Center for Family Support, New Jersey, Inc.

Financial Statements and
Supplemental Schedule of
Expenditures of State Financial Assistance
Year Ended June 30, 2024

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Contents

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Independent Auditor's Report

The Board of Directors
Center for Family Support, New Jersey, Inc.
New York, New York

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Center for Family Support, New Jersey, Inc. (CFS-NJ), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CFS-NJ as of June 30, 2024, and the changes in its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CFS-NJ and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter - Adoption of Accounting Standards Update 2016-13, Financial Instruments – Credit Losses (Topic 326)

As discussed in Note 2 to the financial statements, CFS-NJ has changed its method for accounting for allowances in 2024 due to the adoption of the amendments to the Financial Accountings Standards Update 2016-13, *Financial Instruments – Credit Losses (Topic 326)*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CFS-NJ's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CFS-NJ's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CFS-NJ's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and the *New Jersey Department of the Treasury, Office of Management and Budge Circular Letter 15-08-OMB* 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. Such 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 GAAS. 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 October 31, 2024 on our consideration of CFS-NJ'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 CFS-NJ'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 CFS-NJ's internal control over financial reporting and compliance.

BDO USA, P.C.

October 31, 2024

Center for Family Support, New Jersey, Inc.

Statement of Financial Position
(with comparative totals for 2023)

June 30,		2024		2023
Assets				
Current				
Cash and cash equivalents	$	**1,566,022**	$	2,242,666
Investments, at fair value		**-**		120,420
Accounts receivable, net of credit losses		**1,636,717**		949,198
Prepaid expenses and other assets		**302,858**		219,114
Total Current Assets		**3,505,597**		3,531,398
Operating Right-of-Use Assets		**1,691,834**		691,846
Property and Equipment, Net		**3,550,895**		3,853,447
Total Assets	$	**8,748,326**	$	8,076,691
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued expenses	$	**691,195**	$	539,500
Accrued salaries and related expenses payable		**648,781**		572,393
Accrued retirement plan payable		**374,284**		143,119
Due to related party		**419,221**		281,955
Advances from governmental agencies		**1,441,016**		1,436,590
Finance lease liabilities		**-**		7,887
Operating lease liabilities, current portion		**626,682**		154,000
Current portion of mortgages payable		**10,000**		10,000
Total Current Liabilities		**4,211,179**		3,145,444
Operating Lease Liability, net of current portion		**1,045,668**		551,308
Mortgages Payable, net of current portion		**20,000**		30,000
Total Liabilities		**5,276,847**		3,726,752
Commitments and Contingencies				
Net Assets				
Without donor restrictions		**2,163,085**		2,852,869
With donor restrictions		**1,308,394**		1,497,070
Total Net Assets		**3,471,479**		4,349,939
Total Liabilities and Net Assets	$	**8,748,326**	$	8,076,691

See accompanying notes to financial statements.

Center for Family Support, New Jersey, Inc.

Statement of Activities
(with comparative totals for 2023)

Year ended June 30,

	Without Donor Restrictions	With Donor Restrictions	**2024**	2023
Operating Revenues				
Government fees	$ 18,038,320	$ -	**$ 18,038,320**	$ 15,710,947
Net assets released from restrictions	188,676	(188,676)	**-**	-
Total Operating Revenues	18,226,996	(188,676)	**18,038,320**	15,710,947
Expenses				
Program services:				
Community residences	13,012,139	-	**13,012,139**	11,165,261
Day programs	4,245,684	-	**4,245,684**	3,811,088
Total Program Services	17,257,823	-	**17,257,823**	14,976,349
Supporting services:				
Management and general	1,672,886	-	**1,672,886**	1,575,368
Total Expenses	18,930,709	-	**18,930,709**	16,551,717
Change in Net Assets, before non-operating revenues	(703,713)	(188,676)	**(892,389)**	(840,770)
Non-Operating Revenues				
Investment income	70,264	-	**70,264**	20,250
Other revenue	179,063	-	**179,063**	131,818
Change in Net Assets	(454,386)	(188,676)	**(643,062)**	(688,702)
Net Assets, beginning of year	2,852,869	1,497,070	**4,349,939**	5,038,641
ASC 326 Transition Adjustment (Note 2)	(235,398)	-	**(235,398)**	-
Net Assets, end of year	$ 2,163,085	$ 1,308,394	**$ 3,471,479**	$ 4,349,939

See accompanying notes to financial statements.

Center for Family Support, New Jersey, Inc.

Statement of Functional Expenses
(with comparative totals for 2023)

Year ended June 30,

	Program Services				Total	
	Community Residences	Day Programs	Total	Management and General	**2024**	2023
Salaries and wages	$ 7,340,886	$ 2,020,371	$ 9,361,257	$ -	**$ 9,361,257**	$ 8,128,135
Fringe benefits	1,949,773	557,155	2,506,928	-	**2,506,928**	1,989,084
	9,290,659	2,577,526	11,868,185	-	**11,868,185**	10,117,219
Food	372,099	21	372,120	-	**372,120**	340,425
Repairs and maintenance	475,594	144,135	619,729	-	**619,729**	600,676
Computer services	94,889	39,749	134,638	-	**134,638**	76,967
Utilities	149,425	67,487	216,912	-	**216,912**	203,603
Staff travel	97	1,923	2,020	-	**2,020**	2,063
Transportation	159,518	91,020	250,538	-	**250,538**	391,400
Participant incidentals	25,053	5,106	30,159	-	**30,159**	10,929
Expensed equipment	44,696	419	45,115	-	**45,115**	68,193
Staff development	17,931	6,862	24,793	-	**24,793**	18,995
Contracted services	1,020,280	33,604	1,053,884	-	**1,053,884**	658,607
Professional fees	39,258	12,533	51,791	-	**51,791**	59,946
Management fee	-	-	-	1,661,504	**1,661,504**	1,570,955
Supplies	151,290	41,918	193,208	-	**193,208**	191,271
Household supplies	127,273	7,954	135,227	-	**135,227**	149,950
Telephone and cable	179,342	42,127	221,469	-	**221,469**	192,354
Insurance	204,764	194,776	399,540	-	**399,540**	365,461
Interest	5,203	41	5,244	-	**5,244**	6,086
Occupancy	110,304	583,654	693,958	-	**693,958**	685,523
Leased vehicles	180,329	304,829	485,158	-	**485,158**	434,288
Leased equipment	38,170	17,335	55,505	-	**55,505**	27,340
Depreciation and amortization	325,965	7,102	333,067	-	**333,067**	334,346
Miscellaneous	-	65,563	65,563	11,382	**76,945**	45,120
Total Functional Expenses	$ 13,012,139	$ 4,245,684	$ 17,257,823	$ 1,672,886	**$ 18,930,709**	$ 16,551,717

See accompanying notes to financial statements.

Center for Family Support, New Jersey, Inc.

Statement of Cash Flows
(with comparative totals for 2023)

Year ended June 30,	**2024**	2023
Cash Flows from Operating Activities		
Change in net assets	**$ (643,062)**	$ (688,702)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	**333,067**	334,346
Realized and unrealized losses (gains)	**711**	(711)
Operating lease expense	**973,063**	155,745
Credit loss expense	**-**	(15,961)
Change in assets:		
Accounts receivable	**(922,917)**	278,735
Prepaid expenses and other assets	**(83,744)**	72,202
Due from related parties	**-**	432,731
Change in liabilities:		
Accounts payable and accrued expenses	**151,695**	27,314
Accrued salaries and related expense payable	**76,388**	136,322
Operating lease liability	**(1,006,009)**	(142,283)
Accrued retirement plan payable	**231,165**	(211,905)
Due to related party	**137,266**	281,955
Advances from governmental agencies	**4,426**	35,614
Net Cash (Used in) Provided by Operating Activities	**(747,951)**	695,402
Cash Flows from Investing Activities		
Purchases of property and equipment	**(111,768)**	(162,858)
Disposal of property and equipment	**81,253**	-
Purchases of investments	**(3,665,707)**	(119,709)
Proceeds from sale of investments	**3,785,416**	-
Net Cash Provided by (Used in) Investing Activities	**89,194**	(282,567)
Cash Flows from Financing Activities		
Repayments of finance leases	**(7,887)**	(30,609)
Principal payments of mortgages payable	**(10,000)**	(10,000)
Net Cash Used in Financing Activities	**(17,887)**	(40,609)
Change in Cash and Cash Equivalents	**(676,644)**	372,226
Cash and Cash Equivalents, beginning of year	**2,242,666**	1,870,440
Cash and Cash Equivalents, end of year	**$ 1,566,022**	$ 2,242,666
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	**$ 169**	$ 1,011
ASC 326 transition adjustment (Note 2)	**(235,398)**	-

See accompanying notes to financial statements.

1. Nature of Organization

The Center for Family Support, New Jersey, Inc. (CFS-NJ), located in New Jersey, is a not-for-profit agency that provides support and assistance to individuals with developmental and related disabilities, and to their families, in the state of New Jersey. The primary sources of revenues are contract and fee-for-service fees paid by the state of New Jersey.

Financial Condition

As of June 30, 2024, CFS-NJ had a working capital deficit of $(705,582) and total cash and cash equivalents of $1,566,022. For the same year ended, CFS-NJ used cash for operating activities in the amount of $ (747,951). CFS-NJ's change in net assets amounted to $ (643,062) for the year ended June 30, 2024.

Management is in the process of implementing a strategic turnaround plan to increase revenues and reduce expenses. Management's plan includes the review of each site individually to make the necessary changes to maximize occupancy as well as a review of its screening process for the residents to increase utilization. Further, management and the Board of Directors are working closely with the state of New Jersey to improve the financial results of CFS-NJ. In addition, the Center for Family Support, Inc. (CFS-NY) has committed to provide support for the operations of CFS-NJ.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting and conform to the accounting principles generally accepted in the United States of America (GAAP), as applicable to not-for-profit organizations. Assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

Financial Statement Presentation

The classification of CFS-NJ's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets—without donor restrictions and with donor restrictions—be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

Income from investment gains and losses, including unrealized gains and losses, dividends, and interest, should be reported as increases (or decreases) in net assets without donor restrictions, unless the use of the income received is limited by donor-imposed restrictions.

The classes of net assets are defined as follows:

Net Assets Without Donor Restrictions - Net assets without donor restrictions represent those resources that are not subject to donor restrictions and are available for current operations.

Net Assets with Donor Restrictions - Net assets with donor restrictions represent those resources that are subject to the requirements of New Jersey's Uniform Prudent Management of Institutional Funds Act (UPMIFA), the use of which has been restricted by donors or state law for specific purposes and/or passage of time. When a donor restriction expires—that is, when a stipulated time restriction ends—a purpose restriction is accomplished, or funds are appropriated through action of the Board of Directors, and such net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the accompanying statement of activities as net assets released from restrictions. CFS-NJ's net assets with donor restrictions consist mainly of properties contributed from the State of New Jersey Department of Human Services for the operation of residences to serve the developmentally disabled. The properties are to be operated in accordance with CFS-NJ's mission for a period of 20 years and the amounts are released from restrictions over that time period. The original value of the properties recorded as net assets with donor restrictions amounted to $5,051,093 and amount to $1,308,394 at June 30, 2024. See Note 10 for further discussion.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and public support and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Cash and Cash Equivalents

For financial reporting purposes, CFS-NJ considers all highly liquid investments, with maturities of three months or less when purchased, to be cash and cash equivalents.

Investments, at Fair Value

Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as CFS-NJ would use in pricing CFS-NJ's asset or liability based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of CFS-NJ are traded. CFS-NJ estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants who have investments in the same or similar assets would use, as determined by the money managers for each investment based on the best information available in the circumstances.

The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

Level 1 - Valuation is based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 - Valuation is based on: (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in inactive markets, (c) inputs other than quoted prices that are observable for the asset or liability, and (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Valuation is based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

Investment Income

Investment transactions are recorded on a trade-date basis. Realized gains and losses on investments are determined by comparison of the average cost of acquisition to proceeds at the time of disposition. The earnings from dividends and interest are recognized when earned.

Revenue and Accounts Receivable, Net of Current Expected Credit Losses

CFS-NJ recognizes revenue when control of the services is transferred in an amount that reflects the consideration to which CFS-NJ expects to be entitled based on established rates multiplied by the number of units of service provided. CFS-NJ receives its revenue for services provided to approved clients from New Jersey Department's Division of Developmental Disabilities (DDD). To the extent amounts received exceed the amounts spent, CFS-NJ establishes an advance from government funders. Laws and regulations governing Medicaid programs are subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Additionally, noncompliance with such laws and regulations could result in fines, penalties, and exclusion from Medicaid programs. Accounts receivable represent amounts due from the aforementioned third-party agencies, and amounts are charged to bad-debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management.

Accounts receivable balances are further reduced by an allowance for current expected credit losses. CFS-NJ has adopted the Financial Accounting Standards Board (FASB) ASC 326, *Financial Instruments – Credit Losses,* model in its financial statements for the year ended June 30, 2024. CFS-NJ provides clients residential, educational day programs, vocational, and other services to individuals with intellectual and other developmental disabilities and bills third-party payors within days of the service being provided, and typically expects to receive payment within 60 days of the service being provided.

CFS-NJ reviews its accounts receivable on a regular basis and analyzes these balances for potential credit losses based on a "roll-rate" methodology. Under a "roll-rate" methodology, loss rates for each aging bucket take into account the migration of each balance through the various aging buckets to determine the appropriate credit loss rate for each bucket. CFS-NJ consider other available external data and management's reasonable outlook for business and economic conditions over the life of the receivables. In accordance with ASC 326-20-30-2, CFS-NJ determined that similar risk characteristics existed for receivables with similar days outstanding, regardless of payor class, so the pools for the allowance for credit losses were calculated based on aging buckets. This is consistent with CFS-NJ's previous methodology for calculating its allowance for doubtful accounts.

CFS-NJ adopted the standard effective July 1, 2023, utilizing a cumulative-effect adjustment for all financial assets measured at amortized cost. As a result of the adoption, CFS-NJ recorded a transition adjustment, which included a $235,398 adjustment to the allowance for credit losses for accounts receivable, which is presented on the statements of financial position as a reduction to the total amount of those assets. In additional, the transition resulted in a decrease of $235,398 to beginning net asset balance as of July 1, 2023, which represents the cumulative effect of adopting FASB ASC 326.

Management anticipates that historic loss rates will be consistent during the next fiscal year and concluded that no adjustments to its methodology or inputs are required. Management applies these forecasts to create the following credit loss matrix to calculate the allowance for credit losses:

June 30, 2024		
Balance, beginning of period	$	147,508
Impact on the adoption of the new credit loss standard		235,398
Balance, end of period	$	382,906

There were no recoveries on prior years' credit losses for the year ended June 30, 2024. Recoveries when received are recorded as a reduction in the credit loss expense.

Property and Equipment

Property and equipment are reported at their original costs at the dates of acquisition or at the fair values on the dates of donation, net of accumulated depreciation and amortization. Minor costs or repairs and maintenance are expensed as incurred. CFS-NJ capitalizes as assets those items of property and equipment that have a cost of $5,000 or more and a useful life of greater than one year.

Depreciation is computed using the straight-line method over their estimated useful lives, as follows:

Asset Category	Estimated Useful Lives (Years)
Buildings and building improvements	15 to 27½
Furniture, equipment, and vehicles	5-7

Amortization of leasehold improvements is computed using the straight-line method over estimated useful lives of the improvements or the remaining lives of the leases, whichever is shorter.

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of June 30, 2024 and 2023, respectively, and in the opinion of management, there were no impairments. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

Accrued Vacation

Accrued vacation is a liability that represents CFS-NJ's obligation for the cost of unused employee vacation time payable in the event an employee departs; the obligation is recalculated every year. At June 30, 2024 and 2023, the accrued vacation obligation was $286,463 and $311,728, respectively, and was reported as part of accrued salaries and related expenses payable.

Measure of Operations

In its statement of activities, CFS-NJ includes in its definition of operations all income and expenditures that are an integral part of its community residences, day programs, and supporting activities. Excluded from this definition are other revenues.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, direct costs have been functionalized within program and supporting services based on the nature of the expense. Indirect costs related to salaries and wages and fringe benefits, contracted services, occupancy, and other amounts are allocated based on management's estimate of time and effort.

Income Taxes

CFS-NJ was incorporated in the state of New Jersey and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and, therefore, has made no provision for income taxes in the accompanying financial statements. In addition, CFS-NJ has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the IRC. There was no unrelated business income (UBIT) for the years ended June 30, 2024 and 2023.

CFS-NJ is subject to the provisions of FASB ASC 740, *Income Taxes*, as it relates to accounting and reporting for uncertainty in income taxes. For CFS-NJ, these provisions could be applicable to the incurrence of UBIT, attributable to the disallowed transportation fringe benefits. Nonetheless, because of CFS-NJ's general tax-exempt status, ASC 740 has not had, and is not anticipated to have, a material impact on CFS-NJ's financial statements. For the year ended June 30, 2024, there were no interest or penalties recorded or included in the statement of activities.

Recently Adopted Accounting Pronouncements

Financial Instruments – Credit Losses (Topic 326)

In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-03, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended. The new credit losses standard changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, contract assets recognized as a result of applying ASC 606, loans, and certain other instruments, entities will be required to use a new forward-looking "expected-loss" model that generally will result in earlier recognition of credit losses than under today's incurred-loss model. ASU 2016-03 is effective for annual periods beginning after December 15, 2022. On July 1, 2023, as required, CFS-NJ adopted the guidance as further discussed in Notes 2 and 4.

3. Liquidity and Availability of Resources

CFS-NJ's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

June 30,	**2024**	2023
Cash and cash equivalents	**$ 1,566,022**	$ 2,242,666
Investments, at fair value	**-**	120,420
Accounts receivable, net of credit losses	**1,636,717**	949,198
Total Financial Assets Available to Management for General Expenditures Within One Year	**$ 3,202,739**	$ 3,312,284

Liquidity Policy

CFS-NJ's policy is to structure its financial assets to be available for its general expenditures, liabilities, and other obligations as they come due. Additionally, CFS-NJ is a guarantor for CFS-NY's line of credit amounting to $2,000,000.

4. Accounts Receivable, Net of Credit Losses

Accounts receivable, net of credit losses, consists of the following:

June 30,	**2024**	2023
State of New Jersey DDD	**$ 2,019,623**	$ 1,096,706
Allowance for credit losses	**(382,906)**	(147,508)
Accounts Receivable, Net	**$ 1,636,717**	$ 949,198

The allowance for credit losses was $382,906 and $147,508 for the years ended June 30, 2024 and 2023, respectively. CFS-NJ writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with CFS-NJ's accounting policy election. The total amount of write-offs was $0 and $18,200 to the financial statements as a whole for the years ended June 30, 2024 and 2023, respectively.

5. Property and Equipment, Net

At each fiscal year-end, net property and equipment consisted of the following:

June 30,	**2024**	2023
Land	**$ 978,680**	$ 978,680
Buildings and building improvements	**7,362,036**	7,286,521
Leasehold improvements	**122,625**	167,625
Vehicles	**1,983,764**	1,983,764
Furniture and equipment	**592,548**	592,548
	11,039,653	11,009,138
Less: accumulated depreciation and amortization	**(7,488,758)**	(7,155,691)
Property and Equipment, Net	**$ 3,550,895**	$ 3,853,447

Depreciation and amortization expense was $333,067 and $334,346 as of June 30, 2024 and 2023, respectively.

6. Related Parties

CFS-NJ is related to CFS-NY through common Board membership. CFS-NY, located in New York City, is a not-for-profit agency. CFS-NY provides support and assistance to individuals with developmental and related disabilities and their families. CFS-NY provides management services to CFS-NJ for a fee. Management services amounted to $1,661,504 and $1,570,955 for the years ended June 30, 2024 and 2023, respectively. Amounts due to CFS-NY from CFS-NJ as of June 30, 2024 and 2023 amounted to $419,221 and $281,955, respectively, and are payable within one year.

CFS-NJ is a guarantor for CFS-NY's line of credit amounting to $2,000,000, of which no balance was outstanding as of June 30, 2024 and 2023.

7. Mortgage Payable

June 30,		**2024**		2023
New Jersey Economic Development Authority:				
The New Jersey Economic Development Authority provided a mortgage for the acquisition and renovation of two properties for the use of community services. The principal amount of $120,000 carries an interest rate of 3% to 5.75% at both June 30, 2024 and 2023 per annum and matures in July 2027. The collateralized property is located at 649 East Passaic Avenue, Bloomfield, New Jersey.	**$**	**30,000**	$	40,000
		30,000		40,000
Less: current portion		**(10,000)**		(10,000)
	$	**20,000**	$	30,000

Required principal and interest payments are as follows:

Fiscal year ending June 30,		
2025	$	10,000
2026		10,000
2027		10,000
Total	$	30,000

Interest expense was $5,075 for both of the years ended June 30, 2024 and 2023.

8. Advances from Government Agencies

Reimbursement from the state of New Jersey is subject to audit by the New Jersey Department of Human Services. Management is of the opinion that any adjustments resulting from audits would not have a material effect on CFS-NJ's financial position or changes in net assets. The balance of advances from government agencies was $1,441,016 and $1,436,590 for the years ended June 30, 2024 and 2023.

9. Employee Benefit Plans

CFS-NJ participates in the Center for Family Support, Inc. Retirement Plan, which covers employees who work a minimum of 1,000 hours after one year of service. The plan is funded by discretionary employer contributions. Related expense was $374,284 and $143,119 for the years ended June 30, 2024 and 2023, respectively.

In addition, CFS-NJ has a tax-sheltered annuity plan that is funded entirely by employees through a salary-reduction election.

10. Net Assets with Donor Restrictions and Net Assets Released from Restrictions

Net assets with donor restrictions of the following properties from the State of New Jersey Department of Human Services are as follows:

Description	Years Left	2024	2023
State of New Jersey Department of Human Services Properties			
Sabo Court	1	$ 15,590	$ 25,983
Wilson Rd	1	16,131	26,885
Carol Ln	1	16,188	26,980
Union Ave	1	6,479	10,799
New Milford	2	15,593	25,989
Lincoln	4	52,154	63,744
Bloomfield	6	5,100	6,027
Twain	6	70,342	81,163
Teaneck	6	60,354	69,639
Nutley	6	57,306	66,123
Collins	6	60,386	69,676
Balmoral	10	156,508	171,414
Cottage	10	193,107	209,899
Ravine	10	154,702	170,986
Myrtle	10	118,665	129,966
Nathan	10	88,320	96,732
Plainfield	12	213,863	232,459
Total State of New Jersey Department of Human Services Properties		1,300,788	1,484,464
Contributions - Miscellaneous	N/A	7,606	12,606
		$ 1,308,394	$ 1,497,070

For the years ended June 30, 2024 and 2023, $188,676 and $183,689, respectively, was released from restrictions for the State of New Jersey Department of Human Services properties.

11. Leases

CFS-NJ has several operating leases for facilities and also leases equipment under finance leases. Leases are classified as either operating or finance leases based on the underlying terms of the agreement and certain criteria, such as the term of the lease related to the useful life of the asset and the total lease payments to be made as compared to the fair value of the asset, amongst other criteria. Finance leases result in an accounting treatment similar to an acquisition of the asset.

CFS-NJ leases office space primarily for operation of CFS-NY's and CFS-NJ's administrative offices. CFS-NJ estimates the expected lease term by assuming the exercise of renewal options where an economic penalty exists that would preclude the abandonment of the lease at the end of the initial non-cancelable term and the exercise of such renewal is at the sole discretion of CFS-NJ. The expected lease term is used in the determination of whether a lease is a capital or operating lease and in the calculation of straight-line rent expense. Additionally, the useful life of leasehold improvements is limited by the expected lease term or the economic life of the asset, whichever is shorter. If significant expenditures are made for leasehold improvements late in the expected lease term and renewal is reasonably assured, the useful life of the leasehold improvement is limited to the end of the renewal period or economic life of the asset, whichever is shorter. Rent abatements and escalations are considered in the calculation of minimum lease payments in determining straight-line rent expense for operating leases.

For leases with initial terms greater than one year, CFS-NJ records the related right-of-use (ROU) assets and liabilities at the present value of the lease payments to be paid over the life of the related lease. CFS-NJ has made an accounting policy election not to record leases with an initial term of less than one year as ROU assets and liabilities in the statement of financial position. Lease payments related to periods subject to renewal options are excluded from the amounts used to determine the present value of the remaining lease payments unless CFS-NJ is reasonably certain to exercise the option to extend the lease. The present value of lease payments is calculated by utilizing the discount rate stated in the lease, when readily determinable. For leases for which this rate is not readily available, CFS-NJ has elected to use the risk-free rate. CFS-NJ has made an accounting policy election not to separate lease components from non-lease components in contracts when determining its lease payments for all of its asset classes, as permitted by GAAP. As such, CFS-NJ accounts for the applicable non-lease components together with the related lease components when determining the ROU assets and liabilities.

The following tables summarize information related to the lease assets and liabilities:

Year ended June 30, 2024	
Operating lease costs:	
Amortization of ROU assets	$ 973,063
Interest on lease liabilities	134,335
Total Lease Cost	$ 1,107,398

June 30, 2024	
ROU assets and liabilities:	
Operating ROU assets	$ 1,691,834
Operating lease liabilities	1,672,350

Year ended June 30, 2024	
Other information:	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 1,006,009
Finance cash flows from finance leases	7,887

June 30, 2024	
Weighted-average remaining lease term – operating leases (years)	2.73
Weighted-average discount rate – operating leases (%)	4.23

ROU assets and lease liabilities for both operating leases and finance leases are recorded in the statement of financial position.

The following table reconciles the undiscounted operating lease payments to the lease liabilities recorded on the accompanying statement of financial position at June 30, 2024:

Year ending June 30,		
2025	$	691,227
2026		606,385
2027		427,393
2028		62,585
Total Lease Payments		1,787,590
Less: amounts representing interest		(115,240)
Less: current portion		(626,682)
Total Operating Lease Liability, net of current portion	$	1,045,668

12. Commitments and Contingencies

CFS-NJ from time to time is subject to legal proceedings and claims in the normal course of its business. Management believes that resolution of these matters will not have a material adverse effect on CFS-NJ's results of operations or financial condition.

13. Concentrations and Credit Risk

CFS-NJ received a contract agreement and fee-for-services from the New Jersey Department of Human Services DDD for $17,378,390 and $14,997,501 for fiscal years 2024 and 2023, respectively. Such revenue represented approximately 96% and 95% of government fees for fiscal years 2024 and 2023, respectively.

CFS-NJ maintains its cash and cash equivalents in high-credit-quality financial institutions in amounts that, at times, may exceed federally insured limits. CFS-NJ has not experienced any losses in such accounts, and management believes that CFS-NJ is not exposed to any significant risk of loss due to the failure of the financial institutions.

14. Revenue Recognition

Government fees are reported at the amount that reflects the consideration to which CFS-NJ be entitled in exchange for providing services. The transaction price amount is based upon established rates provided by the state of New Jersey dependent upon type of service performed such as Residential Habilitation, Community Habilitation, and Group Day Habilitation services, mainly funded by the DDD. Since CFS-NJ's performance obligations are satisfied when the service has been performed, all of CFS-NJ's revenues presented below are recognized at a point in time.

Throughout the year, rates may vary as determined by the state of New Jersey, and CFS-NJ will record additional revenue as a result of a rate increase and record a reduction of revenue with a rate decrease. These rate adjustments represent variable consideration, and CFS-NJ considers these amounts in determination of the transaction price.

As substantially all of its performance obligations relate to established rate agreements with a duration of less than one year, CFS-NJ has elected, to apply the optional exemption provided in ASU 2014-09, *Revenue from Contracts with Customers*, and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

CFS-NJ's revenues with customers by service type are as follows:

Year ended June 30,	**2024**	2023
Government fees	**$ 18,038,320**	$ 15,710,947

Contract balances with contracts with customers are as follows:

June 30, 2024	**Contract Receivables**	Contract Liabilities (Advances from Governmental Agencies)
Beginning of the year	**$ 949,198**	$ 1,436,590
End of the year	**1,636,717**	1,441,016

15. Subsequent Events

CFS-NJ has performed subsequent events procedures through October 31, 2024, the date the financial statements were available to be issued. There were no subsequent events requiring adjustment to the financial statements.

Supplemental Schedules

Center for Family Support, New Jersey, Inc.

Schedule of Expenditures of State Financial Assistance

Year ended June 30, 2024

State Grantor/Program Title	NJ Contract #	Total Contract	Provided to Subrecipients	Total Expenditures
State of New Jersey Department of Human Services				
Division of Developmental Disabilities:				
Adult Training (Day Program)	01ZX24N	$ 18,597,642	$ -	$ 18,597,642
Total State Awards		$ 18,597,642	$ -	$ 18,597,642

The accompanying notes are an integral part of this schedule.

1. Basis of Presentation

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state award activity of the Center for Family Support, New Jersey, Inc. (CFS-NJ) under programs of the state of New Jersey for the year ended June 30, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *New Jersey Department of the Treasury, Office of Management and Budget Circular Letter 15-08-OMB*. Because the Schedule presents only a selected portion of the operations of CFS-NJ, it is not intended to and does not present the financial position, changes in net assets, or cash flows of CFS-NJ.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and the state of New Jersey contract reimbursement manual, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

CFS-NJ has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

4. Reconciliation of Schedule of Expenditures of State Financial Assistance to the Statement of Activities

Year ended June 30, 2024		
Total Expenses, per audited financial statements	$	18,930,709
Less: depreciation and amortization		(333,067)
Expenditures, per schedule of expenditures of state financial assistance	$	18,597,642

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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*

The Board of Directors
Center for Family Support, New Jersey, Inc.
New York, New York

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 the Center for Family Support, New Jersey, Inc. (CFS-NJ), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 31, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CFS-NJ's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CFS-NJ's internal control. Accordingly, we do not express an opinion on the effectiveness of CFS-NJ'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether CFS-NJ's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. 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 CFS-NJ'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 CFS-NJ's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, P.C.

October 31, 2024

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Independent Auditor's Report on Compliance for Each Major State Financial Assistance Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and the New Jersey Department of Treasury, Office of Management and Budget Circular Letter 15-08-OMB

The Board of Directors
Center for Family Support, New Jersey, Inc.
New York, New York

Report on Compliance for Each Major State Financial Assistance Program

Opinion on Each Major State Financial Assistance Program

We have audited the Center for Family Support, New Jersey, Inc.'s (CFS-NJ) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *New Jersey Department of the Treasury, Office of Management and Budget Circular Letter 15-08-OMB* that could have a direct and material effect on each of CFS-NJ's major state financial assistance programs for the year ended June 30, 2024. CFS-NJ's major state financial assistance programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, CFS-NJ complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state financial assistance programs for the year ended June 30, 2024.

Basis for Opinion on Each Major State Financial Assistance Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and 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 the *New Jersey Department of Treasury, Office of Management and Budget Circular Letter 15-08-OMB*. Our responsibilities under those standards and the Uniform Guidance and the *New Jersey Department of the Treasury, Office of Management and Budget Circular Letter 15-08-OMB* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of CFS-NJ and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of CFS-NJ's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to CFS-NJ's state financial assistance programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on CFS-NJ's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the *New Jersey Department of the Treasury, Office of Management and Budget Circular Letter 15-08-OMB* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about CFS-NJ's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the *New Jersey Department of the Treasury, Office of Management and Budget Circular Letter 15-08-OMB,* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding CFS-NJ's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of CFS-NJ's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *New Jersey Department of the Treasury, Office of Management and Budget Circular Letter 15-08-OMB*, but not for the purpose of expressing an opinion on the effectiveness of CFS-NJ's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 and the *New Jersey Department of the Treasury, Office of Management and Budge Circular Letter 15-08-OMB*. Accordingly, this report is not suitable for any other purpose.

BDO USA, P.C.

October 31, 2024

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP.	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	____ yes	X no
• Significant deficiency(ies) identified?	____ yes	X none reported
Noncompliance material to financial statements noted?	____ yes	X no

State Financial Assistance

Internal control over major state financial assistance:		
• Material weakness(es) identified?	____ yes	X no
• Significant deficiency(ies) identified?	____ yes	X none reported
Type of auditor's report issued on compliance for major state programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) and the New Jersey Department of the Treasury OMB Circular Letter 15-08-OMB?	____ yes	X no

Identification of state financial assistance:

Contract Number	Name of State Financial Assistance
01ZX24N	Adult Training (Day Program)

Section II – Financial Statement Findings

There were no findings related to the financial statements that are required to be reported, in accordance with generally accepted government auditing standards.

Section III – State Award Findings and Questioned Costs

There were no findings and questioned costs for state awards (as defined in 2 CFR 200.516(a)) and the *New Jersey Department of the Treasury, Office of Management and Budget Circular Letter 15-08-OMB* that are required to be reported.