

CENTER FOR HOPE AND SAFETY, INC.

Financial Statements

June 30, 2020

(with summarized comparative financial information
as of and for the year ended June 30, 2019)

CENTER FOR HOPE AND SAFETY, INC.

FINANCIAL STATEMENTS
June 30, 2020
(with summarized comparative financial information
as of and for the year ended June 30, 2019)

INDEX

| | <u>Page</u> |
|--|-------------|
| Independent Auditors' Report | 1 - 2 |
| Statement of Financial Position | 3 |
| Statement of Activities | 4 |
| Statement of Functional Expenses | 5 |
| Statement of Cash Flows | 6 |
| Notes to Financial Statements | 7 - 19 |
| Schedule of Expenditures of Federal and State Awards | 20 |
| Notes to Schedule of Expenditures of Federal and State Awards | 21 |
| Schedule of Expenditures of County Awards | 22 |
| 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 <i>Government Auditing Standards</i> | 23 - 24 |
| Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by New Jersey OMB Circular Letter 15-08 | 25 - 26 |
| Schedule of Findings and Questioned Costs | 27 |
| Summary Schedule of Prior Audit Findings | 28 |

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

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, 2020, 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, 2020, 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 10, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, 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 March 30, 2021, 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 & Co LLC

Englewood, New Jersey
March 30, 2021

CENTER FOR HOPE AND SAFETY, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2020

(with comparative financial information as of June 30, 2019)

ASSETS

| | 2020 | 2019 |
|--|---------------------|---------------------|
| ASSETS: | | |
| Cash and equivalents | \$ 1,263,486 | \$ 645,893 |
| Marketable securities | 358,531 | 339,609 |
| Grants receivable | 110,533 | 403,707 |
| Pledges receivable, net | 18,092 | 18,092 |
| Welfare receivable | 67,173 | 4,763 |
| Other receivables | 71,853 | 29,614 |
| Prepaid expenses | 16,898 | 17,623 |
| Security deposits | 2,775 | 2,775 |
| Unrecognized forgiveness of mortgage payable | 105,584 | 135,148 |
| Property and equipment, net | 3,104,060 | 3,151,459 |
| Total Assets | <u>\$ 5,118,985</u> | <u>\$ 4,748,683</u> |

LIABILITIES AND NET ASSETS

| | | |
|-----------------------------------|---------------------|---------------------|
| LIABILITIES: | | |
| Accounts payable | \$ 48,667 | \$ 27,800 |
| Accrued expenses | 104,655 | 102,593 |
| Other liabilities | 5,000 | 5,000 |
| Mortgages payable | 105,584 | 135,148 |
| Paycheck Protection Program funds | 350,000 | - |
| Total Liabilities | <u>613,906</u> | <u>270,541</u> |
| NET ASSETS: | | |
| Without donor restrictions: | | |
| General operating | 4,000,824 | 4,075,956 |
| Board designated | 238,987 | 234,987 |
| With donor restrictions | 265,268 | 167,199 |
| Total Net Assets | <u>4,505,079</u> | <u>4,478,142</u> |
| Total Liabilities and Net Assets | <u>\$ 5,118,985</u> | <u>\$ 4,748,683</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, 2020

(with summarized comparative financial information for the year ended June 30, 2019)

| | 2020 | | | 2019 |
|---|-------------------------------|----------------------------|---------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Total |
| SUPPORT AND REVENUE: | | | | |
| Grants | \$ 2,101,878 | \$ - | \$ 2,101,878 | \$ 2,129,186 |
| Welfare | 130,143 | - | 130,143 | 138,288 |
| Client housing | 54,366 | - | 54,366 | 30,316 |
| Fundraising: | | | | |
| Individual | 192,282 | - | 192,282 | 172,794 |
| Private grants | - | 261,663 | 261,663 | 221,366 |
| Goods and services | 25,195 | - | 25,195 | 18,273 |
| Events | 381,331 | - | 381,331 | 501,116 |
| Investment income | 15,269 | - | 15,269 | 21,152 |
| Total Support and Revenue | 2,900,464 | 261,663 | 3,162,127 | 3,232,491 |
| EXPENSES: | | | | |
| Program services: | | | | |
| Shelter | 1,585,023 | - | 1,585,023 | 1,513,951 |
| Transitional housing | 423,379 | - | 423,379 | 428,129 |
| Children's programs | 643,657 | - | 643,657 | 726,269 |
| Total Program Services | 2,652,059 | - | 2,652,059 | 2,668,349 |
| Management and general | 302,302 | - | 302,302 | 307,548 |
| Fundraising | 188,933 | - | 188,933 | 242,602 |
| Total Expenses | 3,143,294 | - | 3,143,294 | 3,218,499 |
| CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES | (242,830) | 261,663 | 18,833 | 13,992 |
| NON-OPERATING ACTIVITIES: | | | | |
| Investment income - other | 8,104 | - | 8,104 | 4,924 |
| Net assets released from restriction | 163,594 | (163,594) | - | - |
| Total Non-Operating Activities | 171,698 | (163,594) | 8,104 | 4,924 |
| CHANGE IN NET ASSETS | (71,132) | 98,069 | 26,937 | 18,916 |
| NET ASSETS, Beginning of Year | 4,310,943 | 167,199 | 4,478,142 | 4,459,226 |
| NET ASSETS, End of Year | \$ 4,239,811 | \$ 265,268 | \$ 4,505,079 | \$ 4,478,142 |

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, 2020

(with summarized comparative financial information for the year ended June 30, 2019)

| | 2020 | | | | | 2019 | | | | |
|---|---------------------|----------------------|---------------------|-------------------|------------------------|-------------------|---------------------|-----------|--|---------------------|
| | Program Services | | Children's Programs | | Management and General | Fundraising | Total | | | Total |
| | Shelter | Transitional Housing | | | | | | | | |
| Salaries | \$ 981,171 | \$ 191,376 | \$ 458,643 | \$ 177,799 | \$ 177,799 | \$ 119,731 | \$ 1,928,720 | \$ | | \$ 1,952,814 |
| Health and life insurance | 70,081 | 27,390 | 29,875 | 8,922 | 8,922 | 21,068 | 157,336 | | | 167,492 |
| Workers' compensation | 14,969 | 3,896 | 9,227 | 3,568 | 3,568 | 2,380 | 34,040 | | | 35,311 |
| Pension plan | 13,959 | 2,709 | 8,460 | 2,616 | 2,616 | 2,441 | 30,185 | | | 35,727 |
| Payroll taxes | 86,886 | 17,565 | 39,916 | 16,204 | 16,204 | 9,984 | 170,555 | | | 179,629 |
| Accounting and audit | 11,886 | 1,923 | 7,466 | 995 | 995 | 358 | 22,628 | | | 16,000 |
| Consulting | 26,921 | 10,025 | 13,409 | 22,012 | 22,012 | 18,585 | 90,952 | | | 25,439 |
| Office supplies and postage | 4,865 | 626 | 2,565 | 3,946 | 3,946 | 2,593 | 14,595 | | | 18,497 |
| Computer expense | 15,068 | 3,396 | 7,778 | 4,222 | 4,222 | 1,011 | 31,475 | | | 75,369 |
| Supplies - food and kitchen | 38,723 | 795 | 1,907 | 505 | 505 | 123 | 42,053 | | | 36,012 |
| Supplies - education and children | 1,078 | - | 6,224 | - | - | - | 7,302 | | | 6,962 |
| Rent | - | 43,800 | - | - | - | - | 43,800 | | | 42,300 |
| Utilities | 15,074 | 25,940 | 8,761 | 3,930 | 3,930 | 1,989 | 55,694 | | | 66,565 |
| Small furniture, equipment, and household | 6,429 | 329 | 52 | 70 | 70 | - | 6,880 | | | 7,606 |
| Equipment rental | 1,792 | 1,357 | 1,900 | 1,448 | 1,448 | 289 | 6,786 | | | 8,724 |
| Equipment repairs and maintenance | 815 | 1,360 | 626 | 122 | 122 | 113 | 3,036 | | | 434 |
| Maintenance | 45,861 | 14,677 | 12,189 | 1,663 | 1,663 | 1,836 | 76,226 | | | 86,592 |
| Telephone | 17,837 | 16,253 | 6,517 | 4,343 | 4,343 | 847 | 45,797 | | | 44,551 |
| Insurance | 18,608 | 13,300 | 21,124 | 10,907 | 10,907 | 1,192 | 65,131 | | | 66,308 |
| Client assistance | 52,776 | 13,808 | 3,376 | - | - | - | 69,960 | | | 78,432 |
| Legal fund assistance | 500 | - | - | 21,728 | 21,728 | - | 22,228 | | | 9,328 |
| Travel | 6,099 | 1,362 | 3,297 | 710 | 710 | 70 | 11,538 | | | 14,114 |
| Training and education | 150 | - | - | 38 | 38 | - | 188 | | | 7,102 |
| Community education and awareness | 625 | - | - | 430 | 430 | 295 | 1,350 | | | 14,909 |
| Donated goods and services | 23,056 | - | - | - | - | - | 23,056 | | | 17,657 |
| Special events | 17,217 | - | - | 43 | 43 | 3,290 | 20,550 | | | 50,038 |
| Various other expenses | 10,037 | 2,749 | 345 | 16,081 | 16,081 | 738 | 29,950 | | | 27,917 |
| Subtotal | 1,482,483 | 394,636 | 643,657 | 302,302 | 302,302 | 188,933 | 3,012,011 | | | 3,091,829 |
| Depreciation | 102,540 | 28,743 | - | - | - | - | 131,283 | | | 126,670 |
| Total Functional Expenses | \$ 1,585,023 | \$ 423,379 | \$ 643,657 | \$ 302,302 | \$ 302,302 | \$ 188,933 | \$ 3,143,294 | \$ | | \$ 3,218,499 |

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, 2020

(with comparative financial information for the year ended June 30, 2019)

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Change in net assets | \$ 26,937 | \$ 18,916 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | 131,283 | 126,670 |
| Realized gain on investments | - | (2,892) |
| Unrealized gain on investments | (8,104) | (4,924) |
| Change in grants receivable | 293,174 | (186,109) |
| Change in pledges receivable, net | - | 2,000 |
| Change in welfare receivable | (62,410) | 16,889 |
| Change in other receivables | (42,239) | (15,709) |
| Change in prepaid expenses | 725 | 1,000 |
| Change in accounts payable | 20,867 | (23,829) |
| Change in accrued expenses | 2,062 | 13,846 |
| | <u>362,295</u> | <u>(54,142)</u> |
| Net Cash Provided by (Used In) Operating Activities | | |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of property and equipment | (83,884) | (194,111) |
| Purchases of investments | (10,818) | (91,610) |
| Proceeds from sale of investments | - | 84,191 |
| | <u>(94,702)</u> | <u>(201,530)</u> |
| Net Cash Used in Investing Activities | | |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from Paycheck Protection Program | 350,000 | - |
| | <u>617,593</u> | <u>(255,672)</u> |
| NET CHANGE IN CASH, EQUIVALENTS AND RESTRICTED CASH | | |
| CASH, EQUIVALENTS AND RESTRICTED CASH, Beginning of Year | 645,893 | 901,565 |
| CASH, EQUIVALENTS AND RESTRICTED CASH, End of Year | <u>\$ 1,263,486</u> | <u>\$ 645,893</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION: | | |
| Non-cash transactions: | | |
| Forgiven community affairs mortgage | \$ 29,564 | \$ 44,579 |
| Donated material and services | \$ 23,056 | \$ 17,603 |

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

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

(with comparative financial information as of June 30, 2019)

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.

The Organization is supported through donor contributions, government and private grants, and tenant rental income.

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, revenue, 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.

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

(with comparative financial information as of June 30, 2019)

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

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 statement of activities as net assets released from restrictions.

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. Realized gains and losses are included in earnings; unrealized gains and losses are reported as a separate component of net assets in the statement of activities. On the statement of activities, the Organization presents as separate line-items both investment return, net that is comprised of ordinary interest, dividend income, and realized gains(losses) under operating activities and investment return, net - other that is comprised of unrealized gains(losses) on investments under non-operating activities.

Receivables

The Organization records its receivables at the amount management expects to collect from outstanding balances. Any balances that are considered to be uncollectible are written off using the direct write off method.

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.

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

(with comparative financial information as of June 30, 2019)

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 - 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.

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, 2017, 2018, 2019, and 2020 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020
(with comparative financial information as of June 30, 2019)

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

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 certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

New Accounting Pronouncements

In January 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-01, Financial Instruments - Overall (Subtopic 825-10). This ASU requires entities to measure equity investments at fair value and recognize any changes in fair value in net income.

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments (Topic 230). This ASU clarifies how certain cash receipts and cash payments are presented and classified in the statement of cash flows.

In August 2016, the FASB issued ASU No. 2016-18, Statement of Cash Flows: Restricted Cash (Topic 230). This ASU provides additional guidance related to transfers between cash and restricted cash and how entities present, in their statement of cash flows, the cash receipts and cash payments that directly affect the restricted cash accounts.

In June 2018, the FASB issued ASU No. 2018-08, Not for Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605). This ASU assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional.

Analysis of various provisions of these standards resulted in no significant change in the way the Organization recognizes revenues and presents its financial instruments, and therefore no changes to previously issued audited financial statements were required on a full retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with these standards. The Organization adopted the new standards effective July 1, 2019.

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020
(with comparative financial information as of June 30, 2019)

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

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE 3 - INVESTMENT RETURN:

Investment return is summarized as follows:

| | <u>2020</u> | <u>2019</u> |
|-------------------------|------------------|------------------|
| Dividends and interest | \$ 15,269 | \$ 18,260 |
| Realized gain | - | 2,892 |
| Unrealized gain | <u>8,104</u> | <u>4,924</u> |
| Total Investment Return | <u>\$ 23,373</u> | <u>\$ 26,076</u> |

NOTE 4 - FAIR VALUE MEASUREMENTS:

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

June 30, 2020:

| <u>Description</u> | <u>Fair Value</u> | <u>Quoted Prices (Level 1)</u> |
|--------------------|-------------------|------------------------------------|
| Money market funds | \$ 4,284 | \$ 4,284 |
| Mutual funds | <u>354,247</u> | <u>354,247</u> |
| Total | <u>\$ 358,531</u> | <u>\$ 358,531</u> |

June 30, 2019:

| <u>Description</u> | <u>Fair Value</u> | <u>Quoted Prices (Level 1)</u> |
|--------------------|-------------------|------------------------------------|
| Money market funds | \$ 7,247 | \$ 7,247 |
| Mutual funds | <u>332,362</u> | <u>332,362</u> |
| Total | <u>\$ 339,609</u> | <u>\$ 339,609</u> |

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

NOTE 5 - 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.

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020
(with comparative financial information as of June 30, 2019)

NOTE 5 - PLEDGES RECEIVABLE (CONTINUED):

| | | |
|---|------------------|------------------|
| Pledges receivable are as follows: | <u>2020</u> | <u>2019</u> |
| Receivable in less than one year | \$ 15,996 | \$ 15,996 |
| Receivable in one to five years | <u>6,604</u> | <u>6,604</u> |
| Total pledges receivable | 22,600 | 22,600 |
| Less: reserve for uncollectible pledges | <u>4,508</u> | <u>4,508</u> |
| Pledges Receivable, net | <u>\$ 18,092</u> | <u>\$ 18,092</u> |

NOTE 6 - PROPERTY AND EQUIPMENT:

Property and equipment consisted of the following:

| | | |
|--------------------------------|---------------------|---------------------|
| | <u>2020</u> | <u>2019</u> |
| Land | \$ 456,463 | \$ 456,463 |
| Buildings | 2,185,715 | 2,185,715 |
| Improvements | 2,489,767 | 2,413,477 |
| Furniture and fixtures | 120,962 | 120,962 |
| Equipment | 337,442 | 329,848 |
| Transportation equipment | <u>111,737</u> | <u>111,737</u> |
| Total Property and Equipment | 5,702,086 | 5,618,202 |
| Less: accumulated depreciation | <u>2,598,026</u> | <u>2,466,743</u> |
| Property and Equipment, net | <u>\$ 3,104,060</u> | <u>\$ 3,151,459</u> |

Depreciation expense for the years ended June 30, 2020 and 2019 was \$131,283 and \$126,670, respectively.

NOTE 7 - 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, 2020 and 2019. 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.

NOTE 8 - 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.

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020
(with comparative financial information as of June 30, 2019)

NOTE 8 - MORTGAGES PAYABLE (CONTINUED):

The loans mature on June 25, 2018, March 25, 2019, January 25, 2022, and March 23, 2026. 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:

| | |
|------------|-------------------|
| 2021 | \$ 29,564 |
| 2022 | 29,564 |
| 2023 | 11,614 |
| 2024 | 11,614 |
| 2025 | 11,614 |
| Thereafter | <u>11,614</u> |
| Total | <u>\$ 105,584</u> |

NOTE 9 - PAYCHECK PROTECTION PROGRAM FUNDS:

On May 1, 2020, the Organization received loan proceeds in the amount of \$350,000 under the Paycheck Protection Program ("PPP"). The PPP established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The Organization used the proceeds for purposes consistent with the PPP and on February 3, 2021, the loan was fully forgiven.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS:

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

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Subject to expenditure for specified purpose or period: | | |
| Emergency Shelter | \$ 13,233 | \$ 4,536 |
| Community Services | 11,809 | 11,508 |
| Economic Empowerment | 28,559 | 40,477 |
| Children | 92,699 | 20,931 |
| Transitional Housing | 479 | 372 |
| Client assistance, including legal | 26,843 | 27,223 |
| Project CHILD | 9 | 9 |
| Legal | 300 | 39,236 |
| Other programs | <u>91,337</u> | <u>22,907</u> |
| Total Net Assets with Donor Restrictions | <u>\$ 265,268</u> | <u>\$ 167,199</u> |

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020
(with comparative financial information as of June 30, 2019)

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED):

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

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Subject to expenditure for specified purpose or period: | | |
| Emergency Shelter | \$ 14,095 | \$ 53,254 |
| Community Services | - | 4,731 |
| Economic Empowerment | 22,387 | 9,379 |
| Children | 18,959 | 93,437 |
| Transitional Housing | 29,418 | 51,579 |
| Client assistance, including legal | 1,023 | 6,263 |
| Project CHILD | - | 200 |
| Legal | 38,936 | 49,306 |
| Other programs | <u>38,776</u> | <u>79,351</u> |
| Total Net Assets with Donor Restrictions | <u>\$ 163,594</u> | <u>\$ 347,500</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.

Community Services

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.

Economic Empowerment

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, 2020

(with comparative financial information as of June 30, 2019)

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED):

Transitional Housing

Funds for approximately 45-60 victims and survivors a year - (28 victims/survivors/families and 25 children in 2020) were housed in five transitional homes. Average length of stay is 19 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, 2020

(with comparative financial information as of June 30, 2019)

NOTE 11 - 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, 2020 and 2019, the pension plan expense was \$30,185 and \$35,727, respectively.

NOTE 12 - LEASES:

The Organization has various month-to-month agreements to rent its transitional homes. Rent expense for the years ended June 30, 2020 and 2019 was \$43,800 and \$42,300, respectively.

NOTE 13 - CONCENTRATIONS:

Credit Risk

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

Support

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 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 06/30/20</u> |
|----------------------------|-------------------------|-----------------------------|-----------------------------|--------------------------------|
| \$ 29,730 | 11/04/99 | 11/03/19 | \$ 1,487 | \$ - |
| \$ 38,178 | 11/04/99 | 11/03/19 | \$ 1,909 | \$ - |
| \$ 3,300 | 09/01/00 | 09/01/20 | \$ 165 | \$ 165 |
| \$ 12,420 | 05/14/03 | 05/14/23 | \$ 621 | \$ 1,863 |
| \$ 3,555 | 10/31/04 | 10/31/24 | \$ 178 | \$ 885 |
| \$ 5,819 | 02/28/05 | 02/28/25 | \$ 291 | \$ 1,451 |

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.

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

(with comparative financial information as of June 30, 2019)

NOTE 14 - CONTINGENCIES (CONTINUED):

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, 2020 and 2019, the Board of Trustees has designated \$238,987 and \$234,987, 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 Return Objective, Risk Parameters, and Strategies. 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, 2020 is as follows:

| | <u>Without Donor Restrictions</u> | <u>Total Endowment Funds</u> |
|----------------------------------|---------------------------------------|--------------------------------------|
| Board designated quasi-endowment | \$ 238,987 | \$ 238,987 |

Changes in endowment net assets as of June 30, 2020 is as follows:

| | <u>Without Donor Restrictions</u> | <u>Total Endowment Funds</u> |
|--|---------------------------------------|--------------------------------------|
| Endowment net assets, Beginning of year | \$ 234,987 | \$ 234,987 |
| Fundraising and other | 4,000 | 4,000 |
| Endowment net assets, End of year | \$ 238,987 | \$ 238,987 |

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2020
(with comparative financial information as of June 30, 2019)

NOTE 15 - ENDOWMENT FUNDS (CONTINUED):

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 | 775 | 775 |
| Endowment net assets, End of year | \$ 234,987 | \$ 234,987 |

NOTE 16 - LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following reflects the Organization's financial assets as of June 30, 2020 and 2019 that could readily be made available within one year of the statement of financial position to fund expenses without limitation:

| | <u>2020</u> | <u>2019</u> |
|---|---------------------|---------------------|
| Cash and equivalents | \$ 1,263,486 | \$ 645,893 |
| Marketable securities | 358,531 | 339,609 |
| Grants receivable | 110,533 | 403,707 |
| Pledges receivable | 15,996 | 15,996 |
| Welfare receivable | 67,173 | 4,763 |
| Other receivables | 71,853 | 29,614 |
| Total financial assets at year-end | <u>1,887,572</u> | <u>1,439,582</u> |
| Less those unavailable for general expenditures within one year due to: | | |
| Restricted by donors with purpose | (265,268) | (167,199) |
| Board designated quasi-endowment | <u>(238,987)</u> | <u>(234,987)</u> |
| Total unavailable for general use | <u>(504,255)</u> | <u>(402,186)</u> |
| Total financial assets available to management for general expenditure within one year | <u>\$ 1,383,317</u> | <u>\$ 1,037,396</u> |

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

(with comparative financial information as of June 30, 2019)

NOTE 16 - LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED):

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.

NOTE 17 - SUBSEQUENT EVENTS:

Subsequent events have been evaluated through March 30, 2021 the date the financial statements were available to be issued. No events have occurred subsequent to the statement 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, 2020

| Federal/State Agency/Pass-Through Entity | CFDA Number | Grant Number | Fiscal Year Expenditures | Total Grant Expenditures | Grant Period |
|--|----------------|--------------------|-----------------------------|-----------------------------|-------------------|
| Federal: | | | | | |
| U.S. Department of Housing and Urban Development: | | | | | |
| Supportive Housing Program - E1 | 14.235 | NJ0022L2F011811 | \$ 15,801 | \$ 15,801 | 09/01/19-08/31/20 |
| Supportive Housing Program - B2 | 14.235 | NJ0021L2F011811 | 23,020 | 23,020 | 07/01/19-06/30/20 |
| Total Supportive Housing Program | | | 38,821 | 38,821 | |
| U.S. Department of Housing and Urban Development: | | | | | |
| State of New Jersey, County of Bergen, Department of Administration and Finance, Division of Community Development: | | | | | |
| CDBG - Community Development Capital | 14.218 | CW-CHS-05-18 | 61,000 | 61,000 | 07/01/18-06/30/19 |
| Home Investment Partnerships Program | 14.239 | HOME-CFHS-SD-18 | 10,433 | 14,366 | 07/01/18-06/30/19 |
| Emergency Solutions Grant - Shelter Options | 14.231 | ESG-CFHS-03-18 | 50,000 | 50,000 | 07/01/19-06/30/20 |
| Emergency Solutions Grant - HMIS Operations | 14.231 | ESG-CFHS-03A-18 | 4,750 | 4,750 | 07/01/19-06/30/20 |
| Total Emergency Solutions Grants | | | 54,750 | 54,750 | |
| U.S. Department of Justice: | | | | | |
| Office of Violence Against Women - Legal | 16.524 | 2017-WL-AX-003 | 158,308 | 451,329 | 10/01/17-09/30/23 |
| 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 29-16 | 25,193 | 131,725 | 01/01/18-08/31/19 |
| Supportive Services for Victims of Domestic Violence | 16.575 | VAG 30-16 | 20,850 | 216,936 | 01/01/18-08/31/19 |
| Supportive Services for Victims of Domestic Violence | 16.575 | VAG 44-18 | 159,462 | 159,462 | 09/01/19-08/31/21 |
| Supportive Services for Victims of Domestic Violence | 16.575 | VAG 45-18 | 130,367 | 130,367 | 09/01/19-08/31/21 |
| Total Supportive Services for Victims of Domestic Violence | | | 335,872 | 638,490 | |
| 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 | 20ADBW | 63,000 | 63,000 | 10/1/18-9/30/19 |
| Total Expenditures of Federal Awards | | | 722,184 | 1,321,756 | |
| State of New Jersey: | | | | | |
| Department of Children and Families, Division on Women: | | | | | |
| Sheltering Add'l | N/A | 20ADBW | 79,304 | 79,304 | 07/01/19-06/30/20 |
| Sheltering | N/A | 20ADBW | 441,851 | 441,851 | 07/01/19-06/30/20 |
| Project CHILD | N/A | 20ADBW | 475,158 | 475,158 | 07/01/19-06/30/20 |
| DVL | N/A | 20ADBW | 168,000 | 168,000 | 07/01/19-06/30/20 |
| | | | 1,164,313 | 1,164,313 | |
| Department of Children and Families: | | | | | |
| Emergency COVID-19 | N/A | N/A | 9,812 | 9,812 | 05/01/20-06/30/21 |
| Department of Community Affairs, | | | | | |
| Shelter Support Grant - Shelter Capital | N/A | 2018-02149-0123-00 | 3,433 | 89,901 | 12/01/17-08/31/19 |
| Total Expenditures of State Awards | | | 1,177,558 | 1,264,026 | |
| Total Expenditures of Federal and State Awards | | | \$ 1,899,742 | \$ 2,585,782 | |

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, 2020

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, 2020. 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, 2020, 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, 2020, the Organization did not have any federal or state loan or loan guarantee programs.

CENTER FOR HOPE AND SAFETY, INC.

SCHEDULE OF EXPENDITURES OF COUNTY AWARDS
For the Year Ended June 30, 2020

| 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 | 01/01/19 | 12/31/19 | \$ 2,710 | \$ 678 | \$ 462 |
| | Art Grant | N/A | 01/01/20 | 12/31/20 | 2,900 | 2,566 | 1,464 |
| | | | | | <u>5,610</u> | <u>3,244</u> | <u>1,926</u> |
| Department of Human Services: | Domestic Violence Prevention | SOS-C19 | 01/01/19 | 12/31/19 | 94,449 | 48,192 | 48,193 |
| | Domestic Violence Prevention | SOS-C20 | 01/01/20 | 12/31/20 | 94,449 | 40,643 | 40,643 |
| | Protective Services, County Match | 20ADBW | 07/01/19 | 06/30/20 | 33,760 | 33,760 | 33,760 |
| | | | | | <u>222,658</u> | <u>122,595</u> | <u>122,596</u> |
| The Board of Education of Bergen County Special Services: | McKinniy Vento | N/A | 09/01/19 | 06/01/20 | 28,700 | 28,700 | 28,700 |
| | | | | Total | \$ 256,968 | \$ 154,539 | \$ 153,222 |
| | | | | | <u><u>256,968</u></u> | <u><u>154,539</u></u> | <u><u>153,222</u></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 are comprised of the statement of financial position as of June 30, 2020, 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 March 30, 2021.

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") as a basis for designing 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 financial statements. 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 & co llc

Englewood, New Jersey
March 30, 2021

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, 2020. 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 NJOMB Circular Letter 15-08. Those standards and NJOMB 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, 2020.

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

Malesardi, Quackenbush, Swift & Co LLC

Englewood, New Jersey
March 30, 2021

CENTER FOR HOPE AND SAFETY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020

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

19ADBW

State of New Jersey, Department of Children and Families, Sheltering Additional, 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?

_____ yes

 X no

II. Financial Statement Findings: None

III. State Award Findings and Questioned Costs: None

CENTER FOR HOPE AND SAFETY, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2020

II. Financial Statement Findings:

MATERIAL WEAKNESS

2019-001: Financial Transactions

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

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.

Current Status: The recommendation was adopted during the June 30, 2020 fiscal year.