organization held the following special events during the year ended June 30, 2020 and 2019:

2020	<u>Revenue</u>	<u>Expenses</u>	<u>Net</u>
Gala	\$ 258,130	\$ 54,671	\$ 203,459
Passaic County Fair Raffle	9,259	7,343	1,916
Tricky Tray*	-0-	2,245	(2,245)
	<u>\$ 267,389</u>	<u>\$ 64,259</u>	<u>\$ 203,130</u>

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

2019	<u>Revenue</u>	<u>Expenses</u>	<u>Net</u>
Gala	\$ 176,745	\$ 50,686	\$ 126,059
Passaic County Fair Raffle	5,112	4,312	800
Tricky Tray	71,848	25,389	46,459
	<u>\$ 253,705</u>	<u>\$ 80,387</u>	<u>\$ 173,318</u>

L. Tax Filing Compliance

The Organization was in compliance with applicable Federal and State regulations as of June 30, 2020 relative to the remitting of employee withholding taxes and filing of payroll tax returns and all other annual regulatory information filings.

M. Retirement Plan

The Organization has a Savings Incentive Match Plan for Employees (SIMPLE), which allows employees to contribute to a traditional IRA. All employees are eligible to participate and the Organization makes a matching contribution equal to the employee's contribution up to a limit of 3% of employee compensation. Pension expense amounted to \$14,142 and \$7,643 for the years ended June 30, 2020 and 2019, respectively.

N. Net Assets With Donor Restrictions

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows:

VOCA	\$ 647,695
CASA NJ Legislative	103,777
CASA NJ Expansion	27,000
CDBG Passaic County	15,000
Marketing	<u>51,500</u>
	<u>\$ 844,972</u>

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Passaic County CASA, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statement, and have issued our report thereon dated March 17, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Passaic County CASA, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purposes of expressing an opinion on the effectiveness of Passaic County CASA, Inc.'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 correct and detect 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 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 significant deficiencies, or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether Passaic County CASA, Inc.'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 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 that are required to be reported under Government Auditing Standards.

Purpose of this Report

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



McIntee Fusaro Del Corral, LLC

Fairfield, New Jersey
March 17, 2021



Passaic County Court Appointed Special Advocates, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Contract Period	Grantor Type of Contract	Contract Number	CFDA Number	Federal Grantor	Pass Thru	Amount (Maximum)	Contract Expenditures
1/1/18 - 8/31/19	New Jersey Department of Law and Public Safety Training for Volunteers and Child Victims Advocacy Services	VAG-97-16	16.575	U.S. Dept of Justice	New Jersey Dept. of Law and Public Safety	\$ 245,900	\$ 40,490
9/1/19 - 8/31/21	New Jersey Department of Law and Public Safety Training for Volunteers and Child Victims Advocacy Services	VAG-127-18	16.575	U.S. Dept of Justice	New Jersey Dept. of Law and Public Safety	\$ 400,000	\$ 188,746
1/1/18 - 8/31/19	New Jersey Department of Law and Public Safety Advocacy for Victims of Child Abuse	VAG-96-16	16.575	U.S. Dept of Justice	New Jersey Dept. of Law and Public Safety	\$ 300,000	\$ 34,487
9/1/19 - 8/31/21	New Jersey Department of Law and Public Safety Advocacy for Victims of Child Abuse	VAG-126-18	16.575	U.S. Dept of Justice	New Jersey Dept. of Law and Public Safety	\$ 400,000	\$ 208,165
9/1/19 - 8/31/21	New Jersey Department of Law and Public Safety Reaching Unserved Victims of Child Abuse	VAG-128-18	16.575	U.S. Dept of Justice	New Jersey Dept. of Law and Public Safety	\$ 400,000	\$ 175,807
9/1/19 - 8/31/21	County of Passaic Community Development Block Grant	Not Provided	14.218	HUD	County of Passaic	\$ 15,000	\$ <u>15,000</u>
							\$ <u>662,695</u>

**Passaic County Court Appointed Special Advocates, Inc.
 Schedule of Expenditures of State Awards
 For the Year Ended June 30, 2020**

Contract Period	Grantor Type of Contract	Pass-Thru	Contract Number	Contract Amount (Maximum)	Contract Expenditures
NEW JERSEY DEPARTMENT OF CHILDREN AND FAMILIES					
7/1/19 to 6/30/20	Legislative Funding	CASA of New Jersey	Not Provided	\$ 130,777	\$ 130,777

Passaic County Court Appointed Special Advocates, Inc.
Notes to the Schedules of Expenditures of Federal and State Awards
For the Year Ended June 30, 2020

Note 1 - Basis of Presentation

The accompanying schedules of expenditures of federal and state awards (“Schedules”) includes federal and state award activities of Passaic County Court Appointed Special Advocates, Inc. under programs of the federal and state government for the year ended June 30, 2020. The information in these Schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirement of Federal Awards* (Uniform Guidance) 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 the schedules may differ from amounts presented in or used in the preparation of the basic financial statements. All federal and state awards received directly from federal and state agencies is included on the schedules of federal and state awards. Because these Schedules present only a selected portion of the operations of Passaic County Court Appointed Special Advocates, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Passaic County Court Appointed Special Advocates, Inc.

Note 2 - Summary of Significant Accounting Policies

The accompanying schedules of expenditures of federal and state awards are presented using the accrual basis of accounting which is described in Note A 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. Passaic County Court Appointed Special Advocates, Inc. has elected to use the 10% de minimus cost rate as allowed under the Uniform Guidance.

Note 3 - Subrecipient Pass Through

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

Note 4 - 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 federal and state awards, which is prepared on the accrual basis of accounting explained in Note A.

**Passaic County Court Appointed Special Advocates, Inc.
Schedule of Findings and Responses
For the Year Ended June 30, 2020**

None Noted