

CENTER FOR HOPE AND SAFETY, INC.

Financial Statements

June 30, 2021

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

CENTER FOR HOPE AND SAFETY, INC.

FINANCIAL STATEMENTS
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as of and for the year ended June 30, 2020)

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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, 2021, 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, 2021, 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 30, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance") and by New Jersey OMB Circular Letter 15-08, is presented for purposes of additional analysis and is 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 December 6, 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
December 6, 2021

CENTER FOR HOPE AND SAFETY, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2021

(with comparative financial information as of June 30, 2020)

ASSETS

	<u>2021</u>	<u>2020</u>
ASSETS:		
Cash and equivalents	\$ 672,321	\$ 1,263,486
Marketable securities	442,025	358,531
Grants receivable	504,709	110,533
Pledges receivable, net	-	18,092
Welfare receivable, net	240,430	67,173
Other receivables	50,312	71,853
Prepaid expenses	12,917	16,898
Security deposits	2,991	2,775
Unrecognized forgiveness of mortgage payable	76,020	105,584
Property and equipment, net	<u>3,077,126</u>	<u>3,104,060</u>
Total Assets	<u>\$ 5,078,851</u>	<u>\$ 5,118,985</u>

LIABILITIES AND NET ASSETS

LIABILITIES:		
Accounts payable	\$ 39,482	\$ 48,667
Accrued expenses	128,269	104,655
Deferred revenue	89,030	-
Other liabilities	-	5,000
Mortgages payable	76,020	105,584
Paycheck Protection Program funds	<u>-</u>	<u>350,000</u>
Total Liabilities	<u>332,801</u>	<u>613,906</u>
NET ASSETS:		
Without donor restrictions:		
General operating	4,228,214	4,000,824
Board designated	238,987	238,987
With donor restrictions	<u>278,849</u>	<u>265,268</u>
Total Net Assets	<u>4,746,050</u>	<u>4,505,079</u>
Total Liabilities and Net Assets	<u>\$ 5,078,851</u>	<u>\$ 5,118,985</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, 2021
(with summarized comparative financial information for the year ended June 30, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE:				
Grants	\$ 2,298,818	\$ -	\$ 2,298,818	\$ 2,101,878
Welfare	193,738	-	193,738	130,143
Client housing	43,988	-	43,988	54,366
Fundraising:				
Individual	175,206	6,737	181,943	192,282
Private grants	41,400	148,774	190,174	261,663
Goods and services	41,517	-	41,517	25,195
Events	264,587	-	264,587	381,331
Investment income	17,310	-	17,310	15,269
Realized gain on investments	10,776	-	10,776	-
Total Support and Revenue	<u>3,087,340</u>	<u>155,511</u>	<u>3,242,851</u>	<u>3,162,127</u>
EXPENSES:				
Program services:				
Shelter	1,668,465	-	1,668,465	1,585,023
Transitional housing	514,733	-	514,733	423,379
Children's programs	622,882	-	622,882	643,657
Total Program Services	<u>2,806,080</u>	<u>-</u>	<u>2,806,080</u>	<u>2,652,059</u>
Management and general	358,951	-	358,951	302,302
Fundraising	251,609	-	251,609	188,933
Total Expenses	<u>3,416,640</u>	<u>-</u>	<u>3,416,640</u>	<u>3,143,294</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	<u>(329,300)</u>	<u>155,511</u>	<u>(173,789)</u>	<u>18,833</u>
NON-OPERATING ACTIVITIES:				
Investment income - other	64,760	-	64,760	8,104
Gain on Paycheck Protection Program forgiveness	350,000	-	350,000	-
Net assets released from restrictions	141,930	(141,930)	-	-
Total Non-Operating Activities	<u>556,690</u>	<u>(141,930)</u>	<u>414,760</u>	<u>8,104</u>
CHANGE IN NET ASSETS	<u>227,390</u>	<u>13,581</u>	<u>240,971</u>	<u>26,937</u>
NET ASSETS, Beginning of Year	<u>4,239,811</u>	<u>265,268</u>	<u>4,505,079</u>	<u>4,478,142</u>
NET ASSETS, End of Year	<u>\$ 4,467,201</u>	<u>\$ 278,849</u>	<u>\$ 4,746,050</u>	<u>\$ 4,505,079</u>

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, 2021

(with summarized comparative financial information for the year ended June 30, 2020)

	2021						2020
	Program Services			Management and General			
	Shelter	Transitional Housing	Children's Programs	Fundraising	Total	Total	
Salaries	\$ 982,181	\$ 160,791	\$ 450,700	\$ 210,952	\$ 154,982	\$ 1,959,606	\$ 1,928,720
Health and life insurance	76,874	25,037	25,987	7,971	27,911	163,780	157,336
Workers' compensation	19,758	3,244	9,083	3,443	3,116	38,644	34,040
Pension plan	12,340	2,349	10,357	1,678	2,642	29,366	30,185
Payroll taxes	91,605	14,296	40,962	16,526	13,174	176,563	170,555
Accounting and audit	11,653	2,726	3,150	6,583	354	24,466	22,628
Consulting	26,115	10,916	9,349	34,764	35,562	116,706	113,180
Office supplies and postage	6,844	646	2,478	1,871	937	12,776	14,595
Computer expense	21,965	7,733	8,453	10,666	5,757	54,574	31,475
Supplies - food and kitchen	29,558	1,872	7,503	635	111	39,679	42,053
Supplies - education and children	1,651	-	2,781	76	-	4,508	7,302
Rent	-	46,800	-	-	-	46,800	43,800
Utilities	20,404	27,097	6,306	595	450	54,852	55,694
Small furniture, equipment, and household	11,750	2,553	-	201	-	14,504	6,880
Equipment rental	1,554	1,772	3,088	2,049	399	8,862	6,786
Equipment repairs and maintenance	9,805	641	-	-	-	10,446	3,036
Maintenance	44,846	17,992	9,852	3,411	685	76,786	76,226
Telephone	17,268	19,662	6,450	12,863	455	56,698	45,797
Insurance	22,157	14,589	20,887	10,637	395	68,665	65,131
Client assistance	56,046	12,429	1,972	1,166	-	71,613	65,160
Legal fund assistance	4,800	-	-	-	-	4,800	4,800
Travel	2,962	301	606	1,849	-	5,718	11,538
Training and education	500	-	1,500	6,810	75	8,885	188
Community education and awareness	6,785	-	-	36	2,967	9,788	1,350
Donated goods and services	31,359	-	-	100	-	31,459	23,056
Special events	15,921	-	-	3,194	546	19,661	20,550
Various other expenses	2,435	2,049	1,418	20,875	1,091	27,868	29,950
Bad debt expense	34,736	104,704	-	-	-	139,440	-
Subtotal	1,563,872	480,199	622,882	358,951	251,609	3,277,513	3,012,011
Depreciation	104,593	34,534	-	-	-	139,127	131,283
Total Functional Expenses	\$ 1,668,465	\$ 514,733	\$ 622,882	\$ 358,951	\$ 251,609	\$ 3,416,640	\$ 3,143,294

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, 2021

(with comparative financial information for the year ended June 30, 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 240,971	\$ 26,937
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	139,127	131,283
Realized gain on investments	(10,776)	-
Unrealized gain on investments	(64,760)	(8,104)
Gain on Paycheck Protection Program forgiveness	(350,000)	-
Change in grants receivable	(394,176)	293,174
Change in pledges receivable, net	18,092	-
Change in welfare receivable	(173,257)	(62,410)
Change in other receivables	65,073	(42,239)
Change in prepaid expenses	3,981	725
Change in accounts payable	(52,933)	20,867
Change in accrued expenses	23,614	2,062
Change in deferred revenue	89,030	-
Change in other liabilities	(5,000)	-
Net Cash Provided by (Used In) Operating Activities	<u>(471,014)</u>	<u>362,295</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(112,193)	(83,884)
Purchases of investments	(79,685)	(10,818)
Proceeds from sale of investments	<u>71,727</u>	<u>-</u>
Net Cash Used in Investing Activities	<u>(120,151)</u>	<u>(94,702)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program	<u>-</u>	<u>350,000</u>
NET CHANGE IN CASH, EQUIVALENTS AND RESTRICTED CASH	(591,165)	617,593
CASH, EQUIVALENTS AND RESTRICTED CASH, Beginning of Year	<u>1,263,486</u>	<u>645,893</u>
CASH, EQUIVALENTS AND RESTRICTED CASH, End of Year	<u><u>\$ 672,321</u></u>	<u><u>\$ 1,263,486</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Non-cash transactions:		
Forgiven community affairs mortgage	\$ 29,564	\$ 29,564
Donated material and services	\$ 31,359	\$ 23,056

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

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

(with comparative financial information as of June 30, 2020)

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, 2021

(with comparative financial information as of June 30, 2020)

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, 2021

(with comparative financial information as of June 30, 2020)

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.

Revenue and Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities, or other assets; an unconditional promise to give; or notification of a beneficial interest is received. Conditional promises to give, that is, those with measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met or the donor has explicitly released the restriction. Grant revenue is recognized as certain performance requirements and/or the occurrence of allowable qualifying expenses occur, as stipulated in the grant agreements. Revenue from program services is recognized when the service is performed.

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 revenue 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.

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

(with comparative financial information as of June 30, 2020)

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

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, 2018, 2019, 2020, and 2021 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 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, 2020, from which the summarized information was derived.

New Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU clarifies the principles for recognizing revenue from contracts with customers. This standard establishes a new contract and control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time, and expands disclosures about revenue. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard. The Organization adopted the new standard effective July 1, 2020.

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

(with comparative financial information as of June 30, 2020)

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>2021</u>	<u>2020</u>
Dividends and interest	\$ 17,310	\$ 15,269
Realized gain	10,776	-
Unrealized gain	<u>64,760</u>	<u>8,104</u>
Total Investment Return	<u>\$ 92,846</u>	<u>\$ 23,373</u>

NOTE 4 - FAIR VALUE MEASUREMENTS:

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

June 30, 2021:

<u>Description</u>	<u>Fair Value</u>	<u>Quoted Prices (Level 1)</u>
Money market funds	\$ 7,577	\$ 7,577
Mutual funds	<u>434,448</u>	<u>434,448</u>
Total	<u>\$ 442,025</u>	<u>\$ 442,025</u>

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>

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, 2021

(with comparative financial information as of June 30, 2020)

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.

Pledges receivable are as follows:

	<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$ -	\$ 15,996
Receivable in one to five years	<u>-</u>	<u>6,604</u>
Total pledges receivable	-	22,600
Less: reserve for uncollectible pledges	<u>-</u>	<u>4,508</u>
Pledges Receivable, net	<u>\$ -</u>	<u>\$ 18,092</u>

NOTE 6 - PROPERTY AND EQUIPMENT:

Property and equipment consisted of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 456,463	\$ 456,463
Buildings	2,185,715	2,185,715
Improvements	2,590,419	2,489,767
Furniture and fixtures	120,962	120,962
Equipment	348,984	337,442
Transportation equipment	<u>111,737</u>	<u>111,737</u>
Total Property and Equipment	5,814,280	5,702,086
Less: accumulated depreciation	<u>2,737,154</u>	<u>2,598,026</u>
Property and Equipment, net	<u>\$ 3,077,126</u>	<u>\$ 3,104,060</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$139,127 and \$131,283, respectively.

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

(with comparative financial information as of June 30, 2020)

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, 2021 and 2020. 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 has a current maturity date of October 1, 2022.

NOTE 8 - MORTGAGES PAYABLE:

On January 25, 2012, and March 23, 2016, the Organization borrowed \$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 loans mature on 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:

2022	\$ 29,564
2023	11,614
2024	11,614
2025	11,614
Thereafter	<u>11,614</u>
Total	<u>\$ 76,020</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 as long as the borrower uses the loan proceeds for eligible purposes within the covered period, 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.

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021
(with comparative financial information as of June 30, 2020)

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS:

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

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose or period:		
Emergency Shelter	\$ 24,020	\$ 13,233
Community Services	7,720	11,809
Economic Empowerment	29,702	28,559
Children	125,916	92,699
Transitional Housing	16,737	479
Client assistance, including legal	29,192	26,843
Project CHILD	-	9
Legal	300	300
Other programs	<u>45,262</u>	<u>91,337</u>
Total Net Assets with Donor Restrictions	<u>\$ 278,849</u>	<u>\$ 265,268</u>

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

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose or period:		
Emergency Shelter	\$ 7,126	\$ 14,095
Community Services	5,384	-
Economic Empowerment	5,072	22,387
Children	19,669	18,959
Transitional Housing	17,635	29,418
Client assistance, including legal	-	1,023
Project CHILD	-	-
Legal	10,000	38,936
Other programs	<u>77,044</u>	<u>38,776</u>
Total Net Assets with Donor Restrictions	<u>\$ 141,930</u>	<u>\$ 163,594</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.

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021
(with comparative financial information as of June 30, 2020)

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

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 450 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.

Transitional Housing

Funds for approximately 45-60 victims and survivors a year - (28 victims/survivors/families and 25 children in 2021) 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 attorneys 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).

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021
(with comparative financial information as of June 30, 2020)

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

Legal

Funds for the Organization's staff attorneys 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 attorneys also provide 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.

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, 2021 and 2020, the pension plan expense was \$29,366 and \$30,185, respectively.

NOTE 12 - REVENUE FROM CONTRACTS WITH CUSTOMERS:

Contract Balances

Contract balances from contracts with customers were as follows:

Client Housing Fees Receivable

	<u>2021</u>	<u>2020</u>
Beginning of year	\$ 71,853	\$ 29,615
End of year	\$ 5,844	\$ 71,853

Revenue recognized in the years ended June 30, 2021 and 2020 that was included in the beginning of the year client housing fees receivable balance was \$71,853 and \$29,615, respectively.

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

(with comparative financial information as of June 30, 2020)

NOTE 12 - REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED):

Disaggregation of Revenue

The Organization has one source of revenue from contracts with customers, which is rental income from the transitional housing program. The Organization recognizes revenue from contracts with customers over time for financial reporting purposes. Revenue recognized over time for the years ended June 30, 2021 and 2020 was \$43,988 and \$54,366, respectively.

Performance Obligations

Revenue derived from client housing fees are recognized during the year in which the obligation under the rental agreements specific to each client are met. The performance obligation is providing housing to clients in five transitional homes; therefore, the revenue is recognized over the year or period of the rental agreements that are specific to each client. Rent is due by the first of the month. Rental revenue paid in advance is deferred to the period to which they relate.

NOTE 13 - LEASES:

The Organization has various month-to-month agreements to rent its transitional homes. Rent expense for the years ended June 30, 2021 and 2020 was \$46,800 and \$43,800, respectively.

NOTE 14 - 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.

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2021
(with comparative financial information as of June 30, 2020)

NOTE 15 - 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 06/30/21</u>
\$ 3,300	09/01/00	09/01/20	\$ 165	\$ -
\$ 12,420	05/14/03	05/14/23	\$ 621	\$ 1,242
\$ 3,555	10/31/04	10/31/24	\$ 178	\$ 707
\$ 5,819	02/28/05	02/28/25	\$ 291	\$ 1,160

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

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

NOTE 16 - ENDOWMENT FUNDS:

Board Designated Endowment

As of June 30, 2021 and 2020, the Board of Trustees has designated \$238,987 and \$238,987, 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.

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

(with comparative financial information as of June 30, 2020)

NOTE 16 - ENDOWMENT FUNDS (CONTINUED):

Endowment net asset composition by type of fund as of June 30, 2021 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, 2021 is as follows:

	<u>Without Donor Restrictions</u>	<u>Total Endowment Funds</u>
Endowment net assets, beginning of year	\$ 238,987	\$ 238,987
Contributions	-	-
Endowment net assets, end of year	\$ 238,987	\$ 238,987

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
Contributions	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, 2021

(with comparative financial information as of June 30, 2020)

NOTE 17 - LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following reflects the Organization's financial assets as of June 30, 2021 and 2020 that could readily be made available within one year of the statement of financial position to fund expenses without limitation:

	<u>2021</u>	<u>2020</u>
Cash and equivalents	\$ 672,321	\$ 1,263,486
Marketable securities	442,025	358,531
Grants receivable	504,709	110,533
Pledges receivable	-	15,996
Welfare receivable	240,430	67,173
Other receivables	<u>50,312</u>	<u>71,853</u>
Total financial assets at year-end	<u>1,909,797</u>	<u>1,887,572</u>
Less those unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	(278,849)	(265,268)
Board designated quasi-endowment	<u>(238,987)</u>	<u>(238,987)</u>
Total unavailable for general use	<u>(517,836)</u>	<u>(504,255)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 1,391,961</u>	<u>\$ 1,383,317</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.

NOTE 18 - SUBSEQUENT EVENTS:

Subsequent events have been evaluated through December 6, 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, 2021

Federal/State Agency/Pass-Through Entity	AL 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	NJ0022L2F011912	\$ 15,801	\$ 15,801	07/01/20-06/30/21
Supportive Housing Program - B2	14.235	NJ0021L2F011912	23,020	23,020	07/01/20-06/30/21
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:					
Community Development Block Grant - Capital	14.218	CW-CHS-05-19	31,283	31,283	07/01/19-06/30/20
Community Development Block Grant - SS	14.218	CW-CFHS-02	14,286	14,286	07/01/20-06/30/21
Total Community Development Block Grants			45,569	45,569	
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
COVID-19 - Emergency Solutions Grant Program	14.231	ESG-CV1-CFHS-02-20	3,484	3,484	12/01/20-07/31/22
Total Emergency Solutions Grants			58,234	58,234	
U.S. Department of Justice:					
Legal Assistance for Victims	16.524	2017-WL-AX-003	157,534	608,863	10/01/17-09/30/23
Transitional Housing Assistance for Victims of Domestic					
Violence, Dating Violence, Stalking, or Sexual Assault	16.736	2020-WH-AX-0039	72,887	72,887	10/01/20-09/30/23
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 44-18	197,774	357,236	09/01/19-08/31/21
Supportive Services for Victims of Domestic Violence	16.575	VAG 45-18	170,327	300,694	09/01/19-08/31/21
Total Supportive Services for Victims of Domestic Violence			368,101	657,930	
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	21ADBW	96,804	96,804	07/01/20-06/30/21
U.S. Department of Homeland Security:					
Emergency Food and Shelter National Board Program	14.235	37-5950-00 007	9,900	9,900	01/01/20-05/31/21
COVID-19 - Emergency Food and Shelter National Board Program	14.235	CARES-5950-00-007	30,159	30,159	01/27/20-05/31/21
Total Emergency Food and Shelter National Board Program			40,059	40,059	
Total Expenditures of Federal Awards			878,009	1,619,167	
State of New Jersey:					
Department of Children and Families, Division on Women:					
Sheltering Add'l	N/A	21ADBW	94,501	94,501	07/01/20-06/30/21
Sheltering	N/A	21ADBW	405,654	405,654	07/01/20-06/30/21
Project CHILD	N/A	21ADBW	475,158	475,158	07/01/20-06/30/21
DVL	N/A	21ADBW	168,000	168,000	07/01/20-06/30/21
			1,143,313	1,143,313	
Department of Children and Families:					
Emergency COVID-19	N/A	N/A	65,158	74,970	05/01/20-09/30/22
Department of Community Affairs:					
Shelter Support Grant - Shelter Capital	N/A	2020-02149-0070-01	63,810	63,810	01/01/20-06/30/21
Total Expenditures of State Awards			1,272,281	1,282,093	
Total Expenditures of Federal and State Awards			\$ 2,150,290	\$ 2,901,260	

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, 2021

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, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance") and 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 the Uniform Guidance and 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, 2021, 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, 2021, 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, 2021

Department	Grant Name	Grant	Grant Period From	Grant Period To	Total Grant Amount	Expenditures
Department of Parks Division of Cultural and Historic Affairs:	Art Grant	N/A	01/01/20	12/31/20	\$ 2,900	\$ 1,436
	Art Grant	N/A	01/01/21	12/31/21	2,380	1,604
					5,280	3,040
Department of Human Services:	Domestic Violence Prevention	CHS-C20	01/01/20	12/31/20	94,449	53,806
	Domestic Violence Prevention	CHS-C21	01/01/21	12/31/21	94,449	48,211
					188,898	102,017
	Protective Services, County Match	21ADBW	07/01/20	06/30/21	33,760	33,760
				Total	\$ 227,938	\$ 138,817

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, 2021, 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 December 6, 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
December 6, 2021

MALESARDI, QUACKENBUSH, SWIFT & COMPANY LLC

Certified Public Accountants
155 North Dean Street, Suite 5
Englewood, New Jersey 07631
201-567-4100
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED THE UNIFORM GUIDANCE AND
NEW JERSEY OMB CIRCULAR LETTER 05-18

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 *OMB Compliance Supplement* and the New Jersey Office of Management and Budget *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, 2021. 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), and New Jersey OMB Circular Letter 15-08. Those standards, the Uniform Guidance 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, 2021.

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 the Uniform Guidance and 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 federal or 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 federal or 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 federal or 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 the Uniform Guidance and New Jersey OMB Circular Letter 15-08. Accordingly, this report is not suitable for any other purpose.

malesardi, quackenbush, swift & co llc

Englewood, New Jersey
December 6, 2021

CENTER FOR HOPE AND SAFETY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

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:

Assistance Listing/Contract Number

Name of Federal or State Program or Cluster

21ADBW

State of New Jersey, Department of Children and Families, Sheltering Additional, Sheltering Project CHILD, and DVL

16.575

Supportive Services for Victims of Domestic Violence

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