

Bergen County Court Appointed Special Advocates, Inc.

Financial Statements

June 30, 2020

(With Summarized Comparative Totals
For the Year Ended June 30, 2019)



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Bergen County Court Appointed Special Advocates, Inc.

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June 30, 2020 and 2019

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Independent Auditors' Report

To the Board of Trustees of
Bergen County Court Appointed Special Advocates, Inc.
1 Bergen County Plaza, Suite 334
Hackensack, New Jersey 07601

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. 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.

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

Opinion

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

Prior Period Financial Statements and Report on Summarized Comparative Information

The financial statements of Bergen County Court Appointed Special Advocates, Inc. for the year ended June 30, 2019 were audited by other auditors whose report dated December 4, 2019, expressed an unmodified opinion on those statements. The summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Report on 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) *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey State Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants and State Aid* are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2021 on our consideration of Bergen County Court Appointed Special Advocates, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.


Mt. Arlington, New Jersey
February 27, 2021

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

<u>Assets</u>	<u>2020</u>	<u>2019</u>
Current Assets:		
Cash	\$ 428,488	\$ 304,271
Grants receivable	39,358	50,675
Prepaid Expenses	22,143	
Total current assets	<u>489,989</u>	<u>354,946</u>
Property and equipment, net	30,516	3,492
Total assets	<u>\$ 520,505</u>	<u>\$ 358,438</u>
 <u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 34,437	\$ 11,957
Capital lease payable		554
Deferred revenue	30,286	
Refundable advance	62,037	
Total liabilities	<u>126,760</u>	<u>12,511</u>
Net assets without donor restrictions:		
Undesignated	393,745	345,927
Total liabilities and net assets	<u>\$ 520,505</u>	<u>\$ 358,438</u>

See Accompanying Notes to Financial Statements

Bergen County Court Appointed Special Advocates, Inc.
Statement of Activities
For the Years Ended June 30, 2020 and 2019

	Without Donor Restrictions	
	2020	2019
Revenue and Support:		
Government grants	\$ 262,697	\$ 261,616
Contributions:		
Foundations	51,000	55,755
Corporations	24,105	52,273
Individuals	49,281	31,193
Special events, net		32,066
Donated services and materials	215,838	269,144
Interest income	58	59
Total revenue and support	<u>602,979</u>	<u>702,106</u>
Expenses:		
Program services	465,075	542,467
Supporting services:		
Management and general	54,672	33,868
Fundraising	35,414	35,885
Total expenses	<u>555,161</u>	<u>612,220</u>
Change in net assets	47,818	89,886
Net assets, beginning of year	<u>345,927</u>	<u>256,041</u>
Net assets, end of year	<u>\$ 393,745</u>	<u>\$ 345,927</u>

See Accompanying Notes to Financial Statements

Bergen County Court Appointed Special Advocates, Inc.
Statement of Functional Expenses
Year Ended June 30, 2020
(With Summarized Comparative Totals For The Year Ended June 30, 2019)

	Program Services	Supporting Services			Total	
		Management and General	Fundraising	Total	2020	2019
Salaries	\$ 183,488	\$ 17,852	\$ 24,631	\$ 42,483	\$ 225,971	\$ 244,735
Payroll taxes	17,247	1,678	2,315	3,993	21,240	35,203
Employee benefits	18,492	1,799	2,482	4,281	22,773	15,441
Total salaries and related taxes	<u>219,227</u>	<u>21,329</u>	<u>29,428</u>	<u>50,757</u>	<u>269,984</u>	<u>295,379</u>
Donated volunteer services	185,403				185,403	215,651
Donated other services						20,793
Donated office space	15,300	1,800	900	2,700	18,000	18,000
Donated telephone usage	2,040	240	120	360	2,400	2,400
Donated gifts and materials	10,035				10,035	12,300
Rent	3,553				3,553	3,552
Program expense	8,047				8,047	10,650
Insurance	6,209	604	833	1,437	7,646	4,207
Office expense	4,637	451	622	1,073	5,710	5,613
Postage and delivery	562	55	76	131	693	982
Printing and reproduction	3,158	351		351	3,509	1,345
Professional fees		29,619		29,619	29,619	5,100
Promotion	550				550	4,510
Training	267				267	913
Volunteer services expense	2,014				2,014	1,296
Volunteer recruitment	110				110	4,278
Dues and subscriptions	1,666				1,666	1,115
Special events			3,127	3,127	3,127	
Miscellaneous	1,162	113	156	269	1,431	2,739
Total expenses before depreciation	<u>463,940</u>	<u>54,562</u>	<u>35,262</u>	<u>89,824</u>	<u>553,764</u>	<u>610,823</u>
Depreciation Expense	<u>1,135</u>	<u>110</u>	<u>152</u>	<u>262</u>	<u>1,397</u>	<u>1,397</u>
Total expenses	<u>\$ 465,075</u>	<u>\$ 54,672</u>	<u>\$ 35,414</u>	<u>\$ 90,086</u>	<u>\$ 555,161</u>	<u>\$ 612,220</u>

See Accompanying Notes to Financial Statements

Bergen County Court Appointed Special Advocates, Inc.
Statement of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 47,818	\$ 89,886
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	1,397	1,397
Realized loss on investments	144	
Donated investment securities	(10,064)	
Changes in operating assets and liabilities:		
Grants receivable	11,317	38,533
Prepaid Expenses	(22,143)	280
Accounts payable and accrued expenses	22,480	(5,782)
Deferred revenue	30,286	
Refundable advance	62,037	
Net cash provided by operating activities	<u>143,272</u>	<u>124,314</u>
Cash flows from investing activities:		
Proceeds from sale of investments	9,920	
Purchases of property and equipment	(28,421)	
Net cash used in investing activities	<u>(18,501)</u>	
Cash flows from financing activities:		
Capital lease principal payments	(554)	(2,542)
Net cash used in financing activities	<u>(554)</u>	<u>(2,542)</u>
Net increase in cash	124,217	121,772
Cash, beginning of year	<u>304,271</u>	<u>182,499</u>
Cash, end of year	<u>\$ 428,488</u>	<u>\$ 304,271</u>
Supplemental disclosure of noncash information:		
Donated services and materials	<u>\$ 215,838</u>	<u>\$ 269,144</u>
Donated investment securities received	<u>\$ 10,064</u>	<u>\$ -</u>

See Accompanying Notes to Financial Statements

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

1. Nature of Organization

Bergen County CASA, Inc. is a non-profit organization of professionals and trained volunteers who have been appointed by 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.

2. Summary of Significant Accounting Policies

A summary of the significant accounting policies followed by the Organization in the preparation of the accompanying financial statements is set forth below:

Accounting Method

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.

Basis of Presentation

The Organization prepares its financial statements in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), *Accounting for Contributions Received and Made, and Presentation of Financial Statements of Not-for-Profit Entities*. In 2019, the Organization adopted Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities* (FASB Update). The new standard requires that resources be classified for accounting and reporting purposes into two net asset categories: net assets with donor restrictions and net assets without donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. In addition, the standard requires the presentation of qualitative information on how the Organization manages its liquid available resources and liquidity risks. *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 comprised of net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. 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 had no board designated funds as of June 30, 2020 and 2019.

Net assets with donor restrictions represent amounts with donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There were no net assets with donor restrictions at June 30, 2020 and 2019.

Adoption of New Accounting Standards

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

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

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

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

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets without donor restrictions in connection with the implementation of ASU 2018-08.

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

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.

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

	<u>2020</u>	<u>2019</u>
Performance obligations satisfied at a point in time	<u> </u>	<u>\$ 69,397</u>
	<u>\$ -</u>	<u>\$ 69,397</u>

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

Deferred Revenue

Deferred revenue is comprised of amounts for special event tickets received in advance of the event, which will be recognized as income in future periods when the event is held. Deferred revenue amounted to \$30,286 and \$- as of June 30, 2020 and 2019, respectively. The following table provides information about significant changes in the deferred revenue for the years ended June 30, 2020 and 2019:

	<u>2020</u>
Deferred revenue, beginning of year	
Increase in deferred revenue due to cash received during 2020	<u>\$ 30,286</u>
Deferred revenue, end of year	<u>\$ 30,286</u>

Bergen County Court Appointed Special Advocates, Inc.

Notes to Financial Statements

June 30, 2020 and 2019

Investments

The Organization records investments in accordance with FASB ASC, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under this standard, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair 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 and losses on the sale of investments are included in the statement of activities unless the income or loss is restricted by the donor or law. A decline in the market value of an investment security below its cost that is designated to be other than temporary is recognized through an impairment charge. That impairment charge would be included in the statement of activities and a new cost basis would be established. For the years ended June 30, 2020 and 2019, the Organization did not record any impairment charge in the statement of activities.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. Accordingly, no provision for federal or state income tax has been presented in the accompanying financial statements. The Organization follows the provisions of FASB ASC, *Income Taxes*. The standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition as they relate to those tax positions.

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

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

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, 2020 and 2019, as management deemed all grants receivable to be collectible as of the date of the financial statements.

Fair Value Measurements

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

The Fair Value Measurements Topic of the FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

Fair value focuses on the price that would be received to sell the asset or paid to transfer the liability regardless of whether an observable liquid market price existed (an exit price). An exit price valuation will include margins for risk even if they are not observable. As the Organization is released from risk, the margins for risk will also be released through net realized capital gains (losses) in net income. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC are described below:

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

Level 2: Inputs to the valuation methodology include:

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

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

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

- Market approach - Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;

Bergen County Court Appointed Special Advocates, Inc.

Notes to Financial Statements

June 30, 2020 and 2019

- Cost approach - Amount that would be required to replace the service capacity of an asset (i.e., replacement cost);
- Income approach - Techniques that convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

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

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

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

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

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

Property and Equipment

Property and equipment are recorded at cost when purchased, or at fair value at date of gift, when donated. Gifts of long-lived assets are reported as an increase in net assets without donor restrictions, unless there are explicit restrictions that specify how the assets are to be used. Proceeds from the sale of fixed assets, if without donor restrictions, are transferred to net assets without donor restrictions, or, if donor restricted, to net assets with donor restrictions for fixed asset acquisitions. Depreciation is provided for by the straight-line method over the estimated useful lives of the assets.

Bergen County Court Appointed Special Advocates, Inc.

Notes to Financial Statements

June 30, 2020 and 2019

Maintenance, repairs and renewals which neither materially add to the value of property nor appreciably prolong its life are charged to expense as incurred. Major renewals and improvements are capitalized.

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

Functional Expenses

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

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

Donated Services and Materials

The Organization receives donated services and materials. Volunteers contribute significant amounts of time to 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.

The Organization is obligated under an agreement with the County of Bergen for the use and occupancy of space within the County's administrative building which is dated September 26, 2018 and expires on August 31, 2023. The agreement requires an annual payment of \$1. In addition to space, the agreement provides the Organization with internet and telephone wiring, but not internet and long-distance telephone service. The Organization estimates that it is receiving donated rent with an approximate fair value of \$1,500 per month, and donated internet and telephone wiring and local telephone service with an approximate fair value of \$200 per month. The Organization is also renting additional storage space for \$296 per month.

Donated professional services are recorded at the respective fair values of the services received. Contributed materials are recorded at fair value at the date of the donation. The value of the donated services and materials are included in revenue. The revenue from donated services and materials as of June 30, 2020 and 2019 is comprised of the following:

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

	<u>2020</u>	<u>2019</u>
Volunteer services	\$ 185,403	\$ 236,444
Utilities	2,400	2,400
Office space	18,000	18,000
Gifts for abused and neglected children and other program-related items	<u>10,035</u>	<u>12,300</u>
	<u>\$ 215,838</u>	<u>\$ 269,144</u>

Use of Estimates

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

New Pronouncements

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

Prior Year Summarized Financial Information

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

Reclassification

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

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

3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following as of June 30, 2020 and 2019:

	<u>2020</u>
Financial assets:	
Cash	\$ 428,488
Grants receivable	<u>39,358</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 467,846</u>

The Organization has a goal to maintain financial assets on hand to meet 60 days of normal operating expenses. 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.

4. Property and Equipment

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

	Estimated Useful Life		
<u>Assets</u>	<u>(Years)</u>	2020	2019
Equipment	5	\$ 38,602	\$ 10,181
Less: accumulated depreciation		<u>(8,086)</u>	<u>(6,689)</u>
		<u>\$ 30,516</u>	<u>\$ 3,492</u>

Depreciation expense for the years ended June 30, 2020 and 2019 totaled \$1,397.

5. 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, 2020 and 2019 are comprised of the following:

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

	<u>2020</u>
Beginning balance	
Donated securities	\$ 10,064
Sales	(9,920)
Realized loss	(144)
Ending balance	<u>\$ -</u>

6. Related Party Transactions

The Organization is an affiliate of the state organization, CASA of New Jersey. For the years ended June 30, 2020 and 2019, the Organization received state pass-through grant funding from CASA of New Jersey totaling \$78,622 and \$80,794, respectively.

The Organization is also a member agency of the National CASA Association (“National CASA”). The Organization paid dues to National CASA in the amount of \$275 for both years ended June 30, 2020 and 2019.

7. Capital Leases Payable

The Organization leases its photocopier under an agreement that is classified as a capital lease. The lease expired in September 2019. The cost of the equipment under a capital lease is included in the statement of financial position as fixed assets. Amortization of the asset 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 minimum lease payment that was required for the year ended June 30, 2020 under the capital lease of \$554 has been paid.

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 agency’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.

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

10. Retirement Plan

The Organization maintains a defined contribution 401(k) plan for all eligible employees. Each participant may elect to contribute up to the maximum limit by federal law. Employer contributions to the plan are discretionary. For the years ended June 30, 2020 and 2019, the Organization did not contribute to the plan.

11. Refundable Advance

In May 2020, the Organization received \$62,037 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 FASB 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 \$62,037 is recognized as a refundable advance as of June 30, 2020, as the conditions have not been met. As of the date of the issuance of the financial statements the Organization has not received forgiveness for the PPP funding.

12. Subsequent Events

Management has reviewed subsequent events and transactions that occurred after June 30, 2020 through the date of the independent auditor's report and the date the financial statements were available to be issued, February 27, 2021. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no nonrecognized subsequent events that require additional disclosure. However, the COVID-19 coronavirus outbreak has caused business disruption through government mandated and voluntary closings. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Organization expects this matter may have an impact on its future operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

SUPPLEMENTARY INFORMATION

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

<u>Federal Grantor/Pass-Through Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity ID#</u>	<u>Grantor's Number</u>	<u>Grant Period</u>	<u>Grant Awards</u>	<u>Cumulative Program Disbursements</u>	<u>Current Year</u>		
							<u>Program Disbursements</u>	<u>Cash Received</u>	<u>Provided to Subrecipients</u>
<u>U.S. Department of Justice</u>									
<u>Passed Through New Jersey Department of Law and Public Safety - Office of Justice Programs</u>									
Victim Assistance Grant Program									
Advocacy Services for Abused Children	16.575	N/A	VAG-125-16	01/01/18-08/31/19	\$ 298,683	\$ 209,476	\$ 28,654	\$ 79,329	\$ -
Advocacy Services for Abused Children	16.575	N/A	VAG-11-18	09/01/19-08/31/21	<u>400,000</u>	<u>155,421</u>	<u>155,421</u>	<u>144,717</u>	<u>-</u>
Total Expenditures of Federal Awards					<u>\$ 698,683</u>	<u>\$ 364,897</u>	<u>\$ 184,075</u>	<u>\$ 224,046</u>	<u>\$ -</u>

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

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

State Grantor/ Pass-Through Grantor/Program Title	Grantor's Number	State Account Number	Grant Period	Award Amount	Cumulative Program Disbursements	Current Year	
						Program Disbursements	Cash Received
<u>NJ Department of Children and Families</u> <u>Division of Child Protection and Permanency</u> <u>Passed Through CASA of New Jersey</u>							
Bergen County Training/Advocacy	N/A	20GPLC	07/01/19-06/30/20	\$ 78,622	\$ 78,622	\$ 78,622	\$ 78,622
Total Expenditures of State Awards				\$ 78,622	\$ 78,622	\$ 78,622	\$ 78,622

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

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

1. Basis of Presentation

The accompanying schedules of expenditures of federal and state awards present the activity of all federal and state financial assistance programs of Bergen County Court Appointed Special Advocates, Inc. The information in these schedules are 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, it's 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 and New Jersey State Circular 15-08-OMB, 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
Bergen County Court Appointed
Special Advocates, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bergen County Court Appointed Special Advocates, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated February 27, 2021.

Internal Control Over Financial Reporting

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

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

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

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

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Nisiroccia LLP

February 27, 2021
Mt. Arlington, New Jersey

Bergen County Court Appointed Special Advocates, Inc.
Schedule of Findings and Responses
June 30, 2020

Summary of Auditors' Results:

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

Bergen County Court Appointed Special Advocates, Inc.
Schedule of Prior Year Audit Findings
June 30, 2020

Summary of Prior Year Findings

There were no audit findings in the prior year.