

**Court Appointed Special Advocates of
Morris and Sussex Counties, Inc.
(a New Jersey non-profit corporation)**

Financial Statements and Supplementary Information

Years ended June 30, 2011 and 2010

(With Independent Auditors' Report Thereon)

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James J. Caristia, CPA
David P. Henderson, CPA
Joseph T. Reed, CPA

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INDEPENDENT AUDITORS' REPORT

**To the Board of Trustees
Court Appointed Special Advocates of Morris and Sussex Counties, Inc.
Morristown, NJ**

We have audited the accompanying statements of financial position of Court Appointed Special Advocates of Morris and Sussex Counties, Inc. ("CASA") as of June 30, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CASA as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 19, 2011 on our consideration of CASA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

Caristia, Kulsar & Wade, LLC

**Sparta, New Jersey
October 19, 2011**

**Court Appointed Special Advocates of
Statements of Financial Position
June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Current Assets		
Cash and cash equivalents	\$ 49,132	\$ 102,274
Grants receivable	27,438	19,635
Donations receivable	-	2,650
Prepaid expenses	-	200
Total current assets	76,570	124,759
Property and equipment , net of accumulated depreciation	18,917	15,150
Security deposits	3,616	-
	\$ 99,103	\$ 139,909
<u>Liabilities and Net Assets</u>		
Current Liabilities		
Accounts payable and accrued expenses	1,590	15,000
Deferred revenue	15,829	10,000
Total current liabilities	17,419	25,000
Net Assets		
Unrestricted	81,684	114,909
Total net assets	81,684	114,909
	\$ 99,103	\$ 139,909

See accompanying notes to financial statements

**Court Appointed Special Advocates of
Statements of Activities
Years ended June 30, 2011 and 2010**

<u>Unrestricted Net Assets</u>	<u>2011</u>	<u>2010</u>
Revenue and Support		
Grants	\$ 314,508	\$ 329,759
Contributions		
Corporations & organizations	6,086	18,175
Individuals	20,678	23,628
In-kind	7,500	31,877
Special events	-	11,132
Fundraising and special events revenue, net	75,158	46,960
Investment income	162	162
Total revenue and support	<u>424,092</u>	<u>461,693</u>
Functional Expenses		
Program services	351,632	298,603
Management and general	37,425	46,215
Fundraising and community outreach	68,260	98,574
Total functional expenses	<u>457,317</u>	<u>443,392</u>
Changes in net assets	(33,225)	18,301
Net assets, beginning of year	<u>114,909</u>	<u>96,608</u>
Net assets, end of year	<u>\$ 81,684</u>	<u>\$ 114,909</u>

See accompanying notes to financial statements

**Court Appointed Special Advocates of
Statements of Functional Expenses
Years ended June 30, 2011 and 2010**

	2011				2010			
	Program Expense	Management and General	Fundraising and Community Outreach	Total	Program Expense	Management and General	Fundraising and Community Outreach	Total
Functional Expenses								
Salaries	\$ 242,189	\$ 24,813	\$ 54,313	\$ 321,315	\$ 202,540	\$ 29,766	\$ 80,690	\$ 312,996
Payroll taxes	23,504	2,407	5,268	31,179	17,985	2,767	6,917	27,669
Office expense	16,270	2,034	2,033	20,337	10,438	2,982	1,491	14,911
Rent expense	15,210	1,690	-	16,900	15,325	464	-	15,789
Computer expense	8,682	1,628	543	10,853	8,485	1,591	530	10,606
Training	8,618	-	-	8,618	6,823	-	-	6,823
Other	6,386	798	798	7,982	4,708	1,345	673	6,726
Professional fees	6,975	775	-	7,750	8,002	3,750	-	11,752
Depreciation	6,699	744	-	7,443	4,099	769	256	5,124
Parking & mileage	6,784	357	-	7,141	9,471	592	1,776	11,839
Insurance	5,699	633	-	6,332	6,975	775	-	7,750
Event expenses	1,212	-	4,848	6,060	-	-	5,292	5,292
Utilities	1,502	1,502	-	3,004	1,393	1,393	-	2,786
Promotion	850	-	457	1,307	1,750	-	942	2,692
Publications and dues	801	-	-	801	497	-	-	497
Repairs and maintenance	251	44	-	295	112	21	7	140
Total functional expenses	<u>\$ 351,632</u>	<u>\$ 37,425</u>	<u>\$ 68,260</u>	<u>\$ 457,317</u>	<u>\$ 298,603</u>	<u>\$ 46,215</u>	<u>\$ 98,574</u>	<u>\$ 443,392</u>

See accompanying notes to financial statements

**Court Appointed Special Advocates of
Statements of Cash Flows
Years ended June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Changes in net assets	\$ (33,225)	\$ 18,301
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	7,443	5,124
Donated fixed assets	(2,500)	(2,125)
Decrease (increase) in:		
Grants receivable	(7,803)	7,129
Donations receivable	2,650	(2,650)
Security deposits	(3,616)	-
Prepaid expenses	200	6,319
Increase (decrease) in:		
Accounts payable and accrued expenses	(13,410)	(7,247)
Deferred revenue	5,829	(790)
Total adjustments	<u>(11,207)</u>	<u>5,760</u>
Net cash provided (used) by operating activities	<u>(44,432)</u>	<u>24,061</u>
Cash flows from investing activities:		
Capital expenditures	(8,710)	(9,935)
Net cash used by investing activities	<u>(8,710)</u>	<u>(9,935)</u>
Net increase (decrease) in cash and cash equivalents	(53,142)	14,126
Cash and cash equivalents, beginning of year	<u>102,274</u>	<u>88,148</u>
Cash and cash equivalents, end of year	<u>\$ 49,132</u>	<u>\$ 102,274</u>

See accompanying notes to financial statements

**Court Appointed Special Advocates of
Notes to Financial Statements
June 30, 2011 and 2010**

Note 1: Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization

Court Appointed Special Advocates of Morris and Sussex Counties, Inc. (the "Organization") was established as a New Jersey non-profit corporation in 1991. The Organization's exempt purpose is to recruit, train and supervise court appointed volunteers to advocate for permanent homes for children under the jurisdiction of the New Jersey Superior Court, Chancery Division, Family Part in Morris and Sussex Counties. The Organization is primarily funded by federal, state and local grants.

Basis of Presentation

The financial statements are presented in accordance with accounting principles generally accepted in the United States of America (GAAP), Financial Statements of Not-For-Profit Organizations. Under GAAP, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Each class of net assets is defined as follows:

Unrestricted Net Assets - consists of assets, public support, and program revenues which are available and used for operations and programs. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Temporarily Restricted Net Assets - includes funds with donor-imposed restrictions which permit the donee organization to expend the assets as specified and is satisfied either by the passage of time or by actions of the Organization. Resources of this nature originate from gifts, grants, bequests, and investment income earned on restricted funds.

Permanently Restricted Net Assets - includes resources which have a permanent donor-imposed restriction which stipulates that the assets are to be maintained permanently, but permits the Organization to expend part or all of the income derived from the donated assets.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, which occurs when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**Court Appointed Special Advocates of
Notes to Financial Statements
June 30, 2011 and 2010**

Note 1: Nature of Organization and Summary of Significant Accounting Policies (continued)

Fixed Assets

All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment purchased are stated at cost and fixed assets donated are stated at fair market value. Both are reported less accumulated depreciation, which is provided by using the straight-line method over the estimated useful lives of the respective assets.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs, supporting services and fundraising. Expenses related to more than one function are charged to programs, supporting services and fundraising based on periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provided for the overall support and direction of the Organization.

Income Taxes

The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision exists for federal or state taxes. This code section enables the Organization to accept donations, which qualify as charitable contributions to the donor. The Organization is not classified as a private foundation.

The Organization adopted "Accounting for Uncertainty in Income Taxes," in accordance with GAAP. The determination of uncertain tax positions uses tax judgments which are based on the requirements for maintaining tax-exempt status and on the filing of various information returns. The Organization's tax filings are subject to audit by various taxing authorities. The Organization's open audit periods are 2007-2010.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

Grant and Donation Receivables

The Organization considers grant and donation receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Contributed Services

Many volunteers contribute numerous hours of services to the Organization. However, this volunteer activity does not meet the requirements to be recorded as revenue and expenses under GAAP, and therefore is not included in the accompanying financial statements. During the years ended June 30, 2011 and 2010, 178 and 185 CASA volunteers advocated on behalf of 354 and 343 children with a total of approximately 8,250 and 9,000 hours provided, respectively.

Cash and Cash Equivalents

Cash and cash equivalents includes money market accounts.

**Court Appointed Special Advocates of
Notes to Financial Statements
June 30, 2011 and 2010**

Note 1: Nature of Organization and Summary of Significant Accounting Policies (continued)

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year financial statements.

Note 2: Grants Receivable

Grants receivable consisted of the following as of June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
County of Morris - Division of Community Development	\$ 12,500	\$ 12,500
VOCA	14,938	7,135
Total grants receivable	<u>\$ 27,438</u>	<u>\$ 19,635</u>

Note 3: Donations Receivable

Donations receivable consisted of the following as of June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Amounts due in:		
Less than one year	\$ -	\$ 2,650
Total	<u>\$ -</u>	<u>\$ 2,650</u>

Note 4: Property and Equipment

Property and equipment consisted of the following as of June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Office equipment	\$ 49,968	\$ 41,258
Furniture and fixtures	4,625	2,125
	<u>54,593</u>	<u>43,383</u>
Less: accumulated depreciation	(35,676)	(28,233)
Net property and equipment	<u>\$ 18,917</u>	<u>\$ 15,150</u>

Depreciation expense amounted to \$7,443 and \$5,124 for the years ended June 30, 2011 and 2010,

Note 5: Concentrations

Grant Funding

The Organization's primary source of support is derived from federal, state and local grants, representing approximately 75% and 70% of total support for the years ended June 30, 2011 and 2010, respectively. Availability of these grants is contingent upon economic conditions, as well as budgetary constraints of the funding organizations.

Donated Space

During the year ended June 30, 2010, the Organization received donated space and utilities from the County of Morris. During the year ended June 30, 2011, as further explained in Note 6, the Organization moved to a new location not owned by the County of Morris in September of 2010.

**Court Appointed Special Advocates of
Notes to Financial Statements
June 30, 2011 and 2010**

Note 6: Lease Commitments

In September 2010, the Organization signed a 3 year lease to rent office space. The current monthly payment is \$1,690.

Future minimum lease payments under the non-cancelable lease are as follows:

<u>Year ending June 30,</u>		
2012	\$	20,787
2013		21,404
2014		<u>3,584</u>
	<u>\$</u>	<u>45,775</u>

Note 7: Related Party Transactions

The Organization is a member agency of National CASA and New Jersey CASA (NJ CASA). For the years ended June 30, 2011 and 2010, the Organization received grant income of \$90,553 and \$122,960, respectively, from both agencies.

The Organization paid dues to National CASA and NJ CASA in the amount of \$100 and \$200 for the years ended June 30, 2011 and 2010, respectively.

The Organization engages in certain transactions for the purchase of goods and services with businesses located within the community that are owned or operated by certain members of its Board of Trustees.

Note 8: Special Events Revenue

The gross amount of revenues and related costs of direct benefits to donors from special events for the years ended June 30, 2011 and 2010 were as follows:

	<u>2011</u>	<u>2010</u>
Revenues	\$ -	\$ 7,778
Costs of direct benefits to donors	-	<u>(7,778)</u>
	<u>\$ -</u>	<u>\$ -</u>

Note 9: Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 19, 2011, the date the financial statements were available to be issued.

**Court Appointed Special Advocates of
Morris and Sussex Counties, Inc.
(a New Jersey non-profit corporation)**

Supplementary Information and Reports

Years ended June 30, 2011 and 2010

MEMBERS

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James J. Caristia, CPA
David P. Henderson, CPA
Joseph T. Reed, CPA

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**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
Court Appointed Special Advocates of Morris and Sussex Counties, Inc.
Morristown, New Jersey**

We have audited the financial statements of Court Appointed Special Advocates of Morris and Sussex Counties, Inc. (CASA) as of and for the year ended June 30, 2011, and have issued our report thereon, dated October 19, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered CASA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CASA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the CASA's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CASA's financial statements are free of 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.



This report is intended for the information and use of the Board of Trustees, management, specific legislative or regulatory bodies, federal award agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Caristai, Kulsan & Wade, LLC

**Sparta, New Jersey
October 19, 2011**

MEMBERS

Michael J. Wade, CPA
James J. Caristia, CPA
David P. Henderson, CPA
Joseph T. Reed, CPA

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

**To the Board of Trustees
Court Appointed Special Advocates of Morris and Sussex Counties, Inc.
Morristown, New Jersey**

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Mitchell Hakoun, CPA

We have audited the financial statements of Court Appointed Special Advocates of Morris and Sussex Counties, Inc. as of and for the year ended June 30, 2011, and our report thereon dated October 19, 2011, which expressed an unqualified opinion on those financial statements, appears on page one (1). Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole.

The IOLTA schedules are presented for purposes of additional analysis and are not a required part of the basic 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 taken as a whole.

Caristia, Kulsar & Wade, LLC

**Sparta, New Jersey
October 19, 2011**

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**Court Appointed Special Advocates of
Schedule of IOLTA Grant Expenditures
Year ended June 30, 2011**

<u>2010 Grant</u> <u>1/1/10 to 12/31/10</u>	<u>Grant</u> <u>Budget</u>	<u>Expenditures</u> <u>January to</u> <u>June, 2010</u>	<u>Expenditures</u> <u>July to</u> <u>December, 2010</u>	<u>(Over)</u> <u>Under</u> <u>Budget</u>
Salaries	\$ 50,614	\$ 25,307	\$ 25,307	\$ -
Payroll taxes	2,426	1,213	1,213	-
	<u>\$ 53,040</u>	<u>\$ 26,520</u>	<u>\$ 26,520</u>	<u>\$ -</u>
<u>2011 Grant</u> <u>1/1/11 to 12/31/11</u>	<u>Grant</u> <u>Budget</u>	<u>Expenditures</u> <u>January to</u> <u>June, 2011</u>	<u>Expenditures</u> <u>July to</u> <u>December, 2011</u>	<u>(Over)</u> <u>Under</u> <u>Budget</u>
Salaries	\$ 38,900	\$ 19,173	*	\$ -
Payroll taxes	3,500	1,726	*	-
	<u>\$ 42,400</u>	<u>\$ 20,899</u>	<u>*</u>	<u>\$ -</u>

* To be reported on 2012 audit

See accompanying notes to financial statements

**Court Appointed Special Advocates of
IOLTA Grant Schedules
Year ended June 30, 2011**

Schedule of Equipment Purchased

Office equipment	\$ <u> -</u>
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Schedule of Questioned Costs

None

Report on Reliability and Accuracy of Expenditure Reports Submitted to IOLTA

There were no changes to the financial expenditure reports that were submitted to IOLTA.

Schedule of Auditors' Adjustments to Final Expenditure Reports Submitted to IOLTA

There were no changes to the financial expenditure reports that were submitted to IOLTA.

See accompanying notes to financial statements