

**Court Appointed Special Advocates of Mercer County, Inc.  
Financial Statements for the Year Ended  
June 30, 2018  
and  
Independent Auditor's Report**

# **Ditmars, Perazza & Co.**

CERTIFIED PUBLIC ACCOUNTANT

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## **Independent Auditor's Report**

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

September 20, 2018

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, 2018, 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 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 12, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 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, 2018, 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 September 20, 2018 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, 2018**  
**(with summarized totals for 2017)**

	<b>2018</b>	<b>2017</b>
<b>ASSETS:</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 281,634	\$ 429,249
Grants and Other Receivables	260,149	141,521
Prepaid Expenses and Other Assets	15,032	14,979
Total Current Assets	556,815	585,749
<b>Property and Equipment, at Cost Less</b>		
Accumulated Depreciation of \$ 79,883	318,616	320,420
<b>TOTAL ASSETS</b>	<b>\$ 875,431</b>	<b>\$ 906,169</b>
<b>LIABILITIES AND NET ASSETS:</b>		
<b>Current Liabilities:</b>		
Accounts Payable and Accrued Expenses	\$ 36,551	\$ 31,221
Refundable Advances	-	17,987
Current Maturity of Long Term Debt	21,830	20,563
Total Current Liabilities	58,381	69,771
<b>Long Term Debt, Net of Current Maturities</b>	145,368	167,438
Total Liabilities	203,749	237,209
<b>Net Assets:</b>		
Unrestricted:		
Invested in Property and Equipment	151,418	132,419
Unrestricted	496,097	536,541
Total Unrestricted Net Assets	647,515	668,960
Temporarily Restricted Net Assets	24,167	-
Total Net Assets	671,682	668,960
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 875,431</b>	<b>\$ 906,169</b>

*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, 2018**  
**(with summarized totals for 2017)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2018</u>	<u>Total 2017</u>
<b>Public Support and Revenue:</b>				
Government and Pass-through Grants	\$ 533,746		\$ 533,746	\$ 425,951
Corporate, Foundation and Other Grants	164,445	\$ 25,000	189,445	51,438
Contributions	115,263		115,263	97,076
Special Events	179,118		179,118	187,171
In-Kind Contributions - Contributed Services	432,302		432,302	347,377
Investment Income	1,032		1,032	1,420
<b>Total Support and Revenue</b>	<b>1,425,906</b>	<b>25,000</b>	<b>1,450,906</b>	<b>1,110,433</b>
<b>Net Assets Released From Restrictions</b>	<b>833</b>	<b>(833)</b>	<b>-</b>	<b>-</b>
<b>Total Support and Revenue and Net Assets Released from Restrictions</b>	<b>1,426,739</b>	<b>24,167</b>	<b>1,450,906</b>	<b>1,110,433</b>
<b>Expenses:</b>				
Program Expenses	1,170,230		1,170,230	936,778
Management and General	145,753		145,753	152,349
Fundraising Expense	132,201		132,201	95,886
			-	
<b>Total Expenses</b>	<b>1,448,184</b>	<b>-</b>	<b>1,448,184</b>	<b>1,185,013</b>
<b>Change in Net Assets From Operations</b>	<b>(21,445)</b>	<b>24,167</b>	<b>2,722</b>	<b>(74,580)</b>
<b>Net Assets - Beginning of the Year</b>	<b>668,960</b>		<b>668,960</b>	<b>743,540</b>
<b>Net Assets - End of the Year</b>	<b>\$ 647,515</b>	<b>\$ 24,167</b>	<b>\$ 671,682</b>	<b>\$ 668,960</b>

*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, 2018**  
**(with summarized totals for 2017)**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total 2018</b>	<b>Total 2017</b>
<b>Personnel Costs:</b>					
Salaries	\$ 515,821	\$ 41,800	\$ 48,684	\$ 606,305	\$ 482,005
Fringe Benefits	50,272	4,140	4,731	59,143	44,023
Payroll Taxes	43,031	4,050	3,544	50,625	40,675
				-	
<b>Total Personnel Costs</b>	<b>609,124</b>	<b>49,990</b>	<b>56,959</b>	<b>716,073</b>	<b>566,703</b>
<b>Operating Expenses:</b>					
Advertising	9,631			9,631	5,154
Corporate filing fees		276		276	401
Depreciation	7,647	686	1,471	9,804	9,237
Development director			3,948	3,948	4,022
Dues and Subscriptions	1,516	6,465		7,981	7,041
Insurance	4,987	4,604		9,591	9,707
Interest Expense	6,720	604	1,292	8,616	9,452
Janitorial	1,880	169	362	2,411	2,280
Miscellaneous	834	664		1,498	53
Office Equipment		2,979		2,979	2,115
Office Supplies	3,762	1,254		5,016	4,796
Parking and Tolls	304			304	813
Partnership Building	1,852			1,852	-
Payroll Service		1,376		1,376	1,250
Program				-	361
Postage	773	69	149	991	1,766
Printing and Reproduction			4,642	4,642	4,967
Professional Fees	6,822	73,319		80,141	103,777
Rent	20,855			20,855	19,425
Repairs and Maintenance	9,206	826	1,770	11,802	12,927
Special Events and Fund Raising			59,058	59,058	50,531
Sunshine		1,282		1,282	1,662
Telephone	6,221	558	1,196	7,975	4,855
Training	35,962			35,962	11,082
Travel	13,485			13,485	13,374
Utilities	7,040	632	1,354	9,026	8,652
Volunteer Advocate Services	412,975			412,975	320,999
Volunteer	8,634			8,634	7,611
				-	
<b>Total Operating Expense</b>	<b>561,106</b>	<b>95,763</b>	<b>75,242</b>	<b>732,111</b>	<b>\$ 618,310</b>
<b>Total Expenses</b>	<b>\$1,170,230</b>	<b>\$ 145,753</b>	<b>\$ 132,201</b>	<b>\$1,448,184</b>	<b>1,185,013</b>

*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, 2018**  
**(with summarized totals for 2017)**

	2018	2017
Cash Flows from Operating Activities:		
<b>Change in Net Assets</b>	\$ 2,722	\$ (74,580)
<b>Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities:</b>		
Depreciation	9,804	9,237
Increase in receivables	(118,628)	(5,098)
Increase in prepaid and other assets	(53)	(3,198)
Increase in payables	5,330	11,032
(Decrease) increase in refundable advances	(17,987)	17,687
<b>Net Cash Provided by Operating Activities</b>	<b>(118,812)</b>	<b>(44,920)</b>
<b>Cash Flows From Investing Activities:</b>		
Capital Expenditures	(8,000)	-
<b>Net Cash Provided by (Used In) Investing Activities</b>	<b>(8,000)</b>	<b>-</b>
<b>Cash Flows From Financial Activities:</b>		
Principle Payments on Long Term Debt	(20,803)	(20,091)
<b>Net Cash Provided by (Used In) Financing Activities</b>	<b>(20,803)</b>	<b>(20,091)</b>
<b>Change in Cash and Cash Equivalents</b>	<b>(147,615)</b>	<b>(65,011)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>429,249</b>	<b>494,260</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 281,634</b>	<b>429,249</b>
Supplemental Information:		
Interest Paid	\$ 8,616	\$ 9,452
Rent Paid	\$ 20,855	\$ 19,425

*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, 2018**

**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 serving Mercer and Burlington counties..

**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.

**New Accounting Pronouncements Not Yet Adopted**

Revenue from Contracts with Customers – In May 2014, the Financial Accounting Standards Board issued guidance that replaces the existing accounting standards for revenue recognition. The guidance requires CASA of Mercer County to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration it entitled to receive in exchange for those goods or services. The standard is effective for fiscal years beginning after December 15, 2018 and may be adopted either by restating all years presented in the financial statements or by recording the impact of adoption as an adjustment to retained earnings at the beginning of the fiscal. Early application is permitted. CASA of Mercer County is assessing the potential impact this guidance will have on its financial statements.

Leases – Issued in February 2016, Accounting Standards Update (ASU) No. 2016-02 requires lessees to recognize right-of-use assets and lease liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than 12 months. This new accounting will apply to both types of leases-capital (or finance) leases and operating leases. Previously, GAAP has required only capital leases to be recognized on lessee balance sheets. The standard will take effect for fiscal years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020. Early application is permitted. CASA of Mercer County is assessing the potential impact this guidance will have on it financial statements.

Presentation of Financial Statements of Non-for-Profit Entities – Issued in August 2016, Accounting Standards Update (ASU) No.2016-14 is intended to improve the presentation



of financial statements of not-for-profit (NFP) entities and provide more useful information to donors, grantors, and other users. The ASU eliminates the distinction between resources with permanent restrictions and those with temporary restrictions from the face of NFP financial statements by reducing the current three net asset classes (unrestricted, temporarily restricted, and permanently restricted) to two classes ( net assets with donor restrictions and net assets without donor restrictions). The ASU will also require additional information to be disclosed about investment return, expense classifications, liquidity and availability of resources, and presentations of operating cash flows. The standard is effective for the fiscal years beginning after December 15, 2017. Early application is permitted. CASA of Mercer County is assessing the potential impact this guidance will have on its financial statements.

### **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. Restricted contributions received and released during the year are reflected in the unrestricted net asset category.

### **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 a refundable advance 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 2013.

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 September 20, 2018.

**2. Grants Receivable and Other Receivables**

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

	<b><u>2018</u></b>
Mercer County.....	\$ 20,000
VOCA – Mercer County .....	94,325

VOCA – Burlington County .....	101,524
CDBG .....	15,000
CASA of New Jersey .....	11,900
Blackrock, Inc. ....	10,000
Other .....	7,400
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Total Grants Receivable .....\$ 260,149

### 3. Property and Equipment

The following is a summary of property and equipment as of June 30, 2018.

	<b>Estimated Useful Life In Years</b>	<b><u>2018</u></b>
Furniture, Fixtures and Equipment...	5-7	\$ 12,799
Building.....	39	351,189
Land.....		34,511
		-----
		398,499
Accumulated Depreciation.....		(79,883)
		-----
Property and Equipment – Net		\$ 318,616

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:

	<b><u>2018</u></b>
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 \$311,416.....	\$ 167,198

Less Current Maturities..... 21,830  
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Total Long Term Debt Net of Current Maturities..... \$ 145,368

Minimum principle payments due for the next five years subsequent to June 30, 2018 are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2019.....	\$21,830
2020.....	22,798
2021.....	23,937
2022 .....	25,116
2023 .....	26,353

**5. Net Assets – Temporarily Restricted**

The Temporarily Restricted Net Assets as of June 30, 2018 consist of the following:

Burlington County Advocacy Program	\$ 15,000
Volunteer Engagement Program	<u>9,167</u>
Balance at June 30, 2018	<u>\$ 24,167</u>

**6. Special Events**

Special events consisted of the following:

<u>June 30, 2018</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Net Income</u>
CASA Kids 5K Run.....	\$ 15,973	\$ 4,186	\$ 11,786
Burlington Event.....	73,370	25,414	50,826
Winter Event.....	86,758	23,877	62,881
Other Events.....	3,017	(5,581)	(2,564)
Total.....	<u>\$ 179,118</u>	<u>\$ 59,058</u>	<u>\$ 120,060</u>

**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, 2018, the hours worked were 14,512 hours (an increase of over 24 % from the prior year. This time has an estimated value of \$ 410,979. 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 \$ 21,323 for the year ended June 30, 2018.

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 \$ 20,855 for the year ended June 30, 2018.

## **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 \$ 7,673 for the year ended June 30, 2018.

## **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, 2017, from which the summarized information was derived