

FAMILY SUPPORT ORGANIZATION OF UNION COUNTY, INC.

REPORT ON AUDIT OF
FINANCIAL STATEMENTS

FOR THE YEAR ENDED
JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

September 20, 2023

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

Opinion

We have audited the accompanying financial statements of Family Support Organization of Union County, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, 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 referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, 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 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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, including omissions, 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies 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 the Organization'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.

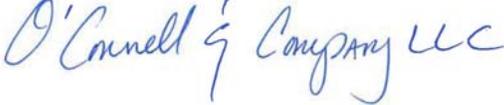
Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures, as required by New Jersey OMB Circular 15-08-OMB Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aids as and 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 schedule of expenditures of state financial assistance 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 September 20, 2023 on our consideration of the Organization'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 the Organization'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 the Organization's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in blue ink that reads "O'Connell & Company LLC". The signature is written in a cursive, flowing style.

O'Connell and Company, LLC

FAMILY SUPPORT ORGANIZATION OF UNION COUNTY, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

ASSETS

Cash and cash equivalents	\$	82,696
Prepaid expenses		4,785
Security deposit		3,750
Right of use asset - operating lease		<u>38,530</u>
TOTAL ASSETS	\$	<u><u>129,761</u></u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses		67,453
Operating lease payable		<u>38,530</u>
Total Liabilities		105,983
Net Assets		
Without donor restrictions		<u>23,778</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>129,761</u></u>

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

FAMILY SUPPORT ORGANIZATION OF UNION COUNTY, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
State of New Jersey Grant	\$ 819,112	\$ -	\$ 819,112
Donations	3,996	-	3,996
of purpose restrictions	<u>106</u>	<u>(106)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	823,214	(106)	823,108
EXPENSES			
Program Expenses	635,987	-	635,987
Management and General	<u>192,931</u>	<u>-</u>	<u>192,931</u>
TOTAL EXPENSES	<u>828,918</u>	<u>-</u>	<u>828,918</u>
DECREASE IN NET ASSETS	(5,704)	(106)	(5,810)
NET ASSETS - Beginning of Year	<u>29,482</u>	<u>106</u>	<u>29,588</u>
NET ASSETS - End of Year	<u>\$ 23,778</u>	<u>\$ -</u>	<u>\$ 23,778</u>

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

FAMILY SUPPORT ORGANIZATION OF UNION COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023

	Program Expenses	Management and General	Total
Salaries and wages	\$ 402,781	\$ 141,517	\$ 544,298
Payroll taxes	35,967	12,637	48,604
Employee benefits	<u>32,900</u>	<u>11,560</u>	<u>44,460</u>
Total Personnel	471,648	165,714	637,362
Community development	19,521	-	19,521
Computer expenses	27,613	-	27,613
Consultants and professional fees	5,698	17,931	23,629
Equipment lease	3,778	-	3,778
Facility costs	4,974	553	5,527
Insurance	9,161	2,489	11,650
Materials and supplies	6,424	714	7,138
Rent	30,666	3,407	34,073
Telephone	9,405	1,045	10,450
Training and conferences	23,698	-	23,698
Travel and transporation	6,932	770	7,702
Utilities	2,776	308	3,084
Youth partnership	<u>13,693</u>	<u>-</u>	<u>13,693</u>
	<u>\$ 635,987</u>	<u>\$ 192,931</u>	<u>\$ 828,918</u>

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

FAMILY SUPPORT ORGANIZATION OF UNION COUNTY, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (5,810)
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Changes in operating assets and liabilities	
Decrease (Increase)	
Prepaid Expenses	740
Right of use asset - operating lease	(38,530)
Increase (Decrease)	
Accrued expenses	42,464
Operating lease payable	<u>38,530</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>37,394</u>
CASH AND CASH EQUIVALENTS - Beginning of year	<u>45,302</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 82,696</u>

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

FAMILY SUPPORT ORGANIZATION OF UNION COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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.

1 Summary of Significant Accounting Policies

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Accrual Basis -- The financial statements of the Organization have been prepared on the accrual basis.

Cash and Cash Equivalents -- For the statement of cash flows, the Organization includes cash on deposit, cash on hand and money market funds.

Fixed Assets -- The Organization capitalized fixed assets at cost and donated assets at their fair value. The Organization's policy is to capitalize property and equipment with a unit cost of \$5,000 or more. Depreciation is calculated on the straight-line method based on the estimated useful lives of the assets set forth below:

	<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

Contributions -- The Organization records contributions of cash and other assets when an unconditional promise to give such assets is received from a donor. Contributions are recorded at the fair value of the assets received and are classified as either without donor restriction or with donor restriction, depending on whether the donor has imposed a restriction on the use of such assets.

FAMILY SUPPORT ORGANIZATION OF UNION COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

1 Summary of Significant Accounting Policies (Continued)

Advertising -- The Organization follows the policy of charging the costs of advertising to expense as incurred.

Net Assets -- Net assets, revenues, gains and losses are classified based on the existence 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 available for use in general operations and not subject to donor or grantor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor or grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period when the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions.

Functional Allocation of Expenses -- The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FAMILY SUPPORT ORGANIZATION OF UNION COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

1 Summary of Significant Accounting Policies (Continued)

Income Taxes -- The Organization is exempt from income tax under IRC 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 the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

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 all 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 refundable advance at the end of the contract period. Funds received in advance of their use are accounted for as deferred income. For the year ended June 30, 2023, there was no refundable advance due to the State of New Jersey.

2 Concentration of Risk

Credit Risk

The Organization maintains its cash and cash equivalents in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes the Organization is not exposed to any significant credit risk related to cash and cash equivalents.

Revenue Concentration

The Organization received 99% of its total revenue from the State of New Jersey's Department of Children and Families grant for the year ended June 30, 2023. The grant is subject to the availability of funds and the Organization's compliance with State rules and regulations.

FAMILY SUPPORT ORGANIZATION OF UNION COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

3 Liquidity

The table below represents financial assets available for general expenditures within one year at June 30, 2023:

Financial assets available to meet general expenditures
within one year:

Cash and cash equivalents	<u>\$ 82,696</u>
---------------------------	------------------

All of the Organization's financial assets are available to meet general expenditures within one year.

4 Fixed Assets

Fixed assets consist of the following:

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

There was no depreciation expense for the year ended June 30, 2023.

5 Lease Commitments

The Organization is the lessee of property under an operating (rental) lease. The Organization determines whether a contract is a lease at inception. Identified leases are subsequently measured, classified, and recognized at lease commencement. The Organization categorizes leases with contractual terms longer than twelve months as either operating or finance leases. The Organization's leases generally have terms that range from one to five years. Operating lease liabilities and finance lease liabilities are separately presented on the statement of financial position. Lease assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease.

FAMILY SUPPORT ORGANIZATION OF UNION COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

5 Lease Commitments (Continued)

Operating lease right of use assets and associated lease liabilities are recognized based on the present value of future minimum lease payments to be made over the expected lease term, using the collateralized incremental borrowing rate at the commencement date in determining the present value of future payments. Expense related to operating leases was \$36,222 for the year ended June 30, 2023.

The schedule below presents the maturity analysis of the annual undiscounted cash flows reconciled to the carrying value of the operating lease liabilities as of June 30, 2023:

<u>Year ending June 30,</u>	
2024	\$ 34,067
2025	<u>5,678</u>
Total lease payments	39,745
Less imputed interest	<u>(1,215)</u>
Total	<u>\$ 38,530</u>

Weighted average remaining lease term and discount rate for operating leases were as follows:

Weighted Average Remaining Lease Term	1.17 years
Weighted Average Discount Rate	5.00%

Total right of use assets were \$38,530 as of the year ended June 30, 2023.

6 Contributed Services

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 as they do not meet criteria for recognition as contributed services.

FAMILY SUPPORT ORGANIZATION OF UNION COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

7 Employee Benefit Plan

The Organization has a 403(b) pension plan. Eligible employees can make annual salary deferral contributions to the plan. The Organization determines annually how much it will contribute at year-end based on the final budget. As of June 30, 2023, the Organization contributed 4% of each eligible employee's salary, respectively. Total plan contributions for the year ended June 30, 2023 was \$9,812.

8 Subsequent Event

The Organization has evaluated all subsequent events through September 20, 2023, the date the financial statements were available to be issued.

FAMILY SUPPORT ORGANIZATION OF UNION COUNTY, INC.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2023

<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	23AMXR	7/1/2022 - 6/30/2023	<u>\$ 819,112</u>	<u>\$ 819,112</u>	<u>\$ 819,112</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 FINANACIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2023

1 General Information

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

2 Basis of Accounting

The accompanying schedule of expenditures of state financial assistance is presented using the accrual basis of accounting. The information in the schedule 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. The Organization has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

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.

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.

5 Subrecipients

There were no subrecipients during the year ended June 30, 2023.

September 20, 2023

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

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 June 30, 2023, 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 September 20, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’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.

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.



O’Connell & Company, LLC