

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

FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017



SOBEL & CO. LLC

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.

DECEMBER 31, 2018 AND 2017

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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, 2018, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of 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, 2018, 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.

Emphasis of Matter

The Organization adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update, *Presentation of Financial Statements of Not-for-Profit Entities*, as described in Note 2. Our opinion is not modified with respect to this matter.

Other Matters

Other 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 awards and state financial assistances, on pages 15 and 16, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the New Jersey Office of Management and Budget (“NJOMB”) Circular Letter 15-08, 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 July 22, 2019, 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, 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 the effectiveness of Essex County Family Justice Center, Inc.’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 Essex County Family Justice Center, Inc.’s internal control over financial reporting and compliance.

Report on Summarized, Comparative Information

We have previously audited the Organization’s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report, dated May 25, 2018. In our opinion, the summarized, comparative information presented herein, as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sobel & Co., LLC

Certified Public Accountants

Livingston, New Jersey
July 22, 2019



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

	December 31,	
	2018	2017
ASSETS		
Cash	\$ 145,723	\$ 140,488
Grants receivable	90,250	161,368
Property and equipment, net	36,453	49,467
	<u>\$ 272,426</u>	<u>\$ 351,323</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 58,193	\$ 62,122
Deferred revenue	2,417	-
Note payable	-	100,000
Total Liabilities	<u>60,610</u>	<u>162,122</u>
 COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Without donor restrictions	169,431	148,980
With donor restrictions	42,385	40,221
Total Net Assets	<u>211,816</u>	<u>189,201</u>
	<u>\$ 272,426</u>	<u>\$ 351,323</u>

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2018
(With Summarized, Comparative Totals for the Year Ended December 31, 2017)

	2018			2017 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
SUPPORT AND REVENUE:				
Contributions and grants:				
Individuals	\$ 16,651	\$ -	\$ 16,651	\$ 9,605
Government grants	604,002	-	604,002	514,128
Corporate, foundation and trust grants	117,210	88,487	205,697	258,277
In-kind contributions	124,016	-	124,016	84,888
Special fundraising events, net of direct expenses of \$2,225	-	-	-	3,623
Interest and other income	510	-	510	293
	<u>862,389</u>	<u>88,487</u>	<u>950,876</u>	<u>870,814</u>
Net assets released from restrictions	86,323	(86,323)	-	-
Total Support and Revenue	<u>948,712</u>	<u>2,164</u>	<u>950,876</u>	<u>870,814</u>
EXPENSES:				
Program services	629,845	-	629,845	594,799
Supporting services:				
Management and general	246,142	-	246,142	254,601
Fundraising	52,274	-	52,274	77,033
Total Supporting Services	<u>298,416</u>	<u>-</u>	<u>298,416</u>	<u>331,634</u>
Total Expenses	<u>928,261</u>	<u>-</u>	<u>928,261</u>	<u>926,433</u>
CHANGES IN NET ASSETS	20,451	2,164	22,615	(55,619)
NET ASSETS:				
Beginning of year	148,980	40,221	189,201	244,820
End of year	<u>\$ 169,431</u>	<u>\$ 42,385</u>	<u>\$ 211,816</u>	<u>\$ 189,201</u>

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

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018
(With Summarized, Comparative Totals for the Year Ended December 31, 2017)

	2018					2017 Total
	Supporting Services				Total	
	Program Services	Management and General	Fundraising	Total Supporting Services		
Salaries	\$ 290,588	\$ 118,621	\$ 30,722	\$ 149,343	\$ 439,931	\$ 480,465
Payroll taxes	26,745	10,918	2,828	13,746	40,491	49,772
Employee benefits	34,277	5,141	4,226	9,367	43,644	52,215
Professional fees	153,585	33,516	2,099	35,615	189,200	112,585
In-kind expense	74,704	42,908	6,404	49,312	124,016	84,888
Office expense	7,453	2,553	639	3,192	10,645	16,137
Telephone	5,803	1,989	497	2,486	8,289	10,873
Occupancy	2,041	700	175	875	2,916	7,150
Marketing/outreach	-	-	421	421	421	764
Postage and shipping	-	143	-	143	143	318
Printing	691	237	59	296	987	3,257
Travel	2,656	416	-	416	3,072	683
Education	14,994	-	-	-	14,994	34,478
Insurance	4,681	1,605	401	2,006	6,687	4,493
Victims' aid	5,432	-	-	-	5,432	22,192
Furniture and equipment	4,230	1,450	363	1,813	6,043	6,168
Miscellaneous expense	1,965	1,163	3,440	4,603	6,568	18,834
Total expenses before depreciation and amortization	629,845	221,360	52,274	273,634	903,479	905,272
Depreciation and amortization	-	24,782	-	24,782	24,782	21,161
Total Expenses	\$ 629,845	\$ 246,142	\$ 52,274	\$ 298,416	\$ 928,261	\$ 926,433

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,	
	2018	2017
CASH FLOWS PROVIDED BY (USED FOR):		
<u>OPERATING ACTIVITIES:</u>		
Changes in net assets	\$ 22,615	\$ (55,619)
Adjustments to reconcile changes in net assets to net cash provided by (used for) operating activities:		
Depreciation	24,782	21,161
Changes in certain assets and liabilities:		
Grants receivable	71,118	(5,266)
Accounts payable and accrued expenses	(3,929)	28,688
Deferred revenue	2,417	-
Net Cash Provided by (Used for) Operating Activities	<u>117,003</u>	<u>(11,036)</u>
<u>INVESTING ACTIVITIES:</u>		
Purchase of fixed assets	<u>(11,768)</u>	<u>(11,554)</u>
<u>FINANCING ACTIVITIES:</u>		
Repayment of note payable	<u>(100,000)</u>	<u>-</u>
 NET INCREASE (DECREASE) IN CASH	 5,235	 (22,590)
 CASH:		
Beginning of year	<u>140,488</u>	<u>163,078</u>
End of year	<u>\$ 145,723</u>	<u>\$ 140,488</u>

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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 nongovernment 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:

Net Assets Without Donor Restrictions - Net assets not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Grants Receivable:

Grants receivable are stated at the amount management expects to collect from outstanding balances. The Organization charges uncollectible grants receivable to operations when determined to be uncollectible based on historical trends. At December 31, 2018 and 2017, management determined an allowance for uncollectible accounts receivable was not deemed necessary.

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.

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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

Property and Equipment: (Continued)

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

	<u>Estimated Useful Life</u>
Leasehold improvements	life of lease
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 the change in net assets for the period.

Donated Services and Facilities:

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 services are recorded as contributions at their estimated fair value at the date of donation. The amount of donated services for the years ended December 31, 2018 and 2017, was \$17,296 and \$11,518, respectively, and is included in in-kind contributions on the statement of activities and changes in net assets.

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.

The Organization receives donated space from Essex County at two separate locations in Newark, New Jersey. Donated facilities are recorded as contributions at their estimated fair value at the date of donation. The amount of donated facilities for the years ended December 31, 2018 and 2017, was \$106,720 and \$73,370, respectively, and is included in in-kind contributions on the statement of activities and changes in net assets.

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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. The Organization records contributions with donor restrictions and whose restrictions are met in the same reporting period as they were received as contributions without donor restrictions.

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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

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.

Functional Allocation of Expenses:

Directly identifiable expenses are charged to programs and supporting services. Certain categories of expenses are attributed to more than one program or supporting function and, therefore, require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes, employee benefits, professional fees related to information technology, in-kind expenses, office expenses, telephone, occupancy, printing, insurance, furniture and equipment, and miscellaneous payroll fees, which are allocated based on time and effort.

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 Organization's policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense. No interest or penalties were recorded during the years ended December 31, 2018 and 2017. At December 31, 2018 and 2017, 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 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.

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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

Financial Statement Reporting for Nonprofits:

The Organization adopted the FASB's, *Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for Board-designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classifications.

Recent Accounting Pronouncements:

The FASB issued an accounting pronouncement, *Revenue from Contracts with Customers*, which is a comprehensive new revenue recognition standard. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The effective date for the pronouncement is for periods beginning after December 15, 2018. It will be effective for the Organization for the year ended December 31, 2019. The Organization is currently evaluating the effect the new standard will have on the financial statements.

The FASB issued an accounting pronouncement, *Leases*, which requires lessees to recognize a right-of-use asset and lease liability on the statement of financial position for all leases with a term longer than 12 months. Under this new pronouncement, a modified retrospective transition approach is required, and the new standard is applied to all leases existing at the date of initial application. An entity may choose to use either (1) its effective date, or (2) the beginning of the earliest comparative period presented in the financial statements as its date of initial application. The effective date for the pronouncement is for periods beginning after December 15, 2019. It will be effective for the Organization for the year ended December 31, 2020. The Organization is currently evaluating the effect the new standard will have on the financial statements.

Summarized, 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, 2017, from which the summarized information was derived.

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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

Reclassifications:

Certain amounts have been reclassified in the 2017 financial statements to conform to the 2018 presentation.

Subsequent Events:

The Organization has evaluated events subsequent to the statement of financial position date as of December 31, 2018 through July 22, 2019, the date that the financial statements were available to be issued.

NOTE 3 - GRANTS RECEIVABLE:

Grants receivable consists of the following:

	December 31,	
	2018	2017
Nicholson Foundation Grant	\$ -	\$ 29,078
Clara Maass Safe House Grant	-	6,667
Improving Criminal Justice Responses Grant	6,857	41
New Jersey Victims' Assistance Grant	65,505	94,311
NJ STOP VAWA Grant	-	18,270
Justice for Families Grant	17,888	13,001
	<u>\$ 90,250</u>	<u>\$ 161,368</u>

NOTE 4 - PROPERTY AND EQUIPMENT:

Property and equipment consists of the following:

	December 31,	
	2018	2017
Leasehold improvements	\$ 27,936	\$ 27,936
Furniture and equipment	65,430	53,663
	<u>93,366</u>	<u>81,599</u>
Less: Accumulated depreciation	56,913	32,132
Property and Equipment, Net	<u>\$ 36,453</u>	<u>\$ 49,467</u>

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 5 - NOTE PAYABLE:

The Organization had a note payable to a foundation that was executed August 21, 2013, in the original amount of \$100,000. The note was free of interest and was repaid in full in 2018.

NOTE 6 - LINE OF CREDIT:

In July of 2018, the Organization obtained a revolving line of credit with a bank providing for maximum borrowings of \$75,000. The line of credit, which expires on July 1, 2021, is secured by substantially all of the Organization's assets. Borrowings under the revolving line of credit bear interest at the bank's prime rate (6.50% at December 31, 2018). There were no outstanding borrowings against the line of credit as of December 31, 2018.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are available for the following purposes:

	December 31,	
	2018	2017
Healthcare Foundation Grant	\$ 42,385	\$ 24,372
Verizon HopeLine Grant	-	15,324
Verizon Foundation Grant	-	525
Total Net Assets with Donor Restrictions	\$ 42,385	\$ 40,221

NOTE 8 - NET ASSETS RELEASED FROM RESTRICTIONS:

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

	December 31,	
	2018	2017
Healthcare Foundation Grant	\$ 70,474	\$ 105,706
Verizon HopeLine Grant	15,324	-
Verizon Foundation Grant	525	-
Total Net Assets Released from Restrictions	\$ 86,323	\$ 105,706

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 9 - COMMITMENTS AND CONTINGENCIES:

Operating Leases:

The Organization has an operating lease for telephone equipment which expires in June 2021. Rent expense under the lease totaled \$1,848 and \$2,219 for the years ended December 31, 2018 and 2017.

Future minimum lease payments required under noncancellable, long-term operating leases are as follows:

<u>Year</u>		
2019	\$	2,016
2020		2,016
2021		840
	<u>\$</u>	<u>4,872</u>

NOTE 10 - CONCENTRATIONS:

The Organization maintains cash balances at a financial institution. At times, cumulative balances may exceed the federally 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 64% and 59% of the Organization's total support and revenue for the years ended December 31, 2018 and 2017, respectively, were from government agencies. For the year ended December 31, 2017, two foundations provided approximately 27% of the Organization's total support and revenue.

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 12 - RELATED-PARTY TRANSACTIONS:

During the years ended December 31, 2018 and 2017, the Organization received donated professional services from Trustees valued at \$17,296 and \$11,518, respectively. The value of these services are included in in-kind contributions on the statement of activities and changes in net assets.

NOTE 14 - LIQUIDITY AND AVAILABILITY:

The following represents the Organization's financial assets at December 31, 2018, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

	<u>2018</u>
Cash	\$ 145,723
Grants receivable	90,250
Total financial assets	<u>235,973</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	(42,385)
Net assets with purpose restrictions to be met in one year	42,385
	<u>(-)</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 235,973</u>

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$232,000). The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization also has a line of credit in the amount of \$75,000 that is fully available.

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2018

Grantor Pass-through Grantor/Program Title	CFDA Number	Grant Number	Grant Period	Award Amount	Expenditures
U.S. Department of Justice					
Office on Violence Against Women					
Justice for Families Program	16.021	2015-FJ-AX-0023	10/1/2015 - 9/30/2021	\$ 1,050,000	\$ <u>177,521</u>
Improving Criminal Justice Responses Program	16.590	2016-WE-AX-0004	10/1/2016 - 9/30/2019	750,000	<u>179,200</u>
Passed through:					
<u>NJ Department of Law and Public Safety</u>					
STOP VAWA Grant Program	16.588	16VAWA-08	7/1/2017 - 6/30/2018	45,000	<u>26,730</u>
U.S. Department of Justice					
Office of Justice					
Passed through:					
<u>NJ Department of Law and Public Safety</u>					
Competitive Victim Assistance Grant (VAG) Program	16.575	VAG-55-16	1/1/2018 - 8/31/2019	300,000	76,791
Competitive Victim Assistance Grant (VAG) Program	16.575	VAG-56-16	1/1/2018 - 8/31/2019	300,000	121,177
					<u>197,968</u>
Total Federal Awards					\$ <u>581,419</u>

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2018

Grantor		Grant	Award	
Pass-through Grantor/Program Title	Grant Number	Period	Amount	Expenditures
NJ Department of Law and Public Safety				
Attorney General's Law Enforcement Forfeiture Award	N/A	N/A	\$ 25,000	\$ 22,583
Total State Financial Assistance				\$ 22,583

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying schedules of expenditures of federal awards and state financial assistance include the federal and state grant activity of Essex County Family Justice Center, Inc. and are presented on the accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the New Jersey Office of Management and Budget (“NJOMB”) Circular Letter 15-08. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 - SUBRECIPIENTS:

During the year ended December 31, 2018, the Organization did not provide any funds relating to their federal or state programs to subrecipients.

NOTE 3 - INDIRECT COSTS:

The Organization elected to use the de minimis cost rate when allocating indirect costs to federal and state programs.

NOTE 4 - LOAN AND LOAN GUARANTEE PROGRAMS:

As of December 31, 2018, the Organization did not have any 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”), (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, 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 July 22, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, 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
July 22, 2019

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2018

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