

CENTER FOR HOPE AND SAFETY, INC.

Financial Statements

June 30, 2018

(with summarized comparative financial information  
as of and for the year ended June 30, 2017)



CENTER FOR HOPE AND SAFETY, INC.

FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of

Center for Hope and Safety, Inc.

**Report on the Financial Statements**

We have audited the accompanying financial statements of Center for Hope and Safety, Inc. (a Not-for-Profit Organization), which is comprised of the statement of financial position as of June 30, 2018, and the related statements of activities, 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. 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 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 Center for Hope and Safety, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Summarized Comparative Information

We have previously audited Center for Hope and Safety, Inc.'s 2017 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated November 28, 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.

## Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of county awards is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal and state awards, as required by New Jersey OMB Circular Letter 15-08, is presented for purposes of additional analysis and is also 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 January 23, 2019, on our consideration of Center for Hope and Safety, 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 Center for Hope and Safety, 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 Center for Hope and Safety, Inc.'s internal control over financial reporting and compliance.

*Malesardi Quackenbush Swift & Company LLC*

Englewood, New Jersey  
January 23, 2019

CENTER FOR HOPE AND SAFETY, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2018

(with comparative financial information as of June 30, 2017)

ASSETS

	2018	2017
ASSETS:		
Cash and equivalents	\$ 901,565	\$ 627,776
Marketable securities	324,374	296,113
Grants receivable	217,598	344,921
Pledges receivable, net	20,092	46,530
Welfare receivable	21,652	15,609
Miscellaneous receivables	13,905	19,125
Prepaid expenses	18,623	19,573
Security deposits	2,775	2,775
Unrecognized forgiveness of mortgage payable	179,727	236,430
Property and equipment, net	3,084,018	3,099,210
Total Assets	<u>\$ 4,784,329</u>	<u>\$ 4,708,062</u>

LIABILITIES AND NET ASSETS

LIABILITIES:		
Accounts payable	\$ 51,630	\$ 29,719
Accrued expenses	88,747	80,924
Security from clients	-	505
Other liabilities	4,999	4,999
Mortgages payable	179,727	236,430
Total Liabilities	<u>325,103</u>	<u>352,577</u>
NET ASSETS:		
Unrestricted	4,034,204	4,019,447
Board designated - unrestricted	234,212	233,490
Temporarily restricted	190,810	102,548
Total Net Assets	<u>4,459,226</u>	<u>4,355,485</u>
Total Liabilities and Net Assets	<u>\$ 4,784,329</u>	<u>\$ 4,708,062</u>

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

CENTER FOR HOPE AND SAFETY, INC.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2018

(with summarized comparative financial information for the year ended June 30, 2017)

	2018			2017
	Unrestricted	Temporarily Restricted	Total	Total
<b>SUPPORT AND REVENUE:</b>				
Grants	\$ 1,971,482	\$ -	\$ 1,971,482	\$ 1,969,084
Welfare	96,909	-	96,909	154,026
Client housing	33,968	-	33,968	29,910
Fundraising:				
Individual	144,614	38,493	183,107	236,534
Private grants	10,000	214,455	224,455	232,597
Goods and services	19,400	-	19,400	12,536
Events	432,559	91,922	524,481	497,822
Investment income	16,037	-	16,037	11,249
Realized gain on investments	47,068	-	47,068	4,870
<b>Total Support and Revenue</b>	<b>2,772,037</b>	<b>344,870</b>	<b>3,116,907</b>	<b>3,148,628</b>
<b>EXPENSES:</b>				
Program services:				
Shelter	1,259,437	-	1,259,437	1,200,162
Transitional housing	482,603	-	482,603	483,935
Children's programs	662,467	-	662,467	630,065
<b>Total Program Services</b>	<b>2,404,507</b>	<b>-</b>	<b>2,404,507</b>	<b>2,314,162</b>
Management and general	388,963	-	388,963	329,638
Fundraising	185,335	-	185,335	186,272
<b>Total Expenses</b>	<b>2,978,805</b>	<b>-</b>	<b>2,978,805</b>	<b>2,830,072</b>
<b>CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES</b>	<b>(206,768)</b>	<b>344,870</b>	<b>138,102</b>	<b>318,556</b>
<b>NON-OPERATING ACTIVITIES:</b>				
Unrealized gain (loss) on investments	(34,361)	-	(34,361)	26,204
Net assets released from restriction	256,608	(256,608)	-	-
<b>Total Non-Operating Activities</b>	<b>222,247</b>	<b>(256,608)</b>	<b>(34,361)</b>	<b>26,204</b>
<b>CHANGE IN NET ASSETS</b>	<b>15,479</b>	<b>88,262</b>	<b>103,741</b>	<b>344,760</b>
<b>NET ASSETS, Beginning of Year</b>	<b>4,252,937</b>	<b>102,548</b>	<b>4,355,485</b>	<b>4,010,725</b>
<b>NET ASSETS, End of Year</b>	<b>\$ 4,268,416</b>	<b>\$ 190,810</b>	<b>\$ 4,459,226</b>	<b>\$ 4,355,485</b>

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

CENTER FOR HOPE AND SAFETY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2018

(with summarized comparative financial information for the year ended June 30, 2017)

	2018					2017	
	Program Services					Total	
	Shelter	Transitional Housing	Children's Programs	Management and General	Fundraising	Total	Total
Salaries	\$ 809,627	\$ 212,698	\$ 451,602	\$ 202,372	\$ 82,626	\$ 1,758,925	\$ 1,707,572
Health and life insurance	62,731	28,685	46,271	28,684	6,905	173,276	188,929
Payroll taxes	75,410	19,081	41,269	17,354	7,283	160,397	156,056
Insurance	19,503	13,788	20,825	8,383	1,504	64,003	58,817
Utilities	15,860	27,358	10,622	3,235	2,989	60,064	55,501
Equipment repairs and maintenance	5,632	3,064	3,837	2,684	1,421	16,638	52,809
Maintenance	38,291	12,106	15,236	4,851	2,329	72,813	47,625
Consulting	16,412	7,480	10,795	15,671	1,863	52,221	46,054
Special events	-	-	-	197	53,067	53,264	44,387
Rent	-	42,000	-	-	-	42,000	41,700
Workers' compensation	14,253	4,277	9,080	4,069	1,661	33,340	36,537
Telephone	14,443	15,328	6,110	3,151	773	39,805	34,965
Various other expenses	13,293	14,978	6,300	15,217	782	50,570	32,568
Pension plan	14,606	4,467	9,313	3,186	1,677	33,249	30,979
Supplies - food and kitchen	28,532	88	243	72	72	29,007	25,746
Small furniture, equipment, and household	13,280	2,973	1,443	2,828	262	20,786	25,618
Client assistance	11,275	31,815	5,914	-	-	49,004	19,603
Office supplies and postage	4,519	6,296	2,214	4,746	5,659	23,434	16,489
Accounting and audit	8,000	-	4,000	4,000	-	16,000	16,161
Travel	10,674	3,957	5,609	827	-	21,067	13,545
Community education and awareness	-	-	-	-	12,371	12,371	12,978
Donated goods and services	19,025	100	275	-	-	19,400	12,536
Equipment rental	4,317	-	468	2,727	1,027	8,539	8,150
Computer expense	7,560	808	1,286	846	234	10,734	7,050
Legal fund assistance	4,392	620	-	-	-	5,012	6,523
Training and education	5,753	317	1,104	4,702	830	12,706	6,276
Supplies - education and children	3,287	1,800	6,033	-	-	11,120	3,552
Subtotal	1,220,675	454,084	659,849	329,802	185,335	2,849,745	2,708,726
Depreciation	38,762	28,519	2,618	59,161	-	129,060	121,346
Total Functional Expenses	\$ 1,259,437	\$ 482,603	\$ 662,467	\$ 388,963	\$ 185,335	\$ 2,978,805	\$ 2,830,072

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



CENTER FOR HOPE AND SAFETY, INC.

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2018

(with comparative financial information for the year ended June 30, 2017)

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 103,741	\$ 344,760
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	129,060	121,346
Realized gain on investments	(47,068)	(4,870)
Unrealized (gain) loss on investments	34,361	(26,204)
Reserve for uncollectible pledges	(258)	(258)
Change in grants receivable	127,323	(78,482)
Change in pledges receivable	26,696	28,920
Change in welfare receivable	(6,043)	(100)
Change in miscellaneous receivables	5,220	(6,670)
Change in prepaid expenses	950	171
Change in accounts payable	21,911	(576)
Change in accrued expenses	7,823	27,741
Change in security from clients and other liabilities	(505)	(450)
Net Cash Provided by Operating Activities	<u>403,211</u>	<u>405,328</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	(113,868)	(159,643)
Purchases of investments	(287,963)	(33,076)
Proceeds from sale of investments	<u>272,409</u>	<u>28,926</u>
Net Cash Used in Investing Activities	<u>(129,422)</u>	<u>(163,793)</u>
NET CHANGE IN CASH AND EQUIVALENTS	273,789	241,535
CASH AND EQUIVALENTS, Beginning of Year	<u>627,776</u>	<u>386,241</u>
CASH AND EQUIVALENTS, End of Year	<u><u>\$ 901,565</u></u>	<u><u>\$ 627,776</u></u>
Non-cash transactions:		
Forgiven community affairs mortgage	\$ 56,703	\$ 56,703
Donated material and services	\$ 19,400	\$ 12,536

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

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

(with comparative financial information as of June 30, 2017)

NOTE 1 - NATURE OF ORGANIZATION AND OPERATIONS:

Center for Hope and Safety, Inc. (the "Organization"), formerly known as Shelter Our Sisters, Inc., assists women and children who are victims of domestic violence, provides emergency and transitional housing, and numerous services focusing on safety, empowerment, and self-sufficiency.

The Organization's programs include a 24-hour Hotline, Emergency Shelter, counseling, legal advocacy, Project Self-Sufficiency (work readiness training), bilingual services, follow-up services, volunteer programs, and community education. The Organization also has an Outreach and Multicultural Services program in addition to Domestic Violence Liaisons who consult in the state protective services offices.

Transitional Housing includes the management of five homes and case management of clients.

Children's programs include residential emergency shelter program for children including preschool activities, counseling, school transfers, and social-recreational activities. Project CHILD is the community-based creative arts therapy program for children, which builds Confidence, Hope, Independence, Love, and Direction. Transportation is available for the children, and counseling and education programs are available for the non-offending parent.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

All financial transactions have been recorded and reported as unrestricted, temporarily restricted, or permanently restricted net assets:

Unrestricted net assets consist of investments and otherwise unrestricted amounts that are available for use in carrying out the objectives of the Organization, and include those expendable resources which have been designated for special use by the Organization or the Board of Trustees.

Temporarily restricted net assets represent those amounts which are donor restricted for specific purposes. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported on the statement of activities as net assets released from restrictions.

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2018

(with comparative financial information as of June 30, 2017)

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

Permanently restricted net assets result from contributions from donors who place restrictions on the use of the funds which mandate that the original principal be invested in perpetuity. This original principal is reported as a permanently restricted net asset, the income from which may be either temporarily restricted or unrestricted, depending on the donor's specifications.

In the absence of donor restriction, contributions and bequests are considered to be available for unrestricted use. All income is recognized in the period when the contribution, pledge, or unconditional promise to give is received.

The Organization records donor restricted contributions whose restrictions are met in the same reporting period as unrestricted support.

Fair Market Value Measurements

The Organization follows Financial Accounting Standards Board guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Estimates

Management uses estimates and assumptions in preparing financial statements. 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. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Cash and Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. In addition, the Organization considers all CD's with a maturity of one year or less to be cash.

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2018  
(with comparative financial information as of June 30, 2017)

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

Property and Equipment

Property and equipment are stated at cost or fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	30.0 - 31.5 years
Improvements	7.0 - 39.0 years
Furniture and fixtures	5.0 - 7.0 years
Equipment	5.0 - 10.0 years
Transportation equipment	5.0 years

Additions and betterments of \$2,500 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization owns four properties: the shelter, two transitional homes, and the Community Program Center, where the administrative and program offices are located.

Income Taxes

The Organization is a Not-for-Profit organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes.

Refundable Advances

The Organization records grant revenue as refundable advances until it is expended for the purpose of the grant, at which time it is recognized as revenue.

Non-Cash Contributions

Non-cash contributions are recorded as donation revenue at their estimated fair value at the date of donation if these amounts are material to the financial statements.

Expense Allocation

Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are charged to program and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2018  
(with comparative financial information as of June 30, 2017)

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

Comparative Financial Information

The financial statements include 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.

Open Tax Years

The Organization's Forms 990, U.S. *Return of Organization Exempt from Income Tax*, for the years ending June 30, 2015, 2016, 2017, and 2018 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

NOTE 3 - FAIR VALUE MEASUREMENTS:

Assets measured at fair value on a recurring basis are as follows:

June 30, 2018:

<u>Description</u>	<u>Fair Value</u>	<u>Quoted Prices (Level 1)</u>
Mutual funds	<u>\$ 324,374</u>	<u>\$ 324,374</u>

June 30, 2017:

<u>Description</u>	<u>Fair Value</u>	<u>Quoted Prices (Level 1)</u>
Mutual funds	<u>\$ 296,113</u>	<u>\$ 296,113</u>

Fair values for investments and money-markets are determined by references to quoted market prices and other relevant information generated by market transactions.

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2018

(with comparative financial information as of June 30, 2017)

NOTE 4 - PLEDGES RECEIVABLE:

Pledges receivable consist primarily of pledges designated for the capital campaign. Pledges receivable are shown net of a reserve for uncollectible pledges. This reserve is calculated based on the history of prior collections. All capital campaign pledges are considered collectible.

Pledges receivable are as follows:

	<u>2018</u>	<u>2017</u>
Receivable in less than one year	\$ 17,996	\$ 40,442
Receivable in one to five years	<u>6,604</u>	<u>6,604</u>
Total pledges receivable	24,600	47,046
Less: reserve for uncollectible pledge	<u>(4,508)</u>	<u>(516)</u>
Net Pledges Receivable	<u>\$ 20,092</u>	<u>\$ 46,530</u>

NOTE 5 - PROPERTY AND EQUIPMENT:

Property and equipment consist of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 456,463	\$ 456,463
Buildings	2,185,715	2,185,715
Improvements	2,219,359	2,105,491
Furniture and fixtures	120,962	120,962
Equipment	<u>441,585</u>	<u>441,585</u>
Total property and equipment	5,424,084	5,310,216
Less: accumulated depreciation	<u>(2,340,066)</u>	<u>(2,211,006)</u>
Net Property and Equipment	<u>\$ 3,084,018</u>	<u>\$ 3,099,210</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$129,060 and \$121,346, respectively.

NOTE 6 - LINE OF CREDIT:

During the fiscal year ending June 30, 2017, the Organization was approved for a line of credit in the amount of \$100,000, with Malvern Federal Savings Bank. The outstanding principal of all advances shall bear interest at the rate of the bank's prime rate per annum. There was no balance due on the line of credit as of June 30, 2018 and 2017. The line of credit is collateralized by the transitional house located in Emerson, New Jersey.

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2018  
(with comparative financial information as of June 30, 2017)

NOTE 7 - MORTGAGES PAYABLE:

On June 25, 2008, March 25, 2009, January 25, 2012, and March 23, 2016, the Organization borrowed \$121,240, \$150,150, \$179,500, and \$116,140, respectively, from the New Jersey Department of Community Affairs, Division of Housing. The promissory notes have a provision whereby 10% of the original principal balance is forgiven on the anniversary date of the note. The outstanding balance of the loans will be due and payable upon default, termination or sale of the interest owned in the property. The Organization must submit documentation to the New Jersey Department of Community Affairs, Division of Housing to effectuate the discharge of the mortgage. Future principal payments to be forgiven are as follows:

2018	\$ 44,579
2019	29,564
2020	29,564
2021	29,564
2022 and thereafter	<u>46,456</u>
Total	<u>\$ 179,727</u>

NOTE 8 - PENSION PLAN:

The Organization sponsors a Simplified Employee Pension ("SEP") Plan covering all eligible full-time employees. The Organization contributes a percentage of compensation (not to exceed 15%) to the plan. For the years ending June 30, 2018 and 2017, the pension plan expense was \$33,249 and \$30,979, respectively.

NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consist of the following:

	<u>2018</u>	<u>2017</u>
Emergency Shelter	\$ 8,714	\$ 10,312
Outreach	14,179	6,095
Project Self-Sufficiency	5,011	5,182
Children	54,973	18,479
Transitional Housing	7,048	23,635
Client assistance, including legal	29,883	9,491
Project CHILD	9	1,500
Legal	44,742	-
Other programs	<u>26,251</u>	<u>27,854</u>
Total	<u>\$ 190,810</u>	<u>\$ 102,548</u>

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2018  
(with comparative financial information as of June 30, 2017)

NOTE 10 - NET ASSETS RELEASED FROM RESTRICTIONS:

Net assets released from donor restrictions, by incurring expenses satisfying the restricted purposes are as follows:

	<u>2018</u>	<u>2017</u>
Personnel	\$ 108,960	\$ 140,660
Fringe	31,056	40,937
Facility costs	42,466	67,686
Specific assistance	22,597	11,803
Materials and supplies	20,519	8,303
Other	18,047	4,101
Equipment	31	12,025
Consultants and professionals	<u>12,932</u>	<u>3,134</u>
Total	<u>\$ 256,608</u>	<u>\$ 288,649</u>

NOTE 11 - LEASES:

The Organization has the following operating leases:

- Transitional Home - five-year lease beginning January 1, 2014 at \$1,000 per month
- Transitional Home - two-year lease beginning November 1, 2017 at \$1,950 per month

Future annual minimum lease payments under non-cancellable operating leases, including renewal options, total \$37,200 for the year ended June 30, 2018.

The Organization also has an agreement on a transitional home for rent on a month-to-month basis at \$550 per month effective January 1, 2017.

NOTE 12 - CONCENTRATIONS:

The Organization receives a substantial amount of its revenue from New Jersey Department of Children and Families grants. A significant reduction in the level of this revenue, if this was to occur, may have an effect on the Organization's programs and activities.

NOTE 13 - CONCENTRATION OF CREDIT RISK:

The Organization maintains its cash balances in financial institutions insured by the Federal Deposit Insurance Corporation up to \$250,000. The balances, at times, may exceed federally insured limits.



CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2018  
(with comparative financial information as of June 30, 2017)

NOTE 14 - CONTINGENCIES:

The Organization has the following contingent notes payable to the New Jersey Department of Human Services:

<u>Original Amount</u>	<u>Date of Note</u>	<u>Date of Maturity</u>	<u>Annual Reduction</u>	<u>Balance at 06/30/18</u>
\$ 5,000	05/01/99	05/01/19	\$ 250	\$ 250
\$ 29,730	11/04/99	11/03/19	\$ 1,487	\$ 2,966
\$ 38,178	11/04/99	11/03/19	\$ 1,909	\$ 3,817
\$ 3,300	09/01/00	09/01/20	\$ 165	\$ 495
\$ 12,420	05/14/03	05/14/23	\$ 621	\$ 3,105
\$ 3,555	10/31/04	10/31/24	\$ 178	\$ 1,241
\$ 5,819	02/28/05	02/28/25	\$ 291	\$ 2,036

These notes specify that the money be used for renovations or other improvements; the Organization has satisfied these obligations. In return, no repayment of these notes is required as long as the Organization continues to operate in the same manner until the date of maturity as shown. Instead, the amount of these notes is being reduced annually.

The U.S. Department of Housing and Urban Development ("HUD") Supportive Housing grant, awarded in conjunction with the purchase of a transitional home, requires a 20-year commitment (until September 2024) to operate that facility in accordance with grant requirements. No repayment is required as long as the facility remains in operation as a transitional home until that date.

NOTE 15 - ENDOWMENT FUNDS:

Board Designated Endowment

As of June 30, 2018 and 2017, the Board of Trustees has designated \$234,212 and \$233,490, respectively, of unrestricted net assets as a general endowment fund to support the Organization's operations and capital improvements. Since that amount resulted from an internal designation and is not donor restricted, it is classified and reported as unrestricted net assets.

*Investment Policy.* The Organization maintains an Endowment Program for the explicit purpose of assuring the continuity and viability of the Organization. To achieve this objective, endowment assets are invested in a well-diversified asset mix, which includes cash and money-market, equities and fixed income securities that are intended to result in a consistent rate of return.

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2018  
(with comparative financial information as of June 30, 2017)

NOTE 15 - ENDOWMENT FUNDS (CONTINUED):

*Spending Policy.* The long-term objective of the CHS Endowment is that annual spending should remain at a prudent level with the objective to balance current and future requirements of the agency. Spending should not exceed 5% of a three-year average of market value, calculated on the latest twelve-quarter ending market values. The income may be used at the discretion of the board.

Composition of and changes in endowment net assets were as follows:

	<u>2018</u>	<u>2017</u>
Board designated endowment net assets,		
Beginning of year	\$ 233,490	\$ 232,893
Annual pathway	<u>722</u>	<u>597</u>
Board designated endowment net assets,		
End of year	<u>\$ 234,212</u>	<u>\$ 233,490</u>

NOTE 16 - SUBSEQUENT EVENTS:

Subsequent events have been evaluated through January 23, 2019 the date the financial statements were available to be issued. No events have occurred subsequent to the statements of financial position date and through the date the financials were available to be issued that would require adjustment to or disclosure in the accompanying financial statements.

## CENTER FOR HOPE AND SAFETY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Year Ended June 30, 2018

Federal/State Agency/Pass-Through Entity	CFDA Number	Grant Number	Fiscal Year Expenditures	Total Grant Expenditures	Grant Period
<b>Federal:</b>					
U.S. Department of Housing and Urban Development:					
CDBG - Community Development Capital	14.218	CW-08-15	\$ 16,641	\$ 54,713	7/1/15-10/31/17
CDBG - Transitional Housing Counselor	14.218	CW-CFH&STHC17-18	6,000	6,000	7/1/17-6/30/18
Total Community Development Block Grants			22,641	60,713	
Emergency Solutions Grant	14.231	ESG-CFHS-03-17	55,000	55,000	7/1/17-6/30/18
Supportive Housing Program - E1	14.235	NJ0022L2F011508	213	15,801	9/1/16-8/31/17
Supportive Housing Program - E1	14.235	NJ0022L2F011609	15,765	15,765	9/1/17-8/31/18
Supportive Housing Program - B2	14.235	NJ0021L2F011609	23,020	23,020	7/1/17-6/30/18
Total Supportive Housing Program			38,998	54,586	
Home Investment Partnerships Program	14.239	HOME-CFHS-SD-17	8,457	8,457	7/1/17-6/30/18
U.S. Department of Justice:					
Crime Victim Assistance	16.575	VAG 23-15	82,177	158,746	1/1/17-12/31/17
Crime Victim Assistance	16.575	VAG 24-15	56,726	137,383	1/1/16-6/30/18
Crime Victim Assistance	16.575	VAG 30-16	62,120	62,120	1/1/18-8/31/19
Crime Victim Assistance	16.575	VAG 29-16	15,130	15,130	1/1/18-8/31/19
Pass-through Bergen County Community College - Crime Victim Assistance	16.575	2014-WA-AX-0015	873	3,963	10/1/16-9/30/17
Total Crime Victim Assistance			217,026	377,342	
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736	2015-WH-AX-0059	117,712	230,737	10/1/15-9/30/18
Legal Assistance for Victims	16.524	2017-WL-AX-003	100,641	100,641	10/1/17-9/30/20
U.S. Department of Health and Human Services:					
Pass-through New Jersey, Department of Children and Families: Family Violence Prevention and Services (FVPS)	93.591	17ADBW	84,000	84,000	10/01/17-6/30/18
U.S. Department of Homeland Security:					
Emergency Food and Shelter National Board Program	97.024	595000-007 Phase 34	7,990	11,194	10/1/16-1/31/18
Emergency Food and Shelter National Board Program	97.024	595000-007 Phase 35	2,589	2,589	2/1/18-1/31/19
Total Emergency Food and Shelter National Board Program			10,579	13,783	
U.S. Department of Agriculture:					
Pass-through New Jersey, Department of Agriculture:					
Child and Adult Care Food Program	10.558	13-03-1125 ext	19,657	19,657	10/1/17-9/30/18
Child and Adult Care Food Program	10.558	13-03-1125 ext	144	21,722	10/1/16-9/30/17
Total Child and Adult Care Food Program			19,801	41,379	
Total Expenditures of Federal Awards			674,855	1,026,638	
<b>State Programs:</b>					
New Jersey Department of Children and Families:					
Women's Shelter Grant	n/a	2016 Facility Improv	1,056	25,031	4/19/16-9/30/17
Sheltering Add'l	n/a	17ADBW	79,304	79,304	7/1/17-6/30/18
Sheltering	n/a	17ADBW	421,217	421,217	7/1/17-6/30/18
Project CHILD	n/a	17ADBW	475,158	475,158	7/1/17-6/30/18
DVL	n/a	17ADBW	168,000	168,000	7/1/17-6/30/18
New Jersey Department of Community Affairs:					
Shelter Support Grant-Shelter Capital	n/a	2018-02149-0123-00	1,174	1,174	12/1/17-8/31/19
Shelter Support Grant-Transitional Capital R1	n/a	2016-02149-0114-00	13,343	116,140	1/1/16-9/30/17
Total Expenditures of State Awards			1,159,252	1,286,024	
Total Expenditures of Federal and State Awards			\$ 1,834,107	\$ 2,312,662	

See accompanying notes to the schedule of expenditures  
of federal and state awards.

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Year Ended June 30, 2018

NOTE 1 - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state award activity of Center for Hope and Safety, Inc. under programs of the federal and state government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of New Jersey OMB Circular Letter 15-08. Because the Schedule presents only a selected portion of operations of Center for Hope and Safety, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Center for Hope and Safety, Inc.

NOTE 2 - SUMMARY OF SIGNICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained New Jersey OMB Circular 15-08, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

CENTER FOR HOPE AND SAFETY, INC.

SCHEDULE OF EXPENDITURES OF COUNTY AWARDS  
For the Year Ended June 30, 2018

<u>Department</u>	<u>Grant Name</u>	<u>Grant</u>	<u>Grant Period From</u>	<u>Grant Period To</u>	<u>Total Grant Amount</u>	<u>Revenues Recognized</u>	<u>Expenditures</u>
Department of Parks Division of Cultural and Historic Affairs:	Art Grant	N/A	01/01/17	12/31/17	\$ 3,344	\$ 1,763	\$ 1,763
	Art Grant	N/A	01/01/18	12/31/18	3,040	2,280	1,353
					<u>6,384</u>	<u>4,043</u>	<u>3,116</u>
Department of Human Services:	Domestic Violence Prevention	SOS-C17	01/01/17	12/31/17	94,449	48,297	46,152
	Domestic Violence Prevention	SOS-C18	01/01/18	12/31/18	94,449	46,768	46,768
	Protective Services, County Match	17ADBW	07/01/17	06/30/18	33,760	33,760	33,760
					<u>222,658</u>	<u>128,825</u>	<u>126,680</u>
				Grand Total	<u>\$ 229,042</u>	<u>\$ 132,868</u>	<u>\$ 129,796</u>

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

MALESARDI, QUACKENBUSH, SWIFT & COMPANY LLC

Certified Public Accountants  
155 North Dean Street, Suite 5  
Englewood, New Jersey 07631  
201-567-4100  
FAX 201-567-3461

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 of

Center for Hope and Safety, Inc.

We have audited, 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, the financial statements of Center for Hope and Safety, Inc. (a Not-for-Profit Organization), which is comprised of the statement of financial position as of June 30, 2018, and the related statements of activities, 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 January 23, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Center for Hope and Safety, Inc.'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 Center for Hope and Safety, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Center for Hope and Safety, Inc.'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 Entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Center for Hope and Safety, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Entity'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 Entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Malesardi Quackenbush Swift & Company LLC

Englewood, New Jersey  
January 23, 2019

**MALESARDI, QUACKENBUSH, SWIFT & COMPANY LLC**

Certified Public Accountants

155 North Dean Street, Suite 5  
Englewood, New Jersey 07631

201-567-4100  
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
NEW JERSEY OMB CIRCULAR LETTER 15-08**

To the Board of Trustees of

Center for Hope and Safety, Inc.

**Report on Compliance for Each Major Program**

We have audited Center for Hope and Safety, Inc.'s compliance with the types of compliance requirements described in the New Jersey Office of Management and Budget ("NJOMB") *Compliance Supplement* that could have a direct and material effect on each of Center for Hope and Safety, Inc.'s major programs for the year ended June 30, 2018. Center for Hope and Safety, Inc.'s major programs are identified in the summary of auditors' results section on the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Center for Hope and Safety, Inc.'s major 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; and the audit requirements of New Jersey OMB Circular Letter 15-08. Those standards and New Jersey OMB Circular Letter 15-08 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 program occurred. An audit includes examining, on a test basis, evidence about Center for Hope and Safety, Inc.'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 program. However, our audit does not provide a legal determination of Center for Hope and Safety, Inc.'s compliance.



## Opinion on Each Major Program

In our opinion, Center for Hope and Safety, Inc. 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 programs for the year ended June 30, 2018.

## Report on Internal Control over Compliance

Management of Center for Hope and Safety, Inc. 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 Center for Hope and Safety, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with New Jersey OMB Circular Letter 15-08, 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 Center for Hope and Safety, Inc.'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 state 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 state 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 state 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 New Jersey OMB Circular 15-08 Letter. Accordingly, this report is not suitable for any other purpose.

*Malesardi Quackenbush Swift & Company LLC*

Englewood, New Jersey  
January 23, 2019

CENTER FOR HOPE AND SAFETY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2018

I. Summary of Auditors' Results:

*Financial Statements*

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

1. Material weakness(es) identified?

\_\_\_\_\_ yes

X no

2. Significant deficiencies identified?

\_\_\_\_\_ yes

X none reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes

X no

*State Awards*

Internal control over major programs:

1. Material weakness(es) identified?

\_\_\_\_\_ yes

X no

2. Significant deficiencies identified?

\_\_\_\_\_ yes

X none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with New Jersey OMB Circular Letter 15-08?

\_\_\_\_\_ yes

X no

Identification of major programs:

Contract Number

Name of Federal or State Program or Cluster

93.591

Family Violence Prevention and Services (FVPS)

17ADBW

State of New Jersey, Department of Children and Families, Women's Shelter Grant, Sheltering Add'l, Sheltering, Project CHILD, and DVL

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

X yes

\_\_\_\_\_ no

II. Financial Statement Findings: None

III. State Award Findings and Questioned Costs: None