

CENTER FOR HOPE AND SAFETY, INC.

Financial Statements

June 30, 2022

(with summarized comparative financial information
as of and for the year ended June 30, 2021)

CENTER FOR HOPE AND SAFETY, INC.

FINANCIAL STATEMENTS
June 30, 2022
(with summarized comparative financial information
as of and for the year ended June 30, 2021)

INDEX

	<u>Page</u>
Independent Auditors' Report	1 - 3
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 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 The Uniform Guidance and New Jersey OMB Circular Letter 15-08	25 - 27
Schedule of Findings and Questioned Costs	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 Audit of the Financial Statements

Opinion

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Center for Hope and Safety, Inc. as of June 30, 2022, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Center for Hope and Safety, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Center for Hope and Safety, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Center for Hope and Safety, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Center for Hope and Safety, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Center for Hope and Safety, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 6, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 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 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 schedules are 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 22, 2023 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 22, 2023

CENTER FOR HOPE AND SAFETY, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2022

(with comparative financial information as of June 30, 2021)

ASSETS

	<u>2022</u>	<u>2021</u>
ASSETS:		
Cash and equivalents	\$ 1,117,391	\$ 672,536
Marketable securities	365,831	442,025
Grants receivable	491,350	506,410
Welfare receivable	57,793	240,430
Other receivables	55,621	48,611
Prepaid expenses	16,438	12,917
Security deposits	3,108	2,776
Unrecognized forgiveness of mortgage payable	46,456	76,020
Property and equipment, net	<u>2,980,947</u>	<u>3,077,126</u>
Total Assets	<u>\$ 5,134,935</u>	<u>\$ 5,078,851</u>

LIABILITIES AND NET ASSETS

LIABILITIES:		
Accounts payable	\$ 53,231	\$ 39,482
Accrued expenses	50,906	128,269
Refundable advances	74,561	89,030
Mortgages payable	<u>46,456</u>	<u>76,020</u>
Total Liabilities	<u>225,154</u>	<u>332,801</u>
NET ASSETS:		
Without donor restrictions:		
General operating	4,236,084	4,228,214
Board designated	238,987	238,987
With donor restrictions	<u>434,710</u>	<u>278,849</u>
Total Net Assets	<u>4,909,781</u>	<u>4,746,050</u>
Total Liabilities and Net Assets	<u>\$ 5,134,935</u>	<u>\$ 5,078,851</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, 2022

(with summarized comparative financial information for the year ended June 30, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE:				
Grants	\$ 2,518,252	\$ -	\$ 2,518,252	\$ 2,298,818
Welfare	348,962	-	348,962	193,738
Client housing	84,480	-	84,480	43,988
Fundraising:				
Individual	147,116	29,616	176,732	181,943
Private grants	10,000	181,144	191,144	190,174
Goods and services	23,344	-	23,344	31,359
Events	455,275	-	455,275	264,587
Investment return, net	38,571	-	38,571	24,142
Miscellaneous income	14,092	-	14,092	10,158
Total Support and Revenue	3,640,092	210,760	3,850,852	3,238,907
EXPENSES:				
Program services:				
Shelter	2,159,304	-	2,159,304	1,668,465
Transitional housing	374,976	-	374,976	514,733
Children's programs	521,694	-	521,694	622,882
Total Program Services	3,055,974	-	3,055,974	2,806,080
Management and general	280,634	-	280,634	355,007
Fundraising	235,876	-	235,876	251,609
Total Expenses	3,572,484	-	3,572,484	3,412,696
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	67,608	210,760	278,368	(173,789)
NON-OPERATING ACTIVITIES:				
Investment return, net - other	(114,637)	-	(114,637)	64,760
Paycheck Protection Program forgiveness	-	-	-	350,000
Net assets released from restrictions	54,899	(54,899)	-	-
Total Non-Operating Activities	(59,738)	(54,899)	(114,637)	414,760
CHANGE IN NET ASSETS	7,870	155,861	163,731	240,971
NET ASSETS, Beginning of Year	4,467,201	278,849	4,746,050	4,505,079
NET ASSETS, End of Year	\$ 4,475,071	\$ 434,710	\$ 4,909,781	\$ 4,746,050

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, 2022

(with summarized comparative financial information for the year ended June 30, 2021)

	2022						2021
	Program Services			Management and General	Fundraising	Total	Total
	Shelter	Transitional Housing	Children's Programs				
Salaries	\$ 1,254,939	\$ 135,972	\$ 362,192	\$ 149,465	\$ 144,634	\$ 2,047,202	\$ 1,959,606
Health and life insurance	158,964	23,072	23,606	8,895	20,981	235,518	163,780
Workers' compensation	23,724	2,734	7,282	1,835	2,908	38,483	38,644
Pension plan	19,669	2,728	7,822	1,509	2,456	34,184	29,366
Payroll taxes	118,153	12,806	33,786	13,425	13,343	191,513	176,563
Accounting and audit	9,817	676	4,824	5,950	208	21,475	24,466
Consulting	24,989	7,058	9,636	19,122	25,427	86,232	116,706
Office supplies and postage	6,657	1,612	2,880	11,917	4,144	27,210	12,776
Computer expense	24,206	7,523	7,474	19,373	8,742	67,318	54,574
Supplies - food and kitchen	122,090	1,132	7,731	1,160	381	132,494	39,679
Supplies - education and children	924	-	5,148	-	-	6,072	4,508
Rent	-	50,920	-	-	-	50,920	46,800
Utilities	23,386	23,549	7,529	1,806	1,198	57,468	54,852
Small furniture, equipment, and household	14,392	1,213	78	1,862	814	18,359	14,504
Equipment rental	1,373	1,576	3,134	1,687	355	8,125	8,862
Equipment repairs and maintenance	742	194	22	-	33	991	10,446
Maintenance	43,400	17,130	9,768	4,137	1,815	76,250	76,786
Telephone	18,971	21,406	4,209	10,326	1,344	56,256	56,698
Insurance	36,262	11,732	20,841	4,533	-	73,368	68,665
Client assistance	27,919	22,468	954	-	-	51,341	71,613
Legal fund assistance	4,800	-	-	-	-	4,800	4,800
Travel	5,313	174	914	640	53	7,094	5,718
Training and education	4,374	-	1,000	1,924	80	7,378	8,885
Community education and awareness	487	81	81	985	2,911	4,545	9,788
Donated goods and services	23,344	-	-	-	-	23,344	31,459
Special events	43,516	-	-	-	2,977	46,493	19,661
Various other expenses	12,375	1,891	783	20,083	1,072	36,204	23,924
Bad debt expense	28,168	-	-	-	-	28,168	139,440
Subtotal	2,052,954	347,647	521,694	280,634	235,876	3,438,805	3,273,569
Depreciation	106,350	27,329	-	-	-	133,679	139,127
Total Expenses	<u>\$ 2,159,304</u>	<u>\$ 374,976</u>	<u>\$ 521,694</u>	<u>\$ 280,634</u>	<u>\$ 235,876</u>	<u>\$ 3,572,484</u>	<u>\$ 3,412,696</u>

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, 2022

(with comparative financial information for the year ended June 30, 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 163,731	\$ 240,971
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	133,679	139,127
Realized gain on investments	(24,660)	(10,776)
Unrealized (gain) loss on investments	114,637	(64,760)
Paycheck Protection Program forgiveness	-	(350,000)
Change in grants receivable	15,060	(395,877)
Change in pledges receivable, net	-	18,092
Change in welfare receivable	182,637	(173,257)
Change in other receivables	(7,010)	23,242
Change in prepaid expenses	(3,521)	3,981
Change in security deposits	(332)	(1)
Change in accounts payable	13,749	(9,185)
Change in accrued expenses	(77,363)	23,614
Change in refundable advances	(14,469)	89,030
Change in other liabilities	-	(5,000)
Net Cash Provided by (Used In) Operating Activities	<u>496,138</u>	<u>(470,799)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(37,500)	(112,193)
Purchases of investments	(95,460)	(79,685)
Proceeds from sale of investments	<u>81,677</u>	<u>71,727</u>
Net Cash Used in Investing Activities	<u>(51,283)</u>	<u>(120,151)</u>
NET CHANGE IN CASH, EQUIVALENTS AND RESTRICTED CASH	444,855	(590,950)
CASH, EQUIVALENTS AND RESTRICTED CASH, Beginning of Year	<u>672,536</u>	<u>1,263,486</u>
CASH, EQUIVALENTS AND RESTRICTED CASH, End of Year	<u>\$ 1,117,391</u>	<u>\$ 672,536</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Non-cash transactions:		
Forgiven community affairs mortgage	\$ 29,564	\$ 29,564
Donated material and services	\$ 23,344	\$ 31,359

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

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

(with comparative financial information as of June 30, 2021)

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 client housing fees.

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, 2022

(with comparative financial information as of June 30, 2021)

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 certificates of deposit 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, 2022
(with comparative financial information as of June 30, 2021)

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, 2022
(with comparative financial information as of June 30, 2021)

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, 2019, 2020, 2021, and 2022 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, 2021, from which the summarized information was derived.

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.

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2022
(with comparative financial information as of June 30, 2021)

NOTE 3 - FAIR VALUE MEASUREMENTS:

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

<u>June 30, 2022</u>		
<u>Description</u>	<u>Fair Value</u>	<u>Quoted Prices (Level 1)</u>
Money market funds	\$ 9,029	\$ 9,029
Mutual funds	<u>356,802</u>	<u>356,802</u>
Total	<u>\$ 365,831</u>	<u>\$ 365,831</u>
<u>June 30, 2021</u>		
<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>

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

NOTE 4 - INVESTMENT RETURN:

Investment return is summarized as follows:

	<u>2022</u>	<u>2021</u>
Dividends and interest	\$ 18,312	\$ 17,310
Realized gain	24,660	10,776
Unrealized gain (loss)	(114,637)	64,760
Investment fees	<u>(4,401)</u>	<u>(3,944)</u>
Total Investment Return, net	<u>\$ (76,066)</u>	<u>\$ 88,902</u>

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2022
(with comparative financial information as of June 30, 2021)

NOTE 5 - PROPERTY AND EQUIPMENT:

Property and equipment consisted of the following:

	<u>2022</u>	<u>2021</u>
Land	\$ 456,463	\$ 456,463
Buildings	2,185,715	2,185,715
Improvements	2,627,919	2,590,419
Furniture and fixtures	120,962	120,962
Equipment	348,984	348,984
Transportation equipment	<u>111,737</u>	<u>111,737</u>
Total Property and Equipment	5,851,780	5,814,280
Less: accumulated depreciation	<u>2,870,833</u>	<u>2,737,154</u>
Property and Equipment, net	<u>\$ 2,980,947</u>	<u>\$ 3,077,126</u>

Depreciation expense for the years ended June 30, 2022 and 2021 was \$133,679 and \$139,127, respectively.

NOTE 6 - LINE OF CREDIT:

The Organization has a line of credit in the amount of \$100,000, with Malvern Federal Savings Bank. The outstanding principal of all advances shall bear interest at the rate of the bank's prime rate per annum. There was no balance due on the line of credit as of June 30, 2022 and 2021. The line of credit is collateralized by the transitional house located in Emerson, New Jersey. The net book value of the collateralized property is \$472,737. The line of credit had matured on January 1, 2023.

NOTE 7 - 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 January 25, 2012 loan matured on January 25, 2022, while the March 23, 2016 loan matures on 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.

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2022
(with comparative financial information as of June 30, 2021)

NOTE 7 - MORTGAGES PAYABLE (CONTINUED):

Future principal payments to be forgiven are as follows:

2023	\$ 11,614
2024	11,614
2025	11,614
2026	<u>11,614</u>
Total	<u>\$ 46,456</u>

NOTE 8 - 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.

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS:

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

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose or period:		
Emergency Shelter	\$ 89,166	\$ 24,020
Community Services	12,970	7,720
Economic Empowerment	24,370	29,702
Children	139,885	125,916
Transitional Housing	31,730	16,737
Client assistance, including legal	30,172	29,192
Legal	300	300
Other programs	<u>106,117</u>	<u>45,262</u>
Total Net Assets with Donor Restrictions	<u>\$ 434,710</u>	<u>\$ 278,849</u>

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2022
(with comparative financial information as of June 30, 2021)

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

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

	<u>2022</u>	<u>2021</u>
Emergency Shelter	\$ -	\$ 7,126
Community Services	22,744	5,384
Economic Empowerment	-	5,072
Children	32,135	19,669
Transitional Housing	-	17,635
Client assistance, including legal	20	-
Legal	-	10,000
Other programs	<u>-</u>	<u>77,044</u>
Total Net Assets with Donor Restrictions	<u>\$ 54,899</u>	<u>\$ 141,930</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's 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 for 90+ sheltered children to receive services annually and more than 400 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, 2022

(with comparative financial information as of June 30, 2021)

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

Transitional Housing

Funds for approximately 45-60 victims and survivors a year - (17 victims/survivors/families and 43 children in 2022) 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).

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 10 - 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, 2022 and 2021, the pension plan expense was \$34,184 and \$29,366, respectively.

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2022
(with comparative financial information as of June 30, 2021)

NOTE 11 - REVENUE FROM CONTRACTS WITH CUSTOMERS:

Contract Balances

Contract balances from contracts with customers were as follows:

	<u>Client Housing Fees Receivable</u>	
	<u>2022</u>	<u>2021</u>
Beginning of year	\$ <u>5,844</u>	\$ <u>71,853</u>
End of year	\$ <u>59,752</u>	\$ <u>5,844</u>

Disaggregation of Revenue

The Organization has one source of revenue from contracts with customers, which is client housing fees 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, 2022 and 2021 was \$84,480 and \$43,988, 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. Fees are due by the first of the month. Fees paid in advance is deferred to the period to which they relate.

NOTE 12 - LEASES:

The Organization has various month-to-month agreements to rent its transitional homes. Rent expense for the years ended June 30, 2022 and 2021 was \$50,920 and \$46,800, 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.

CENTER FOR HOPE AND SAFETY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2022
(with comparative financial information as of June 30, 2021)

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 as of 06/30/22</u>
\$ 12,420	05/14/03	05/14/23	\$ 621	\$ 621
\$ 3,555	10/31/04	10/31/24	\$ 178	\$ 529
\$ 5,819	02/28/05	02/28/25	\$ 291	\$ 869

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

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

NOTE 15 - ENDOWMENT FUNDS:

Board Designated Endowment

As of June 30, 2022 and 2021, 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's 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, 2022
(with comparative financial information as of June 30, 2021)

NOTE 16 - LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following reflects the Organization's financial assets as of June 30, 2022 and 2021 that could readily be made available within one year of the statement of financial position to fund expenses without limitation:

	<u>2022</u>	<u>2021</u>
Cash and equivalents	\$ 1,117,391	\$ 672,536
Marketable securities	365,831	442,025
Grants receivable	491,350	506,410
Welfare receivable	57,793	240,430
Other receivables	<u>55,621</u>	<u>48,611</u>
Total financial assets at year-end	<u>2,087,986</u>	<u>1,910,012</u>
Less those unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	(434,710)	(278,849)
Board designated quasi-endowment	<u>(238,987)</u>	<u>(238,987)</u>
Total unavailable for general use	<u>(673,697)</u>	<u>(517,836)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 1,414,289</u>	<u>\$ 1,392,176</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.

NOTE 17 - SUBSEQUENT EVENTS:

Subsequent events have been evaluated through March 22, 2023 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, 2022

Federal/State Agency/Pass-Through Entity	AL Number	Grant Number	Fiscal Year Expenditures	Total Grant Expenditures	Grant Period
<u>Federal:</u>					
U.S. Department of Housing and Urban Development:					
Supportive Housing Program - E1	14.235	NJ0022L2F012013	\$ 15,801	\$ 15,801	07/01/21-06/30/22
Supportive Housing Program - B2	14.235	NJ0021L2F012013	23,020	23,020	07/01/21-06/30/22
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-06-20	37,500	37,500	02/16/21-03/16/22
Community Development Block Grant - SS	14.218	CDBGCV-CHS14-20	66,541	66,541	12/01/20-06/30/22
Total Community Development Block Grants			104,041	104,041	
Emergency Solutions Grant - Shelter Options	14.231	ESG-CFHS-03-21	50,000	50,000	07/1/21-06/30/22
Emergency Solutions Grant - HMIS Operations	14.231	ESG-CFHS-03A-21	4,750	4,750	07/1/21-06/30/22
COVID-19 - Emergency Solutions Grant	14.231	ESG-CV1-CFHS-02-20	80,253	83,737	12/1/20-07/31/22
Total Emergency Solutions Grants			135,003	138,487	
U.S. Department of Justice:					
Legal Assistance for Victims	16.524	2017-WL-AX-003	177,406	786,269	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	140,724	213,611	10/01/20-09/30/23
U.S. Department of Justice:					
State of New Jersey, Department of Law and Public Safety:					
Crime Victim Assistance	16.575	VAG 44-18	35,194	392,430	09/01/19-08/31/21
Crime Victim Assistance	16.575	VAG 30-20	100,635	100,635	09/01/21-08/31/23
Crime Victim Assistance	16.575	VAG 45-18	46,698	347,392	09/01/19-08/31/21
Total Crime Victim Assistance			182,527	840,457	
U.S. Department of Education					
Board of Education of Bergen County					
Special Services School District					
Education for Homeless Children and Youth	84.196	N/A	2,250	2,250	09/15/21-06/15/22
U.S. Department of Health and Human Services:					
State of New Jersey, Department of Children and Families,					
Division of Prevention and Community Partnerships:					
COVID-19 - Family Violence Prevention and Services (FVPS)	93.671	22ADBW	42,511	42,511	
Family Violence Prevention and Services (FVPS)	93.671	22ADBW	96,181	96,181	07/01/21-06/30/22
Total Family Violence Prevention and Services			138,692	138,692	
U.S. Department of Homeland Security:					
Emergency Food and Shelter National Board Program	97.024	37-5950-00 007	9,560	9,560	07/01/21-06/30/22
Total Expenditures of Federal Awards			929,024	2,272,188	
<u>State of New Jersey:</u>					
Department of Children and Families, Division on Women:					
Sheltering	N/A	22ADBW	405,654	405,654	07/1/21-06/30/22
Sheltering Additional	N/A	22ADBW	79,304	79,304	07/1/21-06/30/22
Project CHILD	N/A	22ADBW	475,158	475,158	07/1/21-06/30/22
DV Liaison	N/A	22ADBW	168,000	168,000	07/1/21-06/30/22
VOCA Loss	N/A	22ADBW	137,500	137,500	07/1/21-06/30/22
DV Victims Expansion	N/A	22ADBW	115,735	115,735	07/1/21-06/30/22
DV Victims Fund	N/A	22ADBW	15,197	15,197	07/1/21-06/30/22
			1,396,548	1,396,548	
Department of Children and Families:					
Emergency COVID-19	N/A	N/A	14,445	89,415	05/01/20-06/30/22
Total Expenditures of State Awards			1,410,993	1,485,963	
Total Expenditures of Federal and State Awards			\$ 2,340,017	\$ 3,758,151	

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, 2022

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, 2022. 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 SIGNIFICANT 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, 2022, 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 10% de minimis cost rate allowed under the Uniform Guidance.

NOTE 5 - LOAN AND LOAN GUARANTEE PROGRAMS:

As of June 30, 2022, 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, 2022

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	01/01/22	12/31/22	\$ 4,860	\$ 1,069
Department of Human Services:	Domestic Violence Prevention	CHS-C21	01/01/21	12/31/21	94,449	46,238
	Domestic Violence Prevention	CHS-C22	01/01/22	12/31/22	94,449	44,840
					188,898	91,078
	Protective Services, County Match	22ADBW	07/01/21	06/30/22	33,760	33,760
				Total	\$ 227,518	\$ 125,907

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, 2022, 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 22, 2023.

Report on 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 were not identified.

Report on 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 & COMPANY LLC

Englewood, New Jersey
March 22, 2023

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 THE UNIFORM GUIDANCE AND
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

Opinion on Each Major Program

We have audited Center for Hope and Safety, Inc.'s compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

In our opinion, Center for Hope and Safety, Inc.'s 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, 2022.

Basis for Opinion on Each Major Program

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 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. Our responsibilities under those standards, the Uniform guidance and New Jersey OMB Circular Letter 15-08 are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Center for Hope and Safety, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major program. Our audit does not provide a legal determination of Center for Hope and Safety, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Center for Hope and Safety, Inc.'s federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Center for Hope and Safety, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and New Jersey OMB Circular Letter 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Center for Hope and Safety, Inc.'s compliance with the requirements of each major program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and New Jersey OMB Circular Letter 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Center for Hope and Safety, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Center for Hope and Safety, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Center for Hope and Safety, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
March 22, 2023

CENTER FOR HOPE AND SAFETY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

I. Summary of Auditors' Results:

Financial Statements

Type of auditors' report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
1. Material weakness(es) identified?	_____ yes	<u> X </u> no
2. Significant deficiencies identified?	_____ yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	_____ yes	<u> X </u> no

Federal and State Awards

Internal control over major programs:		
1. Material weakness(es) identified?	_____ yes	<u> X </u> no
2. Significant deficiencies identified?	_____ yes	<u> X </u> none reported
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) and New Jersey OMBC Circular Letter 15-08?	_____ yes	<u> X </u> no

Major Programs

<u>Assistance Listing/Contract Number</u>	<u>Name of Federal or State Program or Cluster</u>
22ADBW	State of New Jersey Department of Children and Families, DV Core Services, DV Liaisons, PALS, Victim's Fund, DV Core, DV Victim Expansion, and VOCA Recoup
16.575	Crime Victim Assistance
93.671	COVID-19 - Family Violence Prevention and Services
93.671	Family Violence Prevention and Services

Dollar threshold used to distinguish between type A and type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u> X </u> yes _____ no

II. Financial Statement Findings: None

III. Federal and State Award Findings and Questioned Costs: None