

**ESSEX COUNTY
FAMILY JUSTICE CENTER, INC.**

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2015 AND 2014



SOBEL & CO. LLC

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.

DECEMBER 31, 2015 AND 2014

CONTENTS

	<u>Page</u>
Independent Auditors' Report.....	1-2
Financial Statements:	
Statements of Financial Position.....	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7-13
Supplementary Information:	
Schedule of Expenditures of Federal Awards.....	14
Notes to the Schedule of Expenditures of Federal Awards	15
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 <i>Government Auditing Standard</i>	16-17
Schedule of Findings and Questioned Costs.....	18

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Essex County Family Justice Center, Inc.
Newark, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of Essex County Family Justice Center, Inc. ("Organization"), a New Jersey nonprofit organization, which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and changes in net assets, 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. 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 auditors consider 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Essex County Family Justice Center, Inc. as of December 31, 2015, 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.

Other Matters

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 awards, on page 14, 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*, is presented for purposes of additional analysis and is 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 August 10, 2016, on our consideration of Essex County Family Justice Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 Essex County Family Justice Center, Inc.'s internal control over financial reporting and compliance.

Prior Period Financial Statements

The financial statements of Essex County Family Justice Center, Inc. as of December 31, 2014, were audited by other auditors whose report, dated July 22, 2015, expressed an unmodified opinion on those statements.

Sobel & Co, LLC

Certified Public Accountants

Livingston, New Jersey
August 10, 2016

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2015	2014
ASSETS		
Cash and cash equivalents	\$ 144,595	\$ 119,543
Grants receivable	104,081	153,467
Property and equipment, net	13,900	39,800
Deposits	3,750	3,750
	<u>\$ 266,326</u>	<u>\$ 316,560</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 12,670	\$ 15,406
Note payable	100,000	100,000
Total Liabilities	<u>112,670</u>	<u>115,406</u>
 COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Unrestricted	75,785	54,059
Temporarily restricted	77,871	147,095
Total Net Assets	<u>153,656</u>	<u>201,154</u>
	<u>\$ 266,326</u>	<u>\$ 316,560</u>

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2015
(With Summarized Comparative Totals for the Year Ended December 31, 2014)

	2015			2014
	Unrestricted	Temporarily Restricted	Total	Total
SUPPORT AND REVENUE:				
Contributions and grants:				
Individuals	\$ 5,834	\$ -	\$ 5,834	\$ 10,611
Corporations and law firms	-	-	-	25,000
Government grants	-	219,955	219,955	165,200
Foundations	2,500	362,889	365,389	404,302
In-kind contributions	14,378	-	14,378	19,494
Special fundraising events, net of direct expenses of \$18,376 and \$1,412, respectively	27,429	-	27,429	4,746
Program revenue	300	-	300	-
Interest income	210	-	210	159
	<u>50,651</u>	<u>582,844</u>	<u>633,495</u>	<u>629,512</u>
Net assets released from restrictions	652,068	(652,068)	-	-
Total Support and Revenue	<u>702,719</u>	<u>(69,224)</u>	<u>633,495</u>	<u>629,512</u>
EXPENSES:				
Program services	<u>377,765</u>	-	<u>377,765</u>	<u>365,906</u>
Supporting services:				
Management and general	222,674	-	222,674	159,667
Fundraising	80,554	-	80,554	46,353
Total Supporting Services	<u>303,228</u>	-	<u>303,228</u>	<u>206,020</u>
Total Expenses	<u>680,993</u>	-	<u>680,993</u>	<u>571,926</u>
CHANGES IN NET ASSETS	21,726	(69,224)	(47,498)	57,586
NET ASSETS:				
Beginning of year	<u>54,059</u>	<u>147,095</u>	<u>201,154</u>	<u>143,568</u>
End of year	<u>\$ 75,785</u>	<u>\$ 77,871</u>	<u>\$ 153,656</u>	<u>\$ 201,154</u>

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015
(With Summarized Comparative Totals for the Year Ended December 31, 2014)

	2015					2014
	Program Services	Supporting Services			Total	Total
		Management and General	Fundraising	Total Supporting Services		
Salaries	\$ 216,536	\$ 132,551	\$ 60,395	\$ 192,946	\$ 409,482	\$ 318,569
Payroll taxes	22,594	13,831	6,302	20,133	42,727	34,818
Employee benefits	17,830	7,071	5,723	12,794	30,624	19,335
Professional fees	21,072	10,771	795	11,566	32,638	18,493
In-kind legal services	-	14,378	-	14,378	14,378	7,098
Supplies	6,606	1,761	440	2,201	8,807	6,852
Telephone	10,802	2,881	720	3,601	14,403	13,541
Occupancy	38,833	10,355	2,589	12,944	51,777	72,104
Marketing/outreach	-	-	3,238	3,238	3,238	14,943
Postage and shipping	-	393	-	393	393	753
Printing	1,055	352	352	704	1,759	1,026
Travel	1,122	-	-	-	1,122	601
Education	17,986	-	-	-	17,986	8,133
Insurance	3,853	1,148	-	1,148	5,001	6,345
Victims' aid	16,454	-	-	-	16,454	16,078
Computer equipment	3,022	1,007	-	1,007	4,029	4,425
Miscellaneous expense	-	275	-	275	275	444
Total expenses before depreciation and amortization	377,765	196,774	80,554	277,328	655,093	543,558
Depreciation and amortization	-	25,900	-	25,900	25,900	28,368
Total Expenses	\$ 377,765	\$ 222,674	\$ 80,554	\$ 303,228	\$ 680,993	\$ 571,926

The accompanying notes are an integral part of these financial statements.

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2015	2014
CASH FLOWS PROVIDED BY (USED FOR):		
<u>OPERATING ACTIVITIES:</u>		
Changes in net assets	\$ (47,498)	\$ 57,586
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	25,900	28,368
Changes in certain assets and liabilities:		
Grants receivable	49,386	(76,490)
Accounts payable and accrued expenses	(2,736)	(4,999)
Net Cash Provided by Operating Activities	<u>25,052</u>	<u>4,465</u>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 25,052	 4,465
 CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>119,543</u>	<u>115,078</u>
End of year	<u>\$ 144,595</u>	<u>\$ 119,543</u>

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 1 - NATURE OF ACTIVITIES:

Essex County Family Justice Center, Inc. (“Organization”) is the first Family Justice Center in the State of New Jersey and was established in 2010 to provide accessible and coordinated services to victims of domestic violence. The Family Justice Center Model is designed to reduce the barriers and fragmentation of existing services and meet the diverse needs of victims by bringing government and non-government agencies together in one place. The U.S. Department of Justice, Office on Violence Against Women, recognizes the Family Justice Center Model as a best practice in the field of domestic violence intervention and prevention.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation:

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

Unrestricted Net Assets - Net assets not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Cash and Cash Equivalents:

Cash consists of funds maintained in bank accounts. Cash equivalents consist of highly liquid money market investments with an original maturity of three months or less.

Grants Receivable:

Grants receivable are stated at the amount management expects to collect from outstanding balances. The Organization charges uncollectible accounts receivable to operations when determined to be uncollectible based on historical trends. At December 31, 2015 and 2014, an allowance for uncollectible accounts receivable was not deemed necessary.

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Property and Equipment:

Property and equipment is stated at cost on the date of acquisition or fair value on the date of gift for donated assets. Significant additions, renewals, or betterments greater than \$2,500 are capitalized while replacements, maintenance, and repairs which do not improve or extend the life of an asset, are expensed.

Depreciation is recorded on a straight-line basis over the estimated useful lives as follows:

	<u>Estimated Useful Life</u>
Leasehold improvements	5 years
Equipment, furniture and fixtures	3-5 years

When assets are retired, or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period.

Donated Goods and Services:

Amounts are reported in the financial statements for voluntary donations of services when those services create or enhance nonfinancial assets or require specialized skills provided by individuals possessing those skills and which would be typically purchased if not provided by donation. Donated goods and services are recorded as contributions at their estimated fair value at the date of donation. The amount of donated goods and services for the years ended December 31, 2015 and 2014, was \$14,378 and \$19,494, respectively.

The Organization also regularly receives services from volunteers who are not acting in a professional capacity; such volunteer services do not meet the criteria for financial statement recognition and are not included in the financial statements.

Contributions:

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Revenue Recognition:

Funds received from various federal, state and local agencies represent grants awarded to the Organization to provide program services. Revenue with respect to these awards is recognized to the extent of expenses incurred under the award terms. Upon completion or expiration of a grant, unexpended funds are not available to the Organization.

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Functional Allocation of Expenses:

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. The Organization's management allocated management and general expenses based upon management's best estimates.

Income Taxes:

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision has been made for federal or state income taxes.

The Organization follows accounting standards that provide clarification on accounting for uncertainty in income taxes recognized in the Organization's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on derecognition, classification, interest and penalties, disclosure and transition. The tax years subject to audit by federal and state jurisdictions are the years ended December 31, 2012, and forward. No interest or penalties were recorded during the years ended December 31, 2015 and 2014. At December 31, 2015 and 2014, there are no significant income tax uncertainties that are expected to have a material impact on the Organization's financial statements.

Use of Estimates:

In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications:

Certain amounts have been reclassified in the 2014 financial statements to conform to the 2015 presentation.

Comparative Financial Information:

The financial statements include certain prior-year, summarized, comparative information in total but not by net asset class or functional area. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Subsequent Events:

The Organization has evaluated events subsequent to the statement of financial position date as of December 31, 2015 through August 10, 2016, the date that the financial statements were available to be issued. Subsequent to year-end, the Organization relocated and is now receiving donated space from Essex County at two separate locations in Newark, New Jersey.

NOTE 3 - GRANTS RECEIVABLE:

Grants receivable consist of the following:

	December 31,	
	2015	2014
Nicholson Foundation grant	\$ 28,604	\$ 94,935
Newark Community Development Block Grant	20,000	10,300
Arrest grant	17,630	13,095
New Jersey Victims' Assistance grant	16,563	21,044
NJ STOP VAWA grant	13,164	13,808
Justice for Families grant	8,120	-
Other grant	-	285
	<u>\$ 104,081</u>	<u>\$ 153,467</u>

NOTE 4 - PROPERTY AND EQUIPMENT:

Property and equipment consist of the following:

	December 31,	
	2015	2014
Leasehold improvements	\$ 129,500	\$ 129,500
Furniture and equipment	7,402	7,402
	<u>136,902</u>	<u>136,902</u>
Less: Accumulated depreciation	123,002	97,102
Property and Equipment, Net	<u>\$ 13,900</u>	<u>\$ 39,800</u>

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 5 - NOTE PAYABLE:

The Organization has a note payable to a foundation that was executed August 21, 2013, in the original amount of \$100,000. The note is due on December 31, 2017. Absent an event of default, repayment of this note will be free of interest. Following an event of default, and at the Lender's option, interest will commence to accrue on the outstanding principal at the rate of one percent per annum until such principal amount shall be paid in full. The Organization is required to hold the proceeds from the note in a separate bank account.

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are available for the following purposes:

	December 31,	
	2015	2014
Nicholson Foundation Grant	\$ 12,772	\$ 91,295
Healthcare Foundation Grant	48,475	-
Verizon HopeLine Grant	15,973	21,712
Verizon Foundation Grant	651	18,547
Provident Bank Foundation Grant	-	1,500
Community Foundation Grant of NJ	-	14,041
	<u>\$ 77,871</u>	<u>\$ 147,095</u>

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 7 - NET ASSETS RELEASED FROM RESTRICTIONS:

Net assets were released from restrictions by incurring expenses satisfying the restricted purpose specified by donors:

	December 31,	
	2015	2014
Nicholson Foundation Grant	\$ 387,578	\$ 300,297
Healthcare Foundation Grant	5,359	2,841
New Jersey Victims' Assistance Grant	55,000	55,000
Verizon Grant	17,896	18,600
Verizon HopeLine Grant	5,739	5,212
City of Newark Grant	-	10,300
Arrest Grant	83,212	58,263
NJ STOP VAWA Grant	53,623	41,637
Community Foundation Grant of NJ	14,041	10,959
Community Development Block Grant	20,000	-
Justice for Families	8,120	-
Provident Bank Grants	1,500	1,962
	\$ 652,068	\$ 505,071

NOTE 8 - COMMITMENTS AND CONTINGENCIES:

Operating Leases:

The Organization entered into an operating lease for office space. The lease began on June 1, 2011, and expired on May 31, 2016; the lease was not renewed. Subsequent to year-end, the Organization relocated and is now receiving donated space from Essex County at two separate locations in Newark, New Jersey.

Monthly rental expense is \$2,862 for base rent and an additional \$1,000 for utilities. There will be an annual increase of one percent for each year until termination. Rent and utilities expenses for the lease totaled \$42,365 and \$45,887 for the years ended December 31, 2015 and 2014, respectively.

Future minimum rental payments related to this lease are \$19,310 for the year ended December 31, 2016.

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 9 - CONCENTRATIONS:

The Organization maintains cash balances at a financial institution. At times, cumulative balances may exceed the insured limit.

The Organization receives a large portion of its funding from various federal, state and local governmental agencies. The operations of the Organization are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies. Such administrative directives, rules and regulations are subject to changes that may occur because of inadequate funding with little notice to pay for the related costs, including the additional administrative burden, to comply with a change. A material reduction of such support could have a significant impact on the Organization's operations. Management, however, does not expect that its support will be materially reduced.

Approximately 35% and 26% of the Organization's total support and revenue for the years ended December 31, 2015 and 2014, respectively, were from government agencies. An approximate additional 49% and 57% of the Organization's total support and revenue for the years ended December 31, 2015 and 2014, respectively, were from one foundation.

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2015

Grantor Pass-through Grantor/Program Title	CFDA Number	Grant Number	Grant Period	Award Amount	Expenditures
U.S. Department of Justice Office of Violence Against Women					
Justice Systems Response to Families	16.021	2015-FJ-AX-0023	10/1/2015 to 9/30/2018	\$ 500,000	\$ 8,120
Passed through:					
NJ Department of Law and Public Safety					
STOP VAWA Grant Program	16.588	13VAWA-08	7/1/2014 to 6/30/2015	45,000	31,192
STOP VAWA Grant Program	16.588	14VAWA-08	7/1/2015 to 6/30/2016	45,000	22,431
Passed through:					
County of Essex					
Arrest Policies and Enforcement of Protection Orders Program	16.590	2011-WE-AX-0042	10/1/2013 to 9/30/2016	196,348	83,212
U.S. Department of Justice Office of Justice					
Passed through:					
NJ Department of Law and Public Safety					
Competitive Victim Assistance Grant (VAG) Program	16.575	14VAG-11	1/1/2015 to 12/31/2015	55,000	55,000
U.S. Department of Housing and Urban Development					
Passed through:					
City of Newark					
Community Development Block Grant - Health Services	14.218	N/A	1/1/2015 to 12/31/2015	10,000	10,000
Community Development Block Grant - General Services	14.218	N/A	1/1/2015 to 12/31/2015	10,000	10,000
Total Federal Awards					<u>\$ 219,955</u>

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2015

NOTE 1 - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Organization and is presented on the accrual basis of accounting. The information in the schedule 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 Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 - SUBRECIPIENTS:

During the year ended December 31, 2015, the Organization did not provide any funds relating to their federal programs to subrecipients.

NOTE 3 - INDIRECT COSTS:

The Organization did not elect to use the de minimis cost rate when allocating indirect costs to federal programs.

NOTE 4 - LOAN AND LOAN GUARANTEE PROGRAMS:

As of December 31, 2015, the Organization did not have any federal loan or loan guarantee programs.

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
Essex County Family Justice Center, Inc.
Newark, New Jersey

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 of America, the financial statements of Essex County Family Justice Center, Inc. ("Organization"), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated August 10, 2016.

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 Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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.

Sobel & Co, LLC

Certified Public Accountants

Livingston, New Jersey
August 10, 2016

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2015

I. Summary of Auditors' Results

Financial Statements

The auditors' report issued on the financial statements of Essex County Family Justice Center, Inc. was unmodified.

Internal control over financial reporting:

- Material weaknesses identified? Yes X No
- Significant deficiencies identified that
are not considered to be material
weaknesses? Yes X No

Noncompliance material to financial
statements noted? Yes X No