

CENTER FOR HOPE AND SAFETY, INC.

Financial Statements

June 30, 2019

(with summarized comparative financial information  
as of and for the year ended June 30, 2018)



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 are comprised of the statement of financial position as of June 30, 2019, 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, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Summarized Comparative Information

We have previously audited Center for Hope and Safety, Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 23, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, 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 10, 2020, 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 solely 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 10, 2020

CENTER FOR HOPE AND SAFETY, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2019

(with comparative financial information as of June 30, 2018)

ASSETS

	<u>2019</u>	<u>2018</u>
ASSETS:		
Cash and equivalents	\$ 645,893	\$ 901,565
Marketable securities	339,609	324,374
Grants receivable	403,707	217,598
Pledges receivable, net	18,092	20,092
Welfare receivable	4,763	21,652
Miscellaneous receivables	29,614	13,905
Prepaid expenses	17,623	18,623
Security deposits	2,775	2,775
Unrecognized forgiveness of mortgage payable	135,148	179,727
Property and equipment, net	<u>3,151,459</u>	<u>3,084,018</u>
Total Assets	<u>\$ 4,748,683</u>	<u>\$ 4,784,329</u>

LIABILITIES AND NET ASSETS

LIABILITIES:		
Accounts payable	\$ 27,801	\$ 51,630
Accrued expenses	102,593	88,747
Other liabilities	4,999	4,999
Mortgages payable	<u>135,148</u>	<u>179,727</u>
Total Liabilities	<u>270,541</u>	<u>325,103</u>
NET ASSETS:		
Without donor restrictions:		
General operating	4,075,956	4,034,204
Board designated	234,987	234,212
With donor restrictions	<u>167,199</u>	<u>190,810</u>
Total Net Assets	<u>4,478,142</u>	<u>4,459,226</u>
Total Liabilities and Net Assets	<u>\$ 4,748,683</u>	<u>\$ 4,784,329</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, 2019  
(with summarized comparative financial information for the year ended June 30, 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE:				
Grants	\$ 2,129,186	\$ -	\$ 2,129,186	\$ 1,971,482
Welfare	138,288	-	138,288	96,909
Client housing	30,316	-	30,316	33,968
Fundraising:				
Individual	70,271	102,523	172,794	183,107
Private grants	-	221,366	221,366	224,455
Goods and services	18,273	-	18,273	19,400
Events	501,116	-	501,116	524,481
Investment income	21,152	-	21,152	63,105
Total Support and Revenue	2,908,602	323,889	3,232,491	3,116,907
EXPENSES:				
Program services:				
Shelter	1,513,951	-	1,513,951	1,259,437
Transitional housing	428,129	-	428,129	482,603
Children's programs	726,269	-	726,269	662,467
Total Program Services	2,668,349	-	2,668,350	2,404,507
Management and general	307,548	-	307,548	388,963
Fundraising	242,602	-	242,602	185,335
Total Expenses	3,218,499	-	3,218,500	2,978,805
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(309,897)	323,889	13,992	138,102
NON-OPERATING ACTIVITIES:				
Investment income - other	4,924	-	4,924	(34,361)
Net assets released from restriction	347,500	(347,500)	-	-
Total Non-Operating Activities	352,424	(347,500)	4,924	(34,361)
CHANGE IN NET ASSETS	42,527	(23,611)	18,916	103,741
NET ASSETS, Beginning of Year	4,268,416	190,810	4,459,226	4,355,485
NET ASSETS, End of Year	\$ 4,310,943	\$ 167,199	\$ 4,478,142	\$ 4,459,226

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, 2019

(with summarized comparative financial information for the year ended June 30, 2018)

	2019				2018			
	Program Services							
	Shelter	Transitional Housing	Children's Programs	Management and General	Fundraising	Total		Total
Salaries	\$ 1,007,697	\$ 195,960	\$ 468,656	\$ 146,182	\$ 134,319	\$ 1,952,814	\$	\$ 1,758,925
Health and life insurance	65,284	28,307	39,466	13,212	21,223	167,492		173,276
Workers' compensation	17,090	3,941	9,426	2,939	1,915	35,311		33,340
Pension plan	16,623	4,466	9,554	2,641	2,443	35,727		33,249
Payroll taxes	98,059	18,083	42,350	12,739	8,398	179,629		160,397
Accounting and audit	6,208	1,792	7,374	626	-	16,000		16,000
Consulting	1,431	3,748	7,020	12,778	462	25,439		52,221
Office supplies and postage	6,023	743	2,534	5,673	3,524	18,497		23,434
Computer expense	36,073	10,633	18,364	7,752	2,547	75,369		10,734
Supplies - food and kitchen	33,212	475	938	812	575	36,012		29,007
Supplies - education and children	2,927	97	3,938	-	-	6,962		11,120
Rent	-	-	42,300	-	-	42,300		42,000
Utilities	19,658	34,094	10,367	-	2,446	66,565		60,064
Small furniture, equipment, and household	2,139	5,021	-	446	-	7,606		20,786
Equipment rental	3,615	909	1,546	2,088	566	8,724		8,539
Equipment repairs and maintenance	-	318	116	-	-	434		16,638
Maintenance	41,333	21,158	14,260	6,746	3,095	86,592		72,813
Telephone	16,672	16,191	7,122	3,690	876	44,551		39,805
Insurance	20,204	14,549	20,928	9,100	1,527	66,308		64,003
Client assistance	33,650	37,149	7,633	-	-	78,432		49,004
Legal fund assistance	5,657	-	-	3,671	-	9,328		5,012
Travel	7,673	1,351	3,986	1,091	13	14,114		21,067
Training and education	3,112	280	1,162	2,548	-	7,102		12,706
Community education and awareness	1,213	123	614	662	12,297	14,909		12,371
Donated goods and services	16,803	100	700	54	-	17,657		19,400
Special events	2,482	149	2,147	181	45,079	50,038		53,264
Various other expenses	10,944	501	1,223	13,952	1,297	27,917		50,570
<b>Subtotal</b>	<b>1,475,782</b>	<b>400,138</b>	<b>723,724</b>	<b>249,583</b>	<b>242,602</b>	<b>3,091,829</b>		<b>2,849,745</b>
Depreciation	38,169	27,991	2,545	57,965	-	126,670		129,060
<b>Total Functional Expenses</b>	<b>\$ 1,513,951</b>	<b>\$ 428,129</b>	<b>\$ 726,269</b>	<b>\$ 307,548</b>	<b>\$ 242,602</b>	<b>\$ 3,218,499</b>		<b>\$ 2,978,805</b>

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, 2019

(with comparative financial information for the year ended June 30, 2018)

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 18,916	\$ 103,741
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	126,670	129,060
Realized gain on investments	(2,892)	(47,068)
Unrealized (gain) loss on investments	(4,924)	34,361
Reserve for uncollectible pledges	(258)	(258)
Change in grants receivable	(186,109)	127,323
Change in pledges receivable	2,258	26,696
Change in welfare receivable	16,889	(6,043)
Change in miscellaneous receivables	(15,709)	5,220
Change in prepaid expenses	1,000	950
Change in accounts payable	(23,829)	21,911
Change in accrued expenses	13,846	7,823
Change in security from clients and other liabilities	<u>-</u>	<u>(505)</u>
Net Cash Provided by (Used In) Operating Activities	<u>(54,142)</u>	<u>403,211</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	(194,111)	(113,868)
Purchases of investments	(91,610)	(287,963)
Proceeds from sale of investments	<u>84,191</u>	<u>272,409</u>
Net Cash Used in Investing Activities	<u>(201,530)</u>	<u>(129,422)</u>
NET CHANGE IN CASH AND EQUIVALENTS	(255,672)	273,789
CASH AND EQUIVALENTS, Beginning of Year	<u>901,565</u>	<u>627,776</u>
CASH AND EQUIVALENTS, End of Year	<u><u>\$ 645,893</u></u>	<u><u>\$ 901,565</u></u>
Non-cash transactions:		
Forgiven community affairs mortgage	\$ 44,579	\$ 56,703
Donated material and services	\$ 17,603	\$ 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, 2019

(with comparative financial information as of June 30, 2018)

NOTE 1 - NATURE OF ORGANIZATION AND OPERATIONS:

Center for Hope and Safety, Inc. (the "Organization"), formerly known as Shelter Our Sisters, Inc., assists victims of domestic violence, and their children, 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

Net assets, revenues, gains, and losses are classified based on the existence of or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets - Without Donor Restrictions*

Net assets without donor restrictions are available for use at the discretion of the Board of Trustees (the "Board") and/or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

*Net Assets - With Donor Restrictions*

Net assets with donor restrictions 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, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported on the statements of activities as net assets released from restrictions.

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

(with comparative financial information as of June 30, 2018)

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

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.

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.

Investments

The Organization carries investments at their fair values in the statement of financial position. On the statement of activities the Organization presents as separate line-items both investment income that's comprised of ordinary interest, dividend income, and realized gains/(losses) under operating activities and investment income-other that's comprised of unrealized gains/(losses) on investments under non-operating activities.

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.

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 - 31.5 years
Improvements	7 - 39 years
Furniture and fixtures	5 - 7 years
Equipment	5 - 10 years
Transportation equipment	5 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.

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019  
(with comparative financial information as of June 30, 2018)

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

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.

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.

Open Tax Years

The Organization's Forms 990, U.S. *Return of Organization Exempt from Income Tax*, for the years ending June 30, 2016, 2017, 2018, and 2019 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

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. The Organization maintains different chart of accounts to fulfill the process of tracking all transactions within the general ledger by allocation codes. The source document control ensures that all documents have an audit trail.

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, 2018, from which the summarized information was derived.



CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019  
(with comparative financial information as of June 30, 2018)

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

New Accounting Pronouncement

During the period ended June 30, 2019, the Organization implemented the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 ("ASU 2016-14"). ASU 2016-14 amends the current reporting model for non-profit Organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all non-profits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of non-profit financial statements. The accompanying information from the June 30, 2018 financial statements have been restated to conform to the presentation and disclosure requirements of ASU 2016-14.

NOTE 3 - FAIR VALUE MEASUREMENTS:

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

June 30, 2019:

<u>Description</u>	<u>Fair Value</u>	<u>Quoted Prices (Level 1)</u>
Mutual funds	<u>\$ 339,609</u>	<u>\$ 339,609</u>

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>

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, 2019

(with comparative financial information as of June 30, 2018)

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>2019</u>	<u>2018</u>
Receivable in less than one year	\$ 15,996	\$ 17,996
Receivable in one to five years	<u>6,604</u>	<u>6,604</u>
Total pledges receivable	22,600	24,600
Less: reserve for uncollectible pledges	<u>(4,508)</u>	<u>(4,508)</u>
Net Pledges Receivable	<u>\$ 18,092</u>	<u>\$ 20,092</u>

NOTE 5 - PROPERTY AND EQUIPMENT:

Property and equipment consist of the following:

	<u>2019</u>	<u>2018</u>
Land	\$ 456,463	\$ 456,463
Buildings	2,185,715	2,185,715
Improvements	2,413,476	2,219,365
Furniture and fixtures	120,962	120,962
Equipment	<u>441,585</u>	<u>441,585</u>
Total property and equipment	5,618,201	5,424,090
Less: accumulated depreciation	<u>(2,466,742)</u>	<u>(2,340,072)</u>
Net Property and Equipment	<u>\$ 3,151,459</u>	<u>\$ 3,084,018</u>

Depreciation expense for the years ended June 30, 2019 and 2018 was \$126,670 and \$129,060, respectively.

NOTE 6 - LINE OF CREDIT:

The Organization has 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, 2019 and 2018. The line of credit is collateralized by the transitional house located in Emerson, New Jersey. The net book value of the collateralized property is \$434,847. The line of credit was renewed for an additional year under the same terms in September of 2019.

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

(with comparative financial information as of June 30, 2018)

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:

2019	\$ 29,564
2020	29,564
2021	29,564
2022	11,614
2023	11,614
2024 and thereafter	<u>23,228</u>
Total	<u>\$ 135,148</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, 2019 and 2018, the pension plan expense was \$35,727 and \$33,249, respectively.

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS:

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

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose or period:		
Emergency Shelter	\$ 4,536	\$ 8,714
Outreach	11,508	14,179
Project Self-Sufficiency	40,477	5,011
Children	20,931	54,973
Transitional Housing	372	7,048
Client assistance, including legal	27,223	29,883
Project CHILD	9	9
Legal	39,236	44,742
Other programs	<u>22,907</u>	<u>26,251</u>
Total Net Assets with Donor Restrictions	<u>\$ 167,199</u>	<u>\$ 190,810</u>

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2019

(with comparative financial information as of June 30, 2018)

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED):

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

	<u>2019</u>	<u>2018</u>
Emergency Shelter	\$ 53,254	\$ 55,474
Outreach	4,731	9,415
Project Self-Sufficiency	9,379	23,126
Children	93,437	64,290
Transitional Housing	51,579	54,486
Client assistance, including legal	6,263	1,472
Project CHILD	200	1,491
Legal	49,306	36,922
Other programs	<u>79,351</u>	<u>9,932</u>
Total	<u>\$ 347,500</u>	<u>\$ 256,608</u>

The various purposes of the above donor restricted amounts are as follows:

Emergency Shelter

Funds for confidential shelter, which provides a refuge for approximately 160-200 victims and survivors a year.

Outreach

Funds to provide follow- up counseling/case management to victims and survivors who have moved on from the Organization residential services. Counselors provide guidance to reintegrate victims and survivors into their communities. Primary focus is on safety, job training, housing, court issues, food and immigration.

Project Self-Sufficiency

Funds to provide job readiness training including: English as a second language, high school equivalency test, resume writing, computer basics, and interview techniques. Case workers assist victims and survivors in exploring their vocational interests and capabilities, and seeks education and vocational trainings and employment opportunities with them.

Children

Funds to 90+ sheltered children receive services annually and more than 500 community children receive referrals/assistance, holiday gifts and/or attend agency activities. Preschool program for children of residential clients. Individual counseling, including art therapy, with an emphasis on building self-esteem, self-confidence, and appropriate behaviors. Afternoon programming for school-aged children, includes tutoring, small group discussions, recreational activities, and community trips.

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019  
(with comparative financial information as of June 30, 2018)

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED):

Transitional Housing

Funds for approximately 45-60 victims and survivors a year - (25 victims/survivors/families and 31 children in 2018) were housed in five transitional homes. Average length of stay is 21 months (max stay is 24 mos.). For clients in need of affordable housing and support services after their shelter stay. Victims and survivors work with counselors to continue gaining strength and building skills. Program provides support services for vocational counseling, training for reentry into the workforce and to secure employment etc., and provide services that help integration into a community, including transportation, child care, case management and finding permanent housing.

Client assistance, including legal

Funds to provide client assistance which includes rent, utilities, child care, transporting clients and help with medications. Legal assistance is provided by the Organization's staff attorney providing legal representation to survivors of domestic violence in Bergen County.

Project CHILD

Funds to provide for a one-year program for children who are witnesses or victims of domestic violence throughout Bergen County (6 months individual/6 months group therapy). Services include: creative art therapies for children, transportation, client assistance funds, parent educational groups, family/individual therapy and case management (for non-offending parents).

Legal

Funds for the Organization's staff attorney provides legal representation to survivors of domestic violence in Bergen County. Priority legal issues include: Temporary Restraining Orders (TROs), Final Restraining Orders (FROs) and appeals, emergent custody, visitation, child support, spousal support and other related domestic violence family law matters. The attorney also provides advice and counsel to survivors of domestic violence in lieu of representation when appropriate, to empower such survivors to represent themselves or to make appropriate decisions regarding their legal cases.

Other Programs

Various funds that provide: 24 Hour Hotline –Services are for victims of domestic violence, who may be abused by their husband, partner, relative or adult child. Callers receive crisis intervention, counseling and referrals. Also, Community Education programs focusing on domestic violence. Volunteer Program Opportunities include: answer hotline, working with children, tutoring, organizing, transportation and education fairs.

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019  
(with comparative financial information as of June 30, 2018)

NOTE 10 - 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 \$30,900 for the year ended June 30, 2019.

The Organization also has an agreement on a transitional home for rent on a month-to-month basis at \$600 per month effective January 1, 2019.

NOTE 11 - 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 12 - 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.

NOTE 13 - 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 06/30/19</u>
\$ 5,000	05/01/99	05/01/19	\$ 250	\$ -
\$ 29,730	11/04/99	11/03/19	\$ 1,487	\$ 1,479
\$ 38,178	11/04/99	11/03/19	\$ 1,909	\$ 1,908
\$ 3,300	09/01/00	09/01/20	\$ 165	\$ 330
\$ 12,420	05/14/03	05/14/23	\$ 621	\$ 2,484
\$ 3,555	10/31/04	10/31/24	\$ 178	\$ 1,063
\$ 5,819	02/28/05	02/28/25	\$ 291	\$ 1,742

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.

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019  
(with comparative financial information as of June 30, 2018)

NOTE 14 - ENDOWMENT FUNDS:

Board Designated Endowment

As of June 30, 2019 and 2018, the Board of Trustees has designated \$234,987 and \$234,212, respectively, of net assets without donor restrictions 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 net assets without donor restrictions.

*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.

*Spending Policy.* The long-term objective of the Organization 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.

Endowment net asset composition by type of fund as of June 30, 2019 is as follows:

	<u>Without Donor Restrictions</u>	<u>Total Endowment Funds</u>
Board designated quasi-endowment	\$ 234,987	\$ 234,987

Changes in endowment net assets as of June 30, 2019 is as follows:

	<u>Without Donor Restrictions</u>	<u>Total Endowment Funds</u>
Endowment net assets, beginning of year	\$ 234,212	\$ 234,212
Fundraising and other	<u>775</u>	<u>775</u>
Endowment net assets, end of year	\$ 234,987	\$ 234,987

Endowment net asset composition by type of fund as of June 30, 2018 is as follows:

	<u>Without Donor Restrictions</u>	<u>Total Endowment Funds</u>
Board designated quasi-endowment	\$ 234,212	\$ 234,212

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019  
(with comparative financial information as of June 30, 2018)

NOTE 14 - ENDOWMENT FUNDS (CONTINUED):

Changes in endowment net assets as of June 30, 2018 is as follows:

	Without Donor <u>Restrictions</u>	Total Endowment <u>Funds</u>
Endowment net assets, beginning of year	\$ 233,490	\$ 233,490
Fundraising and other	<u>722</u>	<u>722</u>
Endowment net assets, end of year	<u>\$ 234,212</u>	<u>\$ 234,212</u>

NOTE 15 - LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following reflects the Organization's financial assets as of June 30, 2019 and 2018 that could readily be made available within one year of the statements of financial position to fund expenses without limitation:

	<u>2019</u>	<u>2018</u>
Cash and equivalents	\$ 645,893	\$ 901,565
Marketable securities	339,609	324,374
Grants receivable	403,707	217,598
Pledges receivable	15,996	17,996
Welfare receivable	4,763	21,652
Other receivables	<u>29,614</u>	<u>13,905</u>
Total financial assets at year-end	<u>1,439,582</u>	<u>1,497,090</u>
Less those unavailable for general expenditures within one year due to:		
Restricted by donors with purpose	(167,199)	(190,810)
Board designated quasi-endowment	<u>(234,987)</u>	<u>(234,212)</u>
Total unavailable for general use	<u>(402,186)</u>	<u>(425,022)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 1,037,396</u>	<u>\$ 1,072,068</u>

Liquidity Management

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization additionally has the ability use a \$100,000 line of credit for the purpose of meeting general operational needs.



CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
June 30, 2019  
(with comparative financial information as of June 30, 2018)

NOTE 16 - RECLASSIFICATION OF NET ASSETS:

The changes after adoption of ASU 2016-14 have the following effect on net assets at June 30, 2017:

Net Assets:	As Originally <u>Presented</u>	After Adoption <u>of ASU</u>
Unrestricted net assets	\$ 4,252,937	\$ -
Temporarily restricted net assets	102,548	-
Net assets without donor restrictions	-	4,252,937
Net assets with donor restrictions	<u>-</u>	<u>102,548</u>
Total Net Assets	<u>\$ 4,355,485</u>	<u>\$ 4,355,485</u>

NOTE 17 - SUBSEQUENT EVENTS:

Subsequent events have been evaluated through January 10, 2020 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, 2019

Federal/State Agency/Pass-Through Entity	CFDA Number	Grant Number	Fiscal Year Expenditures	Total Grant Expenditures	Grant Period
<u>Federal:</u>					
U.S. Department of Housing and Urban Development:					
Supportive Housing Program - E1	14.235	NJ0022L2F011609	\$ 36	\$ 15,801	9/1/17-8/31/18
Supportive Housing Program - E1	14.235	NJ0022L2F011710	15,125	15,125	9/1/18-8/31/19
Supportive Housing Program - B2	14.235	NJ0021L2F011710	23,020	23,020	7/1/18-6/30/19
Total Supportive Housing Program			38,181	53,946	
U.S. Department of Housing and Urban Development:					
State of New Jersey, Department of Administration and Finance,					
Division of Community Development:					
CDBG - Community Development Capital	14.218	CW-CHS-09-17	51,624	51,624	7/1/17-6/30/18
CDBG - Financial Literacy Skills	14.218	CW-FLSTHR18	10,000	10,000	7/1/18-6/30/19
Total Community Development Block Grants			61,624	61,624	
Home Investment Partnerships Program	14.239	HOME-CFHS-SD-17	15,793	24,250	7/1/17-6/30/18
Home Investment Partnerships Program	14.239	HOME-CFHS-SD-18	3,933	3,933	7/1/18-6/30/19
Total Home Investment Partnerships Program			19,726	28,183	
Emergency Solutions Grant - Shelter Options	14.231	ESG-CFHS-03-18	50,000	50,000	7/1/18-6/30/20
Emergency Solutions Grant - HMIS Operations	14.231	ESG-CFHS-03A-18	4,750	4,750	7/1/18-6/30/20
Total Emergency Solutions Grants			54,750	54,750	
U.S. Department of Justice:					
Office of Violence Against Women - Transitional Housing	16.736	2015-WH-AX-0059	86,684	350,000	10/1/15-3/31/19
Office of Violence Against Women - Legal	16.524	2017-WL-AX-003	192,380	293,021	10/1/17-9/30/20
U.S. Department of Justice:					
State of New Jersey, Department of Law and Public Safety:					
Supportive Services for Victims of Domestic Violence	16.575	VAG 30-16	133,966	196,086	1/1/18-8/31/19
Supportive Services for Victims of Domestic Violence	16.575	VAG 29-16	91,402	106,532	1/1/18-8/31/19
Total Supportive Services for Victims of Domestic Violence			225,368	302,618	
U.S. Department of Health and Human Services:					
State of New Jersey, Department of Children and Families,					
Division of Prevention and Community Partnerships:					
Family Violence Prevention and Services (FVPS)	93.671	19ADBW	63,000	63,000	10/1/18-9/30/19
U.S. Department of Homeland Security:					
Bergen County's United Way:					
Emergency Food and Shelter National Board Program	97.024	595000-007 Phase 35	3,628	6,217	2/1/18-1/31/19
Total Expenditures of Federal Awards			745,341	1,213,359	
<u>State of New Jersey:</u>					
Department of Children and Families:					
Division of Family and Community Partnerships:					
Sheltering	N/A	19ADBW	405,654	405,654	7/1/18-6/30/19
Project CHILD	N/A	19ADBW	475,158	475,158	7/1/18-6/30/19
DVL	N/A	19ADBW	168,000	168,000	7/1/18-6/30/19
Sheltering Add'l	N/A	19ADBW	79,304	79,304	7/1/18-6/30/19
DV Victims Fund	N/A	19ADBW	15,197	15,197	7/1/18-6/30/19
			1,143,313	1,143,313	
Department of Community Affairs,					
Shelter Support Grant - Shelter Capital	N/A	2018-02149-0123-00	85,294	86,468	12/1/17-8/31/19
Total Expenditures of State Awards			1,228,607	1,229,781	
Total Expenditures of Federal and State Awards			\$ 1,973,948	\$ 2,443,140	

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, 2019

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, 2019. 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 in New Jersey OMB Circular 15-08, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - SUBRECIPIENTS:

During the year ended June 30, 2019, the Organization did not provide funds relating to their programs to subrecipients.

NOTE 4 - INDIRECT COST RATE:

The Organization did not elect to use the de minimis cost rate when allocating indirect costs to federal and state programs.

NOTE 5 - LOAN AND LOAN GUARANTEE PROGRAMS:

As of June 30, 2019, the Organization did not have any federal loan or loan guarantee programs.

CENTER FOR HOPE AND SAFETY, INC.

SCHEDULE OF EXPENDITURES OF COUNTY AWARDS  
For the Year Ended June 30, 2019

Department	Grant Name	Grant	Grant Period From	Grant Period To	Total Grant Amount	Revenues Recognized	Expenditures
Department of Parks Division of Cultural and Historic Affairs:	Art Grant	N/A	01/01/18	12/31/18	\$ 3,040	\$ 760	\$ 1,812
	Art Grant	N/A	01/01/19	12/31/19	2,710	2,033	2,248
					<u>5,750</u>	<u>2,793</u>	<u>4,060</u>
Department of Human Services:	Domestic Violence Prevention	SOS-C18	01/01/18	12/31/18	94,449	47,681	47,681
	Domestic Violence Prevention	SOS-C19	01/01/19	12/31/19	94,449	46,257	46,257
	Protective Services, County Match	19ADBW	07/01/18	06/30/19	33,760	33,760	6,691
					<u>222,658</u>	<u>127,698</u>	<u>100,629</u>
The Board of Education of Bergen County Special Services:	McKinniy Vento	N/A	09/15/18	06/15/19	12,000	12,000	12,000
					<u>\$ 240,408</u>	<u>\$ 142,491</u>	<u>\$ 116,689</u>
	Grand Total						

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 are comprised of the statement of financial position as of June 30, 2019, 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 10, 2020.

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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*.

## **Center for Hope and Safety, Inc.'s Response to Findings**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 10, 2020

**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 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, 2019. 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, 2019.

## 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 Letter 15-08. Accordingly, this report is not suitable for any other purpose.

Malesardi, Quackenbush, Swift & Company LLC

Englewood, New Jersey  
January 10, 2020



CENTER FOR HOPE AND SAFETY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019

I. Summary of Auditors' Results:

*Financial Statements*

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

1. Material weakness(es) identified?

      X       yes

                     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

93.671

Family Violence Prevention and Services (FVPS)

19ADBW

State of New Jersey, Department of Children and Families, DV Victims Fund, 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

CENTER FOR HOPE AND SAFETY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
For the Year Ended June 30, 2019

II. Financial Statement Findings:

MATERIAL WEAKNESS

2019-001: Financial Transactions

Criteria: Internal controls should be implemented for the financial closing process to ensure that the Organization is reflecting all financial transactions that occurred during the year in its financial statements.

Condition: The Organization did not record two material financial transactions.

Cause: Adequate internal controls had not been established and implemented over the financial closing process to help ensure that all financial transactions were properly recorded and reflected in the Organization's general ledger.

Effect: There could be unrecorded material financial transactions that were not detected or corrected by staff.

Recommendation: Management should review the general ledger and supporting schedules prior to the audit to ensure that all financial transactions are recorded on its general ledger.

Views of Responsible Officials and Planned Corrective Actions:

III. State Award Findings and Quested Costs: None