

Hudson County Court Appointed Special Advocates, Inc.

***Report on Audits of Financial Statements
For the Years Ended June 30, 2016 and 2015***



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

Hudson County Court Appointed Special Advocates, Inc.

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Independent Auditors' Report

To the Board of Trustees of
Hudson County Court Appointed Special Advocates, Inc.
Jersey City, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of Hudson County Court Appointed Special Advocates, Inc. ("Hudson County CASA, Inc.") (a nonprofit organization) which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 Hudson County CASA, Inc. as of June 30, 2016 and 2015, 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

Report on Summarized Comparative Information

We have previously audited the Organization's June 30, 2015 financial statements and our report dated January 25, 2016 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards 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 November 15, 2016, on our consideration of Hudson 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 Hudson County CASA, Inc.'s internal control over financial reporting and compliance.

McIntee Fusaro Del Corral, LLC

McIntee Fusaro Del Corral, LLC

Fairfield, New Jersey
November 15, 2016



**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
Hudson 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 Hudson County CASA, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, 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 November 15, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hudson 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 Hudson 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 Hudson 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

McIntee Fusaro Del Corral, LLC

Fairfield, New Jersey
November 15, 2016



Hudson County Court Appointed Special Advocates, Inc.
Statements of Financial Position
June 30, 2016 and 2015

	2016	2015
ASSETS		
Cash	\$ 474,422	\$ 302,003
Grants Receivable	44,775	-
Other Receivables	-	406
Fixed Assets - Net (Note B)	<u>14,582</u>	<u>16,321</u>
	<u>\$ 533,779</u>	<u>\$ 318,730</u>

LIABILITIES AND NET ASSETS

Accounts Payable	<u>\$ 4,005</u>	<u>\$ 6,289</u>
Net Assets		
Temporarily Restricted	2,991	6,381
Unrestricted	<u>526,783</u>	<u>306,060</u>
	<u>529,774</u>	<u>312,441</u>
	<u>\$ 533,779</u>	<u>\$ 318,730</u>

See Independent Auditors' Report and Notes to Financial Statements

Hudson County Court Appointed Special Advocates, Inc.
Statements of Activities
For the Years Ended June 30, 2016 and 2015

	2016			<u>2015</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
Revenues, Gains, and Other				
Support				
Federal and State Grants	\$ -	\$ 186,722	\$ 186,722	\$ 137,332
Private Grants	-	5,000	5,000	10,000
Contributions	342,050	19,662	361,712	225,171
Special Event - Net	104,440	-	104,440	95,885
Donated Services and Supplies (In-Kind) (Note D)	218,042	-	218,042	217,413
Interest Income	209	-	209	182
Net Assets Released from Restrictions	<u>214,774</u>	<u>(214,774)</u>	<u>-</u>	<u>-</u>
	<u>879,515</u>	<u>(3,390)</u>	<u>876,125</u>	<u>685,983</u>
 Expenses				
Program Services	541,951	-	541,951	516,906
Management and General	29,162	-	29,162	25,320
Fund Raising	<u>87,679</u>	<u>-</u>	<u>87,679</u>	<u>81,838</u>
	<u>658,792</u>	<u>-</u>	<u>658,792</u>	<u>624,064</u>
Change in Net Assets	<u>220,723</u>	<u>(3,390)</u>	<u>217,333</u>	<u>61,919</u>
Net Assets, Beginning of Year	<u>306,060</u>	<u>6,381</u>	<u>312,441</u>	<u>250,522</u>
Net Assets, End of Year	<u>\$ 526,783</u>	<u>\$ 2,991</u>	<u>\$ 529,774</u>	<u>\$ 312,441</u>

See Independent Auditors' Report and Notes to Financial Statements

Hudson County Court Appointed Advocates, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2016 and 2015

	2016	2015
Change in Net Assets	\$ <u>217,333</u>	\$ <u>61,919</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided for Operating Activities		
Depreciation	4,716	4,580
Changes in Operating Assets and Liabilities:		
Increase in Grants Receivable	(44,775)	-
Decrease in Pledges Receivable	-	4,925
Decrease (Increase) in Other Receivables	406	(406)
Decrease in Prepaid Expenses	-	200
(Decrease) Increase in Accounts Payable	<u>(2,284)</u>	<u>6,040</u>
Total Adjustments	<u>(41,937)</u>	<u>15,339</u>
Net Cash Provided for Operating Activities	<u>175,396</u>	<u>77,258</u>
Cash Flows From Investing Activities		
Purchase of Fixed Assets	<u>(2,977)</u>	<u>(3,547)</u>
Net Cash Used for Investing Activities	<u>(2,977)</u>	<u>(3,547)</u>
Net Increase in Cash	172,419	73,711
Cash, Beginning of Year	<u>302,003</u>	<u>228,292</u>
Cash, End of Year	<u>\$ 474,422</u>	<u>\$ 302,003</u>
Supplemental Disclosures of Cash Flow Information		
Cash Paid During the Year for:		
Income Taxes Paid	<u>\$ -</u>	<u>\$ -</u>
Interest Expense	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report and Notes to Financial Statements

Hudson County Court Appointed Special Advocates, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2016

	Program Services	Management and General	Fundraising	Total
Donated Services and Supplies (In-Kind) (Note D)	\$ 197,422	\$ -	\$ 20,370	\$ 217,792
Officer's Compensation	53,185	-	26,195	79,380
Other Salaries and Wages	171,182	13,456	22,517	207,155
Employee Benefits	2,768	344	344	3,456
Payroll Taxes	21,113	1,266	4,584	26,963
Payroll Processing Fees	792	47	172	1,011
Professional Fees	7,673	903	451	9,027
Supplies	34,425	4,803	801	40,029
Telephone	3,630	448	403	4,481
Postage and Printing	1,212	53	53	1,318
Occupancy	13,032	4,655	931	18,618
Repairs and Maintenance	5,399	635	318	6,352
Marketing	7,969	-	9,739	17,708
Travel	2,369	279	139	2,787
Depreciation	4,008	472	236	4,716
Insurance	6,660	784	392	7,836
Training	7,660	403	-	8,063
Dues and Subscriptions	1,417	-	-	1,417
Miscellaneous	35	614	34	683
	<u>\$ 541,951</u>	<u>\$ 29,162</u>	<u>\$ 87,679</u>	<u>\$ 658,792</u>

See Independent Auditors' Report and Notes to Financial Statements

Hudson County Court Appointed Special Advocates, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2015

	Program Services	Management and General	Fundraising	Total
Donated Services and Supplies (In-Kind) (Note D) \$	200,100	\$ -	\$ 17,313	\$ 217,413
Officer's Compensation	49,245	-	24,255	73,500
Other Salaries and Wages	167,390	12,606	19,846	199,842
Employee Benefits	2,718	319	319	3,356
Payroll Taxes	23,478	1,366	4,780	29,624
Payroll Processing Fees	904	53	184	1,141
Professional Fees	6,579	774	387	7,740
Supplies	23,096	3,223	537	26,856
Telephone	3,678	454	409	4,541
Postage and Printing	504	22	22	548
Occupancy	9,932	3,548	710	14,190
Repairs and Maintenance	3,836	451	226	4,513
Marketing	9,934	-	12,141	22,075
Travel	820	96	48	964
Depreciation	3,892	458	230	4,580
Insurance	6,378	750	375	7,503
Training	3,210	169	-	3,379
Dues and Subscriptions	1,154	-	-	1,154
Miscellaneous	58	1,031	56	1,145
	<u>\$ 516,906</u>	<u>\$ 25,320</u>	<u>\$ 81,838</u>	<u>\$ 624,064</u>

See Independent Auditors' Report and Notes to Financial Statements

Hudson County Court Appointed Special Advocates, Inc.
Notes to Financial Statements
June 30, 2016 and 2015

A. Nature of Activities and Significant Accounting Policies

1. Nature of Activities

Hudson County Court Appointed Special Advocates, Inc. (the Organization) is a non-profit organization under the jurisdiction of the Superior Court of New Jersey, Chancery Division, Family Part, Hudson County. The Organization recruits, trains, and supervises volunteers who are appointed by a judge in Family Court to advocate for a child or family who are in out-of-home placement.

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.

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

All net assets not specifically restricted by donors are considered to be available for unrestricted use. Restricted net assets may only be utilized in accordance with the purpose established by their donors and grantors. Restrictions are considered satisfied when expenses are incurred which conform to grantor and donor specifications, rules or regulations. Net assets which have been earmarked for specific purposes by the governing board of the Organization are classified as unrestricted.

3. Accounts Receivable

Accounts 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.

4. Income Taxes

The Organization is a non-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and classified by the Internal Revenue Service as other than a private foundation.

The Organization's evaluation on June 30, 2016 revealed no uncertain tax positions that would have a material impact on the financial statements. The 2013 through 2015 tax years remain subject to examination by the Internal Revenue Service. The Organization does not believe that any reasonably possible changes will occur within the next twelve months that will have an impact on the financial statements.

5. Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Temporarily restricted contributions whose restrictions are met during the year are recorded as temporarily restricted and are also included in restrictions satisfied by payments in the Statement of Activities. Contributions of securities or real property are recorded at fair market value at the date of contribution.

6. In-Kind Contributions

The Organization receives donated services from specialized providers and other volunteers that create or enhance non-financial assets and allow the Organization to fulfill its mission. Donated specialized services, supplies and other items and have been recognized on the accompanying financial statements. Such specialized donated services, equipment, and other items amounted to \$218,042. In addition, the Organization uses various volunteers to carry out organizational activities such as distributing food and clothing to the needy and homeless; the value of these services has not been reflected on the accompanying financial statements.

7. Accounting Estimates

The preparation of the 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 reported amounts of assets, liabilities, revenues and expenses during the reporting period. Actual results could differ from those estimates.

8. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalent.

The Organization maintains its cash balances in a financial institution, which is insured by the Federal Deposit Insurance Corporation up to \$250,000. At various times during the year, such balances may be in excess of the FDIC insurance limit. The Organization believes it is not exposed to any significant credit risk on cash.

9. 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	7 years
Leasehold Improvements	10 years
Office Equipment	5 years

10. Expense Allocation

The costs of providing the programs and other activities at the Organization have been allocated among the programs and supporting services benefited based on methods considered by management to be reasonable.

11. Fund-Raising

Fund-raising includes the direct costs and the allocation of other costs involved in special events based on methods considered by management to be reasonable.

B. Fixed Assets

A summary of fixed assets as of June 30, 2016 and 2015 follows:

	<u>2016</u>	<u>2015</u>
Office Equipment	\$ 19,120	\$ 17,495
Leasehold Improvements	25,843	24,919
Furniture and Fixtures	<u>12,735</u>	<u>12,307</u>
	57,698	54,721
Less: Accumulated Depreciation	<u>43,116</u>	<u>38,400</u>
	<u>\$ 14,582</u>	<u>\$ 16,321</u>

Depreciation expense for the year ended June 30, 2016 and 2015 was \$4,716 and \$4,580.

C. 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.

D. 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 5,400 hours to the Organization's program services. Donated services provided to the organization for the years ended June 30, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Volunteer Services	\$ 143,192	\$ 129,402
Special Event	20,370	17,313
Professional Services	24,955	23,032
Transportation	-0-	750
Program Supplies	3,753	2,150
Advertising	-0-	33,500
Book Drive	2,885	3,141
Toy Drive	<u>22,637</u>	<u>8,125</u>
	217,792	217,413
Computer Equipment	<u>250*</u>	<u>-0-</u>
	<u>\$ 218,042</u>	<u>\$ 217,413</u>

* Included in Fixed Assets at June 30, 2016.

E. Affiliation

The Organization is affiliated with the Court Appointed Special Advocates of New Jersey, Inc. (NJ CASA).

F. Lease

The Organization is currently operating on a month to month lease for their office space.

Rent expense for the year ended June 30, 2016 and 2015 was \$15,900 and \$11,280, respectively.

G. Special Event

The Organization conducted a wine tasting event during the years ended June 30, 2016 and 2015. Net revenues of \$104,440 and \$95,885, respectively, are reported in the statement of activities. A condensed statement of receipts and expenses follows:

	<u>2016</u>	<u>2015</u>
Gross Receipts	\$ 150,665	\$ 141,271
Expenses	<u>(46,225)</u>	<u>(45,386)</u>
Net Revenues	<u>\$ 104,440</u>	<u>\$ 95,885</u>

H. Tax Filing Compliance

The Organization was in compliance with applicable Federal and State regulations as of June 30, 2016 relative to the remitting of employee withholding taxes and filing of payroll tax returns and all other annual regulatory information filings.

I. Retirement Plan

The Organization has a Savings Incentive Match Plan for Employees (SIMPLE), which allows employees to contribute to 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, which is included in employee benefits on the Statements of Functional Expenses, amounted to \$3,456 and \$3,356 for the years ended June 30, 2016 and 2015 respectively.

J. Reclassifications

Certain amounts previously reported have been reclassified to conform to current year presentation.

K. Subsequent Events

The Organization has evaluated events subsequent to the balance sheet date for potential recognition or disclosure through November 15, 2016 the date the financial statements were available to be issued.

Hudson County Court Appointed Special Advocates, Inc.
Schedule of Expenditures of Federal Awards
June 30, 2016

Contract Period	Grantor Type of Contract	Contract Number	CFDA Number	Federal Grantor	Pass Thru	Amount (Maximum)	Contract Expenditures
1/1/16 - 12/31/16	New Jersey Department of Law and Public Safety Volunteers for Victimized Children	VAG-51-15	16.575	U.S. Dept of Justice	New Jersey Dept. of Law and Public Safety	\$ 58,207	\$ 28,825
7/1/15 - 6/30/16	Hudson County Community Development Block Grant	Not Provided	14.128	HUD	Hudson County, NJ	\$ 13,500	\$ 13,500
4/1/15 - 3/31/16	Jersey City Community Development Block Grant	Not Provided	14.128	HUD	Jersey City Division of Community Development	\$ 50,000	<u>50,000</u>
							<u>\$ 92,325</u>

**Hudson County Court Appointed Special Advocates, Inc.
 Schedule of Expenditures of State Awards
 June 30, 2016**

Contract Period	Grantor Type of Contract	Pass-Thru	Contract Number	Contract Amount (Maximum)	Contract Expenditures
NEW JERSEY DEPARTMENT OF CHILDREN AND FAMILIES					
7/1/15 to 6/30/16	Legislative Funding	CASA of New Jersey	Not Provided	<u>\$ 94,397</u>	<u>\$ 94,397</u>

**Hudson County Court Appointed Special Advocates, Inc.
Schedule of Findings and Responses – Current Year
For the Year Ended June 30, 2016**

None Noted