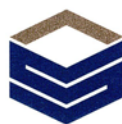


**ESSEX COUNTY
FAMILY JUSTICE CENTER, INC.**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2019 AND 2018



SOBEL & CO. LLC

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.

DECEMBER 31, 2019 AND 2018

CONTENTS

	<u>Page</u>
Independent Auditors' Report.....	1-2
Financial Statements:	
Statements of Financial Position.....	3
Statement of Activities and Changes in Net Assets.....	4
Statement of Functional Expenses	5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7-14
Supplementary Information:	
Schedule of Expenditures of Federal Awards.....	15
Schedule of Expenditures of State Financial Assistance	16
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.....	17
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 Standards</i>	18-19
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	20-21
Schedule of Findings and Questioned Costs.....	22-24

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, 2019, 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, 2019, 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, *Revenue from Contracts with Customers*, and *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, 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 assistance, 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 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 November 9, 2020, 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 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report, dated July 22, 2019. In our opinion, the summarized, comparative information presented herein, as of and for the year ended December 31, 2018, 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
November 9, 2020



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

	December 31,	
	2019	2018
ASSETS		
Cash	\$ 114,710	\$ 145,723
Grants receivable	183,532	90,250
Prepaid expenses	3,000	-
Property and equipment, net	16,639	36,453
	<u>\$ 317,881</u>	<u>\$ 272,426</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 75,167	\$ 58,193
Deferred revenue	-	2,417
Total Liabilities	<u>75,167</u>	<u>60,610</u>
 COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Without donor restrictions	242,714	169,431
With donor restrictions	-	42,385
Total Net Assets	<u>242,714</u>	<u>211,816</u>
	<u>\$ 317,881</u>	<u>\$ 272,426</u>

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2019
(With Summarized, Comparative Totals for the Year Ended December 31, 2018)

	2019			2018 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
SUPPORT AND REVENUE:				
Contributions and grants:				
Individuals	\$ 11,670	\$ -	\$ 11,670	\$ 4,347
Government grants	1,055,980	-	1,055,980	604,002
Corporate, foundation and trust grants	40,000	-	40,000	205,697
In-kind contributions	207,752	-	207,752	124,016
Special fundraising events, net of direct expenses of \$5,217 in 2019 and \$3,000 in 2018	14,132	-	14,132	9,304
Interest and other income	232	-	232	510
	<u>1,329,766</u>	<u>-</u>	<u>1,329,766</u>	<u>947,876</u>
Net assets released from restrictions	42,385	(42,385)	-	-
Total Support and Revenue	<u>1,372,151</u>	<u>(42,385)</u>	<u>1,329,766</u>	<u>947,876</u>
EXPENSES:				
Program services	956,553	-	956,553	629,845
Supporting services:				
Management and general	300,308	-	300,308	246,142
Fundraising	42,007	-	42,007	49,274
Total Supporting Services	<u>342,315</u>	<u>-</u>	<u>342,315</u>	<u>295,416</u>
Total Expenses	<u>1,298,868</u>	<u>-</u>	<u>1,298,868</u>	<u>925,261</u>
CHANGES IN NET ASSETS	73,283	(42,385)	30,898	22,615
NET ASSETS:				
Beginning of year	169,431	42,385	211,816	189,201
End of year	<u>\$ 242,714</u>	<u>\$ -</u>	<u>\$ 242,714</u>	<u>\$ 211,816</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, 2019
(With Summarized, Comparative Totals for the Year Ended December 31, 2018)

	2019					2018 Total
	Program Services	Management and General	Fundraising	Total Supporting Services	Total	
Salaries	\$ 317,960	\$ 152,120	\$ 29,284	\$ 181,404	\$ 499,364	\$ 439,931
Payroll taxes	26,510	12,683	2,442	15,125	41,635	40,491
Employee benefits	29,566	10,658	1,992	12,650	42,216	43,644
Professional fees	334,789	32,556	1,739	34,295	369,084	189,200
In-kind expense	145,426	57,132	5,194	62,326	207,752	124,016
Office expense	13,128	4,238	384	4,622	17,750	10,645
Telephone	5,993	2,355	214	2,569	8,562	8,289
Occupancy	4,627	1,817	165	1,982	6,609	2,916
Marketing/outreach	-	-	-	-	-	421
Postage and shipping	-	110	-	110	110	143
Printing	5,312	102	9	111	5,423	987
Travel	1,364	-	-	-	1,364	3,072
Education	14,872	-	-	-	14,872	14,994
Insurance	3,725	1,464	133	1,597	5,322	6,687
Victims' aid	40,650	-	-	-	40,650	5,432
Furniture and equipment	12,631	4,962	451	5,413	18,044	6,043
Miscellaneous expense	-	297	-	297	297	3,568
Total expenses before depreciation and amortization	956,553	280,494	42,007	322,501	1,279,054	900,479
Depreciation and amortization	-	19,814	-	19,814	19,814	24,782
Total Expenses	<u>\$ 956,553</u>	<u>\$ 300,308</u>	<u>\$ 42,007</u>	<u>\$ 342,315</u>	<u>\$ 1,298,868</u>	<u>\$ 925,261</u>

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,	
	2019	2018
CASH FLOWS PROVIDED BY (USED FOR):		
<u>OPERATING ACTIVITIES:</u>		
Changes in net assets	\$ 30,898	\$ 22,615
Adjustments to reconcile changes in net assets to net cash (used for) provided by operating activities:		
Depreciation	19,814	24,782
Changes in certain assets and liabilities:		
Grants receivable	(93,282)	71,118
Prepaid expenses	(3,000)	-
Accounts payable and accrued expenses	16,974	(3,929)
Deferred revenue	(2,417)	2,417
Net Cash (Used for) Provided by Operating Activities	<u>(31,013)</u>	<u>117,003</u>
<u>INVESTING ACTIVITIES:</u>		
Purchase of property and equipment	-	<u>(11,768)</u>
<u>FINANCING ACTIVITIES:</u>		
Repayment of note payable	-	<u>(100,000)</u>
NET (DECREASE) INCREASE IN CASH	(31,013)	5,235
CASH:		
Beginning of year	<u>145,723</u>	<u>140,488</u>
End of year	<u>\$ 114,710</u>	<u>\$ 145,723</u>

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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.

The Organization’s main revenue sources are government grants, grants from corporations, foundations, and trusts, and contributions from the general public.

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, 2019 and 2018, management determined an allowance for uncollectible grants 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, 2019 AND 2018

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, 2019 and 2018, was \$44,680 and \$17,296, respectively, and is included in in-kind contributions and in-kind expense on the statement of activities and changes in net assets and statement of functional expenses, 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.

The Organization receives donated office space, used for its program services and administrative offices, and parking 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 office facilities for the years ended December 31, 2019 and 2018, was \$113,396 and \$106,720, respectively. Donated parking totaled \$49,676 for the year ended December 31, 2019. There were no amounts recorded for donated parking for the year ended December 31, 2018. Donated office space and parking are included in in-kind contributions and in-kind expense on the statement of activities and changes in net assets and statement of functional expenses, respectively.

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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

Revenue Recognition:

The Organization adopted the Financial Accounting Standards Board (“FASB”) Accounting Standards Update, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which went into effect for years beginning after December 15, 2018. This guidance is intended to clarify and improve the scope of accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improving guidance to better distinguish between conditional and unconditional contributions.

Contributions are recognized as revenue when they are received or unconditionally pledged. Conditional contributions are not recognized until the conditions are substantially met.

Contributions are recorded as revenue as either with or without donor restrictions according to donor stipulations that limit the use of these assets due to time or purpose restrictions. 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. Contributions with restrictions that are met in the same reporting period as they are received are reported as unrestricted support.

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 considered a conditional contribution and is not recognized until the conditions related to this revenue are substantially met. Upon completion or expiration of a grant, unexpended funds are not available to the Organization.

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, 2019 and 2018. At December 31, 2019 and 2018, there are no significant income tax uncertainties that are expected to have a material impact on the Organization’s financial statements.

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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

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.

Recent Accounting Pronouncements:

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. The pronouncement is effective for annual periods beginning after December 15, 2021. It will be effective for the Organization for the year ended December 31, 2022. The Organization is currently evaluating the effect the new pronouncement will have on its 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, 2018, from which the summarized information was derived.

Reclassifications:

Certain amounts have been reclassified in the 2018 financial statements to conform to the 2019 presentation.

Subsequent Events:

The Organization has evaluated events subsequent to the statement of financial position date as of December 31, 2019 through November 9, 2020, the date that the financial statements were available to be issued.

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 3 - GRANTS RECEIVABLE:

Grants receivable consist of the following:

	December 31,	
	2019	2018
New Jersey Victims' Assistance Grant	\$ 129,688	\$ 65,505
Improving Criminal Justice Responses Grant	30,414	6,857
Justice for Families Grant	16,763	17,888
Safe House	6,667	-
	<u>\$ 183,532</u>	<u>\$ 90,250</u>

NOTE 4 - PROPERTY AND EQUIPMENT:

Property and equipment consists of the following:

	December 31,	
	2019	2018
Leasehold improvements	\$ 27,936	\$ 27,936
Furniture and equipment	65,430	65,430
	<u>93,366</u>	<u>93,366</u>
Less: Accumulated depreciation	76,727	56,913
Property and Equipment, Net	<u>\$ 16,639</u>	<u>\$ 36,453</u>

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 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 (5.75% and 6.50% at December 31, 2019 and 2018, respectively). There were no outstanding borrowings against the line of credit as of December 31, 2019 or 2018.

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS:

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

	December 31,	
	2019	2018
Healthcare Foundation Grant	\$ -	\$ 42,385

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,	
	2019	2018
Healthcare Foundation Grant	\$ 42,385	\$ 70,474
Verizon HopeLine Grant	-	15,324
Verizon Foundation Grant	-	525
Total Net Assets Released from Restrictions	<u>\$ 42,385</u>	<u>\$ 86,323</u>

NOTE 9 - FUNCTIONAL 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, and insurance, which are allocated based on time and effort.

NOTE 10 - 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 \$2,016 and \$1,848 for the years ended December 31, 2019 and 2018, respectively, and is included in office expense on the statement of functional expenses.

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 10 - COMMITMENTS AND CONTINGENCIES: (Continued)

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

<u>Year</u>		
2020	\$	2,016
2021		840
	<u>\$</u>	<u>2,856</u>

NOTE 11 - 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 79% and 64% of the Organization's total support and revenue for the years ended December 31, 2019 and 2018, respectively, were from government agencies.

NOTE 12 - RELATED-PARTY TRANSACTIONS:

During the year ended December 31, 2018, the Organization received donated professional services from a member of the Board of Trustees valued at \$17,296. The value of these services are included in in-kind contributions and in-kind expense on the statement of activities and changes in net assets and statement of functional expenses, respectively. The Organization did not receive donated professional services from its Trustees during the year ended December 31, 2019.

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

NOTE 13 - LIQUIDITY AND AVAILABILITY:

The following represents the Organization's financial assets at December 31, 2019 and 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.

	December 31,	
	2019	2018
Cash	\$ 114,710	\$ 145,723
Grants receivable	183,532	90,250
Total financial assets	<u>298,242</u>	<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>	<u>-</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 298,242</u>	<u>\$ 235,973</u>

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.

NOTE 14 - RISKS AND UNCERTAINTIES:

The Organization is actively monitoring the recent COVID-19 outbreak and its potential impact on its employees, clients, volunteers, donors, and operations. It is not known at this time how much effect the virus will have on operations and/or financial results. The potential impact of COVID-19 is not foreseeable due to various uncertainties, including the severity of the disease, the duration of the outbreak, and actions that may be taken by governmental authorities.

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2019

Grantor	CFDA		Grant	Award	
Pass-through Grantor/Program Title	Number	Grant Number	Period	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	\$ 187,000
Improving Criminal Justice Responses Program	16.590	2016-WE-AX-0004	10/1/2016 - 9/30/2019	750,000	334,843
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	223,209
Competitive Victim Assistance Grant (VAG) Program	16.575	VAG-56-16	1/1/2018 - 8/31/2019	300,000	178,823
Competitive Victim Assistance Grant (VAG) Program	16.575	VAG-70-18	9/1/2019-8/31/2021	385,686	51,760
Competitive Victim Assistance Grant (VAG) Program	16.575	VAG-71-18	9/1/2019-8/31/2021	381,790	50,621
Competitive Victim Assistance Grant (VAG) Program	16.575	VAG-69-18	9/1/2019-8/31/2021	365,891	27,307
					<u>531,720</u>
Total Federal Awards					<u>\$ 1,053,563</u>

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2019

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	\$ 2,417
Total State Financial Assistance				\$ 2,417

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND
STATE FINANCIAL ASSISTANCE
YEAR ENDED DECEMBER 31, 2019

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 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, 2019, 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, 2019, 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, 2019, 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 November 9, 2020.

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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Item 2019-001 that we consider to be a material weakness.

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*.

Organization's Response to Findings

The Organization's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
November 9, 2020

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Program

We have audited Essex County Family Justice Center, Inc.'s ("Organization") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of the Organization's major programs for the year ended December 31, 2019. The Organization's major programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program, and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Sobel & Co, LLC

Certified Public Accountants

Livingston, New Jersey
November 9, 2020

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2019

I. Summary of Auditors' Results

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial
statements noted? Yes X No

Federal Awards

Internal control over major programs:

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

The auditors' report issued on compliance for major programs was an unmodified opinion.

Any audit findings disclosed that are
required to be reported in accordance
with the Uniform Guidance? Yes X No

The following federal programs were designated as major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
16.575	Competitive Victim Assistance Grant (VAG) Programs

Dollar threshold used to distinguish between
Type A and Type B programs: \$ 750,000

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2019

II. Summary of Auditors' Results (Continued)

Auditee qualified as a low-risk auditee? Yes X No

III. Financial Statement Finding

Finding 2019-001: Material Weakness – Cost Allocation

Criteria:

It is the responsibility of the Organization's management to design, implement, and maintain internal controls to ensure that costs are allocated, amongst funding sources, using a reasonable basis that is consistently applied. Our audit identified a material weakness in internal controls over financial reporting that could affect the Organization's ability to properly allocate costs to its various funding sources.

Condition:

During the audit of the Organization's cash disbursements and grant expenditure reporting, it was identified that the Organization was not allocating its indirect costs consistently amongst its funding sources. The audit also identified that the Organization was not tracking its indirect costs billed to funding sources and reconciling them to the accounting records.

Cause:

The Organization does not have a system in place to identify direct costs and allocate indirect costs to funding sources. The Organization uses the de minimis cost rate when allocating indirect costs to federal programs; however, the Organization does not have a system in place to reconcile these costs to the accounting records and track these costs.

Effect or Potential Effect:

Without a proper cost allocation method in place and a system to track such costs billed to the various funding sources, there is an increased risk that errors or over billing of costs could occur and not be detected in a timely fashion.

Recommendation:

It is recommended that the Organization maintain a process for cost allocation that is consistently applied and reconciled to the accounting records.

ESSEX COUNTY FAMILY JUSTICE CENTER, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2019

III. Financial Statement Finding (Continued)

Auditee Response and Corrective Action Plan:

Management agrees with the finding. In September 2020, we incorporated changes to our bookkeeping procedures to allocate costs among funding sources at the invoice level. In addition, we are developing a process whereby, on a quarterly basis, the indirect costs booked in the accounting system will be reconciled with the dollar amounts of the de minimis indirect costs billed and allocated to each funding source according to those de minimis limits. This process is designed to remove any discrepancies between the total indirect costs and the de minimis billings for each funding source.

Additionally, we are prepared to engage a third party consultant to provide professional guidance for the implementation of this process, as well as ongoing oversight.

IV. Compliance Finding

NONE

V. Follow-up of Prior Audit Findings

NONE