

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

**Financial Statements
August 31, 2018 and 2017**

FAMILY SUPPORT ORGANIZATION OF UNION COUNTY, INC.

Table of Contents

Independent Auditors' Report	1 - 2
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3 - 4
Financial Statements	
Statements of Financial Position	5
Statements of Activities	6
Statements of Cash Flows	7
Statements of Functional Expenses	8
Notes to Financial Statements	9 - 12
Supplementary Information	
Schedule of Expenditures of State Financial Assistance.....	13
Notes to Schedule of Expenditures of State Financial Assistance	14



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Family Support Organization of Union County, Inc. (a nonprofit organization), which comprise the statements of financial position as of August 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Support Organization of Union County, Inc. as of August 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance, as required by the State of New Jersey, Department of Children and Families, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2018, on our consideration of Family Support Organization of Union County, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Family Support Organization of Union County, Inc.'s internal control over financial reporting and compliance.



Livingston, New Jersey
November 28, 2018



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Family Support Organization of Union County, Inc. (a nonprofit organization), which comprise the statements of financial position as of August 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 28, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Family Support Organization of Union County, Inc.'s internal control over financial reporting (internal control) to determine 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Spire Group, PC

Livingston, New Jersey
November 28, 2018

FAMILY SUPPORT ORGANIZATION OF UNION COUNTY, INC.

Statements of Financial Position
August 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash	\$ 19,536	\$ 1,449
Accounts receivable	194	-
Prepaid expenses	4,428	4,428
Property and equipment - net	5,851	12,694
Security deposit	<u>3,750</u>	<u>3,750</u>
Total Assets	<u>\$ 33,759</u>	<u>\$ 22,321</u>
Liabilities		
Accounts payable and accrued expenses	<u>\$ 28,491</u>	<u>\$ 23,725</u>
Net Assets (Deficit)		
Unrestricted net assets (deficit)	5,162	(1,510)
Temporarily restricted net assets	<u>106</u>	<u>106</u>
Total Net Assets (Deficit)	<u>5,268</u>	<u>(1,404)</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 33,759</u>	<u>\$ 22,321</u>

See accompanying notes.

FAMILY SUPPORT ORGANIZATION OF UNION COUNTY, INC.

Statements of Activities

For the Years Ended August 31, 2018 and 2017

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue and Support						
State of New Jersey Grant	\$ -	\$ 612,446	\$ 612,446	\$ -	\$ 606,163	\$ 606,163
Other income	-	7,851	7,851	-	-	-
Special event revenue	6,799	-	6,799	-	-	-
Less: Direct benefit cost	(3,105)	-	(3,105)	-	-	-
Donations	1,000	-	1,000	1,546	-	1,546
Net assets released from restrictions restrictions satisfied of purpose	620,297	(620,297)	-	606,163	(606,163)	-
Total Revenue and Support	<u>624,991</u>	<u>-</u>	<u>624,991</u>	<u>607,709</u>	<u>-</u>	<u>607,709</u>
Expenses						
Program services	400,378	-	400,378	413,839	-	413,839
Supporting services						
Management and general	217,941	-	217,941	213,485	-	213,485
Total Expenses	<u>618,319</u>	<u>-</u>	<u>618,319</u>	<u>627,324</u>	<u>-</u>	<u>627,324</u>
Change in Net Assets	6,672	-	6,672	(19,615)	-	(19,615)
Net Assets - Beginning of Years	<u>(1,510)</u>	<u>106</u>	<u>(1,404)</u>	<u>18,105</u>	<u>106</u>	<u>18,211</u>
Net Assets - End of Years	<u>\$ 5,162</u>	<u>\$ 106</u>	<u>\$ 5,268</u>	<u>\$ (1,510)</u>	<u>\$ 106</u>	<u>\$ (1,404)</u>

See accompanying notes.

FAMILY SUPPORT ORGANIZATION OF UNION COUNTY, INC.

**Statements of Cash Flows
For the Years Ended August 31, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 6,672	\$ (19,615)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	6,843	8,795
Changes in assets and liabilities		
Prepaid expenses	-	1,201
Accounts receivable	(194)	-
Accounts payable and accrued expenses	4,766	7,815
	<u>18,087</u>	<u>(1,804)</u>
Net Change in Cash	18,087	(1,804)
Cash - Beginning of Years	<u>1,449</u>	<u>3,253</u>
Cash - End of Years	\$ <u>19,536</u>	\$ <u>1,449</u>

See accompanying notes.

FAMILY SUPPORT ORGANIZATION OF UNION COUNTY, INC.

**Statements of Functional Expenses
For the Years Ended August 31, 2018 and 2017**

	2018			2017		
	Program Services	Supporting Services Management & General	Total	Program Services	Supporting Services Management & General	Total
Compensation and related expenses						
Compensation	\$ 226,892	\$ 137,960	\$ 364,852	\$ 239,460	\$ 136,355	\$ 375,815
Payroll taxes	21,086	12,822	33,908	21,845	12,439	34,284
Employee benefits	45,466	27,646	73,112	43,427	24,729	68,156
	<u>293,444</u>	<u>178,428</u>	<u>471,872</u>	<u>304,732</u>	<u>173,523</u>	<u>478,255</u>
Advertising	1,737	-	1,737	1,360	-	1,360
Community development	10,014	-	10,014	11,469	-	11,469
Consultants and professional fees	2,270	13,948	16,218	3,754	14,654	18,408
Depreciation expense	6,843	-	6,843	8,795	-	8,795
Computer expenses	3,882	7,210	11,092	3,651	6,780	10,431
Facility costs	28,138	9,379	37,517	29,493	9,831	39,324
Insurance	8,887	4,363	13,250	6,791	4,116	10,907
Materials and supplies	8,102	2,701	10,803	6,816	2,272	9,088
Telephone	3,773	1,258	5,031	4,199	1,400	5,599
Training and conferences	4,128	-	4,128	4,048	-	4,048
Travel and transportation	5,884	654	6,538	8,183	909	9,092
Utilities	3,882	-	3,882	3,901	-	3,901
Youth partnership	19,394	-	19,394	16,647	-	16,647
	<u>\$ 400,378</u>	<u>\$ 217,941</u>	<u>\$ 618,319</u>	<u>\$ 413,839</u>	<u>\$ 213,485</u>	<u>\$ 627,324</u>

See accompanying notes.

FAMILY SUPPORT ORGANIZATION OF UNION COUNTY, INC.

Notes to Financial Statements August 31, 2018 and 2017

Note 1 - Nature of Activities

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

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

The Organization receives the majority of its support from the State of New Jersey Department of Children and Families.

Note 2 - Summary of Significant Accounting Policies

Revenue Recognition

Revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Classification of Net Assets

Unrestricted net assets represent the portion of the Organization’s net assets that are available for its general operations.

Temporary restricted net assets have donor imposed restrictions that permit the Organization to use up or expend the donated assets as specified and the restriction is satisfied either by the passage of time or by actions of the Organization.

Permanently restricted net assets have donor imposed restrictions that neither expire by passage of time nor can be fulfilled by actions of the Organization. The Organization has no permanently restricted net assets.

Use of Estimates

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

Advertising

The Organization expenses advertising costs as incurred. Advertising expense for the years ended August 31, 2018 and 2017 was \$1,737 and \$1,360, respectively.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified in order to be comparable with the current year presentation.

FAMILY SUPPORT ORGANIZATION OF UNION COUNTY, INC.

Notes to Financial Statements August 31, 2018 and 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

Property and Equipment

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

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

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

Income Taxes

Family Support Organization of Union County, Inc. is a non-profit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for federal or state income taxes is reflected in these financial statements.

The Organization accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold in 2018.

The Organization's exempt income tax returns are no longer subject to examination by federal taxing authorities for years before 2015.

Revenue Concentration

During the years ended August 31, 2018 and 2017, the Organization respectively received 98% and 100% of its revenue from the State of New Jersey, Department of Children and Families, which is subject to the availability of funds and the Organization's compliance with State rules and regulations.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash arising from its normal business activities. The Organization places its cash with high credit quality financial institutions. The amount on deposit in any one institution that exceeds federally insured limits is subject to credit risk. The Organization did not have any cash in excess of federally insured limits as of August 31, 2018 and 2017.

FAMILY SUPPORT ORGANIZATION OF UNION COUNTY, INC.

**Notes to Financial Statements
August 31, 2018 and 2017**

Note 2 - Summary of Significant Accounting Policies (Continued)

Subsequent Events

The Organization has evaluated subsequent events through November 28, 2018, the date the financial statements were available to be issued.

Note 3 - Property and Equipment

A summary of property and equipment at August 31, 2018 and 2017 consists of the following:

	<u>2018</u>	<u>2017</u>
Automobiles	\$ 16,793	\$ 16,793
Equipment	13,184	13,184
Furniture and fixtures	8,901	8,901
Total	<u>38,878</u>	<u>38,878</u>
Less: Accumulated depreciation	<u>(33,027)</u>	<u>(26,184)</u>
Net Property and Equipment	<u>\$ 5,851</u>	<u>\$ 12,694</u>

Depreciation expense for the years ended August 31, 2018 and 2017 was \$6,843 and \$8,795, respectively.

Note 4 - Donated Services and Property

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

Note 5 - Functional Allocation Expenses

The costs of providing the program and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

FAMILY SUPPORT ORGANIZATION OF UNION COUNTY, INC.

Notes to Financial Statements
August 31, 2018 and 2017

Note 6 - Commitments and Contingencies

The Organization has entered into operating leases for the rental of an office facility and office equipment. The office facility lease expires June 2019 and the office equipment lease expires October 2023.

Aggregate future minimum payments are as follows:

<u>Year Ended August 31,</u>	
2019	\$ 29,711
2020	2,148
2021	2,148
2022	2,148
2023	<u>2,148</u>
Total	\$ <u><u>38,303</u></u>

Rent expense for building and office equipment for the years ended August 31, 2018 and 2017 was \$35,223 and \$33,911 respectively.

Note 7 - Employee Benefit Plan

The Organization has a 403(b) pension plan. Under the plan, an eligible employee can contribute the lesser of 100% of their annual salary or \$17,500 in each year. The Organization determines annually how much it will contribute at year-end based on the final budget. In 2018 and 2017, the Organization contributed 4% in each year of each eligible employee's salary. Total plan contributions for the years ended August 31, 2018 and 2017 were \$11,847 and \$9,240, respectively.

SUPPLEMENTARY INFORMATION

FAMILY SUPPORT ORGANIZATION OF UNION COUNTY, INC.

**Schedule of Expenditures of State Financial Assistance
For the Year Ended August 31, 2018**

<u>State Grantor/Program Title</u>	<u>Award Number</u>	<u>Award Period</u>	<u>Award Amount</u>	<u>Expenditures</u>	<u>Cumulative Expenditures</u>
New Jersey Department of Children and Families Family Support Services	18AMXR	9/1/17 - 8/31/18	\$ 612,446	\$ <u>612,446</u>	\$ <u>612,446</u>

See accompanying notes to schedule of expenditures of state financial assistance.

FAMILY SUPPORT ORGANIZATION OF UNION COUNTY, INC.

Notes to Schedule of Expenditures of State Financial Assistance August 31, 2018

Note 1 - General Information

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

Note 2 - Basis of Accounting

The accompanying schedule of expenditures of state financial assistance is presented using the accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08-OMB *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, as required by the State of New Jersey, Department of Children and Families. Family Support Organization of Union County, Inc. has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 - Relationship to State Financial Reports

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

Note 4 - Relationship to Basic Financial Statements

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

Note 5 - Subrecipients

There were no subrecipients during the fiscal year 2018.