

PARTNERS FOR WOMEN AND JUSTICE, INC.

Independent Auditors' Report,
Financial Statements for the Year Ended
June 30, 2020
and Supplemental Schedules
(with Comparative Totals for the
Year Ended June 30, 2019)

PARTNERS FOR WOMEN AND JUSTICE, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Partners for Women and Justice, Inc.
Bloomfield, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of Partners for Women and Justice, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020 and the related statements of activities, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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 Partners for Women and Justice, Inc. as of June 30, 2020, and the changes in its net assets, functional expenses, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and auditors' requirements for reporting on IOLTA grant expenditures on pages 19 and 20 are presented for purposes of additional analysis and grant compliance, respectively 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.

Report on Summarized Comparative Information

We have previously audited the Partners for Women and Justice, Inc.'s financial statements, and our report dated November 8, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2020, on our consideration of Partners for Women and Justice, 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 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 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 Partners for Women and Justice, Inc.'s internal control over financial reporting and compliance.



Fairfield, New Jersey
November 9, 2020

PARTNERS FOR WOMEN AND JUSTICE, INC.

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 633,538	\$ 525,476
Short-term investments	10,446	10,400
Accounts receivable	3,619	714
Unconditional promises to give	47,500	46,500
Grants receivable	172,405	168,623
Prepaid expenses	21,851	22,220
Total current assets	<u>889,359</u>	<u>773,933</u>
 PROPERTY AND EQUIPMENT, NET	 10,914	 10,245
 LONG TERM UNCONDITIONAL PROMISES TO GIVE, NET	 3,000	 29,708
 DEPOSITS	 <u>13,050</u>	 <u>13,050</u>
 TOTAL	 <u>\$ 916,323</u>	 <u>\$ 826,936</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 1,842	\$ 5,889
Accrued expenses	64,681	43,571
Deferred revenue	-	714
Total current liabilities	<u>66,523</u>	<u>50,174</u>
 PAYCHECK PROTECTION PROGRAM LOAN	 <u>194,600</u>	 <u>-</u>
 Total liabilities	 <u>261,123</u>	 <u>50,174</u>
 NET ASSETS:		
Without donor restrictions - undesignated	420,490	419,954
Without donor restrictions - board designated	183,850	224,900
With donor restrictions	50,860	131,908
Total net assets	<u>655,200</u>	<u>776,762</u>
 TOTAL	 <u>\$ 916,323</u>	 <u>\$ 826,936</u>

PARTNERS FOR WOMEN AND JUSTICE, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			2020	2019
PUBLIC SUPPORT AND REVENUE:				
Non-cash contributions	\$ 407,774	\$ -	\$ 407,774	\$ 963,526
Contributions	431,663	41,900	473,563	590,305
Fundraising events	256,110	-	256,110	399,331
Government grants	606,508	-	606,508	529,914
Net assets released from restrictions satisfaction of purpose restrictions	122,948	(122,948)	-	-
Total public support and revenue	1,825,003	(81,048)	1,743,955	2,483,076
EXPENSES:				
Program services:				
Provide professional legal services to the needy	1,232,548	-	1,232,548	1,683,780
Advocacy	88,360	-	88,360	79,040
Total program services	1,320,908	-	1,320,908	1,762,820
Supporting services:				
Management and general	292,131	-	292,131	267,437
Fundraising	238,398	-	238,398	227,101
Direct costs of fundraising events	14,542	-	14,542	57,357
Total supporting services	545,071	-	545,071	551,895
Total expenses	1,865,979	-	1,865,979	2,314,715
Changes in net assets before non-operating income (loss)	(40,976)	(81,048)	(122,024)	168,361
NON-OPERATING INCOME:				
Interest income	462	-	462	334
CHANGES IN NET ASSETS	(40,514)	(81,048)	(121,562)	168,695
NET ASSETS AT BEGINNING OF YEAR	644,854	131,908	776,762	608,067
NET ASSETS AT END OF YEAR	\$ 604,340	\$ 50,860	\$ 655,200	\$ 776,762

PARTNERS FOR WOMEN AND JUSTICE, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2020 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

	Program Services			Supporting Services		Total	
	Legal Service to the Needy	Advocacy	Total Program Services	Management & General	Fundraising	2020	2019
Personnel costs:							
Salaries and wages	\$ 550,654	\$ 62,675	\$ 613,329	\$ 196,560	\$ 158,168	\$ 968,057	\$ 898,457
Fringe benefits	30,335	3,453	33,788	10,828	8,713	53,329	39,265
Payroll taxes	47,832	5,445	53,277	17,074	13,739	84,090	75,564
Total personnel costs	628,821	71,573	700,394	224,462	180,620	1,105,476	1,013,286
Direct client legal assistance	398,333	-	398,333	-	-	398,333	932,011
Professional fees	56,994	4,437	61,431	31,860	18,934	112,225	80,711
Occupancy	55,855	8,799	64,654	24,234	14,241	103,129	81,064
Technology	36,553	866	37,419	2,638	4,853	44,910	54,539
Printing	4,176	389	4,565	1,360	8,009	13,934	17,172
Government and litigation	13,265	-	13,265	-	-	13,265	11,238
Insurance	7,976	575	8,551	3,080	1,104	12,735	12,073
Travel	9,654	96	9,750	247	750	10,747	14,790
Supplies	5,904	572	6,476	1,872	1,799	10,147	12,319
Professional education and development	6,611	401	7,012	440	1,005	8,457	4,936
Postage	2,052	127	2,179	441	1,462	4,082	5,891
Other	1,294	136	1,430	478	5,066	6,974	9,049
Total expenses before depreciation	1,227,488	87,971	1,315,459	291,112	237,843	1,844,414	2,249,079
Depreciation	5,060	389	5,449	1,019	555	7,023	8,279
Total expenses before fundraising events	1,232,548	88,360	1,320,908	292,131	238,398	1,851,437	2,257,358
Direct costs of fundraising events	-	-	-	-	14,542	14,542	57,357
	<u>\$ 1,232,548</u>	<u>\$ 88,360</u>	<u>\$ 1,320,908</u>	<u>\$ 292,131</u>	<u>\$ 252,940</u>	<u>\$ 1,865,979</u>	<u>\$ 2,314,715</u>

PARTNERS FOR WOMEN AND JUSTICE, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (121,562)	\$ 168,695
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation expense	7,023	8,279
(Increase) decrease in operating assets		
Accounts receivable	(2,905)	3,631
Unconditional promises to give, net	25,708	(39,208)
Grants receivable	(3,782)	40,455
Prepaid expenses	369	(3,686)
Security deposits	-	(12,184)
Increase (decrease) in operating liabilities		
Accounts payable	(4,047)	(311)
Accrued expenses	21,110	(1,076)
Deferred revenue	(714)	(3,036)
Net cash (used in) provided by operating activities	<u>(78,800)</u>	<u>161,559</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Short-term investments	(46)	(46)
Purchase of property and equipment	(7,692)	(6,772)
Net cash used in investing activities	<u>(7,738)</u>	<u>(6,818)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from paycheck protection program loan	194,600	-
Net cash provided by financing activities	<u>194,600</u>	<u>-</u>
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	108,062	154,741
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF YEAR	<u>525,476</u>	<u>370,735</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	<u>\$ 633,538</u>	<u>\$ 525,476</u>

PARTNERS FOR WOMEN AND JUSTICE, INC.

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

1. NATURE OF ACTIVITIES

Partners for Women and Justice, Inc. (the “Organization”) is a New Jersey not-for-profit corporation, tax-exempt under Section 501(c)(3) of the Internal Revenue Code. The Organization empowers low income victims and survivors of domestic violence to build safe and secure futures for themselves and their children by providing equal access to justice.

Professional legal services to the needy: The Organization offers quality legal assistance in domestic violence and family law matters.

Advocacy: The Organization advocates for change to address the systemic problems domestic violence victims face in court.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting --- The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation --- The financial statements are prepared using guidance provided by the American Institute of Certified Public Accountants’ Audit and Accounting Guide, *Nonprofit Organizations* and *New Jersey 15-08-OMB, Government Audit Standards, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, and other pronouncements applicable to not-for-profit organizations.

The Organization presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). ASC Paragraphs 958-205-45-2(a) through (d) which establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories according to the existence or absence of donor-imposed restrictions; net assets with donor restrictions and net assets without donor restrictions.

ASC Paragraphs 958-605-45-3 through 7, *Contributions Received*, requires that unconditional promises to give be recorded as receivables and revenue and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions.

Accordingly, net assets of the Organization and changes therein would be classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations. This represents the portion of expendable funds available to support the Organization’s programs and activities.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

PARTNERS FOR WOMEN AND JUSTICE, INC.

NOTES TO THE FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2020 AND 2019 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Fair value of financial assets and liabilities --- The Organization measures fair value of its assets and liabilities as defined by FASB ASC Topic 820, *Fair Value Measurement and Disclosure*. This ASC Topic defines fair value, establishes a framework for measuring fair value, establishes a three-level fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements.

Unless otherwise noted, the fair values of financial instruments approximate their carrying values. The valuation policies adopted by management may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Organization uses the income approach to reflect the fair value of the unconditional promises to give. The fair value measurement reflects the current market expectations about those future amounts. The present value of those promises is reduced by a discount rate adjustment to arrive at an estimate of future cash flows for the asset.

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.

Cash and cash equivalents --- For cash flow purposes, the Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Investments --- Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value based on quoted prices in active markets for identical assets, with gains and losses included in the statement of activities. Donated investments are reflected as contributions at their fair value at date of receipt. Investments at June 30, 2020 and 2019 consisted of a Certificate of Deposit.

Accounts receivable --- Accounts receivable are stated at the amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to accounts receivable.

Prepaid expenses --- Prepaid expenses consist of amounts paid in advance for items that had not yet occurred as of the end of the year. Prepaid expenses consists primarily of insurance coverage, upfront rental payments, and employee healthcare coverage.

PARTNERS FOR WOMEN AND JUSTICE, INC.

NOTES TO THE FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2020 AND 2019 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Property and Equipment --- Property and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation is provided based upon the half year convention. The Organization's policy is to capitalize property and equipment with a purchase price of \$1,000 or more. Furniture is depreciated over five (5) years and equipment over three (3) years. Expenditures for maintenance, repairs and renewals of minor items are charged to earnings as incurred. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is reflected in the statement of activities.

Revenue and support recognition --- Contributions, including unconditional promises to give, are recorded as received. All contributions are available for use without restrictions unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Management assesses the time value of money based on material pledges to the Organization and the length of time to be received. For immaterial amounts, management does not apply a discount factor. Material unconditional promises to give due in subsequent years are reported on the Statement of Financial Position at the present value of their net realizable value, using interest rates consistent with investment rates applicable to the years in which the promises are to be received.

The Organization accounts for fundraising and grant revenue in the statement of activities to the extent that expenses have been incurred for the purpose specified by the grantor or donor during the period. In applying this concept, the legal and contractual requirements of each individual program are used as guidance. All amounts not expended in accordance with the grant or donor contract are recorded as an asset with donor restrictions in the financial statements. Additionally, funds received in advance of their proper usage are accounted for as deferred revenue in the statement of financial position.

Grants in unrestricted funds result primarily from state government sources. The grant is considered to be an exchange transaction and accordingly revenues from cost-reimbursement grants are recognized as costs are incurred.

Donated services --- The Organization records various types of in-kind contributions. Contributed services are recognized at fair market value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Net assets with donor restrictions --- Contributions that are restricted by the donor are reported as increases in the fund balance "Without Donor Restriction", if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in the fund balance "With Donor Restriction" When a restriction expires, the balance of that restriction in "With Donor Restriction" is reclassified to "Without Donor Restriction".

Income taxes --- The Organization is a not-for-profit organization described under Section 501(c)(3) of the Internal Revenue Code ("I.R.C.") and is therefore exempt from federal income taxes under Section 501(a) of the I.R.C. The Organization is also exempt under Title 15 of the State of New Jersey *Corporations and Associations Not for Profit Act*. Accordingly, no provision for Federal or State income taxes has been presented in the accompanying financial statements.

PARTNERS FOR WOMEN AND JUSTICE, INC.

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2020 AND 2019 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Income taxes (cont.) --- The Organization adheres to FASB ASC Topic 740, *Income Taxes*, which provides guidance and clarification on accounting for uncertainty in income taxes recognized in the Organization's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on de-recognition, classification, interest and penalties, disclosure and transition.

For the years ended June 30, 2020 and 2019, the Organization has no material uncertain tax positions to be accounted for in the financial statements.

The Organization files an annual federal informational tax return with the United States Internal Revenue Service. The Organization files annual charities registrations for the solicitation of donor funds in California, Connecticut, Florida, Illinois, Massachusetts, New Jersey, New York and Pennsylvania. The Organization is generally subject to tax examinations for three years since its latest filings.

Advertising expenses --- The Organization expenses costs of advertising when incurred. Total advertising costs for the year ended June 30, 2020 and 2019 were \$-0- and \$-0-, respectively.

Functional allocation of expenses --- Expenses are charged to the program or supporting service based on direct expenditures incurred. Any program or supporting service expenditure not directly chargeable is allocated based on an indirect cost pool that is reasonable and consistently applied. Program expenses are those related to the Organization's advocacy work and to providing legal assistance in domestic violence and family law matters. Management and general relate to administrative expenses related to those programs. Fundraising includes direct costs of cultivating donors and costs of special events.

Allocated indirect expenditures include salaries and related payroll expenses, which are allocated on the basis of estimates of time and effort, supported by labor distribution reports, time sheets and time analysis. The indirect labor hours cost pool serves as the basis for allocating supplies and other general office expenses. Rent, utilities and other facility costs are allocated based upon dedicated office space as delineated on the blueprint of the operating facility.

Reclassifications --- Certain amounts from the prior year have been reclassified to conform to the current year's presentation.

3. RISKS AND UNCERTAINTIES

Arising from Cash Deposits in Excess of Insured Limits: The Organization maintains its cash in bank deposit accounts, with no account exceeding the federally insured limits, currently \$250,000. Management believes that the Organization has no significant risk of loss on these amounts due to the failure of the institution.

Funding dependence: Approximately 34% and 21% of the funding for the Organization came from state assistance for the years ended June 30, 2020 and 2019. This funding is dependent upon monies from state funding programs and accordingly, there is no guarantee that such funding will continue.

PARTNERS FOR WOMEN AND JUSTICE, INC.

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2020 AND 2019 (CONTINUED)

3. RISKS AND UNCERTAINTIES (CONT.)

Litigation, claims and contingent liabilities: In the ordinary conduct of its business, the Organization may be party to litigation. At June 30, 2020 and 2019, management does not believe there is a substantial risk to the Organization based on its legal activities.

4. UNCONDITIONAL PROMISES TO GIVE

Total unconditional promises to give consist of the following as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Unconditional promises to give	\$ 50,500	\$ 79,000
Less: Discount for long-term pledges	-	2,792
Net unconditional promises to give	<u>\$ 50,500</u>	<u>\$ 76,208</u>

Unconditional promises to give as of June 30, 2020 and 2019, are expected to be received as follows:

	<u>2020</u>	<u>2019</u>
In less than one year	\$ 47,500	\$ 46,500
In one to five years	3,000	29,708
Total	<u>\$ 50,500</u>	<u>\$ 76,208</u>

No discount has been applied to long term pledges for the year ended June 30, 2020. Due to the balance and risk associated with long term pledges for the year ended June 30, 2019, a 5% discount rate was applied. As of June 30, 2020 and 2019, individual account balances were assessed by management and deemed to be fully collectible and therefore, no allowance was recognized.

5. INVESTMENTS

Short-term fixed income investments consisted of certificates of deposit of \$10,446 and \$10,400 as of June 30, 2020 and 2019, respectively. Total interest income for the years ended June 30, 2020 and 2019 was \$46 and \$46, respectively.

6. PROPERTY AND EQUIPMENT

A Summary of the Organization's property and equipment as of June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Furniture	\$ 29,731	\$ 29,731
Equipment and computers	52,563	44,871
Total	<u>82,294</u>	<u>74,602</u>
Less: accumulated depreciation	71,380	64,357
Total	<u>\$ 10,914</u>	<u>\$ 10,245</u>

PARTNERS FOR WOMEN AND JUSTICE, INC.

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2020 AND 2019 (CONTINUED)

6. PROPERTY AND EQUIPMENT (CONT.)

The total depreciation expense charged to operations for the years ended June 30, 2020 and 2019 was \$7,023 and \$8,279.

7. ACCRUED EXPENSES

Accrued expenses consist primarily of salaries, taxes and vacation paid in subsequent months for efforts expended during the current year. Total amounts accrued at June 30, 2020 and 2019 were \$64,681 and \$43,571, respectively.

8. PAYCHECK PROTECTION PROGRAM LOAN

On May 9, 2020, the Organization obtained a Paycheck Protection Program loan in the amount of \$194,600, pursuant to the terms of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) enacted March 27, 2020. So long as the Organization incurs certain qualifying expenses, they may apply for the loan to be forgiven by the Small Business Administration (“SBA”). Any loan balance remaining following forgiveness by the SBA will be fully amortized over the remaining term of the loan. Unless otherwise forgiven, the loan is due May 9, 2022. Interest is specified at a rate of 1%. The funding is uncollateralized.

As of June 30, 2020, the Organization has included in long term liabilities \$194,600, the total amount of the loan. Management expects the entire amount will be forgiven and in accordance with the guidance provided by the AICPA, has chosen to recognize the revenue when it has been legally forgiven.

9. COMMITMENTS

Effective January 1, 2019, the Organization terminated its month to month lease arrangement for operating space in Montclair, New Jersey and entered into a new seven year lease in Bloomfield, New Jersey, ending December 31, 2025. The operations of the Organization occupy approximately 3,950 square feet of the total 4,350 square foot layout. The lease agreement contains provisions for the sublet of the additional space. The space is secured by a \$13,050 deposit. Under the terms of the agreement, there is also a fixed annual utility rate. There is a one time option to extend the lease for three years.

The Organization also leases copiers and various other equipment for program and business use expiring in various years through 2025.

Future minimum payments due under all operating leases in effect at June 30, 2020 are as follows:

2021	\$	92,121
2022		93,711
2023		94,906
2024		96,144
2025		95,428
Thereafter		47,702
		<u>\$ 520,012</u>

PARTNERS FOR WOMEN AND JUSTICE, INC.

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2020 AND 2019 (CONTINUED)

10. NET ASSETS RELEASED FROM RESTRICTIONS

During the years ended June 30, 2020 and 2019, net assets of \$122,948 and \$18,671 were released from their specified time restrictions.

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Time Restricted	\$ 46,500	\$ 88,708
Purpose Restricted:		
Advocacy	-	35,000
Capital Expenditures	<u>4,360</u>	<u>8,200</u>
	<u>\$ 50,860</u>	<u>\$ 131,908</u>

12. BOARD DESIGNATED NET ASSETS

At June 30, 2020 and 2019, the Board of Trustees had designated \$183,850 and \$224,900, respectively of major campaign contributions to be used for the development and implementation of a strategic growth plan.

13. NON-CASH CONTRIBUTIONS

Throughout the year, attorneys and other pro-bono legal staff are assigned to cases based on various factors including experience. Attorneys furnish to the Organization their hours worked and billing rates in order for management to calculate the fair market value of the contributions. When attorneys do not furnish the hours worked or billing rates, management estimates the fair value of services based on its knowledge of the services performed and the average billing rate (of those that have been reported).

In addition to the legal services specified, various other non-cash items are donated to the Organization. These amounts are reflected in revenue as non-cash contributions on the Statement of Activities and in expenses on the Statement of Functional Expenses in the following categories.

Total non-cash contributions for the years ended June 30, 2020 and 2019 were:

		<u>2020</u>	<u>2019</u>
Non-cash Contributions:	Natural Classification:		
Software	Technology	\$ 2,721	\$ 765
Furniture	Occupancy	-	2,890
Legal Services	Direct client legal assistance	398,333	932,011
Professional Fees	Professional fees	<u>6,720</u>	<u>27,860</u>
		<u>\$ 407,774</u>	<u>\$ 963,526</u>

PARTNERS FOR WOMEN AND JUSTICE, INC.

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2020 AND 2019 (CONTINUED)

14. CONTRIBUTIONS REVENUE

Contributions from various sources were recognized for the years ended June 30, 2020 and 2019 as follows:

	<u>2020</u>	<u>2019</u>
Contributions, gifts and grants:		
Individuals	\$ 282,144	\$ 246,219
Corporations & law firms	18,858	129,250
Foundations	157,543	203,922
United Way grants	-	3,000
Other	15,018	7,914
Total	<u>\$ 473,563</u>	<u>\$ 590,305</u>

15. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has in place one material long-term contractual commitment for its lease agreement as detailed in Note 9. Total annual expenditures from that contract are included in the general expenditures of the Organization. Unconditional promises to give are subject to implied time restrictions but are expected to be collected within two years.

Management anticipates meeting general expenditures within one year of the date of the statement of financial position with the funding provided by anticipated contributions from the general public and government grant funds.

The following reflects the Organization's financial assets as of June 30, 2020 and 2019, reduced by amounts not available for general use:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end	\$ 889,359	\$ 773,933
Less those unavailable for general expenditures within one year, due to:		
Prepaid expenses	21,851	22,220
Donor-restricted funding	50,860	131,908
Board designated funding	<u>183,850</u>	<u>224,900</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 632,798</u>	<u>\$ 394,905</u>

PARTNERS FOR WOMEN AND JUSTICE, INC.

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2020 AND 2019 (CONTINUED)

16. SUBSEQUENT EVENTS

Subsequent events --- Management has evaluated subsequent events through November 9, 2020, the date on which the financial statements were available to be issued, and have determined that except as noted below, there are no subsequent events that require disclosure.

COVID-19 --- The Organization is evaluating the impact of COVID-19 and its pervasive impact to the overall economy and has determined it cannot reasonably estimate the financial impact, if any, on its operations, assets and material accounting estimates at this time.

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*

To the Board of Trustees of
Partners for Women and Justice, Inc.
Bloomfield, 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 Partners for Women and Justice, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, 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 November 9, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Partners for Women and Justice, 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 Partners for Women and Justice, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Partners for Women and Justice, Inc.'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 Partners for Women and Justice, 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.

Cullari Caruso LLC

Fairfield, New Jersey
November 9, 2020

PARTNERS FOR WOMEN AND JUSTICE, INC.

SUMMARY SCHEDULE OF AUDITORS' RESULTS AND FINDINGS FOR THE YEAR ENDED JUNE 30, 2020

SUMMARY OF AUDITORS' RESULTS

A. *Financial Statements*

Type of auditors' opinion(s) issued: **Unmodified**

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified that are not
 considered to be material weaknesses? yes X reported

Noncompliance material to financial statements noted? yes X no

FINDINGS – FINANCIAL STATEMENT AUDIT

The audit did not disclose any findings or questioned costs required to be reported under generally accepted auditing standards.

PARTNERS FOR WOMEN AND JUSTICE, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

Grantor/Program title/Pass-through grantor/Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Current Year Expenditures
United States Department of Justice			
Pass through New Jersey Department of Law and Public Safety, Division of Criminal Justice			
Crime Victim Assistance, Victim Assistance Grants			
Domestic Violence - Staff Legal Representation	16.575	FY18-100-066-1020-142	\$ 145,989
Domestic Violence - Pro Bono Legal Representation	16.575	FY18-100-066-1020-142	174,436
Domestic Violence - Legal Representation Middlesex County	16.575	FY18-100-066-1020-142	<u>237,281</u>
			557,706
United States Department of Health and Human Services			
Family and Youth Services			
Family Violence Prevention and Services/ Domestic Violence Shelter and Supportive Services	93.671		<u>48,802</u>
Total Expenditures of Federal Awards			<u><u>\$ 606,508</u></u>

PARTNERS FOR WOMEN AND JUSTICE, INC.

SUPPLEMENTAL SCHEDULE OF AUDITORS' REQUIREMENTS FOR REPORTING ON IOLTA GRANT EXPENDITURES AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

1. Partners for Women and Justice, Inc. received an unmodified opinion on the financial statements.
2. The report on internal controls and related findings and recommendations was unmodified and no findings or recommendations exist.
3. We have reviewed IOLTA Fund of the Bar of New Jersey Grant Audit Requirements and Partners for Women and Justice, Inc. complied with these audit requirements.
4. A supplemental schedule of IOLTA funding and expenditures incurred by line item compared to the budget submitted to IOLTA and the variance is shown below:

	Grant Budget*	Actual Expenditures*	(Over) Under Budget
<i>2019 Grant (7/1/19-12/31/19):</i>			
Salaries and Fringes	<u>\$ 34,400</u>	<u>\$ 17,009</u>	<u>\$ -</u>
<i>2020 Grant (1/1/20-6/30/20):</i>			
Salaries and Fringes	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ -</u>

5. There were no questioned costs.
6. There were no auditors' adjustments to the final expenditure reports submitted to IOLTA.

*Grant budget data represents the full amount of the award. Actual expenditures cover the time period indicated. Calendar year expenditures may be generated by using the results from both reporting periods.