

COURT APPOINTED SPECIAL ADVOCATES
OF OCEAN COUNTY, INC.
FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012



Gillen & Johnson, P.A. *Certified Public Accountants*

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Court Appointed Special Advocates of Ocean County, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Court Appointed Special Advocates of Ocean County, Inc. (hereafter referred to as "CASA of Ocean County, Inc."), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CASA of Ocean County, Inc. as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Gillen & Johnson, P.A.".

GILLEN & JOHNSON, P.A.
Somerville, New Jersey
February 20, 2014

CASA OF OCEAN COUNTY, INC.
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2013 AND 2012

ASSETS

	2013	2012
Cash	\$ 8,542	13,777
Grants receivable	-	11,730
Miscellaneous receivables	40	-
Prepaid expenses	1,375	-
Security deposit	1,300	1,300
Total assets	<u>\$ 11,257</u>	<u>26,807</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$ 108	955
Accrued payroll	1,874	2,219
Deferred revenue	-	5,000
Loan payable to CASA of New Jersey, Inc. (Note 3)	7,000	8,000
Total liabilities	<u>8,982</u>	<u>16,174</u>
Net assets:		
Unrestricted	<u>2,275</u>	<u>10,633</u>
Total liabilities and net assets	<u>\$ 11,257</u>	<u>26,807</u>

See accompanying accountants' audit report and notes to financial statements.

CASA OF OCEAN COUNTY, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
Changes in temporarily restricted net assets:		
Revenue and gains:		
Government grants:		
Federal: Victim Assistance Grant Program	\$ 25,114	47,833
Federal: Passed through National CASA	10,500	-
State: Legislative allocation	38,390	24,786
State: Supplemental grant funding	-	7,925
Other revenue and gains:		
Corporate donations	5,000	5,000
Total temporarily restricted revenue and gains	<u>79,004</u>	<u>85,544</u>
Restrictions satisfied by payments	<u>(79,004)</u>	<u>(85,544)</u>
Increase in temporarily restricted net assets	<u>-</u>	<u>-</u>
Changes in unrestricted net assets:		
Revenue and gains:		
Corporate donations	6,500	8,136
Foundation donations	20,350	6,959
Individual donations	10,930	5,083
Board of Trustees donations	9,189	1,250
Other donations	301	173
Donated services	260,656	195,082
Special events revenue	45,327	55,457
Special events expenses	(21,063)	(27,616)
Interest income	5	7
Total unrestricted revenue and gains	<u>332,195</u>	<u>244,531</u>
Net assets released from restrictions:		
Restrictions satisfied by payments	<u>79,004</u>	<u>85,544</u>
Total unrestricted revenue and gains	<u>411,199</u>	<u>330,075</u>
Expenses and losses:		
Program services	387,582	307,536
Management and general	24,585	16,464
Fundraising	7,390	5,198
Total expenses	<u>419,557</u>	<u>329,198</u>
Increase (decrease) in unrestricted net assets	<u>(8,358)</u>	<u>877</u>
Increase (decrease) in net assets	(8,358)	877
Net assets, beginning of year	<u>10,633</u>	<u>9,756</u>
Net assets, end of year	<u>\$ 2,275</u>	<u>10,633</u>

See accompanying accountants' audit report and notes to financial statements.

CASA OF OCEAN COUNTY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (8,358)	877
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Change in assets and liabilities:		
(Increase) decrease in:		
Grants receivable	11,731	11,925
Miscellaneous receivables	(40)	-
Prepaid expenses	(1,375)	-
Security deposit	-	(300)
Increase (decrease) in:		
Accounts payable	(848)	(4,370)
Accrued payroll	(345)	2,219
Deferred revenue	(5,000)	5,000
Net cash provided by (used in) operating activities	<u>(4,235)</u>	<u>15,351</u>
 Cash flows from financing activities:		
Repayment of loan from CASA of New Jersey, Inc.	<u>(1,000)</u>	<u>(2,000)</u>
Net cash used in financing activities	<u>(1,000)</u>	<u>(2,000)</u>
 Net increase (decrease) in cash	(5,235)	13,351
Cash at beginning of year	<u>13,777</u>	<u>426</u>
Cash at end of year	\$ <u><u>8,542</u></u>	<u><u>13,777</u></u>

See accompanying accountants' audit report and notes to financial statements.

CASA OF OCEAN COUNTY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2013 AND 2012

	<u>Year ended June 30, 2013</u>			
	<u>Program</u>	<u>Management</u>		<u>Total</u>
	<u>services</u>	<u>and general</u>	<u>Fundraising</u>	
Salaries	\$ 76,054	9,934	4,973	90,961
Payroll taxes and fees	14,222	1,862	847	16,931
Donated volunteer services	258,504	-	-	258,504
Donated services - other	2,152	-	-	2,152
Rent	13,104	1,716	780	15,600
Janitorial service	940	-	-	940
Utilities	-	-	-	-
Insurance	4,178	-	-	4,178
Communications	7,906	1,035	471	9,412
Dues, fees and subscriptions	776	102	46	924
Office equipment	848	111	50	1,009
Office supplies	1,671	219	99	1,989
Postage and delivery	849	212	-	1,061
Printing and reproduction	1,088	143	65	1,296
Professional fees	-	9,121	-	9,121
Training and conferences	2,857	-	-	2,857
Travel and meals	1,444	-	-	1,444
Miscellaneous expenses	989	130	59	1,178
	<u>\$ 387,582</u>	<u>24,585</u>	<u>7,390</u>	<u>419,557</u>

	<u>Year ended June 30, 2012</u>			
	<u>Program</u>	<u>Management</u>		<u>Total</u>
	<u>services</u>	<u>and general</u>	<u>Fundraising</u>	
Salaries	\$ 63,120	6,393	3,176	72,689
Payroll taxes and fees	11,666	1,207	536	13,409
Donated volunteer services	187,765	-	-	187,765
Donated services - other	7,317	-	-	7,317
Rent	12,354	1,278	568	14,200
Janitorial service	450	-	-	450
Utilities	423	44	19	486
Communications	8,444	873	388	9,705
Dues, fees and subscriptions	667	-	-	667
Insurance	3,302	342	152	3,796
Office equipment	1,591	165	73	1,829
Office supplies	2,702	279	124	3,105
Postage and delivery	567	142	-	709
Printing and reproduction	318	33	15	366
Professional fees	-	5,377	-	5,377
Training and conferences	2,779	-	-	2,779
Travel and meals	1,992	-	-	1,992
Miscellaneous expenses	2,079	331	147	2,557
	<u>\$ 307,536</u>	<u>16,464</u>	<u>5,198</u>	<u>329,198</u>

See accompanying accountants' audit report and notes to financial statements.

COURT APPOINTED SPECIAL ADVOCATES OF OCEAN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012

NOTE 1 - DESCRIPTION OF ORGANIZATION

CASA of Ocean County, Inc. is an independent, non-profit organization of professionals and trained volunteers who have been appointed by the New Jersey Family Court to advocate for children removed from their homes due to abuse and/or neglect. The Organization works to ensure that needed services and assistance are made available to these children while helping to move them toward safe and permanent homes.

The Organization was incorporated on February 15, 2006, and began operations on July 1, 2006.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Organization's financial statements are presented in accordance with general accounting standards for nonprofit organizations issued by the Financial Accounting Standards Board. The standards require an organization to provide certain basic information on the organization as a whole. An organization is required to provide a statement of financial position, a statement of activities and a statement of cash flows which classify the organization's net assets based on the restrictions imposed on the net assets. Specifically, the net assets are to be classified as permanently restricted, temporarily restricted or unrestricted based on the time and/or stipulations of the restrictions. As a voluntary health and welfare organization, a statement of functional expenses is also required.

The Organization's financial reporting and activities are governed by certain regulatory and donor restrictions. To ensure observance of these limitations and restrictions on the use of financial resources, the Organization maintains its accounts on an accrual basis using net asset accounting as prescribed by the standards. Financial resources are classified for accounting and reporting purposes in the following net asset classifications according to their nature and purpose:

- Unrestricted: This classification of net assets is used to account for financial resources available for the general operations of the Organization.
- Temporarily restricted: This classification of net assets is used to account for financial resources limited in use by a donor-imposed restriction or the Board of Directors of the Organization. Further, these resources are temporary in nature due to the fact the restriction can expire or be fulfilled.
- Permanently restricted: This classification of net assets is used to account for financial resources limited in use by a donor-imposed restriction which can neither expire nor be fulfilled.

The Organization had no temporarily or permanently restricted net assets at June 30, 2013 and 2012.

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Use of estimates

The process of preparing financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Cash and cash equivalents

Cash and cash equivalents includes all highly-liquid investments with a maturity of three months or less at the date of purchase. The Organization minimizes its credit risk by placing its cash and cash equivalents with a local bank. The Organization believes that no concentration of credit risk exists with respect to cash and cash equivalents.

Contributions

Under the general accounting standards issued by the Financial Accounting Standards Board for contributions received and contributions made, the Organization recognizes contributions received as unrestricted, temporarily restricted, or permanently restricted support depending on the nature of any donor restrictions. Unconditional pledges (or promises to give) of monetary resources that are expected to be collected within one year are recorded at their full amount less a reserve for uncollectible pledges. Unconditional pledges that are expected to be collected in future years are recorded at the present value of their future cash flows less a reserve for uncollectible pledges. Conditional pledges are not included as support until the conditions are substantially met. Pledges of future services to be provided to the Organization are recorded when the contributed services are received.

Contributed supplies and services

Under the general accounting standards issued by the Financial Accounting Standards Board, the Organization recognizes contributions of supplies and of services which create or enhance nonfinancial assets or require specialized skills that would typically need to be purchased if not provided by donation. Such services are valued at the rate necessary to replace these services. Services that do not meet the above criteria are not recognized.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Tax status

The Organization is exempt from income taxes as a charitable not-for-profit organization under Internal Revenue Code Section 501(c)(3), and is not a private foundation.

The Organization evaluates all significant tax positions as required by the general standards of accounting for uncertainty in income taxes established by the Financial Accounting Standards Board. The Organization does not believe that it has taken any

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tax positions that would require the recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would increase or decrease within the next twelve months. The Organization files returns in the federal and New Jersey jurisdictions. The returns filed within the last four years are generally open for examination by those jurisdictions.

Prior year financial statements

The accompanying June 30, 2012 financial statements have been restated for immaterial reclassifications of liabilities on the statement of financial position, unrestricted revenue on the statement of activities, and expenses on the statement of functional expenses.

NOTE 3 - LOAN PAYABLE TO CASA OF NEW JERSEY, INC.

The Organization obtained a loan from CASA of New Jersey, Inc., which was received in two increments of \$5,000 in July and August 2008. The balance outstanding was \$7,000 and \$8,000 at June 30, 2013 and 2012, respectively. The loan is unsecured, requires no payments of interest and has no specified repayment date.

NOTE 4 - LEASE COMMITMENT

As of June 30, 2013, the Organization was obligated under a lease for the rental of its former premises until August 31, 2013. Monthly rent was \$1,375. The Organization remained in this space for an additional month.

On September 3, 2013, the Organization became obligated under a lease for the rental of its current premises until September 30, 2016. The Organization has an option to renew the lease for an additional year. Monthly rent is \$600 until September 30, 2015 and \$650 thereafter. Minimum annual rentals are as follows:

2014	\$ 9,300
2015	7,200
2016	7,200
2017	<u>1,800</u>
	\$ <u>25,500</u>

NOTE 5 - DEPENDENCY FOR FUNDING

General

The Organization receives most of its support in the form of grants and contributions from the New Jersey Legislature (which is passed through CASA of New Jersey, Inc.), other state and federal government grants, private foundations and other organizations. The Organization also receives technical support services and marketing materials from CASA of New Jersey, Inc. The continued operations of the Organization are contingent upon continued support from these sources.

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Victim Assistance Grant funding

The Organization did not qualify for a calendar year 2013 grant award for the U.S. Department of Justice's Victim Assistance Grant Program (which is passed through the New Jersey Department of Law and Public Safety, Division of Criminal Justice). Awards are determined annually based on a competitive process. The Organization can reapply after 2015 for another competitive grant.

October 2012 storm

The historic storm (Hurricane Sandy or Superstorm Sandy) which hit Ocean County on October 29, 2012 disrupted the Organization's operations and affected the demand for its services. The Organization was forced to cancel a fundraiser and lay off staff as a direct result of the storm. This caused a significant decrease in the Organization's cash flow after the storm. In addition, four board members and three employees were displaced from their homes.

The combination these two events has resulted in:

- The loss of 27 volunteers;
- Increased demand for the Organization's services with nearly 700 children now in foster care as of December 2013;
- Delays in the court system with the assignment of cases;
- The need to relocate the office to a smaller space due to reduced funding;
- Much more intense competition for available grants and donations because of the effect the devastation has had on Ocean County.

NOTE 6 - SUBSEQUENT EVENTS

The Financial Accounting Standards Board has established general standards of accounting for and disclosure of events that occur after the date of the statement of financial position but before the date that the financial statements are issued or are available to be issued. These standards also require disclosure of the date through which an entity has evaluated subsequent events. Accordingly, the Organization has evaluated, for potential recognition and disclosure, events that have occurred through February 20, 2014, the date the financial statements were available to be issued.