

CHILDREN'S AID AND FAMILY SERVICES, INC.
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2024

**CHILDREN'S AID AND FAMILY SERVICES, INC.
FOR THE YEAR ENDED DECEMBER 31, 2024**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Children's Aid and Family Services, Inc.
Paramus, New Jersey

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Children's Aid and Family Services, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Children's Aid and Family Services, Inc. as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Children's Aid and Family Services, Inc. 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.

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 Children's Aid and Family Services, Inc.'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 Children's Aid and Family Services, Inc.'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 Children's Aid and Family Services, Inc.'s ability to continue as a going concern for a reasonable period of time.

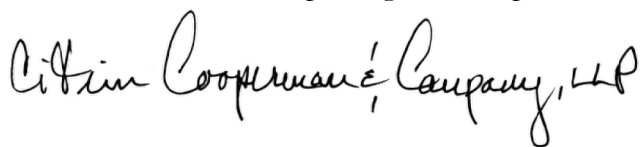
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of expenditures of federal and state awards on pages 32-36 and the notes to the schedules of expenditures of federal and state awards on pages 37-38, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey Office of Management and Budget Circular Letter 15-08, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with 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 July 22, 2025, on our consideration of the Organization'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 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 the Organization's internal control over financial reporting and compliance.



Braintree, Massachusetts
July 22, 2025

CHILDREN'S AID AND FAMILY SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

ASSETS

Cash and cash equivalents	\$ 6,443,230
Grants and contracts receivable, net	5,529,863
Contributions receivable	54,010
Fees receivable	214,454
Prepaid expenses and other assets	346,803
Investments, at fair value	8,764,132
Financing right-of-use assets, net of accumulated amortization	85,926
Operating right-of-use assets, net of accumulated amortization	1,153,178
Property and equipment, net	<u>12,464,603</u>
TOTAL ASSETS	\$ <u>35,056,199</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 933,855
Accrued expenses	1,089,447
Due to government agencies	3,832,444
Refundable advances	1,203,617
Financing lease liabilities	87,943
Operating lease liabilities	1,170,193
Mortgages and loans payable, net	<u>7,657,492</u>
Total liabilities	<u>15,974,991</u>
Commitments and contingencies (Notes 8, 10, and 14)	
Net assets:	
Without donor restrictions (Note 11)	15,964,046
With donor restrictions	<u>3,117,162</u>
Total net assets	<u>19,081,208</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>35,056,199</u>

See accompanying notes to financial statements.

CHILDREN'S AID AND FAMILY SERVICES, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Without donor restrictions	With donor restrictions	Total
Support:			
Private support:			
Contributions	\$ 542,761	\$ 515,168	\$ 1,057,929
Contributed nonfinancial assets	542,834	-	542,834
Special events, net of direct benefits to donors of \$142,424	<u>388,812</u>	<u>-</u>	<u>388,812</u>
Total private support	<u>1,474,407</u>	<u>515,168</u>	<u>1,989,575</u>
Government support:			
Federal and state	<u>31,351,365</u>	<u>-</u>	<u>31,351,365</u>
Revenue and gains:			
Program fees and dues	1,496,634	-	1,496,634
Investment income, net	481,964	744,656	1,226,620
Forgiveness of debt	55,848	-	55,848
Miscellaneous revenue	<u>207,269</u>	<u>-</u>	<u>207,269</u>
Total revenue and gains	<u>2,241,715</u>	<u>744,656</u>	<u>2,986,371</u>
Net assets released from restrictions	<u>868,143</u>	<u>(868,143)</u>	<u>-</u>
Total support, revenue and gains	<u>35,935,630</u>	<u>391,681</u>	<u>36,327,311</u>
Expenses:			
Program services	30,050,123	-	30,050,123
Management and general	4,602,404	-	4,602,404
Fundraising	<u>523,503</u>	<u>-</u>	<u>523,503</u>
Total expenses	<u>35,176,030</u>	<u>-</u>	<u>35,176,030</u>
Changes in net assets	759,600	391,681	1,151,281
Net assets - beginning	<u>15,204,446</u>	<u>2,725,481</u>	<u>17,929,927</u>
NET ASSETS - ENDING	<u><u>\$ 15,964,046</u></u>	<u><u>\$ 3,117,162</u></u>	<u><u>\$ 19,081,208</u></u>

See accompanying notes to financial statements.

CHILDREN'S AID AND FAMILY SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Program Services				Supporting Services			
	Children's Support Services	Disabilities Support Services	The Center for Alcohol and Drug Resources	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries and related expenses:								
Salaries	\$ 2,608,890	\$ 12,169,180	\$ 2,595,338	\$ 17,373,408	\$ 2,561,141	\$ 318,513	\$ 2,879,654	\$ 20,253,062
Payroll taxes and employee benefits	<u>595,421</u>	<u>2,795,064</u>	<u>579,415</u>	<u>3,969,900</u>	<u>585,129</u>	<u>72,789</u>	<u>657,918</u>	<u>4,627,818</u>
Total salaries and related expenses	<u>3,204,311</u>	<u>14,964,244</u>	<u>3,174,753</u>	<u>21,343,308</u>	<u>3,146,270</u>	<u>391,302</u>	<u>3,537,572</u>	<u>24,880,880</u>
Other expenses:								
Professional fees	96,727	1,784,959	388,725	2,270,411	365,511	2,693	368,204	2,638,615
Program fees and supplies	480,008	226,393	1,558,960	2,265,361	176,763	36,565	213,328	2,478,689
Occupancy	318,398	710,957	328,324	1,357,679	93,622	35,642	129,264	1,486,943
Depreciation and amortization	51,417	547,805	38,230	637,452	248,438	-	248,438	885,890
Insurance	86,198	330,185	73,434	489,817	114,504	10,760	125,264	615,081
Local travel and related expenses	53,970	428,213	57,496	539,679	41,194	289	41,483	581,162
Household goods and food	111,286	305,246	231,617	648,149	315,308	708	316,016	964,165
Repairs	8,142	401,390	1,615	411,147	21,000	22,897	43,897	455,044
Interest, credit card fees, and other	453	65,644	-	66,097	74,890	17,936	92,826	158,923
Cost of items sold and other fundraising expenses	-	-	-	-	-	142,424	142,424	142,424
Membership	<u>6,947</u>	<u>10,168</u>	<u>3,908</u>	<u>21,023</u>	<u>4,904</u>	<u>4,711</u>	<u>9,615</u>	<u>30,638</u>
Total other expenses	<u>1,213,546</u>	<u>4,810,960</u>	<u>2,682,309</u>	<u>8,706,815</u>	<u>1,456,134</u>	<u>274,625</u>	<u>1,730,759</u>	<u>10,437,574</u>
TOTAL EXPENSES	4,417,857	19,775,204	5,857,062	30,050,123	4,602,404	665,927	5,268,331	35,318,454
Less: expenses deducted directly from revenues:								
Direct donor benefits of fundraising revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,424</u>	<u>142,424</u>	<u>142,424</u>
TOTAL EXPENSES REPORTED BY FUNCTION ON THE STATEMENT OF ACTIVITIES	<u>\$ 4,417,857</u>	<u>\$ 19,775,204</u>	<u>\$ 5,857,062</u>	<u>\$ 30,050,123</u>	<u>\$ 4,602,404</u>	<u>\$ 523,503</u>	<u>\$ 5,125,907</u>	<u>\$ 35,176,030</u>

See accompanying notes to financial statements.

CHILDREN'S AID AND FAMILY SERVICES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

Cash flows from operating activities:	
Changes in net assets	\$ 1,151,281
Adjustments to reconcile changes in net assets to net cash used in operating activities:	
Net unrealized gain on investments	(812,596)
Net realized gain on investments	(197,012)
Forgiveness of debt	(55,848)
Noncash lease expense	(17,712)
Amortization of financing right-of-use assets	47,286
Depreciation and amortization	885,890
Amortization of debt issuance costs	11,606
Bad debt expense	24,473
Changes in operating assets and liabilities:	
Grants and contracts receivable	(3,021,099)
Contributions receivable	51,687
Fees receivable	(117,162)
Prepaid expenses and other assets	220,610
Accounts payable	338,231
Accrued expenses	(40,987)
Due to government agencies	1,928,556
Refundable advances	<u>(1,728,004)</u>
Net cash used in operating activities	<u>(1,330,800)</u>
Cash flows from investing activities:	
Purchases of property and equipment	(835,813)
Purchases of investments	(1,819,075)
Proceeds from sale or redemption of investments	<u>1,895,541</u>
Net cash used in investing activities	<u>(759,347)</u>
Cash flows from financing activities:	
Payments on finance leases	(46,032)
Proceeds from mortgages and loans	518,022
Repayments of mortgages and loans	<u>(264,486)</u>
Net cash provided by financing activities	<u>207,504</u>
Net decrease in cash and cash equivalents	(1,882,643)
Cash and cash equivalents - beginning	<u>8,325,873</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 6,443,230</u>
Supplemental disclosure of cash flow information:	
Interest paid	<u>\$ 79,465</u>

See accompanying notes to financial statements.

CHILDREN'S AID AND FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1. NATURE OF ORGANIZATION

Children's Aid and Family Services, Inc. (the "Organization"), a New Jersey nonprofit corporation, was founded in 1899 as a child protection and adoption agency. The Organization is one of northern New Jersey's leading non profit providers of human and child service programs.

The Organization's mission is to empower individuals, strengthen families, and support healthier communities. Motivated by compassion for vulnerable children, young adults, frail elderly and their families, the Organization provides high-quality and innovative services that meet their social, educational, and emotional needs. It provides a continuum of services to more than three million people living in northern New Jersey, working toward establishing permanent stable relationships for children and assisting individuals of all ages and their families with preventive, therapeutic, and counseling programs.

The Organization provides services to children, individuals with disabilities, and those experiencing substance abuse through the following programs:

Placement services for children - assistance in permanently placing at-risk children with their forever families;

Early intervention services - providing professional services for children, families, and individuals of all ages with assistance, with respect to emotional and/or social adjustment problems;

Permanency services for children - providing care for at-risk children until they are permanently placed with their forever families;

Developmental disabilities services - providing in-home support services and community residences for children and young adults with intellectual and developmental disabilities;

Community services - helping children, families, and senior citizens develop stronger ties to one another, thereby promoting the well-being of the community; and

Addiction prevention services - promoting the awareness of alcoholism, drug abuse, and other addictive behavior.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CHILDREN'S AID AND FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurements

The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, *Fair Value Measurement*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Under the standard, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date.

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and, 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 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Organization assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in the circumstances that caused the transfer in accordance with its accounting policy regarding the recognition of transfers between levels of the fair value hierarchy. There were no transfers among Levels 1, 2 or 3 during the year ended December 31, 2024.

Cash and cash equivalents

Cash consists of funds maintained in bank accounts. The Organization considers all cash and highly liquid financial investments with original maturities of three months or less to be cash and cash equivalents. At December 31, 2024, cash equivalents consisted of money market accounts totaling \$118,369.

CHILDREN'S AID AND FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for a discussion of fair value measurements.

Investment transactions are recorded on a trade-date basis. Unrealized gains and losses represent the net change in the carrying value of securities owned as of the date of the statement of financial position. Realized gains and losses on investments are determined using the specific-identification method. Earnings from dividends are recognized on the ex-dividend date.

Contributions receivable

Contributions receivable are stated at the amount management expects to collect from outstanding balances. Contributions receivable is due in less than one year; therefore, no discount to present value is required. No allowance for doubtful accounts was deemed necessary as of December 31, 2024.

Leases

The Organization leases program space, copy machines, vehicles, and residential properties. The Organization determines if an arrangement is a lease at inception. Operating and finance leases are included in right-of-use ("ROU") assets and financing and operating lease liabilities on the statement of financial position.

ROU assets represent the Organization's right-to-use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the statement of financial position.

The lease contracts do not provide information about the discount rate implicit in the leases. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease terms for computing the present value of all lease liabilities.

The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

CHILDREN'S AID AND FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if the Organization has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Property and equipment

Property and equipment are recorded at cost on the date of acquisition, or at the fair value of the asset at the date of the gift for donated assets. Depreciation of buildings, equipment and leasehold improvements is recorded using the straight-line method based on the estimated useful lives of the assets, which range from five to 25 years.

When assets are retired, or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period. Significant additions, renewals, and betterments greater than \$1,000 that extend the useful lives of the assets are capitalized, while replacements, maintenance, and repairs that do not improve or extend the life of an asset are expensed.

Construction in progress

Property and equipment includes construction in progress on certain projects which have not yet been completed or placed into service.

Valuation of long-lived assets

The Organization evaluates long-lived assets, including its right-of-use assets, held and used by the Organization for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. An impairment loss is recognized if the sum of the expected undiscounted future cash flows from the use and disposition of the asset is less than its carrying amount. Generally, the amount of the impairment loss is measured as the difference between the carrying amount of the asset and the estimated fair value of the asset. The Organization did not record any impairment losses during the year ended December 31, 2024.

Debt issuance costs

Debt issuance costs related to a recognized debt liability are presented in the statement of financial position as a direct deduction from the carrying amount of that debt liability. Amortization of the debt issuance costs is included in "Interest, credit card fees, and other" on the statement of functional expenses in the amount of \$11,606 for the year ended December 31, 2024.

CHILDREN'S AID AND FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net assets

Net assets and revenue, gains, support, expenses and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor or grantor-imposed stipulations or restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Trustees. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor or grantor stipulations or by law.

Net Assets With Donor Restrictions - Net assets subject to donor or grantor-imposed stipulations or restrictions that may or will be met, either by actions of the Organization and/or the passage of time. Also, other net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all, or part of, the income earned on any related investments for general or specific purposes. When a stipulation or restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Revenue recognition

Contributions

Contributions are recognized as revenue when they are received or unconditionally pledged. Conditional contributions are not recognized until the conditions are substantially met or explicitly waived.

Contributions are recorded as revenue as either with or without donor restrictions according to donor stipulations that limit the use of these assets due to time or purpose restrictions. Bequests are recognized when the Organization receives notification that the probate court has declared the will valid.

Contributions receivable are stated at the amount management expects to collect from outstanding balances. The Organization charges uncollectible contributions receivable to operations when determined to be uncollectible based on historical trends. At December 31, 2024 an allowance was not deemed necessary.

CHILDREN'S AID AND FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

Government support

The Organization derives a significant portion of its revenue from grants and contracts which are included in "Government support" on the accompanying statement of activities and changes in net assets. It is comprised of Medicaid billings, New Jersey State reimbursement-for-service and reimbursement for costs, and various client fees. Medicaid revenue is recognized on a cost-reimbursement basis as the attendance occurs at the approved rates, when the associated costs are incurred, or when the service is provided.

Revenue from government grants is considered a conditional contribution and is not recognized until the conditions related to this revenue are substantially met or explicitly waived. Cash received in excess of revenue recognized is reported as refundable advances.

Receivables related to government grants and contracts are stated at the amount management expects to collect from outstanding balances. The Organization charges uncollectible grants and contracts receivable to operations when determined to be uncollectible based on historical trends. At December 31, 2024, an allowance of \$125,000 was established for future uncollected amounts.

Program fees and dues

The Organization derives another portion of its revenue from program fees, which is included in "Program fees and dues" on the accompanying statement of activities and changes in net assets. It is comprised of various client fees. Revenues are recognized when services are transferred to the Organization's clients in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those services. For the performance obligation relating to these program fees, control transfers to the client over time as the services are provided to the client. Revenue under program fees is recognized based on agreed-upon rates. There are no significant financing components or variable considerations provided to clients.

Fees receivables are stated at the amount management expects to collect from outstanding balances. The Organization assesses collectibility by reviewing accounts receivable on a collective basis where similar risk characteristics exist. In determining the amount of the allowance for doubtful accounts, the Organization considers historical trends. Current market conditions and reasonable and supportable forecasts of future economic conditions adjust the historical losses to determine the appropriate allowance for future expected credit losses. Uncollectible accounts are written off when all collection efforts have been exhausted. At December 31, 2024, an allowance was not deemed necessary.

CHILDREN'S AID AND FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

Rental revenue

The Organization owns 19 residential properties comprised of a total of 85 residential units which provide permanent residences for adults with intellectual and developmental disabilities. The Organization recognizes rental income from and is subject to rent stabilization regulated by the New Jersey Department of Community Affairs Supportive Housing, an agency of New Jersey State ("SHA"). Under rent stabilization, landlords must provide qualifying leases to eligible resident. Under ASC 842, *Leases*, these residential leases are considered operating leases. As of December 31, 2024, the Organization has entered into no financing leases as a lessor as defined by ASC 842.

Rental income consists of resident rent and government rent subsidies. Resident's rent and government rent subsidies arising from contracts between the resident and the relevant government entity are recognized on a straight-line basis over the term of the lease and the tenant has taken possession or controls the physical use of the leased asset. Government rent subsidies arising from contracts between the Organization and the relevant government entity are recognized as revenue when the Organization has executed a lease with an eligible resident and over the period the leased premises are made available to the eligible tenant.

Fundraising

The Organization uses fundraising events and other activities to support its activities. The events include charitable fundraisers and funds raised from auxiliary organizations.

Donated goods and services

Amounts are reported in the financial statements for voluntary donations of services when those services create or enhance nonfinancial assets or require specialized skills provided by individuals possessing those skills and which, typically, would be purchased if not provided by donation. Donated goods and services are recorded as contributions at their estimated fair value at the date of donation and are included in "Contributed nonfinancial assets" on the accompanying statement of activities and changes in net assets.

The Organization also regularly receives services from volunteers who are not acting in a professional capacity; such volunteer services do not meet the criteria for financial statement recognition and are not included in the financial statements.

CHILDREN'S AID AND FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional expenses

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis on the statement of functional expenses. Accordingly, certain costs have been allocated among program, supporting services and fundraising. General and administrative expenses are those not directly identifiable with any specific function, but which provide for the overall support and direction of the Organization. The financial statements contain certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include occupancy, which is allocated based on headcount in each program or department. Expenses such as insurance are based on revenue in each program or department. Salaries and wages, supplies, and depreciation and amortization are allocated based on direct costs within the program or department.

Income taxes

The Organization is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code.

The Organization follows standards that provide 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 recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on derecognition, classification, interest and penalties, disclosure, and transition. The Organization's policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense. No interest and penalties were recorded during the year ended December 31, 2024. At December 31, 2024, there were no significant income tax uncertainties.

Subsequent events

In accordance with FASB ASC 855, *Subsequent Events*, the Organization has evaluated subsequent events through July 22, 2025, the date that these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in the financial statements.

CHILDREN'S AID AND FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following represents the Organization's financial assets at December 31, 2024, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

Cash and cash equivalents	\$ 6,443,230
Grants and contracts receivable, net	5,529,863
Contributions receivable	54,010
Fees receivable	214,454
Investments	<u>8,764,132</u>
Total financial assets	21,005,689
Less: amounts not available to be used within one year:	
Net assets with donor restrictions	<u>3,117,162</u>
Financial assets available to meet general expenditure over the next 12 months	<u>\$ 17,888,527</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 4. GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable are as follows as of December 31, 2024:

Medicaid	\$ 2,685,165
State of New Jersey Department of Children and Families	2,044,770
State of New Jersey Division of Mental Health and Addiction Services	739,029
County contributions and grants	97,330
U.S. Department of Health and Human Services	86,202
Other	<u>2,367</u>
Total grants and contracts receivable	5,654,863
Less: allowance for doubtful accounts	<u>125,000</u>
Grants and contracts receivable, net	<u>\$ 5,529,863</u>

NOTE 5. INVESTMENTS

Investments are measured at fair value based on one or more of the following valuation techniques:

- (a) *Market approach*: Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- (b) *Cost approach*: Amount that would be required to replace the service capacity of an asset (replacement cost); and
- (c) *Income approach*: Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing and excess earnings models).

CHILDREN'S AID AND FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5. INVESTMENTS (CONTINUED)

At December 31, 2024, a summary of the Organization's investments is as follows:

	Level 1	Level 2	Level 3	Total at December 31, 2024	Valuation Technique
Equity mutual funds	\$6,574,484	\$ -	\$ -	\$ 6,574,484	(a)
Fixed income - bonds	-	2,189,648	-	2,189,648	(a)
Total assets at fair value	<u>\$6,574,484</u>	<u>\$2,189,648</u>	<u>\$ -</u>	<u>\$ 8,764,132</u>	

Following is a description of the valuation methodologies used for the Organization's assets measured at fair value and included in the fair value hierarchy:

Equity mutual funds: Mutual funds are valued at the quoted market price of shares held at year end.

Fixed income - bonds: Bonds are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

The preceding methods 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 and consistent with other market participants, 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. There have been no changes in the methodologies used for the year ended December 31, 2024.

The following schedules summarize the investment return and its classification in the statement of activities and changes in net assets for the year ended December 31, 2024:

	Without Donor Restriction	With Donor Restriction	Total
Interest and dividend income	\$ 89,035	\$ 130,977	\$ 220,012
Fees	(1,177)	(1,823)	(3,000)
Net unrealized gain on investments	316,837	495,759	812,596
Net realized gain on investments	<u>77,269</u>	<u>119,743</u>	<u>197,012</u>
	<u>\$ 481,964</u>	<u>\$ 744,656</u>	<u>\$ 1,226,620</u>

CHILDREN'S AID AND FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2024:

Land	\$ 3,259,622
Building and improvements	17,597,075
Furniture and equipment	1,676,973
Leasehold improvements	172,523
Automobiles	440,270
Software	<u>257,714</u>
Total property and equipment	23,404,177
Less: accumulated depreciation	<u>(10,939,574)</u>
Property and equipment, net	<u>\$ 12,464,603</u>

NOTE 7. DUE TO GOVERNMENT AGENCIES

Due to government agencies represents excess contract revenue received over allowable expenses incurred at December 31, 2024:

New Jersey Division of Mental Health and Addiction Services	\$ 1,112,350
New Jersey Department of Children and Families	<u>2,270,094</u>
Total Due to the State of New Jersey	<u>\$ 3,382,444</u>

NOTE 8. MORTGAGES PAYABLE

The following is a schedule of mortgages payable at December 31, 2024:

Mortgage payable to NJEDA for 20 years, maturing on August 1, 2031. Monthly payments fluctuate based on the underlying bonds issued by NJEDA. The interest rate on December 31, 2024 is 5.05%. The mortgage is secured by the land and building located at 200 Robin Road, Paramus, New Jersey. \$ 801,370

Mortgage payable to Blue Foundry Bank. The original amount of the mortgage is \$240,000. The mortgage is for 15 years, maturing on December 15, 2029. Commencing on January 1, 2015, consecutive monthly payments of principal and interest in the amount of \$1,867 will be made at a fixed rate of 4.75%. The mortgage is secured by the land and building located at 159 Forest Avenue, Hawthorne, New Jersey. 99,493

Mortgage payable to NJHMFA. The original amount of the mortgage is \$414,997. The mortgage is for 30 years, maturing on December 1, 2049. Payments will be determined based upon 25% of the project's available cash flow after payment of operating expenses and funding of all escrows. If the project does not show positive cash flow, the payment of principal and interest will be deferred until maturity. The interest rate is 0%. The mortgage is secured by the land and building located at 360 Larch Avenue, Bogota, New Jersey. 414,997

CHILDREN'S AID AND FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 8. MORTGAGES PAYABLE (CONTINUED)

Mortgage payable to the state of New Jersey, Department of Human Services, Division of Developmental Disabilities for the location at 360 Larch Avenue, Bogota, New Jersey. The original amount of the mortgage is \$120,000. The mortgage is for 20 years, maturing on November 26, 2039. The Organization must maintain this facility as an approved facility for Department clients for a period of 20 years. The mortgage shall be reduced by 5% for each full year credited toward satisfaction of this obligation to the Department. \$ 95,714

Mortgage payable to NJHMFA. The original amount of the mortgage is \$468,881. The mortgage is for 30 years, maturing on April 7, 2045. Payments will be determined based upon 25% of the project's available cash flow after payment of operating expenses and funding of all escrows. If the project does not show positive cash flow, the payment of principal and interest will be deferred until maturity. The interest rate is 0%. The mortgage is secured by the land and building located at 42 Middletown Road, Montvale, New Jersey, as well as all other assets of the Middletown Road Supportive Housing Project. 468,881

Mortgage payable to the state of New Jersey, Department of Human Services, Division of Developmental Disabilities for the location at 42 Middletown Road, Montvale, New Jersey. The original amount of the mortgage is \$250,000. The mortgage is for 20 years, maturing on July 30, 2035. The Organization must maintain this facility as an approved facility for Department clients for a period of 20 years. The mortgage shall be reduced by 5% for each full year credited toward satisfaction of this obligation to the Department. 150,000

Mortgage payable to NJHMFA. The original amount of the mortgage is \$388,833. The mortgage is for 30 years, maturing on April 6, 2045. Payments will be determined based upon 25% of the project's available cash flow after payment of operating expenses and funding of all escrows. If the project does not show positive cash flow, the payment of principal and interest will be deferred until maturity. The interest rate is 0%. The mortgage is secured by the land and building located at 4 Park Avenue, Haskell, New Jersey, as well as all other assets of the Park Avenue Supportive Housing Project. 388,833

Mortgage payable to the state of New Jersey, Department of Human Services, Division of Developmental Disabilities for the location at 4 Park Avenue, Haskell, New Jersey. The original amount of the mortgage is \$228,935. The mortgage is for 20 years, maturing on April 7, 2035. The Organization must maintain this facility as an approved facility for Department clients for a period of 20 years. The mortgage shall be reduced by 5% for each full year credited toward satisfaction of this obligation to the Department. 137,361

CHILDREN'S AID AND FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 8. MORTGAGES PAYABLE (CONTINUED)

Mortgage payable to TD Bank, N.A. The original amount of the mortgage is \$1,050,000. The mortgage is for 20 years, maturing on April 1, 2040. Commencing on May 1, 2020, consecutive monthly payments of principal and interest in the amount of \$5,818 will be made at a fixed rate of 2.947%. There are two interest reset dates. The first interest reset date is March 31, 2030, and the second interest reset date is March 31, 2035. The mortgage is secured by the land and buildings located at 2012 Macopin Road, West Milford, New Jersey; 213 LaRue Road, West Milford, New Jersey; and 432 Stonetown Road, Ringwood, New Jersey.	\$ 857,970
Mortgage payable to the state of New Jersey, Department of Human Services, Division of Developmental Disabilities for the location at 58 Farnham Avenue, Garfield, New Jersey. The original amount of the mortgage is \$6,260. The mortgage is for 20 years, maturing on May 15, 2040. The Organization must maintain this facility as an approved facility for Department clients for a period of 20 years. The mortgage shall be reduced by 5% for each full year credited toward satisfaction of this obligation to the Department.	4,759
Mortgage payable to NJHMFA. The original amount of the mortgage is \$390,199. The mortgage is for 30 years, maturing on February 1, 2051. Payments will be determined based upon 25% of the project's available cash flow after payment of operating expenses and funding of all escrows. If the project does not show positive cash flow, the payment of principal and interest will be deferred until maturity. The interest rate is 0%. The mortgage is secured by the land and building located at 651 Paramus Road, Paramus, New Jersey.	390,199
Mortgage payable to the state of New Jersey, Department of Human Services, Division of Developmental Disabilities for the location at 993 Route 23 South, Wayne, New Jersey. The original amount of the mortgage is \$118,545. The mortgage is for 20 years, maturing on December 18, 2041. The Organization must maintain this facility as an approved facility for Department clients for a period of 20 years. The mortgage shall be reduced by 5% for each full year credited toward satisfaction of this obligation to the Department.	106,691
Mortgage payable to NJHMFA. The original amount of the mortgage is \$338,823. The mortgage is for 30 years, maturing on December 1, 2050. Payments will be determined based upon 25% of the project's available cash flow after payment of operating expenses and funding of all escrows. If the project does not show positive cash flow, the payment of principal and interest will be deferred until maturity. The interest rate is 0%. The mortgage is secured by the land and building located at 161 Pleasant Valley Way, West Orange, New Jersey.	337,278

CHILDREN'S AID AND FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 8. MORTGAGES PAYABLE (CONTINUED)

Mortgage payable to the state of New Jersey, Department of Human Services, Division of Developmental Disabilities for the location at 161 Pleasant Valley Way, West Orange, New Jersey. The original amount of the mortgage is \$26,715. The mortgage is for 20 years, maturing on April 26, 2041. The Organization must maintain this facility as an approved facility for Department clients for a period of 20 years. The mortgage shall be reduced by 5% for each full year credited toward satisfaction of this obligation to the Department. \$ 23,041

Mortgage payable to Essex County, New Jersey. The original amount of the mortgage is \$100,000. The mortgage is for 15 years, maturing on September 16, 2035. The Organization must maintain this facility as an approved facility for Department clients for a period of 15 years. The interest rate is 0% and the loan will be forgiven at maturity. The mortgage is secured by the land and building located at 161 Pleasant Valley Way, West Orange, New Jersey. 100,000

Mortgage payable to NJHMFA. The original amount of the mortgage is \$500,000. The mortgage is for 31 years, maturing on January 1, 2052. Payments will be determined based upon 25% of the project's available cash flow after payment of operating expenses and funding of all escrows. If the project does not show positive cash flow, the payment of principal and interest will be deferred until maturity. The interest rate is 0%. The mortgage is secured by the land and building located at 22 Locust Avenue, Wanaque, New Jersey. 500,000

Mortgage payable to the state of New Jersey, Department of Human Services, Division of Developmental Disabilities for the location at 22 Locust Avenue, Wanaque, New Jersey. The original amount of the mortgage is \$90,000. The mortgage is for 20 years, maturing on June 17, 2042. The Organization must maintain this facility as an approved facility for Department clients for a period of 20 years. The mortgage shall be reduced by 5% for each full year credited toward satisfaction of this obligation to the Department. 81,000

Mortgage payable to the state of New Jersey, Department of Human Services, Division of Developmental Disabilities for the location at 22 Locust Avenue, Wanaque, New Jersey. The original amount of the mortgage is \$28,010. The mortgage is for 20 years, maturing on June 17, 2042. The Organization must maintain this facility as an approved facility for Department clients for a period of 20 years. The mortgage shall be reduced by 5% for each full year credited toward satisfaction of this obligation to the Department. 25,208

CHILDREN'S AID AND FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 8. MORTGAGES PAYABLE (CONTINUED)

Mortgage payable to Investors Bank through the Federal Home Loan Bank of New York. The original amount of the mortgage is \$100,000. The mortgage is for 15 years, maturing on November 29, 2036. The Organization must comply with the terms and conditions of the Affordable Housing Program during the affordability period. The mortgage will then be forgiven at the end of the affordability period. The mortgage is secured by the land and building located at 22 Locust Avenue, Wanaque, New Jersey. \$ 100,000

Mortgage payable to NJHMFA. The original amount of the mortgage is \$466,813, adjusted based on actual amount disbursed. The mortgage is for 31 years, maturing on February 1, 2052. Payments will be determined based upon 25% of the project's available cash flow after payment of operating expenses and funding of all escrows. If the project does not show positive cash flow, the payment of principal and interest will be deferred until maturity. The interest rate is 0%. The mortgage is secured by the land and building located at 32 Vail Place, Mahwah, New Jersey. 465,665

Mortgage payable to the County of Bergen, Division of Community Development. The original amount of the mortgage is \$179,000. The mortgage is for 20 years, maturing on April 6, 2041. The Organization must comply with the terms and conditions for rent and occupancy in accordance with the HOME Investment Partnership Program during the affordability period. The mortgage will then be forgiven at the end of the affordability period. The mortgage is secured by the land and building located at 32 Vail Place, Mahwah, New Jersey. 179,000

Mortgage payable to the state of New Jersey, Department of Human Services, Division of Developmental Disabilities for the location at 32 Vail Place, Mahwah, New Jersey. The original amount of the mortgage is \$90,000. The mortgage is for 20 years, maturing on June 17, 2042. The Organization must maintain this facility as an approved facility for Department clients for a period of 20 years. The mortgage shall be reduced by 5% for each full year credited toward satisfaction of this obligation to the Department. 81,000

Mortgage payable to NJHMFA. The original amount of the mortgage is \$559,808. Through December 31, 2024, NJHMFA had disbursed \$549,093. The mortgage is for 31 years, maturing on January 1, 2052. Payments will be determined based upon 25% of the project's available cash flow after payment of operating expenses and funding of all escrows. If the project does not show positive cash flow, the payment of principal and interest will be deferred until maturity. The interest rate is 0%. The mortgage is secured by the land and building located at 320 Shepard Avenue, Englewood, New Jersey. 549,093

CHILDREN'S AID AND FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 8. MORTGAGES PAYABLE (CONTINUED)

Mortgage payable to the state of New Jersey, Department of Human Services, Division of Developmental Disabilities for the location at 320 Shepard Avenue, Englewood, New Jersey. The original amount of the mortgage is \$27,875. The mortgage is for 20 years, maturing on June 17, 2042. The Organization must maintain this facility as an approved facility for Department clients for a period of 20 years. The mortgage shall be reduced by 5% for each full year credited toward satisfaction of this obligation to the Department. \$ 25,087

Mortgage payable to the state of New Jersey, Department of Human Services, Division of Developmental Disabilities for the location at 320 Shepard Avenue, Englewood, New Jersey. The original amount of the mortgage is \$90,000. The mortgage is for 20 years, maturing on June 17, 2042. The Organization must maintain this facility as an approved facility for Department clients for a period of 20 years. The mortgage shall be reduced by 5% for each full year credited toward satisfaction of this obligation to the Department. 81,000

Mortgage payable to Investors Bank through the Federal Home Loan Bank of New York. The original amount of the mortgage is \$100,000. The mortgage is for 15 years, maturing on November 29, 2036. The Organization must comply with the terms and conditions of the Affordable Housing Program during the affordability period. The mortgage will then be forgiven at the end of the affordability period. The mortgage is secured by the land and building located at 320 Shepard Avenue, Englewood, New Jersey. 100,000

Mortgage payable to NJHMFA. The original amount of the mortgage is \$623,876. The mortgage is for 31 years, maturing on December 1, 2053. Payments will be determined based upon 25% of the project's available cash flow after payment of operating expenses and funding of all escrows. If the project does not show positive cash flow, the payment of principal and interest will be deferred until maturity. The interest rate is 1%. The mortgage is secured by the land and building located at 138 Prospect Avenue, Ridgewood, New Jersey. 605,160

Mortgage payable to the County of Bergen, Division of Community Development. The original amount of the mortgage is \$200,000. The mortgage is for 20 years, maturing on December 12, 2042. The Organization must comply with the terms and conditions for rent and occupancy in accordance with the HOME Investment Partnership Program during the affordability period. The mortgage will then be forgiven at the end of the affordability period. The mortgage is secured by the land and building located at 138 Prospect Avenue, Ridgewood, New Jersey. 200,000

CHILDREN'S AID AND FAMILY SERVICES, INC.
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NOTE 8. MORTGAGES PAYABLE (CONTINUED)

Mortgage payable to the state of New Jersey, Department of Human Services, Division of Developmental Disabilities for the location at 156 Martin Avenue, Clifton, New Jersey. The original amount of the mortgage is \$39,610. The mortgage is for 20 years, maturing on March 21, 2043. The Organization must maintain this facility as an approved facility for Department clients for a period of 20 years. The mortgage shall be reduced by 5% for each full year credited toward satisfaction of this obligation to the Department.	\$ 35,648
Mortgage payable to Investors Bank through the Federal Home Loan Bank of New York. The original amount of the mortgage is \$100,000. The mortgage is for 15 years, maturing on November 29, 2038. The Organization must comply with the terms and conditions of the Affordable Housing Program during the affordability period. The mortgage will then be forgiven at the end of the affordability period. The mortgage is secured by the land and building located at 32 Vail Place, Mahwah, New Jersey.	100,000
Mortgage payable to Provident Bank through the Federal Home Loan Bank of New York. The original amount of the mortgage is \$150,000. The mortgage is for 15 years, maturing on November 29, 2037. The Organization must comply with the terms and conditions of the Affordable Housing Program during the affordability period. The mortgage will then be forgiven at the end of the affordability period. The mortgage is secured by the land and building located at 138 Prospect Avenue, Ridgewood, New Jersey.	150,000
Mortgage payable to the state of New Jersey, Department of Human Services, Division of Developmental Disabilities for the location at 138 Prospect Avenue, Ridgewood, New Jersey. The original amount of the mortgage is \$37,625. The mortgage is for 20 years, maturing on August 14, 2044. The Organization must maintain this facility as an approved facility for Department clients for a period of 20 years. The mortgage shall be reduced by 5% for each full year credited toward satisfaction of this obligation to the Department.	37,576
	<u>\$ 7,692,024</u>

Certain mortgage notes contain financial requirements for which the Organization is in compliance. Future principal payments are as follows:

<u>Year ending December 31:</u>	<u>Amount</u>
2025	\$ 171,164
2026	177,239
2027	183,919
2028	190,808
2029	198,479
Thereafter	<u>6,770,415</u>
Total mortgages and loans payable	7,692,024
Less: unamortized debt issuance costs	<u>34,532</u>
Mortgages and loans payable, net unamortized debt issuance costs	<u>\$ 7,657,492</u>

CHILDREN'S AID AND FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 9. PENSION PLANS

The Organization maintains a noncontributory, defined-contribution plan covering substantially all employees. There are no employee contributions to this plan. The Organization contributed \$406,533 to this plan for the year ended December 31, 2024. The Organization also maintains a tax-deferred annuity plan covering substantially all employees. Employees can contribute any percentage of their salary provided they do not contribute more than the maximum permitted by law. There are no employer contributions to this plan.

NOTE 10. COMMITMENTS

The Organization leases program and administrative space, copy machines, vehicles, and residential properties for program use for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2041. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. Additionally, the agreements generally require the Organization to pay utilities and repairs.

At December 31, 2024, maturities of lease liabilities are as follows:

Year ending December 31:	Financing leases	Operating leases
2025	\$ 48,736	\$ 401,505
2026	30,536	198,370
2027	11,029	150,256
2028	-	98,324
2029	-	54,940
Thereafter	<u>-</u>	<u>390,985</u>
Total lease payments	90,301	1,294,380
Less: amounts representing interest	<u>2,358</u>	<u>124,187</u>
Present value of lease liabilities	<u>\$ 87,943</u>	<u>\$ 1,170,193</u>

CHILDREN'S AID AND FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 10. COMMITMENTS (CONTINUED)

Supplemental information related to the lease commitments is as follows at December 31, 2024:

Lease expense:

Finance lease expense:

Amortization of right-of-use asset	\$ 47,286
Interest on lease liabilities	<u>2,704</u>
Total finance lease expense	49,990
Operating lease expense	<u>673,521</u>
Total lease expense	<u><u>\$ 723,511</u></u>

Other information:

Cash paid for amounts included in measurement of lease liabilities:

Operating cash flows from financing leases	<u>\$ 47,286</u>
Financing cash flows from financing leases	<u>\$ 46,032</u>
Operating cash flows from operating leases	<u>\$ 437,945</u>

Right-of-use assets obtained in exchange for new operating lease liabilities

\$ 440,566

Weighted-average remaining lease term (in years):

Financing leases	1.9
Operating leases	5.5

Weighted-average discount rate (%):

Financing leases	2.37
Operating leases	2.12

NOTE 11. BOARD DESIGNATED NET ASSETS

As of December 31, 2024, the Board of Trustees has designated \$185,000 of net assets without donor restrictions to be used towards the construction of the Cedar Hill Avenue, Mahwah behavioral residence.

CHILDREN'S AID AND FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 12. NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2024, net assets with donor restrictions are restricted for the following purposes:

Net assets restricted:

For purposes in future periods related to program expenses	\$ 173,907
For time based on endowment appropriations	<u>944,370</u>
Total net assets restricted by purpose or time	<u>1,118,277</u>

Net assets restricted in perpetuity:

Investment in perpetuity, the income from which is expendable to support designated activities of the Organization	187,938
Investment in perpetuity, the income from which is expendable to support community education programs of family counseling services	14,421
Investment in perpetuity, the income from which is expendable to support operations of the Organization	<u>1,414,526</u>
	1,616,885
Property in perpetuity, the use of which is restricted for use as a residential home	<u>382,000</u>
Total net assets restricted in perpetuity	<u>1,998,885</u>
Total net assets with donor restrictions	<u>\$ 3,117,162</u>

Net assets of \$868,143 were released from donor restrictions by incurring expenses satisfying the restricted purpose and as an appropriation from the endowment fund.

The Board of Trustees' interpretation requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted funds absent explicit donor stipulations to the contrary. As a result of this, the Organization classifies as net assets with donor restrictions the original value of gifts donated to the permanent funds and the original value of subsequent gifts to the permanent funds. The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

1. The duration and preservation of the programs
2. The purposes of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

CHILDREN'S AID AND FAMILY SERVICES, INC.
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NOTE 12. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

The Board of Trustees' primary objective, in this regard, is to add value and minimize risk in managing the assets of the funds while providing a hedge against inflation into the future. It is the intent of the Board of Trustees to grow the funds and utilize the total return (income plus capital change) to further the mission of the Organization. In recognition of the prudence required of fiduciaries, reasonable diversification of quality investment securities will be sought where possible, knowing that fluctuating rates of return are a characteristic of the investment market and performance cycles cannot be accurately predicted. The funds may be held in individual securities or mutual funds; may be comprised of domestic and international securities; and will be further diversified into asset classes by their market capitalization.

It is the policy of the Organization to accumulate earnings and, at the discretion of the Board of Trustees, to spend, on an annual basis, a maximum of the income earned.

Endowment net asset composition by type of fund was as follows at December 31, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amounts and amounts to be maintained in perpetuity by donor	\$ -	\$ 1,616,885	\$ 1,616,885
Accumulated gains and other	<u>-</u>	<u>944,370</u>	<u>944,370</u>
Total donor-restricted endowment funds	<u>\$ -</u>	<u>\$ 2,561,255</u>	<u>\$ 2,561,255</u>

Changes in endowment net assets for the year ended December 31, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds - beginning of year	\$ <u>-</u>	\$ <u>2,196,599</u>	\$ <u>2,196,599</u>
Investment return:			
Investment income	-	130,977	130,977
Fees	-	(1,823)	(1,823)
Net realized and unrealized	<u>-</u>	<u>615,502</u>	<u>615,502</u>
Total investment return	<u>-</u>	<u>744,656</u>	<u>744,656</u>
Amounts appropriated for expenditures	<u>-</u>	<u>(380,000)</u>	<u>(380,000)</u>
Donor-restricted endowment funds - end of year	<u>\$ -</u>	<u>\$ 2,561,255</u>	<u>\$ 2,561,255</u>

CHILDREN'S AID AND FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 13. CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets consisted of the following for the year ended December 31, 2024:

Household goods and food	\$ <u>542,834</u>
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Valuation techniques and inputs utilized in valuing these contributed nonfinancial assets are as follows:

<u>Contributed Nonfinancial Asset</u>	<u>Valuation Techniques and Inputs</u>
Household goods and food	Estimated based on estimates of retail values for similar products

The Organization receives donated household goods and food for program and fundraising use. The Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization.

All gifts-in-kind received by the Organization for the year ended December 31, 2024, were considered without donor restrictions and able to be used by the Organization as determined by management.

NOTE 14. CONCENTRATIONS AND CONTINGENCIES

Credit risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments.

The Organization maintains its cash in bank deposit accounts, the balances of which, at times, may exceed federally insured limits. Cash equivalents and investments are maintained with investment firms. The amount in excess of federally-insured limits was \$5,444,716 at December 31, 2024.

Receivables, revenue, gains and support

The Organization received approximately 86% of its total support for the year ended December 31, 2024, from government agencies, of which \$21,704,680 or 60% was from Medicaid.

Primarily all of the Organization's grants and contracts receivable at December 31, 2024 are due from Medicaid and the State of New Jersey. Concentration of credit risk with respect to grants and contracts receivable is limited due to the receivables being mainly due from government agencies.

CHILDREN'S AID AND FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 14. CONCENTRATIONS AND CONTINGENCIES (CONTINUED)

Contingencies - capital funding agreements

The Organization has entered into several capital funding agreements with the State of New Jersey Department of Children and Families and Department of Human Services for renovations on several of its group homes and day center for a total of \$173,830.

The Organization has agreed to maintain the homes and the day center as an approved facility for state clients for 20 years from the date of the funding. In the event that the Organization disposes of the property, no longer operates the program, or the state decides to terminate the agreement, the state may require that the Organization pay the state an amount up to the balance remaining on the agreement. The Organization must repay the state 1/20 of the agreement for every year less than 20 years that it operates the group home or day center.

In addition, the Organization entered into a purchase money mortgage with the state of New Jersey Department of Human Services for the purchase and renovations of the Park Ridge home in the amount of \$140,000. The Organization has agreed to maintain the home as an approved facility for state clients. In the event that the Organization disposes of the property, no longer operates the program, or the state decides to terminate the agreement, the state may require that the Organization pay the state the entire agreement amount.

At December 31, 2024, the Organization is contingently liable to the state in the amount of \$180,302 as follows:

<u>Group Home</u>	<u>Capital Funding</u>	<u>Funding Liability</u>
West Orange	\$ 4,680	\$ 1,755
Park Ridge	151,385	142,846
Woodlea	73,580	16,090
Paramus	31,353	9,202
Bogota	<u>52,832</u>	<u>10,409</u>
	<u>\$ 313,830</u>	<u>\$ 180,302</u>

Although the Organization has closed several of these programs, the properties were transitioned into homes for the developmentally disabled. As long as these homes remain state-approved facilities, the Organization should not have to pay these funds back. At this time, the state is not requiring payment as the homes are servicing an at-need population for individuals and families.

CHILDREN'S AID AND FAMILY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 14. CONCENTRATIONS AND CONTINGENCIES (CONTINUED)

Current vulnerability due to certain concentrations

The Organization's operations contain a concentration in the multi-family real estate market. In addition, the Organization operates in a heavily regulated environment. The operations of the Organization are subject to the administrative directives, rules and regulations of federal and state regulatory agencies. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by the State of New Jersey. Such changes may occur with little notice or inadequate funding to pay for the related costs, including the additional administrative burden, to comply with the change.

Other contingencies

The Organization, from time-to-time, is a defendant in actions, claims and litigation arising in the ordinary course of business, the outcome of which cannot be predicted with certainty. The Organization has liability insurance to cover such claims.

CHILDREN'S AID AND FAMILY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
<u>Federal Programs</u>			
<u>U.S. Department of Health and Human Services</u>			
Direct Awards:			
Center for Disease Control and Prevention:			
Drug-Free Communities Support Program Grants	93.276	N/A	\$ 93,725
Substance Abuse and Mental Health Services Administration			
Center for Substance Abuse Prevention:			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	39,691
Passed through the New Jersey Department of Human Services/Division of Mental Health and Addiction Services			
Block Grants for Prevention and Treatment of Substance Abuse:			
Regional Coalitions to Utilize Environmental Strategies to Achieve Population-level Change	93.959	24-754-ADA-0	176,495
Illegal Substances	93.959	24-754-ADA-0	110,585
Bergen County Underage Drinking	93.959	24-754-ADA-0	144,839
Passaic County Underage Drinking	93.959	24-754-ADA-0	105,722
Prescription Drug Abuse Prevention	93.959	24-754-ADA-0	103,151
Passaic County Rx Abuse	93.959	24-754-ADA-0	72,948
Passaic County Illegal Substance	93.959	24-754-ADA-0	81,358
Opioid Overdose Recovery Program	93.959	24-804-ADA-0	149,861
Opioid Overdose Recovery Program	93.959	25-804-ADA-0	103,996
Opioid Overdose Recovery Expansion Program	93.959	24-804-ADA-0	95,282
Opioid Overdose Recovery Expansion Program	93.959	25-804-ADA-0	38,300
Support Team for Addiction Recovery (STAR) Program	93.959	24-804-ADA-0	257,739
Support Team for Addiction Recovery (STAR) Program	93.959	25-804-ADA-0	59,250
Support Team for Addiction Recovery (STAR) Expansion Program	93.959	24-804-ADA-0	97,574
Support Team for Addiction Recovery (STAR) Expansion Program	93.959	25-804-ADA-0	50,844
Alternate Approaches to Pain Management in Older Adults-Bergen County	93.959	24-804-ADA-0	55,512
Alternate Approaches to Pain Management in Older Adults-Bergen County	93.959	25-804-ADA-0	14,733
Alternate Approaches to Pain Management in Older Adults-Passaic County	93.959	24-804-ADA-0	59,625
Alternate Approaches to Pain Management in Older Adults-Passaic County	93.959	25-804-ADA-0	11,867
Strategic Prevention Framework Partnerships for Success	93.959	24-804-ADA-0	43,934
Government Performance Result Act (GPRA)	93.959	24-804-ADA-0	10,911
Government Performance Result Act (GPRA)	93.959	23-804-ADA-0	11,491
Opioid Abuse in Sport-Related Injuries	93.959	24-804-ADA-0	11,121
ARPA: Strengthening Families Family Relationships-Paramus	93.959	23-304-ADA-0	1,426
ARPA: Vape Ends Prevention & Drop Sites-Paramus	93.959	23-304-ADA-0	2,052
ARPA: Strengthening Families Family Relationships-Paramus	93.959	23-304-ADA-0	8,059
ARPA: Transportation for Strengthening Families-Paramus	93.959	23-304-ADA-0	622

See independent auditor's report and notes to schedules of expenditures of federal and state awards.

CHILDREN'S AID AND FAMILY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
Passed through the New Jersey Department of Human Services/Division of Mental Health and Addiction Services (Continued)			
ARPA: Vape Ends Prevention & Drop Sites-Paramus	93.959	24-304-ADA-0	1,845
ARPA: Strengthening Families Family Relationships-Paramus	93.959	24-304-ADA-0	5,913
ARPA: Transportation for Strengthening Families-Paramus	93.959	24-304-ADA-0	4,068
ARPA: Prevention Screening Early Intervention	93.959	24-304-ADA-0	5,115
ARPA: Prevention HUB Infrastructure	93.959	24-304-ADA-0	16,564
ARPA: OTC Marijuana Prevention	93.959	24-304-ADA-0	<u>44,347</u>
			1,957,149
Passed through New Jersey Department of Children and Families:			
MaryLee Allen Promoting Safe and Stable Families: Child Welfare Services	93.556	N00073	235,106
Adoption Assistance: Child Welfare Services	93.659	NF00350	<u>1,681,053</u>
Total U.S. Department of Health and Human Services			4,006,724
<u>U.S. Department of Justice</u>			
Passed through the New Jersey Department of Law and Public Safety, Bergen County			
Prosecutor's Office:			
Comprehensive Opioid, Stimulant, and Other Substances Use Program:			
Abuse Site-Based Program (COSSAP)	16.838	2020-AR-BX-0120	320,955
Missing Children's Assistance:			
Supporting Effective Interventions for Youth with Problematic or Illegal Sexual Behavior (OJJDP)	16.543	15PJDP-22-GK-03843-MECP	<u>89,652</u>
Total U.S. Department of Justice			410,607

See independent auditor's report and notes to schedules of expenditures of federal and state awards.

CHILDREN'S AID AND FAMILY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through the New Jersey Housing and Mortgage Finance Agency CDBG - Disaster Recovery Grants - Pub.L.No. 113-2 Cluster: Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)			
Sandy Special Needs Housing Fund - 161 - Pleasant Valley Way	14.269	HMFA #03351/ SSNHFA #84	\$ 337,278
Sandy Special Needs Housing Fund - 651 Paramus Road	14.269	HMFA #03367/ SSNHFA #87	390,199
Sandy Special Needs Housing Fund - 320 Shepard Avenue	14.269	HMFA #03433/ SSNHFA #94	549,093
Total CDBG - Disaster Recovery Grants - Pub.L.No. 113-2 Cluster			<u>1,276,570</u>
Passed through the County of Bergen, Division of Community Development			
HOME Investment Partnerships Program	14.239	N/A	179,000
HOME Investment Partnerships Program	14.239	N/A	200,000
HOME Investment Partnerships Program	14.239	N/A	12,700
HOME Investment Partnerships Program	14.239	N/A	<u>8,804</u>
Total passed through the County of Bergen, Division of Community Development			<u>400,504</u>
Passed through the County of Essex, Department of Economic Development, Training and Employment, Division of Housing and Community Development:			
HOME Investment Partnerships Program	14.239	N/A	<u>100,000</u>
Total HOME Investment Partnerships Program			<u>500,504</u>
Total U.S. Department of Housing and Urban Development			<u>1,777,074</u>
Total Federal Awards Expended			\$ <u>6,194,405</u>

See independent auditor's report and notes to schedules of expenditures of federal and state awards.

CHILDREN'S AID AND FAMILY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

<u>Grant or Program Title</u>	<u>Original Contract Period</u>	<u>Grant Number</u>	<u>Program Award Amount</u>	<u>Disbursements/Expenditures</u>
<u>State Programs</u>				
<u>New Jersey Department of Children and Families</u>				
Division of Child Protection and Permanency				
Child Welfare Services	7/1/23 - 6/30/24	DCF Contract: 24N00073	\$ 21,263	\$ 8,621
Child Welfare Services	7/1/23 - 6/30/25	DCF Contract: 25N00074	21,263	9,109
Child Welfare Services	7/1/23 - 6/30/25	DCF Contract: 24NF0059	1,071,697	434,584
Child Welfare Services	7/1/23 - 6/30/24	DCF Contract: 24NF0060	80,250	24,241
Child Welfare Services	7/1/24 - 6/30/25	DCF Contract: 25N00353	80,250	53,260
Child Welfare Services	7/1/23 - 6/30/24	DCF Contract: 24NF0061	205,698	82,816
Child Welfare Services	7/1/24 - 6/30/25	DCF Contract: 25NF0061	205,698	93,899
Child Welfare Services	7/1/23 - 6/30/24	DCF Contract: 24NF0105	668,182	335,724
Child Welfare Services	7/1/23 - 6/30/25	DCF Contract: 25NF0105	643,182	264,100
Child Welfare Services	7/1/23 - 6/30/24	DCF Contract: 24NF0102	380,346	-
Child Welfare Services	7/1/23 - 6/30/24	DCF Contract: 24NF0102	3,645,600	1,744,901
Child Welfare Services	7/1/23 - 6/30/25	DCF Contract: 24NF0102	3,645,600	1,562,504
Total New Jersey Department of Children and Families			<u>10,669,029</u>	<u>4,613,759</u>
<u>New Jersey Department of Human Services</u>				
Division of Mental Health and Addiction Services Passed through the Bergen County Sheriff's Department				
Medication Assisted Treatment Grant	7/1/23 - 6/30/24	24-914-ADA	103,932	41,086
Medication Assisted Treatment Grant	7/1/24 - 6/30/25	25-914-ADA	113,876	36,279
			<u>217,808</u>	<u>77,365</u>
Passed through New Jersey Department of Law and Public Safety				
Bergen County Prosecutor's office				
Operation Helping Hand	9/1/23 - 8/31/24	SFY-OHH-2-2023	105,263	31,099
Central Municipal Court Diversion	10/3/23 - 10/3/24	02-213-43-275-368-021	88,960	71,589
Life Skills Training and EPIC (Youth Services Commission)	1/1/23- 12/31/23	N/A	268,268	161,143
Total Division of Mental Health and Addiction Services, passed through New Jersey Department of Law and Public Safety - Bergen County Prosecutor's Office			<u>462,491</u>	<u>263,831</u>

See independent auditor's report and notes to schedules of expenditures of federal and state awards.

CHILDREN'S AID AND FAMILY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF STATE AWARDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

<u>Grant or Program Title</u>	<u>Original Contract Period</u>	<u>Grant Number</u>	<u>Program Award Amount</u>	<u>Disbursements/E xpenditures</u>
Division of Developmental Disabilities:				
Funding Agreement for Construction, Purchase, or Purchase and Renovation of Community-Based Facilities	N/A	N/A	\$ 90,000	\$ 85,500
Funding Agreement for Construction, Purchase, or Purchase and Renovation of Community-Based Facilities	N/A	N/A	120,000	101,714
Funding Agreement for Construction, Purchase, or Purchase and Renovation of Community-Based Facilities	N/A	N/A	26,715	24,377
Funding Agreement for Construction, Purchase, or Purchase and Renovation of Community-Based Facilities	N/A	N/A	39,610	37,629
Funding Agreement for Construction, Purchase, or Purchase and Renovation of Community-Based Facilities	N/A	N/A	250,000	162,500
Funding Agreement for Construction, Purchase, or Purchase and Renovation of Community-Based Facilities	N/A	N/A	228,935	148,808
Funding Agreement for Construction, Purchase, or Purchase and Renovation of Community-Based Facilities	N/A	N/A	6,260	5,072
Funding Agreement for Construction, Purchase, or Purchase and Renovation of Community-Based Facilities	N/A	N/A	28,875	26,481
Funding Agreement for Construction, Purchase, or Purchase and Renovation of Community-Based Facilities	N/A	N/A	90,000	85,500
Funding Agreement for Construction, Purchase, or Purchase and Renovation of Community-Based Facilities	N/A	N/A	28,010	26,609
Funding Agreement for Construction, Purchase, or Purchase and Renovation of Community-Based Facilities	N/A	N/A	90,000	85,500
Funding Agreement for Construction, Purchase, or Purchase and Renovation of Community-Based Facilities	N/A	N/A	28,545	27,118
Funding Agreement for Construction, Purchase, or Purchase and Renovation of Community-Based Facilities	N/A	N/A	90,000	85,500
Funding Agreement for Construction, Purchase, or Purchase and Renovation of Community-Based Facilities	N/A	N/A	37,625	37,625
			<u>1,154,575</u>	<u>939,933</u>
Total New Jersey Department of Human Services			<u>1,834,874</u>	<u>1,281,129</u>
<u>New Jersey Housing and Mortgage Finance Agency</u>				
Special Needs Housing Trust Fund Program	N/A	HMFA #3471	465,665	465,665
Special Needs Housing Trust Fund Program	N/A	HMFA #3327	414,997	414,997
Special Needs Housing Trust Fund Program	N/A	HMFA #07784	623,876	605,160
			<u>1,504,538</u>	<u>1,485,822</u>
Special Needs Housing Partnership Loan Program	N/A	HMFA #02991	468,881	468,881
Special Needs Housing Partnership Loan Program	N/A	HMFA #02995	388,833	388,833
			857,714	857,714
Special Needs Housing Subsidy Loan Program	N/A	HMFA #3472	500,000	500,000
Total New Jersey Housing and Mortgage Finance Agency			<u>2,862,252</u>	<u>2,843,536</u>
Total Expenditures of State Awards			<u>\$ 15,366,155</u>	<u>\$ 8,738,424</u>

See independent auditor's report and notes to schedules of expenditures of federal and state awards.

CHILDREN'S AID AND FAMILY SERVICES, INC.
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedules of federal and state awards ("schedules") include the federal and state grant activity of the Organization and are presented on the accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulation* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey Office of Management and Budget Circular Letter 15-08. Because the schedules present only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2. SUBRECIPIENTS

During the year ended December 31, 2024, the Organization did not provide any funds relating to its federal and state programs to subrecipients.

NOTE 3. INDIRECT COSTS

The Organization did not elect to use the de minimis cost rate when allocating indirect costs to federal and state programs.

NOTE 4. LOAN PROGRAMS

For the purpose of determining the value of federal or state awards expended, management has determined that there are continuing compliance requirements related to its loans. Accordingly, the value of federal or state awards expended was based on the balance of outstanding loans at the beginning of the year plus the amount of loans proceeds received during the year ended December 31, 2024.

CHILDREN'S AID AND FAMILY SERVICES, INC.
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 4. LOAN PROGRAMS (CONTINUED)

The balances of loans outstanding with continuing compliance requirements under federal or state loan programs at December 31, 2024, are as follows:

Program Name	Federal Assistance Listing Number/Grant Number	Outstanding Balance at December 31, 2024
Sandy Special Needs Housing Fund - 161 - Pleasant Valley Way	14.269	\$ 337,278
Sandy Special Needs Housing Fund - 651 Paramus Road	14.269	390,199
Sandy Special Needs Housing Fund - 320 Shepard Avenue	14.269	549,093
HOME Investment Partnerships Program	14.239	179,000
HOME Investment Partnerships Program	14.239	200,000
HOME Investment Partnerships Program	14.239	100,000
HOME Investment Partnerships Program	14.239	12,700
HOME Investment Partnerships Program	14.239	8,804
Funding Agreement for Construction, Purchase, or Purchase and Renovation of Community-Based Facilities	N/A	884,085
Special Needs Housing Trust Fund Program	HMFA #3471	465,665
Special Needs Housing Trust Fund Program	HMFA #3327	414,997
Special Needs Housing Trust Fund Program	HMFA #07784	605,160
Special Needs Housing Partnership Loan Program	HMFA #02991	468,881
Special Needs Housing Partnership Loan Program	HMFA #02995	388,833
Special Needs Housing Partnership Loan Program	HMFA #3472	<u>500,000</u>
		<u>\$ 5,504,695</u>

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

To the Board of Trustees
Children's Aid and Family Services, Inc.
Paramus, 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 of America, the financial statements of Children's Aid and Family Services, Inc. (the "Organization"), a nonprofit organization, which comprise the statement of financial position as of December 31, 2024 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 22, 2025.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

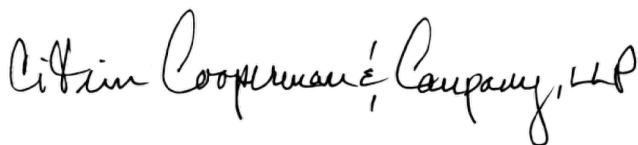
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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 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.



Braintree, Massachusetts
July 22, 2025

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE *UNIFORM GUIDANCE* AND NJOMB CIRCULAR LETTER
15-08**

To the Board of Trustees
Children's Aid and Family Services, Inc.
Paramus, New Jersey

Report on Compliance for Each Major Program

Opinion on Each Major Program

We have audited Children's Aid and Family Services, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *Compliance Supplement* and the New Jersey Office of Management and Budget ("NJOMB") *Compliance Supplement* that could have a direct and material effect on each of the Organization's major programs for the year ended December 31, 2024. The Organization's major programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Program

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

We are required to be independent of the Organization 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 program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

"Citrin Cooperman" is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. The entities of Citrin Cooperman & Company, LLP and Citrin Cooperman Advisors LLC are independent member firms of the Moore North America, Inc. (MNA) Association, which is itself a regional member of Moore Global Network Limited (MGNI). All the firms associated with MNA are independently owned and managed entities. Their membership in, or association with, MNA should not be construed as constituting or implying any partnership between them.

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 the Organization's federal and state 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 the Organization'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 generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and NJOMB Circular Letter 15-08 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 the Organization's compliance with the requirements of each major program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and NJOMB Circular Letter 15-08, 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 the Organization'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 the Organization'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 NJOMB Circular Letter 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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.

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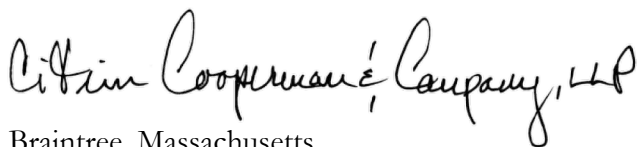
Report on Internal Control over Compliance

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 or state 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 or state 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 or state 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 New Jersey OMB Circular Letter 15-08. Accordingly, this report is not suitable for any other purpose.



Braintree, Massachusetts
July 22, 2025

**CHILDREN'S AID AND FAMILY SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Section I: Summary of Auditor's Results

Financial Statements:

The auditor's report issued on the basic financial statements of Children's Aid and Family Services, Inc., was an unmodified opinion.

Internal control over financial reporting:

- Material weakness(es) identified? _____Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? _____Yes X None noted

Noncompliance material to financial statements noted? _____Yes X No

Federal and State Awards:

Internal control over major programs:

- Material weakness(es) identified? _____Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? _____Yes X None noted

Type of auditor's report issued on compliance for major programs was an unmodified opinion.

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance or NJOMB Circular Letter 15-08 _____Yes X No

The following federal and state programs were designated as major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal or State Program or Cluster</u>
93.659	Adoption Assistance
14.269	CDBG- Disaster Recover Grants - Pub.L.No. 113-2 Cluster: Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)
New Jersey	New Jersey Department of Human Services Division of Developmental Disabilities: Funding Agreement for Construction, Purchase, or Purchase and Renovation of Community Based Facilities
New Jersey	New Jersey Housing and Mortgage Finance Agency: Special Needs Housing Trust Fund Program, Special Needs Housing Partnership Loan Program, Special Needs Housing Subsidy Loan Program

CHILDREN'S AID AND FAMILY SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

Federal Awards

_____ Yes X No

State Awards

_____ Yes X No

SECTION II: FINANCIAL STATEMENT FINDINGS

None

SECTION III: MAJOR FEDERAL AND STATE AWARD PROGRAM FINDINGS AND QUESTIONED COSTS

None

CHILDREN'S AID AND FAMILY SERVICES, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2024

Finding 2023-001: Inadequate controls over financial reporting

Condition: During the 2023 audit, it was discovered that the Organization did not have adequate controls over net asset classifications and releases of donor restrictions to timely identify and correct misstatements, and as a result, restatements related to the prior year were required.

Status: Resolved. The Organization has implemented additional reconciliation and review procedures over net assets and releases of donor restrictions related to net assets with donor restrictions, with greater frequency throughout the year. No similar findings were noted during the 2024 audit.