

CENTER FOR FAMILY SERVICES, INC.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED
JUNE 30, 2020 AND 2019



CENTER FOR FAMILY SERVICES, INC. AND SUBSIDIARIES

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Center for Family Services, Inc. and Subsidiaries

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Center for Family Services, Inc. and Subsidiaries (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2020 and 2019, and the related consolidated statements of operations, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 audits 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 Center for Family Services, Inc. and Subsidiaries as of June 30, 2020, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating statement of financial position and consolidating statement of operations are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and State of New Jersey Circular 15-08 OMB, are presented for purposes of additional analysis and are 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 September 30, 2021, on our consideration of Center for Family Services, Inc. and Subsidiaries 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 Family Services, Inc. and Subsidiaries 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 Family Services, Inc. and Subsidiaries internal control over financial reporting and compliance.

Bowman + Company LLP

Bowman & Company LLP
Certified Public Accountants

Voorhees, New Jersey
September 30, 2021

CENTER FOR FAMILY SERVICES, INC. AND SUBSIDIARIES
Consolidated Statement of Financial Position
As of June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 12,842,137	\$ 1,442,487
Accounts receivable, net of allowance for doubtful accounts of \$782,000 in 2020 and \$585,000 in 2019	9,806,383	9,828,318
Investments	968,777	877,548
Prepaid expenses	<u>171,752</u>	<u>77,552</u>
Total current assets	23,789,049	12,225,905
Assets limited as to use		
Deposits held by trustee for unemployment claims	1,108,711	961,893
Certificates of deposit - long term	278,750	270,544
Restricted cash	51,877	-
Property and equipment, net	17,973,659	14,549,579
Other assets	<u>36,408</u>	<u>-</u>
Total assets	<u><u>\$ 43,238,454</u></u>	<u><u>\$ 28,007,921</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Line of credit payable	\$ -	\$ 2,000,000
Current portion of notes payable	416,614	454,760
Accounts payable	2,938,774	3,376,559
Accrued expenses	3,638,331	2,312,607
Refundable advances	953,101	854,080
Deferred revenue	<u>3,543,795</u>	<u>1,465,935</u>
Total current liabilities	11,490,615	10,463,941
Loan payable, Paycheck Protection Program	9,053,420	-
Notes payable, net of current portion	7,710,068	5,598,488
Obligation under interest rate swap agreement	<u>145,082</u>	<u>49,386</u>
Total liabilities	<u>28,399,185</u>	<u>16,111,815</u>
Net assets		
Without donor restrictions	14,320,207	11,753,695
With donor restrictions	<u>519,062</u>	<u>142,411</u>
Total net assets	<u>14,839,269</u>	<u>11,896,106</u>
	<u><u>\$ 43,238,454</u></u>	<u><u>\$ 28,007,921</u></u>

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

CENTER FOR FAMILY SERVICES, INC. AND SUBSIDIARIES

Consolidated Statement of Operations For the Year Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenue, gains, and support		
Government grants	\$ 57,075,730	\$ 47,857,935
Fees and insurance reimbursements	14,188,848	11,410,944
Other grants, fundraising, and donations	1,964,298	1,816,792
Rent	33,254	134,600
Gain on sale of property and equipment	325,114	17,897
Net assets released from restrictions	119,936	1,206
	<u>73,707,180</u>	<u>61,239,374</u>
Total operating revenue, gains, and support		
Operating expenses		
Program services	63,985,314	53,080,010
Management and general	9,856,014	7,950,063
Fundraising	80,600	87,755
	<u>73,921,928</u>	<u>61,117,828</u>
Total operating expenses		
Operating income (loss)	(214,748)	121,546
Other income		
Investment income	16,706	36,382
	<u>16,706</u>	<u>36,382</u>
Excess (deficit) of revenue, gains, and support over expenses	(198,042)	157,928
Net unrealized gains on investments	22,761	10,668
Change in fair value of interest rate swap	(95,696)	(47,553)
Fair value of net assets acquired	2,837,489	3,604,044
	<u>2,566,512</u>	<u>3,725,087</u>
Increase in net assets without donor restrictions		
Net assets without donor restrictions beginning of year as previously reported	11,753,695	7,109,516
Reclassification of net assets with donor restrictions	-	919,092
	<u>11,753,695</u>	<u>8,028,608</u>
Net assets without donor restrictions beginning of year as restated		
Net assets without donor restrictions end of year	<u>\$ 14,320,207</u>	<u>\$ 11,753,695</u>

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

CENTER FOR FAMILY SERVICES, INC. AND SUBSIDIARIES**Consolidated Statement of Changes in Net Assets****For the Year Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Net assets without donor restrictions		
Excess (deficit) of revenue, gains and support over expenses	\$ (198,042)	157,928
Net unrealized gain on investments	22,761	10,668
Change in fair value of interest rate swap	(95,696)	(47,553)
Fair value of net assets acquired	<u>2,837,489</u>	<u>3,604,044</u>
Increase in net assets without donor restrictions	<u>2,566,512</u>	<u>3,725,087</u>
Net assets with donor restrictions		
Contributions	431,333	20,229
Net assets released from restrictions	(119,936)	(1,206)
Fair value of net assets acquired	<u>65,254</u>	<u>-</u>
Increase in net assets with donor restrictions	<u>376,651</u>	<u>19,023</u>
Increase in net assets	2,943,163	3,744,110
Net assets - beginning of year	<u>11,896,106</u>	<u>8,151,996</u>
Net assets - end of year	<u>\$ 14,839,269</u>	<u>\$ 11,896,106</u>

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

CENTER FOR FAMILY SERVICES, INC. AND SUBSIDIARIES
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2020

	Program Services							Support Services			Total
	Education Services	Community Connections Services	Family Support & Prevention Services	Victims Trauma & Adult Shelter Services	Youth Residential Services	Other Program Services	Total Program Services	General and Administrative	Fundraising	Total Support Services	
Salaries and wages	\$ 7,226,929	\$ 3,782,209	\$ 1,353,084	\$ 2,993,640	\$ 10,716,404	\$ 13,627,214	\$ 39,699,480	\$ 4,139,876		\$ 4,139,876	\$ 43,839,356
Payroll taxes	623,588	325,475	110,732	252,222	918,582	1,121,866	3,352,465	463,390		463,390	3,815,855
Retirement plan expense	116,130	42,316	15,591	43,926	129,295	174,623	521,881	281,342		281,342	803,223
Employee benefits and workers' compensation insurance	981,517	359,545	132,228	250,787	954,178	1,222,909	3,901,164	1,397,273		1,397,273	5,298,437
Specific assistance to clients	37,101	111,462	460,375	165,772	314,538	169,144	1,258,392	17,453		17,453	1,275,845
Consultants and professional fees	905,511	1,825,440	11,519	48,115	947,257	1,112,704	4,850,546	1,002,304		1,002,304	5,852,850
Material and supplies	778,813	185,256	35,483	101,860	944,303	403,678	2,449,393	335,287		335,287	2,784,680
Facility costs	1,660,444	413,530	60,971	212,362	822,129	540,878	3,710,314	487,440		487,440	4,197,754
Advertising and recruiting	12,377	59,209	2,314	5,843	58,412	13,671	151,826	28,643		28,643	180,469
Dues, subscriptions, and license	6,926	18,383	205	4,848	37,713	24,661	92,736	45,408		45,408	138,144
Meetings, conferences, and education	108,991	58,833	11,396	35,961	122,543	82,181	419,905	90,356		90,356	510,261
Telephone	75,228	102,070	35,437	59,654	184,042	329,506	785,937	79,391		79,391	865,328
Travel	50,561	40,104	48,454	37,622	260,753	218,402	655,896	65,006		65,006	720,902
Depreciation and amortization	6,136	16,280	20,069	47,959	293,742	326,958	711,144	485,565		485,565	1,196,709
Interest	-	8,485	-	16,135	61,209	114,558	200,387	64,415		64,415	264,802
Insurance	106,006	63,982	27,345	38,776	127,535	306,525	670,169	262,952		262,952	933,121
Bad debts	-	-	-	-	-	49,392	49,392	471,322		471,322	520,714
Other expenses	27,308	144,426	6,248	28,117	210,794	87,394	504,287	138,591	\$ 80,600	219,191	723,478
	<u>\$ 12,723,566</u>	<u>\$ 7,557,005</u>	<u>\$ 2,331,451</u>	<u>\$ 4,343,599</u>	<u>\$ 17,103,429</u>	<u>\$ 19,926,264</u>	<u>\$ 63,985,314</u>	<u>\$ 9,856,014</u>	<u>\$ 80,600</u>	<u>\$ 9,936,614</u>	<u>\$ 73,921,928</u>

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

CENTER FOR FAMILY SERVICES, INC. AND SUBSIDIARIES
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2019

	Program Services							Support Services			Total
	Education Services	Community Connections Services	Family Support & Prevention Services	Victims Trauma & Adult Shelter Services	Youth Residential Services	Other Program Services	Total Program Services	General and Administrative	Fundraising	Total Support Services	
Salaries and wages	\$ 6,586,277	\$ 3,126,085	\$ 1,088,727	\$ 2,559,402	\$ 7,961,204	\$ 9,429,173	\$ 30,750,868	3,418,622		\$ 3,418,622	\$ 34,169,490
Payroll taxes	576,905	267,807	97,261	229,059	701,928	824,399	2,697,358	271,799		271,799	2,969,157
Retirement plan expense	57,890	26,754	8,796	27,729	42,321	90,002	253,291	147,096		147,096	400,387
Employee benefits and workers' compensation insurance	1,126,646	374,675	147,270	266,298	694,387	990,975	3,600,250	1,147,002		1,147,002	4,747,253
Specific assistance to clients							-			-	-
Consultants and professional fees	878,580	2,140,203	4,540	22,572	557,484	678,927	4,282,306	931,362		931,362	5,213,668
Material and supplies	1,181,641	600,620	42,385	112,014	1,002,906	592,913	3,532,478	290,464		290,464	3,822,941
Facility costs	1,857,795	408,476	122,336	196,179	910,015	623,165	4,117,965	249,031		249,031	4,366,996
Advertising and recruiting	26,903	45,428	3,570	14,090	91,723	86,009	267,724	23,333		23,333	291,057
Dues, subscriptions, and license	7,629	18,218	348	8,650	51,482	44,105	130,431	53,858		53,858	184,290
Meetings, conferences, and education	118,807	91,940	8,020	16,261	91,285	89,853	416,166	115,462		115,462	531,628
Telephone	51,683	100,393	30,761	63,450	176,590	223,119	645,996	77,137		77,137	723,132
Travel	95,986	60,556	50,692	48,146	246,440	230,768	732,589	57,914		57,914	790,503
Depreciation and amortization	6,136	22,785	22,152	49,747	271,417	192,590	564,827	380,056		380,056	944,883
Interest	-	6,415	469	15,427	54,823	57,352	134,486	176,362		176,362	310,848
Insurance	102,537	52,142	23,559	32,023	170,755	221,718	602,733	194,208		194,208	796,941
Bad debts	-	-	-	-	-	-	-	412,938		412,938	412,938
Other expenses	1,500	24,906	91,676	47	-	232,412	350,542	3,419	\$ 87,755	91,174	441,717
	<u>\$ 12,676,714</u>	<u>\$ 7,367,401</u>	<u>\$ 1,742,563</u>	<u>\$ 3,661,094</u>	<u>\$ 13,024,758</u>	<u>\$ 14,607,480</u>	<u>\$ 53,080,010</u>	<u>\$ 7,950,063</u>	<u>\$ 87,755</u>	<u>\$ 8,037,818</u>	<u>\$ 61,117,828</u>

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

CENTER FOR FAMILY SERVICES, INC. AND SUBSIDIARIES

Consolidated Statement of Cash Flows For the Year Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 2,943,163	\$ 3,744,110
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	1,196,709	944,883
Gain on sale of property and equipment	(325,114)	(1,206)
Net realized and unrealized gains (losses) on investments	1,294	(10,668)
Change in fair value of interest rate swap agreement	95,696	47,553
Donated stock	-	(17,863)
Provision for allowance for doubtful accounts	197,000	-
Contribution of net assets of affiliate, net of cash received	(2,837,489)	(3,604,044)
(Increase) decrease in		
Accounts receivable	(218,935)	(2,568,010)
Prepaid expenses	94,200	(14,211)
Increase (decrease) in		
Accounts payable	(437,785)	1,812,351
Accrued expenses	1,325,724	(336,505)
Refundable advances	99,021	(580,068)
Deferred revenue	2,077,860	772,008
	<u>4,211,344</u>	<u>188,330</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Cash invested in assets limited as to use	146,818	(524,496)
Purchase of investments	(15,342)	(159,423)
Proceeds from sales of investments	45,277	-
Transfers to investment accounts	60,000	60,000
Cash received from net assets of affiliate acquired	-	277,497
Purchase of property and equipment	(2,175,301)	(500,116)
	<u>(1,938,548)</u>	<u>(846,538)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Line of credit advances	4,580,000	4,500,000
Line of credit repayments	(6,580,000)	(3,100,000)
Principal payments on notes payable	(771,566)	(351,856)
Proceeds of notes payable	2,845,000	-
Borrowings on loan payable, Paycheck Protection Program	9,053,420	-
	<u>9,126,854</u>	<u>1,048,144</u>
Net cash provided by financing activities		
Net increase in cash and cash equivalents	11,399,650	389,936
Cash - beginning of year	<u>1,442,487</u>	<u>1,052,551</u>
Cash - end of year	<u>\$ 12,842,137</u>	<u>\$ 1,442,487</u>
Cash paid for interest	<u>\$ 262,952</u>	<u>\$ 310,848</u>
Purchase of property financed by note payable	<u>\$ 2,800,000</u>	<u>\$ -</u>

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

CENTER FOR FAMILY SERVICES, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Note 1: ORGANIZATION

Center for Family Services, Inc. (the "Organization") is a non-profit organization organized under the laws of the State of New Jersey in 2000 to provide psychotherapeutic, supportive informational counseling, and advocacy services to individuals and families in the southern seven counties of New Jersey. The organization provides its services regardless of the client's ability to pay. A federal Head Start preschool program was added during the 2011-2012 fiscal year.

On January 1, 2020, Center for Family Services, Inc. (CFS) completed affiliation agreements with both Family Intervention Services (FIS) and Golden Cradle (GC), respectively. Pursuant to the agreements CFS became the sole corporate member of FIS and GC. The affiliations have been accounted for as acquisitions in accordance with the authoritative guidance on not-for-profit mergers and acquisitions. The operations of FIS and GC have been included in the Organization's consolidated financial statements since the affiliation date. Through the acquisitions, the organizations seek to further their common mission to support and empower individuals through vision, hope and strength. As of the acquisition date, CFS assumed all assets and liabilities of FIS and GC, as well as all contracts, leases, bank accounts, debt, property liens, etc.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of financial statement presentation – The consolidated financial statements have been prepared on the accrual basis of accounting and in conformity with the standards promulgated by the American Institute of Certified Public Accountants in its audit guide for health care organizations. Financial statement presentation also follows the recommendations of the relevant accounting standards which require the Organization to report information regarding their financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Basis of consolidation – The accompanying consolidated financial statements include the accounts of Center for Family Services, Inc., Family Service Operations, Inc., Family Service Development, Inc., and Family Service Enterprise, Inc. which are controlled by the Organization. Intercompany transactions and balances have been eliminated in consolidation.

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. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Statement of operations – The Organization's statements of operations includes excess of revenue over expenses. Changes in net assets without donor restrictions which are excluded from excess of revenue over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers of assets to and from subsidiaries for other than goods and services, changes in value of interest rate swap, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Cash and cash equivalents – For the purpose of the statement of cash flows, cash and cash equivalents includes unrestricted time deposits and highly liquid debt instruments with original maturities of three months or less.

CENTER FOR FAMILY SERVICES, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments – The Organization carries investments in marketable equity securities with readily determinable fair values and all investments in debt securities at their fair values on the statements of financial position. All investments are considered available for sale. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in the excess of revenue over expenditures. Unrealized gains and losses on investments are excluded from the excess of revenue over expenses.

Accounts receivable – Accounts receivable are recorded at the amounts billed, less an allowance for doubtful accounts. The Organization records a provision for doubtful accounts when, through a review of its records, it appears that the source of payments will not be available to satisfy the charges. The amount of the allowance for doubtful accounts is a significant estimate used in preparing these financial statements, and it is at least reasonably possible that the amount of the estimate will change within the next year.

Promises to give – Unconditional promises to give are recognized as revenue in the period received and as assets. They are stated at net realizable value. Conditional promises to give are recognized only when the conditions, on which they depend, are substantially met and the promises become unconditional. The Organization did not have conditional promise to give at June 30, 2020 and 2019.

Property and equipment – Land, buildings and building improvements, furniture, equipment and transportation equipment are recorded at cost, except for donated items which are recorded at the fair market value on the date of donation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Building and building improvements	10-40 years
Furniture, equipment and transportation equipment	5-10 years

The Organization capitalizes property and equipment over \$5,000. Repairs and maintenance, which do not extend the useful lives of the related assets, are expensed as occurred.

Compensated absences – Employees of the Organization are entitled to paid vacation, paid sick days and personal days off depending on scheduled work hours, length of service and other factors. Days earned are accrued annually as an expense. At June 30, 2020 and 2019, the Organization had accrued vacation totaling \$1,278,002 and \$795,827, respectively. This amount is included in “accrued expense” on the consolidated statement of financial position.

Net assets – Net assets, revenues, gains, and losses are classified based on the existence of 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 certain grantor) restrictions.

Net assets with donor restrictions – Net assets subject to donor- (or certain 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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

CENTER FOR FAMILY SERVICES, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Charity care – The Organization provides care to clients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Organization does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Derivative instruments and hedging activities – The Organization recognizes derivatives as an asset or liability measured at fair value. For derivatives that have been formally designated as a cash flow hedge (interest rate swap agreements), the effective portion of changes in the fair value of the derivatives are recorded on the statements of operations after excess of revenue and gain over expenses.

Revenue and support – Grants and contributions are generally available without donor restrictions unless specifically restricted by the donor. Grants and contributions are reported as net assets with donor restriction if they are received with donor stipulations that limit the use of the donated assets. If the donor restrictions are met in the same year, the restricted contributions are reported as net assets without donor restrictions in the financial statements.

Contributions and donor restrictions – The Organization accounts for contributions in accordance with the accounting principles generally accepted in the United States of America. According to the principle, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions.

All donor restricted support is reported as an increase in net assets with or without donor restrictions depending on the nature of the restriction. When a time restriction expires, or when a use restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of operations as net assets released from restrictions.

Contributions with donor restrictions whose restrictions are met within the same year as received are reflected as contributions without restrictions in the accompanying financial statements.

In-kind contributions and contributed services and materials – In-kind contributions are reflected as contributions at their fair value at the date of donation and are reported as unrestricted support unless explicit to donor stipulations specify how donated assets must be used.

The Organization recognizes the fair value of contributed services received if such services (a.) create or enhance nonfinancial assets or (b.) require specialized skills that are provided by individuals possessing those skills that would typically need to be purchased if not contributed. The Organization receives donated services from a variety of unpaid volunteers assisting the Organization in programs and fundraising events. No amounts have been reflected in the financial statements since the recognition criteria were not met.

Advertising expense – The Organization uses advertising to promote its programs among the audience it serves. The costs of advertising are expensed as incurred. Advertising expense was \$180,469 and \$291,057 for the years ended June 30, 2020 and 2019, respectively.

CENTER FOR FAMILY SERVICES, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional expense allocation – The costs of providing program and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among program services and support services. Such allocations are determined by management on an equitable basis. Facility costs, insurance, telephone, depreciation, and interest expense are allocated based on square footage. All other expenses are allocated based on time and effort.

Income taxes – The Organization claims exemption from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code, and accordingly, do not record a provision for income taxes on related income.

The Organization regularly reviews and evaluates its tax positions taken in previously filed information returns and as reflected in its financial statements, with regard to issues affecting its tax exempt status, unrelated business income, and related matters. The Organization believes that in the event of an examination by taxing authorities, the Organization's positions would prevail based upon the technical merits of such positions. Therefore, the Organization has concluded that no tax benefits or liabilities are required to be recognized in accordance with the new requirements.

Change in accounting principle

Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made – In June 2018, the Financial Accounting Standards Board issued ASU 2018-08. The new guidance clarifies what is an exchange transaction, of which revenues would be reported under Topic 606, and what is a contribution reported under Topic 958. This accounting guidance was applied on a retrospective basis. See also Note 16.

New accounting pronouncements

Revenue from Contracts with Customers – In May 2014, the Financial Accounting Standards Board issued guidance that replaces the existing accounting standards for revenue recognition. The guidance requires an organization to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration it expects to be entitled to receive in exchange for those goods or services. The standard is effective for fiscal years beginning after December 15, 2019 and may be adopted either by restating all years presented in the Organization's financial statements or by recording the impact of adoption as an adjustment to retained earnings at the beginning of the fiscal. The Organization is assessing the potential impact this guidance will have on its financial statements.

Leases – Issued in February 2016, Accounting Standards Update (ASU) No. 2016-02 requires lessees to recognize right-of-use assets and lease liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than 12 months. This new accounting will apply to both types of leases—capital (or finance) leases and operating leases. Previously, GAAP has required only capital leases to be recognized on lessee balance sheets. The standard will take effect for fiscal years beginning after December 15, 2021, and for interim periods within fiscal years beginning after December 15, 2022. Early application is permitted. The Organization is assessing the potential impact this guidance will have on its financial statements.

Management of the Organization has evaluated subsequent events through September 30, 2021, the date the financial statements were available to be issued.

CENTER FOR FAMILY SERVICES, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

Note 3: LIQUIDITY AND AVAILABILITY

The Organization strives to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in certificates of deposits and investments.

The Organizations financial assets available within one year to meet cash needs for general expenditures are as follows:

	2020	2019
Financial assets:		
Cash	\$ 12,842,137	\$ 1,442,487
Accounts receivable	9,806,383	9,828,318
Investments	<u>968,777</u>	<u>877,548</u>
Total financial assets	23,617,297	12,148,353
Less amounts not available to be used within one year for general expenditures:		
Net assets with donor restrictions – purpose restricted	<u>519,062</u>	<u>142,411</u>
Financial assets available within one year to meet cash needs for general expenditures within one year	<u>\$ 23,098,235</u>	<u>\$ 12,005,942</u>

The Organization also has available a line of credit in the amount of \$3,000,000 for any cash flow needs.

Note 4: PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Land	\$ 3,012,441	\$ 2,496,195
Building and improvements	20,945,509	17,648,762
Equipment	<u>8,912,027</u>	<u>6,636,263</u>
	32,869,977	26,781,220
Less accumulated depreciation	<u>14,896,318</u>	<u>12,231,641</u>
Net property and equipment	<u>\$ 17,973,659</u>	<u>\$ 14,549,579</u>

Depreciation and amortization expense was \$1,196,709 and \$944,883 for the year ended June 30, 2020 and 2019, respectfully.

CENTER FOR FAMILY SERVICES, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

Note 5: INVESTMENTS

Investments at fair value consist of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Money market funds	\$ 313,809	\$ 305,628
Fixed income mutual funds	643,750	559,692
Equity securities	<u>11,218</u>	<u>12,228</u>
	<u>\$ 968,777</u>	<u>\$ 877,548</u>

Investment return is summarized as follows as of June 30:

	<u>2020</u>	<u>2019</u>
Interest and dividend income	\$ 16,031	\$ 36,382
Realized gain (loss)	856	-
Investment fees	<u>(181)</u>	<u>-</u>
Investment income	16,706	36,382
Net unrealized gains	<u>22,761</u>	<u>10,668</u>
	<u>\$ 39,467</u>	<u>\$ 47,050</u>

Note 6: ASSETS LIMITED AS TO USE FOR UNEMPLOYMENT FUND

The Organization is self-insured for unemployment claims through Unemployment Services Trust (UST). Payments to UST are accumulated and used to pay future claims. An expense is recorded as claims are paid by UST. The Organization believes there is no significant liability for claims incurred but not reported at June 30, 2020 and 2019. The Organization could be required to make additional payments if claims exceeded the accumulated contributions. The balance of deposits held by trustee of \$1,108,711 and \$961,893 at June 30, 2020 and 2019, respectively, are included in assets limited as to use on the consolidated statement of financial position.

CENTER FOR FAMILY SERVICES, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

Note 7: RETIREMENT PLAN

The Organization sponsors a 401(k) plan which covers substantially all employees and complies with the requirements of the Employee Retirement Income Security Act. Under the terms of the plan, employees may elect to defer an amount of eligible compensation on a pre-tax basis. This deferral limit was \$19,000 for 2020 and 2019, as indexed for cost of living adjustments. The employer makes a matching contribution of the employee pre-tax contribution in the pay period, subject to a maximum percentage amount. The employer may also elect annually to make a discretionary contribution to the plan without regard to the amount of employee pre-tax contributions. 401(k) matching contributions accrued for the years ended June 30, 2020 and 2019 were \$375,095 and \$0, respectively. The employee's pre-tax contribution plus investment activity is 100% vested at all times. The Organization also maintains a 403(b) plan which covers all employees. Total expenses for these plans amount to \$123,228 and \$334,488 for the years ended June 30, 2020 and 2019, respectively.

The Organization has established a deferred compensation plan under Section 457(b) of the Internal Revenue Code covering top-level management. Employer contributions are immediately vested when credited to the account of each participant. Contributions of \$87,180 and \$65,900 were accrued during the years ended June 30, 2020 and 2019 in relation to this plan.

Note 8: FAIR VALUE MEASUREMENT

Fair value is the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. A three-level disclosure hierarchy has been established to indicate the level of judgment used to estimate fair value measurements:

Level 1 – Uses unadjusted quoted prices that are available in active markets for identical assets or liabilities as of the reporting date.

Level 2 – Uses inputs other than Level 1 that are either directly or indirectly observable as of the reporting date through correlation with market data, including quoted prices for similar assets and liabilities in active markets and quoted prices in markets that are not active. Level 2 also includes assets and liabilities valued using models or other pricing methodologies that do not require significant judgment because the input assumptions used in the models, such as interest rates and volatility factors, are corroborated by readily observable data.

Level 3 – Uses inputs that are unobservable, supported by little or no market activity and reflect significant management judgment. These values are generally determined using pricing models that utilize management's estimates of market participant assumptions.

In general, and where applicable, we use quoted prices in active markets for identical assets or liabilities to determine fair value. This pricing methodology applies to our Level 1 investments such as domestic and international equities, U.S. treasuries, exchange-traded mutual funds, and agency securities. If quoted prices in active markets for identical assets or liabilities are not available to determine fair value, then we use quoted prices for similar assets and liabilities or inputs other than the quoted prices that are observable either directly or indirectly. These investments are included in Level 2 and consist primarily of corporate notes and bonds, foreign government bonds, mortgage-backed securities, commercial paper, and certain agency securities.

CENTER FOR FAMILY SERVICES, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

Note 8: FAIR VALUE MEASUREMENT (continued)

The tables below set forth, by level, our financial assets and liabilities that were accounted for at fair value as of June 30, 2020. The table does not include either cash on hand or assets that are measured at historical cost or any basis other than fair value.

Fair Value Measurements as of June 30, 2020				
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Fixed income mutual funds				
Short-term	\$ 338,733	338,733		
Intermediate-term	305,017	305,017		
Equity securities				
Health	11,218	11,218		
	<u>\$ 654,968</u>	<u>654,968</u>	<u>\$ -</u>	<u>\$ -</u>

Fair Value Measurements as of June 30, 2019				
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Fixed income mutual funds				
Short-term	\$ 331,681	\$ 331,681		
Intermediate-term	228,011	228,011		
Equity securities				
Health	12,228	12,228		
	<u>\$ 571,920</u>	<u>\$ 571,920</u>	<u>\$ -</u>	<u>\$ -</u>

Investments also include money market funds of \$313,809 and \$305,628 for the years ended June 30, 2020 and 2019, respectively.

CENTER FOR FAMILY SERVICES, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

Note 9: NET ASSETS WITH DONOR RESTRICTIONS

The Organization has recorded net assets with donor restrictions totaling \$519,062 and \$142,411 at June 30, 2020 and 2019, respectively. These include amounts received from donors restricted for purposes of family services that have not been fulfilled yet.

Note 10: NOTES PAYABLE

Notes payable consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
The Organization has a Paycheck Protection Program note payable to TD Bank, 1% note dated April 21, 2020. The term is two years and principal and interest payments are due monthly. The federal Small Business Administration (SBA) guarantees loan repayment to the bank. See also Note 17.	\$ 9,053,420	\$ -
Mortgage - NJ Housing and Mortgage Finance Agency, secured by 554-558 Benson Street property in Camden, 0% interest, matures April 2036. No payments required while the property is used to provide housing.	2,227,486	2,227,486
Mortgage – TD Bank, \$1,500,000 loan secured by property financed March 13, 2020 at 20 Vanderhoof Avenue, Denville. Interest rate is variable, 2.42% as of June 30, 2020. Payment of principal and interest are due monthly.	1,491,215	-
Loan with TD Bank refinanced May 1, 2019 in the amount of \$1,600,000 collateralized by the group of properties. The loan has an interest rate of 220 basis points above the London Interbank Offered Rate (LIBOR). The Organization converted the floating LIBOR rate to a tax free indicative fixed rate of 4.52% for ten years using a hedging instrument from TD Bank, N.A. The loan is payable over 20 years with monthly payments of \$17,826. The mortgages are secured by the properties as listed in the loan agreement. The fair market value to the Organization of this arrangement as of June 30, 2020 and 2019 was a liability of \$145,082 and \$49,386, respectively, and such amount has been reflected in other liabilities.	1,471,036	1,581,779
Mortgage – TD Bank, \$1,250,000 loan secured by property financed September 9, 2019 at 3073 English Creek Avenue, Egg Harbor Township. Interest rate is variable, 2.37% as of June 30, 2020. Payment of principal and interest are due monthly.	1,222,040	-
Mortgage - Republic Bank, \$700,000 loan secured by property financed July 2017 at 1 Alpha A venue, Voorhees. Interest rate of 4.25%. Monthly payment of \$4,358 includes principal and interest.	633,540	657,871
Mortgage - TD Bank, \$204,000 loan secured by property financed May 2017 at 108 Cooper Road, West Berlin. Interest rate of 4.25%. Monthly payment of \$1,541 includes principal and interest.	173,032	183,796

CENTER FOR FAMILY SERVICES, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

Note 10: NOTES PAYABLE (continued)	<u>2020</u>	<u>2019</u>
Mortgage - TD Bank, \$198,000 loan secured by property financed May 2016 at 60 Trestle Ave, Hammonton. Interest rate of 4.25%. Monthly payment of \$1,494 includes principal and interest.	155,893	166,826
Mortgage - TD Bank, \$196,000 loan secured by property financed February 2016 at 131 N Smith Terrace, Clementon. Interest rate of 4.25%. Monthly payment of \$1,480 includes principal and interest.	151,688	162,641
Construction Loan - Republic Bank, \$200,000 loan secured by property at 1 Alpha A venue, Voorhees. Interest rate is variable, 4.5% as of June 30, 2020. Interest is due monthly.	144,621	\$ 175,388
Mortgage - TD Bank, \$204,000 loan secured by property financed June 2012 at 506 S Egg Harbor Road, Winslow. Interest rate of 3.96%, 15-year amortization, callable after 5 years, prepayment penalty applies. Monthly payment of \$1,515 includes principal and interest.	111,658	124,935
Mortgage -TD Bank, \$184,000 loan secured by property financed May 2012 at 3711 Wexley Way, Vineland. Interest rate of 3.97%, 15-year amortization, callable after 5 years, prepayment penalty applies. Monthly payment of \$1,358 includes principal and interest.	100,129	112,198
Mortgage - TD Bank, \$169,000 loan secured by property financed June 2012 at 202 Carpenter Street, Clayton. Interest rate of 3.97%, 15-year amortization, callable after 5 years, prepayment penalty applies. Monthly payment of \$1,252 includes principal and interest.	91,562	102,675
Mortgage - Republic Bank, \$88,000 loan secured by property financed October 2016 at 574 Benson Street, Camden. Interest rate of 3.75%. Monthly payment of \$642 includes principal and interest.	70,593	75,505
Mortgage – TD Bank, \$70,000 loan secured by property financed November 1, 2019 at 584 Benson Street, Camden. Interest rate of 5%. Monthly payment of \$556 includes principal and interest.	68,154	-
Mortgage - TD Bank, \$96,000 loan secured by property financed June 2012 at 202 Carpenter Street, Clayton. Interest rate of 3.97%, 15-year amortization, callable after 5 years, prepayment penalty applies. Monthly payment of \$711 includes principal and interest.	52,004	58,315
Mortgage - TD Bank, \$80,000 loan secured by property financed June 2012 at 25 & 21 Bellevue Terrace, Collingswood. Interest rate of 3.97%, 15-year amortization, callable after 5 years, prepayment penalty applies. Monthly payment of \$590 includes principal and interest.	43,477	\$ 48,752
Mortgage - TD Bank, \$60,000 loan secured by property financed June 2012 at 1819 45th Street, Pennsauken. Interest rate of 3.97%, 15-year amortization, callable after 5 years, prepayment penalty applies. Monthly payment of \$443 includes principal and interest.	32,608	36,564

CENTER FOR FAMILY SERVICES, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

Note 10: NOTES PAYABLE (continued)	<u>2020</u>	<u>2019</u>
Mortgage - TD Bank, \$25,000 loan secured by property financed September 11, 2019 on South Egg Harbor Road, Winslow Township. Interest rate of 0%, due upon demand.	25,000	-
Vehicle Loans - secured by the vehicle financed	<u>12,304</u>	<u>29,305</u>
Total notes payable	17,331,460	6,100,359
Less unamortized debt issuance costs	<u>151,358</u>	<u>47,111</u>
Notes payable net of unamortized debt issuance costs	17,180,102	6,053,248
Less current portion	<u>416,614</u>	<u>454,760</u>
Long-term portion	<u>\$ 16,763,488</u>	<u>\$ 5,598,488</u>

Scheduled principal payments for the notes payable as of June 30, 2020 are as follows:

Year Ending <u>June 30,</u>	<u>Amount</u>
2021	\$ 416,614
2022	479,309
2023	980,624
2024	414,852
2025	398,565
Thereafter	<u>14,515,138</u>
	<u>\$ 17,205,102</u>

Total interest expense for the years ended June 30, 2020 and 2019 for notes payable was \$258,472 and \$231,223, respectively.

Note 11: LINE OF CREDIT

The Organization has a \$4,000,000 line of credit with TD Bank, payable on demand, with a maturity date of February 28, 2021. Prior to March 20, 2020, the limit on the line of credit was \$3,000,000. Interest payable is calculated at a floating rate equal to the Wall Street Journal prime rate adjusted daily. The balance on the line of credit was \$0 and \$2,000,000 at June 30, 2020 and 2019, respectively.

Interest expense for the years ended June 30, 2020 and 2019 for the line of credit were \$8,180 and \$79,625, respectively.

CENTER FOR FAMILY SERVICES, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

Note 12: PROPERTY HELD UNDER AGREEMENT

The Organization has entered into several twenty year or more agreements to provide services for existing State funded programs. In accordance with the agreements, the State also provided funds for the Organization to construct or improve facilities used to provide the services. The Organization has title to the properties pursuant to the agreements and has issued notes payable to the State, which are collateralized by the properties. The assets are included in property and equipment on the statements of financial position.

The following is a summary of these properties and their carrying values as of June 30, 2020:

Location Use	City	Original Cost	Accumulated Depreciation	Carrying Value
Adult Residential	Camden, NJ	\$ 3,748,045	\$ (1,831,893)	\$ 1,916,152
Various Programs	Absecon, NJ	2,620,227	(157,214)	2,463,013
Youth Residential	Glassboro, NJ	505,527	(361,495)	144,032
Adult Residential	Gloucester County, NJ	458,651	(211,457)	247,194
		<u>\$ 7,332,450</u>	<u>\$ (2,562,059)</u>	<u>\$ 4,770,391</u>

The following is a summary of these properties and their carrying values as of June 30, 2019:

Location Use	City	Original Cost	Accumulated Depreciation	Carrying Value
Adult Residential	Camden, NJ	\$ 3,748,045	\$ (1,683,502)	\$ 2,064,543
Various Programs	Absecon, NJ	2,620,227	(52,405)	2,567,822
Youth Residential	Glassboro, NJ	505,527	(341,175)	164,352
Adult Residential	Gloucester County, NJ	458,651	(190,578)	268,073
		<u>\$ 7,332,450</u>	<u>\$ (2,267,660)</u>	<u>\$ 5,064,790</u>

CENTER FOR FAMILY SERVICES, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

Note 13: OPERATING LEASE COMMITMENTS

The Organization has several non-cancelable operating leases of equipment, vehicles, and buildings in various locations, which expire at various dates through June, 2026.

As of June 30, 2020, the future minimum lease payments under noncancelable operating leases are as follows:

Year Ending June 30,	
2021	\$ 1,905,498
2022	553,754
2023	178,352
2024	97,040
2025	27,730
Thereafter	<u>7,200</u>
Net minimum lease payments	<u>\$ 2,769,574</u>

Total rental expense for operating leases was \$1,612,512 and \$1,487,080 for the years ended June 30, 2020 and 2019, respectively.

Note 14: CONCENTRATION OF CREDIT RISK

The Organization is funded in part by the US Department of Health and Human Services, New Jersey Department of Human Services, New Jersey Department of Children and Families, and the New Jersey Department of Health and Senior Services. The Organization receives a substantial amount of its support from their programs. A significant reduction in the level of this support, if this were to occur, could have an effect on the Organization's programs and activities.

The Organization maintains its cash in bank accounts and other financial institutions, which, at times may exceed federally insured limits or collateralized amounts. The Organization has not experienced any loss in such accounts. As of June 30, 2020 and 2019, the Organization had uninsured cash balances of \$13,230,251 and \$1,756,905, respectively.

Note 15: CONTINGENCY

The Organization is occasionally involved in certain legal claims arising in the ordinary course of operations. In the opinion of management, all matters are adequately covered by insurance or are without merit.

CENTER FOR FAMILY SERVICES, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements (continued)

Note 16: CHANGE IN ACCOUNTING PRINCIPLE

As indicated in Note 2 to the financial statements, in 2020, the Organization adopted ASU 2018-08 *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. As a result of implementing this new pronouncement, certain amounts previously recorded as notes payable in the statement of financial position were reclassified to net assets without donor restriction. Previously, grant revenue related to property held under agreement was recognized as notes payable and transferred to revenue without donor restriction when the restriction expired. After adoption of ASU 2018-08, grant revenue will be recognized in the period the asset is purchased. Accordingly, net assets at the beginning of 2019, the earliest year presented, was revised as follows:

	Net assets Without <u>Donor Restrictions</u>	<u>Notes Payable</u>
Net assets at June 30, 2018 as previously reported	\$ 7,109,516	\$ 7,011,630
Reclassification of net assets related to property held under agreement	<u>919,092</u>	<u>(919,092)</u>
Net assets at June 30, 2018 as restated	<u>\$ 8,028,608</u>	<u>\$ 6,092,538</u>

Note 17: COVID-19 PANDEMIC

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Organizations, its performance, and its financial results.

In response to the COVID 19 Public Health Emergency, the US federal government adopted the Coronavirus Aid, Relief and Economic Security Act (the CARES Act), which includes a Small Business Paycheck Protection Program ("PPP") under the auspices of the federal Small Business Administration ("SBA"). The funds can be used for costs related to payroll, employee health care, mortgage loan interest and utilities.

On April 21, 2020, Center for Family Services, Inc. borrowed \$9,053,420 from TD Bank. The interest rate is 1%, the loan term is two (2) years and principal and interest payments are due monthly. The SBA guarantees loan repayment to the bank.

CENTER FOR FAMILY SERVICES, INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Note 17: COVID-19 PANDEMIC (continued)

A recipient of a PPP loan may apply for loan forgiveness to the extent the loan proceeds were used for the following only during either an 8-week or 24-week period beginning on the date of the loan origination. Either period can be elected by the organization. Eligible expenses include payroll costs, mortgage interest, rent and utility costs. Management of Center for Family Services, Inc. expects that its costs for payroll, employee health care, mortgage loan interest and utilities during the 8-week period following the loan funding will be sufficient to enable Center for Family Services, Inc. to obtain 100% forgiveness for the entire \$9,053,420 loan amount.

The Organization also received the following amounts from the following sources:

Source of Funds	Program	Date of Award	Award Amount
State of New Jersey, Department of Children and Families	Residential	5/19/2020	\$ 401,800
State of New Jersey, Department of Children and Families	Dreams	11/17/2020	10,660
State of New Jersey, Department of Children and Families	Mobile	11/20/2020	513,758
State of New Jersey, Department of Children and Families	Mobile	11/20/2020	977,850
State of New Jersey, Department of Children and Families	Various	11/25/2020	58,956
State of New Jersey, Department of Children and Families	Residential	2/10/2021	177,345
State of New Jersey, Department of Community Affairs	Homebase	1/28/2021	51,190
State of New Jersey, Department of the Attorney General	SERV	4/22/2020	500,000
State of New Jersey, Department of the Attorney General	SERV	4/22/2020	500,000
Community Foundation of New Jersey, New Jersey Pandemic Relief Fund	Various	7/7/2020	30,000
Community Foundation of New Jersey, New Jersey Pandemic Relief Fund	Family Success Centers	3/15/2021	140,000
Philadelphia Foundation	Various	5/14/2020	20,000
State of New Jersey, Family and Youth Services Bureau	SOS	4/23/2020	14,959
State of New Jersey, Family and Youth Services Bureau	MGH	5/28/2020	65,000
State of New Jersey, Department of Children and Families, Division on Women	FVSPA	8/11/2020	11,822
State of New Jersey, Department of Children and Families, Division on Women	FVSPA	8/11/2020	15,419
US Department of Health and Human Services	Burlington Head Start	8/31/2020	431,494
US Department of Health and Human Services	Early Head Start	6/28/2020	72,941
US Department of Health and Human Services	Camden Head Start	6/29/2020	578,255
	Early Head Start,		
US Department of Health and Human Services	Camden and Burlington	7/1/2020	1,922,626
			<u>\$ 6,494,075</u>

**CENTER FOR FAMILY SERVICES, INC.
AND SUBSIDIARIES**

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2020

CENTER FOR FAMILY SERVICES, INC. AND SUBSIDIARIES
Consolidating Schedule of Financial Position
As of June 30, 2020

	Consolidated Total	Interorganization Eliminations	Center for Family Services, Inc.	Family Service Operations, Inc.	Family Service Development, Inc.	Family Service Enterprise, Inc.
ASSETS						
Current assets						
Cash and cash equivalents	\$ 12,842,137	\$ -	\$ 12,736,214	\$ 105,923	\$ -	\$ -
Accounts receivable, net of allowance for doubtful accounts of \$782,000	9,806,383	-	9,776,383	-	30,000	-
Investments	968,777	-	968,777	-	-	-
Prepaid expenses	171,752	-	108,087	63,665	-	-
Due from subsidiaries	-	(721,935)	-	86,901	618,400	16,634
Total current assets	23,789,049	-	23,589,461	256,489	648,400	16,634
Assets limited as to use						
Deposits held by trustee for unemployment claims	1,108,711	-	1,108,711	-	-	-
Certificates of deposit - long term	278,750	-	-	-	278,750	-
Restricted cash	51,877	-	51,877	-	-	-
Property and equipment, net	17,973,659	-	11,038,019	6,935,640	-	-
Other assets	36,408	-	36,408	-	-	-
Total assets	<u>\$ 43,238,454</u>	<u>\$ -</u>	<u>\$ 35,824,476</u>	<u>\$ 7,192,129</u>	<u>\$ 927,150</u>	<u>\$ 16,634</u>
LIABILITIES AND NET ASSETS						
Current liabilities						
Line of credit payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Current portion of notes payable	416,614	-	297,647	118,967	-	-
Accounts payable	2,938,774	-	2,938,774	-	-	-
Accrued expenses	3,638,331	-	3,600,902	30,711	1,659	5,059
Refundable advances	953,101	-	953,101	-	-	-
Due to subsidiaries	-	(721,935)	721,935	-	-	-
Deferred revenue	3,543,795	-	3,543,795	-	-	-
Total current liabilities	11,490,615	(721,935)	12,056,154	149,678	1,659	5,059
Loans payable, Paycheck Protection Program	9,053,420	-	9,053,420	-	-	-
Notes payable, net of current portion	7,710,068	-	5,105,352	2,604,716	-	-
Obligation under interest rate swap agreement	145,082	-	145,082	-	-	-
Total liabilities	<u>28,399,185</u>	<u>(721,935)</u>	<u>26,360,008</u>	<u>2,754,394</u>	<u>1,659</u>	<u>5,059</u>
Net assets						
Without donor restrictions	14,320,207	-	8,945,406	4,437,735	925,491	11,575
With donor restrictions	519,062	-	519,062	-	-	-
Total net assets	<u>14,839,269</u>	<u>-</u>	<u>9,464,468</u>	<u>4,437,735</u>	<u>925,491</u>	<u>11,575</u>
	<u>\$ 43,238,454</u>	<u>\$ (721,935)</u>	<u>\$ 35,824,476</u>	<u>\$ 7,192,129</u>	<u>\$ 927,150</u>	<u>\$ 16,634</u>

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

CENTER FOR FAMILY SERVICES, INC. AND SUBSIDIARIES
Consolidating Schedule of Operations
For the Year Ended June 30, 2020

	Consolidated Total	Interorganization Eliminations	Center for Family Services, Inc.	Family Service Operations, Inc.	Family Service Development, Inc.	Family Service Enterprise, Inc.
Operating revenue, gains, and support						
Government grants	\$ 57,075,730	\$ -	\$ 57,075,730	\$ -	\$ -	\$ -
Fees and insurance reimbursements	14,188,848	-	14,188,848	-	-	-
Other grants, fundraising, and donations	1,964,298	-	1,964,298	-	-	-
Rent	33,254	(198,618)	-	231,872	-	-
Gain on sale of property and equipment	325,114	-	325,114	-	-	-
Net assets released from restrictions	119,936	-	119,936	-	-	-
Miscellaneous	-	-	-	-	-	-
Total operating revenue, gains, and support	73,707,180	(198,618)	73,673,926	231,872	-	-
Operating expenses						
Program services	63,985,314	(198,618)	63,953,036	230,863	33	-
Management and general	9,856,014	-	9,856,014	-	-	-
Fundraising	80,600	-	80,600	-	-	-
Total operating expenses	73,921,928	(198,618)	73,889,650	230,863	33	-
Operating income (loss)	(214,748)	-	(215,724)	1,009	(33)	-
Other income						
Investment income	16,706	-	16,706	-	-	-
Excess (deficit) of revenue, gains, and support over expenses	(198,042)	-	(199,018)	1,009	(33)	-
Unrealized gains on investments	22,761	-	14,556	-	8,205	-
Change in fair value of interest rate swap	(95,696)	-	(95,696)	-	-	-
Fair value of net assets acquired	2,837,489	-	2,576,489	261,000	-	-
Increase in net assets without donor restrictions	2,566,512	-	2,296,331	262,009	8,172	-
Net assets without donor restrictions beginning of year	11,753,695	-	6,649,075	4,175,726	917,319	11,575
Net assets without donor restrictions end of year	<u>\$ 14,320,207</u>	<u>\$ -</u>	<u>\$ 8,945,406</u>	<u>\$ 4,437,735</u>	<u>\$ 925,491</u>	<u>\$ 11,575</u>

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

CENTER FOR FAMILY SERVICES, INC. AND SUBSIDIARIES
Schedule of IOLTA Grant Expenditures
As of June 30, 2020

Grant Period/ Budget Item	Budgeted Amount (Unaudited)	Agency Reported Expenditures	Audit Adjustments	Expenditures Per Audit
Cumberland County 2020				
Salaries	\$ 6,807	\$ 8,143	\$ -	\$ 8,143
Fringe Benefits	1,848	2,061	-	2,061
Total	<u>\$ 8,655</u>	<u>\$ 10,204</u>	<u>\$ -</u>	<u>\$ 10,204</u>
Gloucester County 2020				
Salaries	\$ 14,414	\$ 20,268	\$ -	\$ 20,268
Fringe Benefits	3,913	3,080	-	3,080
Total	<u>\$ 18,327</u>	<u>\$ 23,348</u>	<u>\$ -</u>	<u>\$ 23,348</u>
Questioned Costs:				
None				
Equipment Purchased:				
None				
Audit Adjustments:				
None				

CENTER FOR FAMILY SERVICES, INC. AND SUBSIDIARIES
REPORTS AND SCHEDULES REQUIRED BY GOVERNMENT
AUDITING STANDARDS AND THE SINGLE AUDIT ACT

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

To the Board of Trustees of
Center for Family Services, Inc. and Subsidiaries

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 Center for Family Services, Inc. and Subsidiaries (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of operations, changes in net assets, 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 30, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Center for Family Services, Inc. and Subsidiaries internal control over financial reporting (internal control) as a basis for designing the 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 Center for Family Services, Inc. and Subsidiaries internal control. Accordingly, we do not express an opinion on the effectiveness of Center for Family Services, Inc. and Subsidiaries' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Center for Family Services, Inc. and Subsidiaries 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 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.

A handwritten signature in black ink that reads "Bowman & Company LLP". The script is cursive and fluid.

Bowman & Company LLP
Certified Public Accountants

Voorhees, New Jersey
September 30, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
STATE OF NEW JERSEY CIRCULAR 15-08 OMB**

To the Board of Trustees of
Center for Family Services, Inc. and Subsidiaries

Report on Compliance for Each Major Federal and State Program

We have audited Center for Family Services, Inc. and Subsidiaries' compliance with the types of compliance requirements described in the *OMB Compliance Supplement and 15-08 OMB New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of Center for Family Services, Inc. and Subsidiaries major federal and state programs for the year ended June 30, 2020. Center for Family Services, Inc. and Subsidiaries major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Center for Family Services, Inc. and Subsidiaries major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and State of New Jersey Circular 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance, and State of New Jersey Circular 15-08 OMB require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Center for Family Services, Inc. and Subsidiaries compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of Center for Family Services, Inc. and Subsidiaries' compliance.

Opinion on Each Major Federal and State Program

In our opinion, Center for Family Services, Inc. and Subsidiaries 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 federal and state program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Center for Family Services, Inc. and Subsidiaries is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Center for Family Services, Inc. and Subsidiaries internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Center for Family Services, Inc. and Subsidiaries' 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 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 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 program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bowman + Company LLP

Bowman & Company LLP
Certified Public Accountants

Voorhees, New Jersey
September 30, 2021

CENTER FOR FAMILY SERVICES, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

<u>Federal Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>State or Pass-Through Grantor Number</u>	<u>Program Award Amount</u>	<u>Grant Period</u>		<u>Expenditures</u>	<u>Passed through to Subrecipients</u>
				<u>From</u>	<u>To</u>		
U.S. Department of Health and Human Services							
Office of ACYF - Family and Youth Services Bureau							
Domestic Victims of Human Trafficking	93.327	90TV001404	\$ 220,010	9/30/2019	9/29/2020	\$ 148,738	
Domestic Victims of Human Trafficking	93.327	90TV001403	220,010	9/30/2018	9/29/2019	72,022	
Total Domestic Victims of Human Trafficking						220,760	-
Center for Medicare and Medicaid Services							
Navigator Exchange	93.332	NAVCA0345A	400,000	9/12/2018	9/11/2019	109,571	-
Administration for Children and Families							
Transitional Living for Homeless Youth	93.550	90CX7297-01-00	200,000	9/30/2019	9/29/2022	139,305	-
Education and Prevention Grants to Reduce Sexual Abuse of Runaway, Homeless and Street Youth	93.557	90YO2356-01	149,588	9/30/2019	9/29/2020	49,393	-
Administration for Children and Families							
Services to Victims of a Severe Form of Trafficking	93.598	90ZV0124/03	208,132	9/30/2019	9/29/2020	159,442	
Services to Victims of a Severe Form of Trafficking	93.598	90ZV0124/02	250,494	9/30/2018	9/29/2019	59,511	
Total Services to Victims of a Severe Form of Trafficking						218,953	-
Head Start Cluster							
Head Start	93.600	02CH010163/04	8,169,034	8/1/2018	7/31/2019	1,025,936	
Head Start	93.600	02CH010163/05	8,311,907	8/1/2019	7/31/2020	7,064,651	
Head Start - Supplemental (COVID-19)	93.600	02CH010163/05C3	578,255	8/1/2019	7/31/2020	12,937	
Early Head Start	93.600	02HP0014/04	1,031,836	9/1/2018	8/31/2019	182,654	
Early Head Start	93.600	02HP00039001	902,722	9/1/2019	8/31/2020	728,885	
Early Head Start - Supplemental (COVID-19)	93.600	02HP00039001C3	72,941	9/1/2019	8/31/2020	2,276	
Total Head Start Cluster						9,017,339	-
Office of ACYF - Family and Youth Services Bureau							
Basic Center Program	93.623	90CY688603	200,000	9/30/2017	9/30/2018	51,120	

CENTER FOR FAMILY SERVICES, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

<u>Federal Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>State or Pass-Through Grantor Number</u>	<u>Program Award Amount</u>	<u>Grant Period</u>		<u>Expenditures</u>	<u>Passed through to Subrecipients</u>
				<u>From</u>	<u>To</u>		
Office of Refugee Resettlement - Discretionary							
Unaccompanied Alien Children Program	93.676	90ZU0313-01	\$ 5,332,150	2/1/2020	1/31/2021	\$ 1,387,917	
Unaccompanied Alien Children Program	93.676	90ZU0215-03	4,735,525	2/1/2019	1/31/2020	2,490,829	
Unaccompanied Alien Children Program	93.676	90ZU0265-02	5,521,328	10/1/2019	9/30/2020	3,119,984	
Unaccompanied Alien Children Program	93.676	90ZU0265-01	4,735,525	10/1/2018	9/30/2019	1,323,889	
Total Unaccompanied Alien Children Program						<u>8,322,619</u>	<u>-</u>
Passed through State of New Jersey Department of Children and Families							
Division of Family and Community Partnerships							
Promoting Safe and Stable Families	93.556	20HVDP	98,839	7/1/2019	6/30/2020	91,334	
Promoting Safe and Stable Families	93.556	20IQDW	22,015	7/1/2019	6/30/2020	22,015	
Total Promoting Safe and Stable Families						<u>113,349</u>	<u>-</u>
Temporary Assistance for Needy Families (TANF)	93.558	20HVDP	532,370	7/1/2019	6/30/2020	493,482	-
Passed through State of New Jersey Department of Human Services							
Division of Family Development							
Temporary Assistance for Needy Families (TANF)	93.558	SF19020	383,415	7/1/2019	6/30/2020	234,854	-
Total Temporary Assistance for Needy Families (TANF)						<u>728,336</u>	<u>-</u>
CCDF Cluster							
Child Care and Development Block Program	93.575	TS20022	302,308	7/1/2019	6/30/2020	332,477	-
Total CCDF Cluster						<u>332,477</u>	<u>-</u>
Passed through State of New Jersey Department of Children and Families							
Division of Child Protection and Permanency							
Child Abuse and Neglect State Grants	93.669	20FFDS	144,292	7/1/2019	6/30/2020	140,459	-
Passed through State of New Jersey Department of Children and Families							
Division of Family and Community Partnerships							
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	20IQDW	168,000	7/1/2019	6/30/2020	168,000	-
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	20HVDP	99,074	7/1/2019	6/30/2020	91,551	-

CENTER FOR FAMILY SERVICES, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

<u>Federal Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>State or Pass-Through Grantor Number</u>	<u>Program Award Amount</u>	<u>Grant Period</u>		<u>Expenditures</u>	<u>Passed through to Subrecipients</u>
				<u>From</u>	<u>To</u>		
Preventive Health and Health Services Block Grant	93.991	20IQDW	\$ 24,720	7/1/2019	6/30/2020	\$ 24,720	\$ -
Total U.S. Department of Health and Human Services						<u>19,727,952</u>	<u>-</u>
U.S. Department of Housing and Urban Development:							
Emergency Solutions Grants Program	14.231	NJ0073L2F031811	96,945	7/1/2019	6/30/2020	80,649	
Emergency Solutions Grants Program	14.231	NJ0442L2F031804	173,421	7/1/2019	6/30/2020	128,384	
Emergency Solutions Grants Program	14.231	NJ0348L2F031907	29,520	7/1/2019	6/30/2020	26,281	
Emergency Solutions Grants Program	14.231	NJ0375L2F031807	34,853	7/1/2019	6/30/2020	32,659	
Emergency Solutions Grants Program	14.231	NJ0545L2F03181	197,300	7/1/2019	6/30/2020	182,777	
Emergency Solutions Grants Program	14.231	NJ0259L2F031809	54,348	7/1/2019	6/30/2020	44,257	
Total Emergency Solutions Grants Program						<u>495,007</u>	<u>-</u>
Passed through Camden County Improvement Authority CDBG - Entitlement Grants Cluster							
Community Development Block Grants/Entitlement Grants	14.218	PO 209144	10,000	7/1/2019	6/30/2020	10,000	-
Total CDBG - Entitlement Grants Cluster						<u>10,000</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development						<u>505,007</u>	<u>-</u>
Corporation for National and Community Service:							
Volunteers in Service to America	94.013	15VSANJ06	1,248,978	6/24/2018	6/22/2019	221,151	
Passed through the State of New Jersey Department of NJ Commission on National and Community Service							
AmeriCorps Formula 2019	94.006	AC20COMP-006	76,335	9/1/2019	8/31/2020	38,183	
AmeriCorps Competitive 2019	94.006	AC20COMP-004	426,063	9/1/2019	8/31/2020	204,461	
AmeriCorps	94.006	AC19COMP-003	436,200	9/1/2018	8/31/2019	153,042	
AmeriCorps	94.006	AC20Form-006	258,180	9/1/2019	8/31/2020	161,088	
Total AmeriCorps						<u>556,774</u>	<u>-</u>
Total Corporation for National and Community Service						<u>777,925</u>	<u>-</u>

CENTER FOR FAMILY SERVICES, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

<u>Federal Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>State or Pass-Through Grantor Number</u>	<u>Program Award Amount</u>	<u>Grant Period</u>		<u>Expenditures</u>	<u>Passed through to Subrecipients</u>
				<u>From</u>	<u>To</u>		
U.S. Department of Justice							
Services for Trafficking Victims	16.320	2019-VM-BX-0029	\$ 500,000	10/1/2019	9/30/2022	\$ 80,863	
Services for Trafficking Victims	16.320	2019-VT-BX-0061	650,000	1/1/2020	12/31/2022	69,598	
Total Services for Trafficking Victims						150,461	-
Education, Training, and Enhanced Services to End Violence Against and Abuse of Women with Disabilities	16.529	2018-FW-AX-K003	425,000	10/1/2018	9/30/2021	173,429	-
Crime Victim Assistance/Discretionary Grants	16.582	2018-V3-GX-0059	750,000	10/1/2018	9/30/2021	120,583	-
Juvenile Mentoring Program	16.726	2018-JU-FX-0012	474,489	10/1/2018	9/30/2021	49,394	-
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736	2019-WH-AX-0018	450,000	10/1/2019	9/30/2022	116,358	-
Passed through State of New Jersey Department of Children and Families							
Division of Family and Community Partnerships							
Sexual Assault Services Formula Program	16.017	20IQDW	71,773	7/1/2019	6/30/2020	65,153	-
Passed through State of New Jersey Department of Law and Public Safety							
Services Empowering Rights of Victims	16.575	VAG-39-18	400,000	9/1/2019	8/31/2021	144,302	
Services Empowering Rights of Victims	16.575	VAG-40-18	400,000	9/1/2019	8/31/2021	144,877	
Services Empowering Rights of Victims	16.575	VAG-41-18	400,000	9/1/2019	8/31/2021	159,860	
Services Empowering Rights of Victims	16.575	VAG-36-18	345,124	9/1/2019	8/31/2021	86,774	
Services Empowering Rights of Victims	16.575	VAG-37-18	400,000	9/1/2019	8/31/2021	166,722	
Services Empowering Rights of Victims	16.575	VAG-38-18	400,000	9/1/2019	8/31/2021	146,185	
Total Services Empowering Rights of Victims						848,720	-
Stop Violence Against Women Act	16.588	VAWA-57-18	45,000	7/1/2019	6/30/2020	44,998	
Stop Violence Against Women Act	16.588	VAWA-58-18	45,000	7/1/2019	6/30/2020	45,000	
Stop Violence Against Women Act	16.588	VAWA-15-19	53,333	5/1/2020	4/30/2021	8,508	
Stop Violence Against Women Act	16.588	16-VAWA-18	66,667	5/1/2019	4/30/2020	55,555	
Stop Violence Against Women Act	16.588	15-VAWA-18	66,667	5/1/2019	4/30/2020	55,555	
Total Stop Violence Against Women Act						209,616	-
Total U.S. Department of Justice						1,733,714	-

CENTER FOR FAMILY SERVICES, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

<u>Federal Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>State or Pass-Through Grantor Number</u>	<u>Program Award Amount</u>	<u>Grant Period</u>		<u>Expenditures</u>	<u>Passed through to Subrecipients</u>
				<u>From</u>	<u>To</u>		
U.S. Department of Agriculture							
Pass through State of New Jersey Department of Agriculture							
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	n/a	\$ 120,222	10/1/2019	9/30/2020	\$ 120,222	\$ -
Child and Adult Care Food Program (CACFP)	10.558	n/a	702,563	9/1/2019	8/31/2020	447,833	-
SNAP Cluster							
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	n/a	487,739	7/1/2019	6/30/2020	288,940	-
Total SNAP Cluster						288,940	-
Total U.S. Department of Agriculture						856,995	-
U.S. Department of Education:							
Promise Neighborhood Implementation Program	84.215	U215N160015-18	6,000,000	1/1/2019	12/31/2019	2,631,563	1,388,052
Promise Neighborhood Implementation Program	84.215	U215N160015-18	6,000,000	1/1/2020	12/31/2020	1,360,084	361,516
Total U.S. Department of Education						3,991,647	1,749,568
U.S. Department of Homeland Security							
Emergency Food and Shelter Program - Phase 35	97.024	LRO 597600-009	28,850	1/1/2020	5/31/2021	13,766	-
Total U.S. Department of Homeland Security						13,766	-
U.S. Environmental Protection Agency							
Environmental Justice Collaborative Problem-Solving	66.306	EC962560518	120,000	9/1/2018	8/31/2020	34,899	-
Total U.S. Environmental Protection Agency						34,899	-
Total Federal Awards						\$ 27,641,905	\$ 1,749,568

The accompanying Notes to Financial Statements and Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

CENTER FOR FAMILY SERVICES, INC. AND SUBSIDIARIES
Schedule of State Financial Assistance
For the Year Ended June 30, 2020

<u>State Grantor / Program Title</u>	<u>State Grant Award Number or Account Number</u>	<u>Program Award Amount</u>	<u>Grant Award Period</u>		<u>Current Year's Grant Expenditures</u>	<u>(Memo Only) Total Grant Expenditures to Date</u>
			<u>From</u>	<u>To</u>		
State of New Jersey Department of Children and Families						
Professional Wage Increase	n/a	\$ 2,691	7/1/2019	6/30/2020	\$ 2,691	\$ 2,691
DCF Emergency COVID-19 Funds	n/a	401,800	5/1/2020	10/31/2020	66,967	66,967
Division of Child Protection and Permanency						
Psych/Therapeutic Services	20FFDS	8,367,819	7/1/2019	6/30/2020	7,857,732	7,857,732
Benson House / Transitions K-100	20DECR	2,913,035	7/1/2019	6/30/2021	6,906	6,906
Total Division of Child Protection and Permanency					<u>7,864,638</u>	<u>7,864,638</u>
Division of Children's System of Care						
Multi-Systematic Therapy - MST/Camden Day Partial Care	20FADR	1,294,886	7/1/2019	6/30/2020	1,234,808	1,234,808
Guiding Hope - Start Up	20ALDR	164,983	4/15/2020	6/30/2020	164,983	164,983
Guiding Hope	20ALDR	2,513,162	5/1/2020	7/31/2020	550,403	550,403
Total Guiding Hope					<u>715,386</u>	<u>715,386</u>
Passaic Mobile Response	20AYRR / AFRR	243,957	1/1/2020	6/30/2020	243,957	243,957
Morris Sussex Mobile Response	20BVPR / ADPR	152,606	1/1/2020	6/30/2020	119,242	119,242
Morris Child Outreach	20DMPR / ARDR	31,412	1/1/2020	6/30/2020	31,412	31,412
Total Division of Children's System of Care					<u>2,344,805</u>	<u>2,344,805</u>

CENTER FOR FAMILY SERVICES, INC. AND SUBSIDIARIES
Schedule of State Financial Assistance
For the Year Ended June 30, 2020

<u>State Grantor / Program Title</u>	<u>State Grant Award Number or Account Number</u>	<u>Program Award Amount</u>	<u>Grant Award Period</u>		<u>Current Year's Grant Expenditures</u>	<u>(Memo Only) Total Grant Expenditures to Date</u>
			<u>From</u>	<u>To</u>		
Division of Family and Community Partnerships						
Services to Women	20IQDW	\$ 2,406,620	7/1/2019	6/30/2020	\$ 2,137,326	\$ 2,137,326
Individual Counseling and Supervised Visitation - Family Stabilization, Supervised Visitation Pre, Post Adoption, and Family Preservation	20JVDS	1,467,051	7/1/2019	6/30/2020	1,426,762	1,426,762
Family Success - Healthy Families - NJ Child Abuse	20HVDP	1,656,963	7/1/2019	6/30/2020	1,419,199	1,419,199
Keeping Families Together	20JQDS	1,163,900	7/1/2019	6/30/2020	911,946	911,946
Passed through Atlantic County						
Inland Family Success Center	19DRAP	240,000	7/1/2019	6/30/2020	202,002	202,002
New Day Family Success Center	19DRAP	320,114	7/1/2019	6/30/2020	284,238	284,238
Total Division of Family and Community Partnerships					6,381,473	6,381,473
Passed through Cumberland County Prosecutor's Office						
Child Advocacy Development Grant	20EHFS	200,000	1/1/2020	12/31/2020	39,906	39,906
Child Advocacy Development Grant	19EHFS	103,858	1/1/2019	12/31/2019	85,031	85,031
Total State of New Jersey Department of Children and Families					16,785,511	16,785,511
State of New Jersey Department of Law and Public Safety						
Passed through Community Planning & Advocacy Council (CPAC):						
Family Success Center	19ICDP	220,000	1/1/2019	12/31/2019	113,632	113,632
Family Success Center	20ICDP	220,000	1/1/2020	12/31/2020	94,811	94,811
Community Outreach	n/a	140,000	1/1/2019	12/31/2019	68,281	68,281
Community Outreach	n/a	140,000	1/1/2020	12/31/2020	58,115	58,115
Baby Best	n/a	225,000	1/1/2019	12/31/2019	67,975	67,975
Baby Best	n/a	225,000	1/1/2020	12/31/2020	55,157	55,157
Total State of New Jersey Department of Law and Public Safety					457,971	457,971

CENTER FOR FAMILY SERVICES, INC. AND SUBSIDIARIES
Schedule of State Financial Assistance
For the Year Ended June 30, 2020

<u>State Grantor / Program Title</u>	<u>State Grant Award Number or Account Number</u>	<u>Program Award Amount</u>	<u>Grant Award Period</u>		<u>Current Year's Grant Expenditures</u>	<u>(Memo Only) Total Grant Expenditures to Date</u>
			<u>From</u>	<u>To</u>		
State of New Jersey Department of Human Services						
NJ Family Care	Outreach For Navigator	\$ 75,000	10/1/2018	9/30/2019	\$ 18,750	\$ 18,750
Division of Mental Health and Addiction Services:						
Drug Treatment	20-448-ADA-0	2,424,525	7/1/2019	6/30/2020	2,276,585	2,276,585
Drug Treatment	20-883	2,185,000	10/1/2019	9/30/2020	1,335,675	1,335,675
Drug Treatment	20-872	302,500	7/1/2019	9/30/2019	254,537	254,537
Drug Treatment	19-856	60,000	5/1/2019	12/31/2019	38,838	38,838
Total Drug Treatment					3,905,635	3,905,635
Multicultural Competency Training	20-40103	310,000	7/1/2019	6/30/2020	202,826	202,826
Total State of New Jersey Department of Human Services					4,127,211	4,127,211
State of New Jersey Department of Community Affairs						
Shelter Support	2019-02149-0348-00	99,000	12/1/2018	6/30/2020	72,880	72,880
Pass through Cooper Foundation						
Neighborhood Revitalization tax credit programs	2017-02240-0295	337,220	3/1/2016	5/31/2019	239,325	239,325
Total State of New Jersey Department of Community Affairs					312,205	312,205
State of New Jersey Department of Health						
Family Healthline PPD	DFHS20PPD006	303,460	7/1/2019	6/30/2020	299,659	299,659
Family Healthline	DFHS20OTR009	58,800	7/1/2019	6/30/2020	58,800	58,800
Total State of New Jersey Department of Health					358,459	358,459

CENTER FOR FAMILY SERVICES, INC. AND SUBSIDIARIES
Schedule of State Financial Assistance
For the Year Ended June 30, 2020

<u>State Grantor / Program Title</u>	<u>State Grant Award Number or Account Number</u>	<u>Program Award Amount</u>	<u>Grant Award Period</u>		<u>Current Year's Grant Expenditures</u>	<u>(Memo Only) Total Grant Expenditures to Date</u>
			<u>From</u>	<u>To</u>		
State of New Jersey Department of Law & Public Safety						
Juvenile Justice Commission						
Pass-through Atlantic County						
JDAI - HEDS CM	K.18.255	\$ 92,700	1/1/2019	12/31/2019	\$ 48,513	\$ 48,513
JDAI - HEDS JDAI	K.18.256	70,000	1/1/2019	12/31/2019	15,930	15,930
Total JDAI					64,443	64,443
Grandparents Raising Grandchildren	K.19.31	50,000	1/1/2020	12/31/2020	12,987	12,987
Grandparents Raising Grandchildren	K.19.310 / 00-1376-AAAC-2	50,000	1/1/2019	12/31/2019	18,075	18,075
Total Grandparents Raising Grandchildren					31,062	31,062
Total State of New Jersey Department of Law & Public Safety					95,505	95,505
State of New Jersey Department of State						
Office of Faith Based Initiatives						
Youth College Readiness Program	OFBI20SIP-035	20,000	7/1/2019	6/30/2020	20,000	20,000
Total State of New Jersey Department of State					20,000	20,000
State of New Jersey Department of Labor and Workforce Development						
State Opioid, Pathways to Recovery (REWORK)	PTR-2019-05	650,000	6/1/2019	11/30/2020	315,920	315,920
Total State of New Jersey Department of Labor and Workforce Development					315,920	315,920
State of New Jersey Department of Banking and Insurance						
Navigator Transition	2019 Navigator 01	300,000	9/12/2019	9/11/2020	204,976	204,976
Navigator Transition - Expansion	2019 Navigator 01	150,000	10/29/2019	10/28/2020	77,657	77,657
Total State of New Jersey Department of Banking and Insurance					282,633	282,633
Total State Awards					<u>\$ 22,755,415</u>	<u>\$ 22,755,415</u>

The accompanying Notes to Financial Statements and Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

CENTER FOR FAMILY SERVICES, INC.
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2020

Note 1 - General

The accompanying schedule of expenditures of federal awards and state financial assistance present the activity of all federal and state award programs of the organization. All federal and state awards, with current year activity, received directly from federal, state, and local agencies, as well as federal and state awards passed through other government agencies, are included in the schedule.

Note 2 - Basis of accounting

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the accrual basis of accounting. This basis of accounting is described in Note 2 to the organization's financial statements. The information in these schedules 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* (Uniform Guidance). The Organization has negotiated an indirect cost rate with the Department of Health and Human Services of 10% for their Head Start Programs and 10.5% for all other programs.

Note 3 - Relationship to federal and state financial reports

Amounts reported in the accompanying schedule agree, in all material respects, with the amounts reported in related federal and state financial reports.

Note 4 - Relationship to federal and state financial reports

Amounts reported in the accompanying schedules agree, in all material respects, with the amounts reported in related federal and state financial reports. However, the basis of accounting prescribed by the pass-through agency for the preparation of expenditure reports is different than the accrual basis of accounting. The basic difference between the two bases of accounting is that the equipment purchased with program funds are included as expenditures in the expenditure reports, while GAAP requires these items to be capitalized and depreciated over their useful lives.

Note 5 - Major programs

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

CENTER FOR FAMILY SERVICES, INC.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified? yes x no

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified? yes x no

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? yes x no

Identification of major programs:

<u>AL Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>14.231</u>	<u>n/a</u>	<u>Emergency Solutions Grant Program</u>
<u>84.215</u>	<u>n/a</u>	<u>Innovative Approaches to Literacy; Promise Neighborhoods; and Full-Service Community Schools</u>
<u>93.676</u>	<u>n/a</u>	<u>Unaccompanied Alien Children Program</u>

Dollar threshold used to determine Type A programs \$ 829,257

Auditee qualified as low-risk auditee? yes x no

CENTER FOR FAMILY SERVICES, INC.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section 1 - Summary of Auditor's Results (Cont'd)

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified? _____ yes ☒ no

Significant deficiency(ies) identified? _____ yes ☒ no

Type of auditor's report issued on compliance for major programs _____ Unmodified

Any audit findings disclosed that are required to be reported in
accordance with Section 510(a) of Uniform Guidance or
New Jersey Circular 15-08-OMB? _____ yes ☒ no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
<u>20IQDW</u>	<u>Services to Women</u>
<u>20JQDS</u>	<u>Keeping Families Together</u>
<u>20AYRR/AFRR</u>	<u>Passaic Mobile Response</u>
<u>20JVDS</u>	<u>Individual Counseling and Supervised Visitation - Family Stabilization, Supervisee</u>

Dollar threshold used to determine Type A programs: \$ 750,000

Auditee qualified as low-risk auditee? ☒ yes _____ no

CENTER FOR FAMILY SERVICES, INC.
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Part II- Schedule of Current Year Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and State of New Jersey.

– NOT APPLICABLE –

CENTER FOR FAMILY SERVICES, INC.
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Part III - Schedule of Current Year Federal Award and
State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

– NOT APPLICABLE –

CENTER FOR FAMILY SERVICES, INC.
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Part IV – Status of Prior Year Financial Statement
Audit Findings

This section identifies the status of prior-year findings related to the financial statements and Federal and State awards that are required to be reports in accordance with Chapter 6.12 of *Government Auditing Standards*.

– NOT APPLICABLE –

