

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**FAMILY SUPPORT ORGANIZATION
OF UNION COUNTY, INC.**

August 31, 2021 and 2020



FAMILY SUPPORT ORGANIZATION OF UNION COUNTY, INC.

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March 3, 2022

Board of Trustees
Family Support Organization of Union County, Inc.
Plainfield, New Jersey

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of Family Support Organization of Union County, Inc. (a nonprofit organization), which comprise the statements of financial position as of August 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditor's 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 auditor considers 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 Family Support Organization of Union County, Inc. as of August 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on 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 State Financial Assistance on pages 11 and 12 as required by the State of New Jersey, Department of Children and Families, 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 March 3, 2022, on our consideration of Family Support Organization of Union County, 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 Family Support Organization of Union County, 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 Family Support Organization of Union County, Inc.'s internal control over financial reporting and compliance.

Hill, Barth & King LLC

Certified Public Accountants

FAMILY SUPPORT ORGANIZATION OF UNION COUNTY, INC.

Statements of Financial Position
August 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash	\$ 121,314	\$ 35,179
Prepaid expenses	4,429	4,429
Security deposit	<u>3,750</u>	<u>3,750</u>
Total Assets	<u>\$ 129,493</u>	<u>\$ 43,358</u>
Liabilities		
Accounts payable and accrued expenses	\$ 48,734	\$ 32,258
Deferred income	<u>51,037</u>	<u>-</u>
Total Liabilities	<u>99,771</u>	<u>32,258</u>
Net Assets		
Without donor restrictions	29,616	10,994
With donor restrictions	<u>106</u>	<u>106</u>
Total Net Assets	<u>29,722</u>	<u>11,100</u>
Total Liabilities and Net Assets	<u>\$ 129,493</u>	<u>\$ 43,358</u>

See accompanying notes to financial statements

FAMILY SUPPORT ORGANIZATION OF UNION COUNTY, INC.

**Statements of Activities
Years Ended August 31, 2021 and 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
State of New Jersey Grant	\$ -	\$ 645,779	\$ 645,779	\$ -	\$ 612,446	\$ 612,446
Donations	11,375	-	11,375	8,477	-	8,477
Other income	7,555	-	7,555	-	-	-
Net assets released from restrictions			-			-
restrictions satisfied of purpose	645,779	(645,779)	-	612,446	(612,446)	-
Total Revenue and Support	<u>664,709</u>	<u>-</u>	<u>664,709</u>	<u>620,923</u>	<u>-</u>	<u>620,923</u>
Expenses						
Program services	437,518	-	437,518	416,393	-	416,393
Management and general	208,569	-	208,569	197,061	-	197,061
Total Expenses	<u>646,087</u>	<u>-</u>	<u>646,087</u>	<u>613,454</u>	<u>-</u>	<u>613,454</u>
Changes in Net Assets	18,622	-	18,622	7,469	-	7,469
Net Assets - Beginning of Year	<u>10,994</u>	<u>106</u>	<u>11,100</u>	<u>3,525</u>	<u>106</u>	<u>3,631</u>
Net Assets - End of Year	<u>\$ 29,616</u>	<u>\$ 106</u>	<u>\$ 29,722</u>	<u>\$ 10,994</u>	<u>\$ 106</u>	<u>\$ 11,100</u>

See accompanying notes to financial statements

FAMILY SUPPORT ORGANIZATION OF UNION COUNTY, INC.

**Statements of Functional Expenses
Years Ended August 31, 2021 and 2020**

	2021			2020		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Compensation	\$ 258,217	\$ 148,213	\$ 406,430	\$ 223,266	\$ 132,700	\$ 355,966
Payroll taxes	22,820	13,098	35,918	21,351	12,690	34,041
Employee benefits	31,321	17,977	49,298	32,499	19,316	51,815
	<u>312,358</u>	<u>179,288</u>	<u>491,646</u>	<u>277,116</u>	<u>164,706</u>	<u>441,822</u>
Advertising	808	-	808	2,930	-	2,930
Community development	12,943	-	12,943	16,385	-	16,385
Computer expenses	12,028	-	12,028	12,529	-	12,529
Consultants and professional fees	1,281	15,906	17,187	2,200	16,497	18,697
Depreciation expense	-	-	-	894	-	894
Facility costs	35,265	3,918	39,183	33,895	3,766	37,661
Insurance	7,428	4,589	12,017	7,281	3,955	11,236
Materials and supplies	10,395	3,465	13,860	20,361	6,787	27,148
Telephone	8,886	987	9,873	8,590	954	9,544
Training and conferences	17,334	-	17,334	14,248	-	14,248
Travel and transportation	1,308	145	1,453	3,565	396	3,961
Utilities	2,439	271	2,710	2,142	-	2,142
Youth partnership	15,045	-	15,045	14,257	-	14,257
Total Expenses	<u>\$ 437,518</u>	<u>\$ 208,569</u>	<u>\$ 646,087</u>	<u>\$ 416,393</u>	<u>\$ 197,061</u>	<u>\$ 613,454</u>

See accompanying notes to financial statements

FAMILY SUPPORT ORGANIZATION OF UNION COUNTY, INC.

Statements of Cash Flows
Years Ended August 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 18,622	\$ 7,469
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	-	894
Changes in operating assets and liabilities:		
Decrease in:		
Accounts receivable	-	99
Increase in:		
Accounts payable and accrued expenses	16,476	1,300
Deferred income	51,037	-
	<u>86,135</u>	<u>9,762</u>
Net Increase in Cash	86,135	9,762
Cash - Beginning of Year	<u>35,179</u>	<u>25,417</u>
Cash - End of Year	<u>\$ 121,314</u>	<u>\$ 35,179</u>

See accompanying notes to financial statements

FAMILY SUPPORT ORGANIZATION OF UNION COUNTY, INC.

Notes to Financial Statements August 31, 2021 and 2020

Note 1 - Nature of Activities

Family Support Organization of Union County, Inc. (the “Organization”) was incorporated in 2002 as a New Jersey nonprofit corporation. The bylaws of the corporation state that the Board of Trustees shall consist of no less than 5 members. Trustees are elected by the members and serve staggered terms of two years.

Family Support Organization of Union County, Inc. was organized to provide a comprehensive, response service system for families of children with special mental, emotional, and behavioral needs in Union County, New Jersey, as well as to increase public awareness of these children and their needs.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Classification of Net Assets

Family Support Organization of Union County, Inc. reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not imposed by donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenue and Support Recognition

The Organization received a cost reimbursement contract from the State of New Jersey. This contract revenue has been allocated according to the terms of the agreement. Reimbursement under this contract is recognized to the extent that expenses have been incurred for the purpose specified by the grantor during the period. The governmental agency may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by the Organization with the terms of the contract. Unexpended contract funds are recorded as a refundable advance at the end of the contract period. Funds received in advance of their use are accounted for as deferred income. Deferred income for the years ended August 31, 2021 and 2020 was \$51,037 and \$0, respectively.

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions support depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

FAMILY SUPPORT ORGANIZATION OF UNION COUNTY, INC.

Notes to Financial Statements (Continued) August 31, 2021 and 2020

Note 2 - Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less when acquired. The Organization places its temporary cash investments with high credit quality financial institutions. At times, such investments may exceed federally insured limits.

Property and Equipment

The Organization capitalizes property and equipment over \$5,000. Lesser amounts are expensed. Purchased property and equipment is carried at cost, or, if donated, at approximate fair value at the date of donation. Depreciation is provided over the estimated useful lives of the assets as follows:

	<u>Method</u>	<u>Estimated Useful Life</u>
Automobiles	Straight-line	5 Years
Equipment	Straight-line	5 Years
Furniture and fixtures	Straight-line	7 Years

Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in the statements of activities.

Advertising

The Organization expenses advertising costs as incurred. Advertising expense for the years ended August 31, 2021 and 2020 was \$808 and \$2,930, respectively.

Income Taxes

Family Support Organization of Union County, Inc. is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure that maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. Accordingly, no provision for federal or state income taxes has been recorded in the statements of activities.

Functional Allocation of Expenses

Expenses of providing the Organization's program and supporting activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, a cost is charged directly to the program or supporting service it benefits, while other costs have been allocated among programs and supporting services benefited based on square footage. Salaries, payroll taxes and benefits are allocated based on time and effort reporting.

FAMILY SUPPORT ORGANIZATION OF UNION COUNTY, INC.

Notes to Financial Statements (Continued)
August 31, 2021 and 2020

Note 3 - Liquidity and Availability

The Organization manages its liquidity and reserves by operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs. The Organization has a goal to maintain financial assets to meet three months of normal operating expenditures (approximately \$161,500).

The following table reflects the Organization’s financial assets at August 31:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash	\$ 121,314	\$ 35,179
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>106</u>	<u>106</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 121,208</u>	<u>\$ 35,073</u>

Note 4 - Concentrations

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash arising from its normal business activities. The Organization places its cash with high credit quality financial institutions. The amount on deposit in any one institution that exceeds federally insured limits is subject to credit risk. The Organization did not have any cash in excess of federally insured limits as of August 31, 2021 and 2020.

Revenue Concentration

The Organization received 97% and 99% of its total revenue from the State of New Jersey’s Department of Children and Families grant for the years ended August 31, 2021 and 2020, respectively. The grant is subject to the availability of funds and the Organization’s compliance with State rules and regulations.

Note 5 - Donated Services and Property

Significant amounts of the Organization’s functions are performed by trustees and committee members. Trustees and committee members do not receive compensation for their time but are reimbursed for out-of-pocket expenses incurred for travel, communication, and attendance fees at various meetings and conferences. The value of these contributed services is not reflected in the accompanying financial statements since it is not susceptible to objective measurements or valuations.

FAMILY SUPPORT ORGANIZATION OF UNION COUNTY, INC.

Notes to Financial Statements (Continued)
August 31, 2021 and 2020

Note 6 - Property and Equipment

Property and equipment consists of the following at August 31:

	<u>2021</u>	<u>2020</u>
Automobiles	\$ 16,793	\$ 16,793
Equipment	13,184	13,184
Furniture and fixtures	3,305	3,305
	<u>33,282</u>	<u>33,282</u>
Less accumulated depreciation	<u>(33,282)</u>	<u>(33,282)</u>
Net Property and Equipment	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense for the years ended August 31, 2021 and 2020 was \$0 and \$894, respectively.

Note 7 - Employee Benefit Plan

The Organization has a 403(b) pension plan. Under the plan, an eligible employee can contribute the lesser of 100% of their annual salary or \$17,500 in each year. The Organization determines annually how much it will contribute at year-end based on the final budget. As of August 31, 2021 and 2020, the Organization contributed 4% and 2% of each eligible employee's salary, respectively. Total plan contributions for the years ended August 31, 2021 and 2020 was \$5,954 and \$6,739, respectively.

Note 8 - Operating Leases

The Organization enters into operating leases for the rental of an office facility and office equipment. The office facility lease expires September 2022, and the office equipment lease expires October 2023.

Future minimum lease payments are as follows:

Year ending August 31,	
2022	\$ 36,215
2023	<u>2,148</u>
Total	<u>\$ 38,363</u>

Rent expense for building and office equipment for both of the years ended August 31, 2021 and 2020 was \$36,215.

Note 9 - Subsequent Events

The Organization has evaluated subsequent events through March 3, 2022, the date these financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements or notes.

SUPPLEMENTARY INFORMATION

FAMILY SUPPORT ORGANIZATION OF UNION COUNTY, INC.

**Schedule of Expenditures of State Financial Assistance
Year Ended August 31, 2021**

<u>State Grantor/Program Title</u>	<u>Award Number</u>	<u>Award Period</u>	<u>Award Amount</u>	<u>Expenditures</u>	<u>Cumulative Expenditures</u>
New Jersey Department of Children and Families Family Support Services	21AMXR	9/1/20 - 8/31/21	\$ <u>645,779</u>	\$ <u>645,779</u>	\$ <u>645,779</u>

See notes to schedule of expenditures of state financial assistance

FAMILY SUPPORT ORGANIZATION OF UNION COUNTY, INC.

Notes to Schedule of Expenditures of State Financial Assistance Year Ended August 31, 2021

Note 1 - General Information

The accompanying schedule of expenditures of state financial assistance presents the activities in all the state financial programs of Family Support Organization of Union County, Inc. All financial assistance received directly from state agencies, as well as financial assistance passed through any other governmental agency or nonprofit organization, is included on the schedule.

Note 2 - Basis of Accounting

The accompanying schedule of expenditures of state financial assistance is presented using the accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of New Jersey OMB Circular 15-08-OMB *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, as required by the State of New Jersey, Department of Children and Families. Family Support Organization of Union County, Inc. has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 - Relationship to State Financial Reports

The amount of expenditures reported in the accompanying schedule agrees with the amount of expenditures reported in the related state financial reports.

Note 4 - Relationship to Basic Financial Statements

State financial assistance expenditures are reported as program expenses and management and general costs in the statement of functional expenses. In certain programs, the expenditures reported in the basic financial statements may differ from the expenditures reported in the schedule of expenditures of state financial assistance due to program expenditures exceeding grant or contract budget limitations, agency matching or in-kind contributions which are not included as state financial assistance or capitalization policies required under accounting principles generally accepted in the United States of America.

Note 5 - Subrecipients

There were no subrecipients during the fiscal year ended August 31, 2021.



March 3, 2022

Board of Trustees
Family Support Organization of Union County, Inc.
Plainfield, New Jersey

Independent Auditor's 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*

We have audited, in accordance with the 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 Family Support Organization of Union County, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 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 March 3, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Family Support Organization of Union County, 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 Family Support Organization of Union County, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Family Support Organization of Union County, 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 Family Support Organization of Union County, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Hill, Barth & King LLC

Certified Public Accountants