

**Court Appointed Special Advocates of Mercer County, Inc.
Financial Statements for the Year Ended
June 30, 2016 and
Independent Auditors' Report**

Ditmars, Perazza & Co.

CERTIFIED PUBLIC ACCOUNTANT

Kenneth M. Ditmars, CPA

Telephone: (609) 265-8698

Fax: (609) 265-8621

E-mail: KDIT478@aol.com

Office Address

12 Oak Tree Court
Westampton, NJ 08060

Mailing Address

P.O. Box 478
Rancocas, NJ 08073-0478

Independent Auditor's Report

CASA of Mercer County, Inc.
1450 Parkside Avenue, Suite 22
Ewing, NJ 08638

November 10, 2016

To the Board of Trustees:

Report on Financial Statements

We have audited the accompanying financial statements of CASA of Mercer County, Inc., which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, of functional expenses and of cash flows for the year then ended, and the related notes of 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 the internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 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.

Report on Summarized Comparative Information

We have previously audited CASA of Mercer County, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 21, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CASA of Mercer County, Inc. as of June 30, 2016, and the changes in its net assets and its cash flows for the year that ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 10, 2016 on our consideration of the CASA of Mercer County, Inc.'s internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering CASA of Mercer County, Inc.'s internal control over financial reporting and compliance.



Ditmars, Perazza & Co.

Court Appointed Special Advocates of Mercer County, Inc.
Statement of Financial Position
June 30, 2016
(with summarized totals for 2015)

	2016	2015
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	\$ 494,260	\$ 540,500
Grants and Other Receivables	136,423	53,507
Prepaid Expenses and Other Assets	11,781	118
Total Current Assets	642,464	594,125
Property and Equipment, at Cost Less		
Accumulated Depreciation of \$ 60,842	329,657	338,953
TOTAL ASSETS	\$ 972,121	\$ 933,078
LIABILITIES AND NET ASSETS:		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 20,189	\$ 15,015
Refundable Advances	300	3,290
Current Maturity of Long Term Debt	19,751	18,794
Total Current Liabilities	40,240	37,099
Long Term Debt, Net of Current Maturities		
Total Liabilities	188,341	209,699
Total Liabilities	228,581	246,798
Net Assets:		
Unrestricted:		
Invested in Property and Equipment	121,565	110,461
Unrestricted	621,975	564,948
Total Unrestricted Net Assets	743,540	675,409
Temporarily Restricted Net Assets	-	10,871
Total Net Assets	743,540	686,280
TOTAL LIABILITIES AND NET ASSETS	\$ 972,121	\$ 933,078

The accompanying footnotes are an integral part of the financial statements.

Court Appointed Special Advocates of Mercer County, Inc.
Statement of Activities
For the Year Ended June 30, 2016
(with summarized totals for 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2016</u>	<u>Total 2015</u>
Public Support and Revenue:				
Government and Pass-through Grants	\$ 466,295		\$ 466,295	\$ 431,482
Corporate, Foundation and Other Grants	42,084		42,084	26,550
Contributions	120,091		120,091	168,858
Special Events	217,266		217,266	180,947
In-Kind Contributions - Contributed Services	303,223		303,223	466,355
Other income	551		551	575
Investment Income	(2,750)		(2,750)	1,445
Total Support and Revenue	1,146,760	-	1,146,760	1,276,212
Net Assets Released From Restrictions	10,871	(10,871)	-	-
Total Support and Revenue and Net Assets Released from Restrictions	1,157,631	(10,871)	1,146,760	1,276,212
Expenses:				
Program Expenses	859,264		859,264	1,016,784
Management and General	102,437		102,437	91,414
Fundraising Expense	127,799		127,799	121,780
Total Expenses	1,089,500	-	1,089,500	1,229,978
Change in Net Assets From Operations	68,131	(10,871)	57,260	46,234
Net Assets - Beginning of the Year	675,409	10,871	686,280	640,046
Net Assets - End of the Year	\$ 743,540	\$ -	\$ 743,540	\$ 686,280

The accompanying footnotes are an integral part of the financial statements.

Court Appointed Special Advocates of Mercer County, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2016
(with summarized totals for 2015)

	Program Services	Management and General	Fundraising	Total 2016	Total 2015
Personnel Costs:					
Salaries	\$ 417,960	\$ 27,767	\$ 56,750	\$ 502,477	\$ 512,508
Fringe Benefits	35,444	2,562	4,698	42,704	42,299
Payroll Taxes	35,865	2,593	4,753	43,211	45,417
Total Personnel Costs	489,269	32,922	66,201	588,392	600,224
Operating Expenses:					
Advertising	5,951			5,951	6,497
Corporate filing fees		302		302	360
Depreciation	7,251	651	1,394	9,296	9,747
Development director			532	532	350
Dues and Subscriptions	602	2,566		3,168	7,079
Insurance	3,089	2,852		5,941	9,291
Interest Expense	9,042	811	1,739	11,592	12,898
Janitorial	1,646	147	317	2,110	1,920
Miscellaneous	507	2,188	98	2,793	2,068
Office Equipment	2,567	1,323		3,890	1,050
Office Supplies	2,413	804		3,217	5,220
Parking and Tolls				-	740
Partnership Building	60			60	756
Payroll Service		1,204		1,204	1,074
Program				-	230
Postage	1,316	118	253	1,687	1,844
Printing and Reproduction			4,321	4,321	3,583
Professional Fees	874	54,065		54,939	38,348
Rent	16,819			16,819	9,000
Repairs and Maintenance	9,513	854	1,829	12,196	12,112
Software				-	24
Special Events and Fund Raising			49,074	49,074	40,354
Spot Awards	1,000			1,000	700
Sunshine		677		677	458
Telephone	4,521	406	869	5,796	7,047
Training	8,738			8,738	9,599

Travel	6,479			6,479	3,815
Utilities	6,096			7,815	9,736
Volunteer Advocate Services	279,160	547	1,172	279,160	432,291
Volunteer	2,351			2,351	1,563
Total Operating Expense	369,995	69,515	61,598	501,108	\$ 629,754
Total Expenses	\$ 859,264	\$ 102,437	\$ 127,799	\$ 1,089,500	1,229,978

The accompanying footnotes are an integral part of the financial statements.

**Court Appointed Special Advocates of Mercer County, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2016**

	2016
Cash Flows from Operating Activities:	
Change in Net Assets	\$ 57,260
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	9,296
Increase in receivables	(82,916)
Increase in prepaid and other assets	(11,663)
Increase in payables	2,184
Net Cash Provided by Operating Activities	(25,839)
Cash Flows From Investing Activities:	
Capital Expenditures	-
Net Cash Provided by (Used In) Investing Activities	-
Cash Flows From Financial Activities:	
Principle Payments on Long Term Debt	(20,401)
Net Cash Provided by (Used In) Financing Activities	(20,401)
Change in Cash and Cash Equivalents	(46,240)
Cash and Cash Equivalents at Beginning of Year	540,500
Cash and Cash Equivalents at End of Year	\$ 494,260
Supplemental Information:	
Interest Paid	\$ 11,592

The accompanying footnotes are an integral part of the financial statements.

Court Appointed Special Advocates of Mercer County, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2016

1. Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies of the Court Appointed Special Advocates of Mercer County, Inc. (“CASA of Mercer County”), a New Jersey not-for-profit corporation.

Organization

CASA of Mercer County is a not-for-profit organization which trains community volunteers to speak up in court for children who have been removed from their homes due to abuse and/or neglect. The volunteers ensure that needed services and assistance are provided, while moving the child toward a safe and permanent home. The program recruits, screens, trains, and supervises the volunteers. CASA of Mercer County is exempt from federal and state income taxes under Section 501 (c) (3) of the Internal Revenue Code and similar state provisions.

Adoption of the FASB Accounting Standards Codification

The Financial Accounting Standards Board (“FASB”) issued FASB Accounting Standards Codification (“ASC”) effective for financial statements issued for interim and annual periods ending after September 15, 2009. The ASC is an aggregation of previously issued authoritative accounting principles generally accepted in the United States of America (“GAAP”) in one comprehensive set of guidance organized by subject area. In accordance with the ASC, references to previously issued accounting standards have been replaced by ASC references. Subsequent revisions to GAAP will be incorporated into the ASC through Accounting Standards Updates (ASU). The ASC did not have an effect on CASA of Mercer County’s results of operations or financial condition.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of CASA and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of CASA and/or the passage of time. When a

restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restriction.

Use of Estimates and Assumptions

Management uses estimates and assumptions in preparing its financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Revenue and Support Recognition

Contributions are recognized as revenue when they are received or unconditionally pledged. Donated marketable securities are recorded as contributions at their fair value at date of sale. It is CASA of Mercer County's policy to sell the securities when received.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporary restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Grants receivable represent amounts committed by donors that have not been received by Casa of Mercer County. Grants with donor-imposed restrictions that limit their use to long term purposes are classified as noncurrent assets.

CASA of Mercer County accounts for contract and grant revenues, which are exchange transactions, in the Statement of Activities to the extent that expenses have been incurred for the purposes specified by the grantor for the period. All monies not expended in accordance with the grant or contract are recorded as a liability to the grantor, as CASA of Mercer County does not maintain any equity in the grant or contract. Additionally, funds received in advance of their proper usage are accounted for as deferred revenue in the Statement of Financial Position.

Cash and Cash Equivalents

Cash equivalents consist of all highly liquid debt instruments purchased with a maturity of three months or less, unless bank certificates of deposit and treasury obligations. Bank certificates of deposit and treasury obligations are considered to be temporary investments, not cash equivalents.

The Organization's cash and cash equivalent accounts and interest bearing deposits in banks and other financial institutions may at times exceed the federally insured limits.

The Organization has not experienced any losses in these accounts. Management believes that the Organization is not exposed to any significant risk on these deposits.

Property and Equipment

CASA of Mercer County capitalizes all expenditures in excess of \$1,000 for property and equipment, at cost. The fair market value of donated fixed assets is similarly capitalized. Expenditures for maintenance and repairs are charged to operating expenses. Donations are recorded as unrestricted support, unless the donor has restricted the donated assets to a specific purpose. Depreciation of property and equipment is capitalized using the straight-line method over the estimated useful lives of the assets (5 to 39 years).

Donated Materials

Material and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.

Advertising Costs

Advertising costs are expensed as incurred.

Income Taxes

CASA of Mercer County is exempt from federal income taxes under Section (501)(c)(3) of the Internal Revenue Code, and therefore has made no provisions for federal income taxes.

CASA of Mercer County is subject to routine audits by taxing jurisdictions. There are currently no such audits for any tax periods in progress. CASA believes it is no longer subject to income tax examinations for years prior to 2012.

CASA of Mercer County's policy is to classify income tax related interest and penalties in interest expense and miscellaneous operating costs, respectively.

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 Activities. Accordingly, certain costs have been allocated among the program, supporting services and fundraising events benefited.

Compensated Absences

Employees of CASA of Mercer County are entitled to paid vacation, paid sick days and personal days off, depending on job classification, length of service and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements.

CASA of Mercer County’s policy is to recognize the cost of compensated absences when actually paid to the employees.

Subsequent Events

The Financial Accounting Standards Board has issued a standard that applies to annual financial periods ending after June 15, 2009. These standards establishes principles setting forth the period after the balance sheet date during which management shall evaluate events and transactions that may occur for potential recognition or disclosure in the financial statements. For the purposes of this accounting standard, CASA of Mercer County has evaluated subsequent events through November 10, 2016.

2. Grants Receivable and Other Receivables

Grants receivable, which are all due within one year, consist of the following:

	<u>2016</u>
Mercer County.....	\$ 20,000
VOCA – Mercer County	46,282
VOCA – Burlington County	54,943
CDBG	10,031
Other	5,167

Total Grants Receivable	\$136,423

3. Property and Equipment

The following is a summary of property and equipment as of June 30, 2016.

	<u>Estimated Useful Life In Years</u>	<u>2016</u>
Furniture and Fixtures.....	5-7	\$ 4,799
Building.....	39	351,189
Land.....		34,511

		390,499
Accumulated Depreciation.....		(60,842)

Property and Equipment – Net		\$ 329,657

Non-Expendable property acquired with grant funds is considered to be owned by CASA of Mercer County, while used in the program for which it was acquired or in future authorized programs; however, the funding sources have a reversionary interest in the property. Its disposition, as well as the ownership of any proceeds therefrom, is subject to their regulations.

4. Long Term Debt

CASA of Mercer County’s obligation under long term debt consists of the following:

	<u>2016</u>
Ten year note payable, due in monthly installments of \$2,452, including interest calculated at the rate of 4.75 % thru March 1, 2025. The note is secured by the building and land; the net book value of the building, land and improvements is \$338,427.....	\$ 208,092
Less Current Maturities.....	19,751 -----
Total Long Term Debt Net of Current Maturities.....	\$ 188,341

Minimum principle payments due for the next five years subsequent to June 30, 2016 are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2017.....	\$ 19,751
2018.....	20,724
2019.....	21,744
2020.....	22,798
2021	23,937

5. Net Assets – Temporarily Restricted

The temporarily restricted net assets at June 30, 2015 were released during the year ended June 30, 2016 through the passage of time.

6. Special Events

Special events consisted of the following:

<u>June 30, 2016</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Net Income</u>
CASA Kids 5K Run.....	\$ 41,789	\$ 8,839	\$ 32,950
Burlington Event.....	65,560	13,347	52,213
Winter Event.....	107,507	20,191	87,316
Other Events.....	2,410	2,224	186
Total.....	\$ 217,266	\$ 44,601	\$ 172,665

7. Contributed Services

The use of trained volunteers is important to the mission of CASA of Mercer County. The volunteers (advocates) undergo rigorous training of 32 hours before they can serve as an advocate. Volunteers will work an estimated 10-12 hours each month. During the year ended June 30, 2016, the hours worked were 10,455 hours. This time has an estimated value of \$ 279,160. This estimate is determined by CASA of Mercer County, using a state average wage for volunteers, as determined by the Independent Sector. CASA of Mercer County received contributed services from CASA of New Jersey for accounting and other professional services, in the amount of \$ 24,063 for the year ended June 30, 2016.

In addition, many individuals volunteer their time and provide a variety of tasks that assist CASA of Mercer County, but these services do not meet the criteria for recognition as contributed services.

8. Lease Commitments

Commencing during the year ended June 30, 2016 CASA of Mercer County leased office space from K&S 100, LLC for their Mt. Holly, NJ location. The lease term commenced on 10/1/2015 and runs for a period of 3 years ending on 9/30/2018. The monthly rent for the term of the lease is \$ 1,618.75. Total rent expense was \$ 16,819 for the year ended June 30, 2016.

9. Retirement Plan

CASA of Mercer County maintains a 401(k) Profit Sharing Plan effective January 1, 2004, which covers essentially all full-time employees. An employee becomes eligible to make elective salary deferrals under the Plan after the completion of one month of service and attainment of the age of 21. Employees can defer up to the maximum amount of compensation under IRS guidelines. An employee becomes eligible for matching contributions after the completion of six months of service and completion of 1,000 hours of work in the Plan year. Contributions of this Plan were made at the rate of 3% of employee's compensation, amounting to \$ 9,455 for the year ended June 30, 2016.

10. Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2015, from which the summarized information was derived