

**NEW JERSEY REENTRY CORPORATION
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017
WITH
INDEPENDENT AUDITOR'S REPORT**

NEW JERSEY REENTRY CORPORATION

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DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

Certified Public Accountants

Robert A. Gironda, CPA
Robert G. Doria, CPA (N.J. & N.Y.)
Frederick J. Tomkins, CPA, RMA
Matthew A. Donohue, CPA

310 Broadway
Bayonne, NJ 07002
(201) 437-9000
Fax: (201) 437-1432
E-Mail: dgd@dgdpas.com

Linda P. Kish, CPA, RMA
Mark W. Bednarz, CPA, RMA
Jason R. Gironda, CPA
Mauricio Canto, CPA, RMA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
New Jersey Reentry Corporation
Jersey City, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of New Jersey Reentry Corporation. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Jersey Reentry Corporation as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of state financial assistance, as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2019, on our consideration of New Jersey Reentry Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New Jersey Reentry Corporation's internal control over financial reporting and compliance.

Donohue, Gironda, Doria & Tomkins LLC
DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
Certified Public Accountants

March 28, 2019
Bayonne, New Jersey

NEW JERSEY REENTRY CORPORATION
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets:		
Cash	\$ 480,069	\$ 931,210
Grants Receivable	475,508	289,873
Prepaid Expenses	<u>266,707</u>	<u>152,445</u>
Total Current Assets	1,222,284	1,373,528
Noncurrent Assets:		
Furniture and Equipment, Net	283,734	96,687
Security Deposits	<u>39,394</u>	<u>10,000</u>
Total Noncurrent Assets	<u>323,128</u>	<u>106,687</u>
Total Assets	<u><u>\$ 1,545,412</u></u>	<u><u>\$ 1,480,215</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 145,169	\$ 149,041
Deferred Revenue	<u>193,937</u>	<u>717,619</u>
Total Current Liabilities	<u>339,106</u>	<u>866,660</u>
Net Assets:		
Unrestricted	<u>1,206,306</u>	<u>613,555</u>
Total Liabilities and Net Assets	<u><u>\$ 1,545,412</u></u>	<u><u>\$ 1,480,215</u></u>

NEW JERSEY REENTRY CORPORATION
STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	For the Year Ended June 30, 2018			For the Year Ended June 30, 2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES						
State Financial Assistance	\$ 32,200	\$ 4,719,389	\$ 4,751,589	\$ 32,200	\$ 4,719,389	\$ 4,751,589
Contributions	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Net Assets Released from Restriction	4,719,389	(4,719,389)	-	4,751,589	3,395,530	(3,395,530)
Total Revenues	4,751,589	-	4,751,589	3,429,650	-	3,429,650
EXPENSES						
Program Services	3,569,466	-	3,569,466	2,525,238	-	2,525,238
Management and General	589,372	-	589,372	426,008	-	426,008
Total Expenses	4,158,838	-	4,158,838	2,951,246	-	2,951,246
Change in Net Assets	592,751	-	592,751	478,404	-	478,404
Net Assets, July 1	613,555	-	613,555	135,151	-	135,151
Net Assets, June 30	\$ 1,206,306	\$ -	\$ 1,206,306	\$ 613,555	\$ -	\$ 613,555

NEW JERSEY REENTRY CORPORATION
STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	For the Year Ended June 30, 2018			For the Year Ended June 30, 2017		
	Total Program Services	Management and General	Total	Total Program Services	Management and General	Total
Salaries	\$ 2,118,195	\$ 343,351	\$ 2,461,546	\$ 1,510,043	\$ 297,015	\$ 1,807,058
Payroll Taxes	125,716	16,296	142,012	78,239	14,589	92,828
Employee Benefits	281,335	44,183	325,518	284,328	30,206	314,534
Total Salaries & Benefits	2,525,246	403,830	2,929,076	1,872,610	341,810	2,214,420
 Rent Expense	 305,663	 58,854	 364,517	 123,119	 -	 123,119
Program Transportation	110,518	-	110,518	64,935	-	64,935
Participant Cost	105,930	-	105,930	72,906	-	72,906
Depreciation	77,675	9,301	86,976	32,127	5,230	37,357
Facility Operating Costs	62,404	9,601	72,005	63,489	-	63,489
Computer Expense	33,364	35,729	69,093	23,833	4,539	28,372
Technical Services	46,637	10,666	57,303	14,548	4,103	18,651
Supplies	41,916	13,305	55,221	23,934	4,559	28,493
Consultants	47,711	4,495	52,206	53,433	35,623	89,056
Communication	38,419	10,269	48,688	18,227	3,472	21,699
Insurance	37,566	6,536	44,102	14,057	2,678	16,735
Printing and Publication	25,530	7,970	33,500	13,070	2,490	15,560
Professional Services	24,201	8,637	32,838	23,100	8,100	31,200
Office Furniture and Equipment	25,056	3,851	28,907	27,485	-	27,485
Maintenance and Repairs	21,251	2,339	23,590	32,258	6,144	38,402
Utilities	18,064	3,930	21,994	21,376	4,072	25,448
Meetings and Conferences	16,571	-	16,571	15,663	2,984	18,647
Travel	4,028	29	4,057	1,072	204	1,276
Miscellaneous	1,716	30	1,746	13,996	-	13,996
 Total Expenses	 \$ 3,569,466	 \$ 589,372	 \$ 4,158,838	 \$ 2,525,238	 \$ 426,008	 \$ 2,951,246

See Accompanying Notes to the Financial Statements

NEW JERSEY REENTRY CORPORATION
STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 592,751	\$ 478,404
Adjustment to Reconcile Change in Net Assets to Net Cash (Used) Provided by Operating Activities:		
Depreciation	86,976	37,357
(Increase) in Grants Receivable	(185,635)	(55,525)
(Increase) in Prepaid Expenses	(114,262)	(119,445)
(Increase) in Security Deposits	(29,394)	(10,000)
(Decrease) Increase in Payables and Accrued Expenses	(3,871)	109,289
(Decrease) in Deferred Revenue	<u>(523,682)</u>	<u>(355,354)</u>
Net Cash (Used) Provided by Operating Activities	<u>(177,117)</u>	<u>84,726</u>
Cash Flows from Financing Activities:		
Purchases of Furniture and Equipment	<u>(274,023)</u>	<u>(17,223)</u>
Net (Decrease) Increase in Cash	(451,140)	67,503
Cash, July 1	<u>931,210</u>	<u>863,707</u>
Cash, June 30	<u>\$ 480,070</u>	<u>\$ 931,210</u>

See Accompanying Notes to the Financial Statements

**NEW JERSEY REENTRY CORPORATION
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 1: NATURE OF ACTIVITIES

The New Jersey Reentry Corporation (NJRC), a nonprofit corporation, is designed to provide critical services for those persons who have been court-involved. Its purpose is to enroll and provide services, including addiction treatment, sober transitional housing, and training and employment, linkage to health care services, motor vehicle identification and legal support, for individuals with a diagnosed mental health and/or substance use disorder, who have been arrested, incarcerated and sentenced through the judicial system.

The NJRC received their tax exempt certificate from the State of New Jersey on November 22, 2014 and commenced operations on December 1, 2015.

Description of Program and Supporting Services

The following program and supporting services are included in the accompanying financial statements:

• **One-Stop Offender Re-entry Services**

The program is designed to help communities develop and implement comprehensive and collaborative strategies that address the challenges posed by offender reentry and recidivism reduction. The program provides rapid risk/needs assessment, pre-release services, linkage to entitlement and services prior to release, post-release services, ongoing assessment, case management, and implementation of data collection and analysis strategies to better understand the population and impact of the program.

• **Management and General**

Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the NJRC's program strategy; secure proper administrative functioning of the Board of Directors; maintain competent legal services for the program administration; and manage the financial and budgetary responsibilities of the NJRC.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of NJRC have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Grants Receivable

Grants receivable are stated at the amount management expects to be reimbursed by federal or state funding agencies.

**NEW JERSEY REENTRY CORPORATION
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For the purpose of the statement of cash flows, NJRC considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Furniture and Equipment

NJRC capitalizes all expenditures for property and equipment in excess of \$5,000. Furniture and equipment are carried at cost. Depreciation is computed using the straight-line basis over the estimated useful life of the asset.

Revenue Recognition

Grants and contract awards from Federal and State agencies are recognized as the related expenses are incurred or specified contract benchmarks are fulfilled by the Organization. Amounts received from grants which have not yet been earned under the terms of the agreement are recorded as deferred revenue in the accompanying financial statements.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence or nature of any donor restrictions.

Net Assets

The classification of a non-profit organization's net assets is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the classes of net assets – unrestricted, temporary restricted, and permanently restricted – be displayed in the statement of financial position and the amount of change in each of the classes of net assets be displayed in the statement of activities.

Unrestricted – The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

Temporarily Restricted – Net assets resulting from grant awards and contributions and other inflows of assets whose use by Organization is limited by donor-imposed stipulations that either expired by passage of time or can be fulfilled and removed by actions of Organization pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities. At June 30, 2018 and 2017 the Organization did not have any temporarily restricted net assets.

Permanently Restricted – Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. At June 30, 2018 and 2017 the Organization did not have any permanently restricted net assets.

**NEW JERSEY REENTRY CORPORATION
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Accounting Standards

The Foundation is currently reviewing the applicability and potential impact on the financial statements of FASB Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The provisions that are most likely applicable and will impact the financial statements require:

1. Presenting net assets in two classifications of either with or without donor restrictions;
2. Providing enhanced disclosures about:
 - a. Self-imposed limits on the use of resources,
 - b. Composition of net assets with donor restrictions,
 - c. Qualitative information that communicates the availability of liquid resources available to meet cash needs for general expenditures within one year and how those resources are managed,
 - d. Amounts of expense by both their natural classification and their functional classifications, and
 - e. Methods used to allocate costs among program and support functions;
3. Reporting on investment return net of external and direct internal investment expenses; and
4. Use, in absence of explicit donor stipulations, the placed-in-service approach for reporting expirations on restrictions on gifts of cash or other assets used to acquire or construct a long-lived asset.

FASB ASU No. 2016-14 is effective for fiscal years beginning after December 15, 2017 and generally should be applied retrospectively to all prior periods presented.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**NEW JERSEY REENTRY CORPORATION
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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 these estimates.

NOTE 3: FURNITURE AND EQUIPMENT

Furniture and Equipment for the years ended June 30, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Furniture and Equipment:		
Office Furniture and Equipment	\$ 393,382	\$ 119,360
Transportation Equipment	24,800	24,800
Total Furniture and Equipment	<u>418,182</u>	<u>144,160</u>
Less: Accumulated Depreciation	(134,448)	(47,473)
Total Furniture and Equipment, Net	<u><u>\$ 283,734</u></u>	<u><u>\$ 96,687</u></u>

Depreciation on building and equipment has been computed on a straight-line basis over estimated useful lives as follows:

Office Furniture and Equipment – 3 years
Transportation Equipment – 5 years

Depreciation expense was \$86,976 and \$37,357 for the years ended June 30, 2018 and 2017 respectively.

NOTE 4: CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

NJRC maintains its cash balances in one financial institution located in Jersey City, New Jersey. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. NJRC's uninsured cash balances totaled \$364,792 and \$764,944 at June 30, 2018 and 2017 respectively.

**NEW JERSEY REENTRY CORPORATION
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 5: CONTRACTS WITH SUBRECIPIENTS

On November 23, 2015, NJRC entered into an agreement with the Greater Newark Conservancy, a New Jersey nonprofit to be the sole substance/mental health treatment provider at Integrity House, Inc. in connection with the One-Stop Offender Re-entry Services grant. This agreement was modified on May 11, 2016 to increase the funding allocation for the subrecipient.

On December 9, 2015, NJRC entered into a contract with the Jersey City Employment and Training Program, Inc. to provide administrative and program services in connection with the One-Stop Offender Re-entry Services grant. Under the terms of the contract, NJRC will reimburse Jersey City Employment and Training Program, Inc. for a percentage of costs related to administrative and program services.

On September 1, 2017 NJRC entered into a grant agreement with the New Jersey Department of Community Affairs in the amount of \$4.0 Million to provide based reentry programs and employment services, the grant award period is from September 1, 2017 to June 30, 2018. On October 16, 2017 NJRC received a \$2.0 Million advance for program start-up costs.

NOTE 6: OPERATING LEASES

On January 10, 2016, NJRC entered into a one year sub-lease agreement with the option to cancel the lease at the end of each year, with an expiration date of December 31, 2019 with William H. Butler Help Center Inc., a nonprofit corporation, commencing upon completion of renovations as determined by the Sub-lease located at 147 Montgomery Street, Paterson, New Jersey for the entire second and third floor Grace Gospel Church of Paterson, Inc.

On February 23, 2016, NJRC entered into a 5 year lease for office space located at 310 Main Street, Toms River, New Jersey to provide services in connection with the One-Stop Offender Re-entry Services grant.

On November 16, 2016 NJRC entered into a 5 year lease for office space located at 9 Basin Drive Unit 190, Kearny New Jersey in connections with the One Stop Offender Re-entry Services Grant.

On October 10, 2017 NJRC entered into a 5 year lease for office space located at 57 Livingston Avenue, New Brunswick, New Jersey to operate and provide services in connection with the One-Stop Offender Re-entry Services grant.

On November 6, 2017 NJRC entered into a 5 year lease for office space located at 208-214 Commerce Place Elizabeth, New Jersey to operate and provide services in connection with the One-Stop Offender Re-entry Services grant.

On November 30, 2017 NJRC entered into a 5 year lease for office space located at 39 Hudson Street, Hackensack, New Jersey to operate and provide services in connection with the One-Stop Offender Re-entry Services grant.

**NEW JERSEY REENTRY CORPORATION
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 6: OPERATING LEASES (Continued)

On January 23, 2018 NJRC entered into a 5 year lease for office space located at 72 Morris Avenue Neptune City, New Jersey to operate and provide services in connection with the One-Stop Offender Re-entry Services grant.

NJRC recognized rent expense in the amount of \$364,517 and \$123,119 for the years ended June 30, 2018 and 2017. Prepaid rent balances for the years ended June 30, 2018 and 2017 totaled \$238,046 and \$114,820, respectively.

NJRC will be obligated to pay future minimum lease payments under the term of the leases as follows:

Year Ended June 30,	Amount
2019	\$ 129,518
2020	123,178
2021	104,784
2022	41,868
2023	<u>52,290</u>
Total	<u><u>\$ 451,638</u></u>

NJRC has several non-cancelable operating leases, primarily for office copiers, with expiration periods from 2 to 3 years. Rental expense for those leases consisted of \$16,085 and \$14,650 for the years ended June 30, 2018 and 2017, respectively.

NJRC will be obligated to pay future minimum lease payments under the term of the leases as follows:

Year Ended June 30,	Amount
2019	\$ 7,656
2020	4,176
2021	<u>1,392</u>
Total	<u><u>\$ 13,224</u></u>

**NEW JERSEY REENTRY CORPORATION
NOTES TO FINANCIAL STATEMENTS**

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 7: CONTINGENCIES

NJRC receives its support from the State of New Jersey, Department of Community Affairs, New Jersey Department of Labor and New Jersey State Parole Board. A significant reduction in the level of this support may have an effect on the NJRC's programs. Grants require the fulfillment of certain conditions as set forth in the grant agreement. Failure to fulfill the conditions could result in the return of the funds to grantors. Although that is a possibility, management deems the contingency remote, since by accepting grants and their terms; it has accommodated the objectives of the organization to the provisions of the grant.

NOTE 8: RELATED ENTITIES

The NJRC and the Jersey City Office of Employment and Training, Inc. mutually support each other's respective missions through shared administrative and social delivery services.

NOTE 9: INCOME TAXES

Uncertain Tax Positions - Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

NOTE 10: SUBSEQUENT EVENTS

On July 18, 2018 NJRC entered into a three-year lease for two vehicles to operate and provide services for the various NJRC programs. NJRC under the terms of the lease is responsible for making monthly payments in the amount of \$486 for each vehicle over the life of the lease.

Subsequent events were evaluated through March 28, 2019 which is the date the financial statements were available to be issued.

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

Certified Public Accountants

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

To the Board of Directors of
New Jersey Reentry Corporation
Jersey City, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of New Jersey Reentry Corporation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated March 28, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered New Jersey Reentry Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of New Jersey Reentry Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of New Jersey Reentry Corporation's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Donohue, Gironda, Doria & Tomkins LLC
DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
Certified Public Accountants

March 28, 2019
Bayonne, New Jersey

DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

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

To the Board of Directors of
New Jersey Reentry Corporation
Jersey City, New Jersey

Report on Compliance for Each Major State Program

We have audited New Jersey Reentry Corporation's compliance with the types of compliance requirements described in the State of New Jersey OMB Circular 15-08 Compliance Supplement that could have a direct and material effect on New Jersey Reentry Corporation's major state program for the year ended June 30, 2018. New Jersey Reentry Corporation's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for New Jersey Reentry Corporation's major state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of New Jersey OMB Circular 15-08. Those standards and New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major state program occurred. An audit includes examining, on a test basis, evidence about New Jersey Reentry Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for its state program. However, our audit does not provide a legal determination of New Jersey Reentry Corporation compliance.

Opinion on State Program

In our opinion, New Jersey Reentry Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of New Jersey Reentry Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered New Jersey Reentry Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on its state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of New Jersey Reentry Corporation's 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 state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Donohue, Gironda, Doria & Tomkins LLC
DONOHUE, GIRONDA, DORIA & TOMKINS, LLC
Certified Public Accountants

March 28, 2019
Bayonne, New Jersey

NEW JERSEY REENTRY CORPORATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2018

State of New Jersey Grantor/Pass Through Grantor/Program or Cluster Title	Account Number	Award Amount	Grant Period		June 30, 2017		June 30, 2018		Cumulative Expenditures
			From	To	Accounts Receivable	Deferred Revenue	Cash Received	Expenditures	
NJ Department of Community Affairs:									
One-Stop Offender Re-entry Services	2018-05161-0049-00	\$ 4,000,000	09/01/17	06/30/18	\$ 122,153	\$ (2,000,000)	\$ 1,836,639	\$ 30,576	\$ (193,937)
One-Stop Offender Re-entry Services	2016-05161-0072-00	3,500,000	06/30/16	09/01/17	-	(122,153)	-	-	1,836,639
One-Stop Offender Re-entry Services	2017-05161-0139-00	2,500,000	06/30/16	10/01/17	-	(717,619)	(883,660)	366,340	3,500,000
Total NJ Department of Community Affairs					<u>122,153</u>	<u>(717,619)</u>	<u>(3,065,813)</u>	<u>3,804,258</u>	<u>(193,937)</u>
 NJ Department of Labor and Workforce Development:									
New Jersey BUILD	NJBR-1804	275,100	05/01/18	04/30/19	-	-	-	1,626	1,626
New Jersey BUILD	NJBR-1802	290,800	05/01/18	04/30/19	-	-	-	6,627	6,627
New Jersey BUILD	NJBR-1803	276,681	05/01/18	04/30/19	-	-	-	1,626	1,626
Employment for Citizens Returning from Incarceration	ECRIP-2017-01	500,000	10/01/16	09/30/17	30,897	-	(156,411)	125,514	402,532
Total NJ Department of Labor and Workforce Development					<u>30,897</u>	<u>-</u>	<u>(156,411)</u>	<u>135,393</u>	<u>-</u>
 NJ State Parole Board									
Community Resource Center	N/A	4,275,000	09/01/15	08/30/18	136,822	-	(847,848)	779,738	68,713
Total NJ Parole Board					<u>136,823</u>	<u>-</u>	<u>(847,848)</u>	<u>779,738</u>	<u>68,713</u>
Total State Financial Assistance					<u>\$ 289,873</u>	<u>\$ (717,619)</u>	<u>\$ (4,010,072)</u>	<u>\$ 4,719,389</u>	<u>\$ 475,508</u>
N/A - Information not Available									

NEW JERSEY REENTRY CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1: BASIS OF PRESENTATION

The schedule of expenditures of state financial assistance include the state grant activity of New Jersey Reentry Corporation under programs of the state government for the year ended June 30, 2018. The information on these schedules is presented in accordance with the requirements of the State of New Jersey Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. All state awards received from state agencies, as well as state financial assistance passed through other governmental agencies is included on these schedules.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedules of expenditures of state financial assistance are presented on the accrual basis of accounting. This basis of accounting is described in Note 1 to the basic financial statements. The information in these schedules is presented in accordance with the requirements of the *State of New Jersey Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE 3: RELATIONSHIP TO STATE REPORTING

Amounts reported in the accompanying schedules agree with the amounts reported in the related state financial reports.

**NEW JERSEY REENTRY CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

FOR THE YEAR ENDED JUNE 30, 2018

Section I - Summary of Auditors' Results

Financial Statement Section

A) Type of Auditors Report Issued:	<hr/> Unmodified	
B) Internal Control over Financial Reporting:	<hr/>	
1) Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
2) Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
C) Noncompliance material to basic financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

State Awards Section

J) Dollar threshold used to distinguish between Type A and Type B Programs.	<hr/> \$750,000	
K) Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
L) Internal Control over major programs:	<hr/>	
1) Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
2) Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
M) Type of auditor's report on compliance for major programs:	<hr/> Unmodified	
N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular Letter 15-08?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
O) Identification of major programs:	<hr/>	

State Grant/Project Number(s)

05161-0072-00
N/A

Name of State Program

One-Stop Offender Re-entry Services
Community Resource Center

NEW JERSEY REENTRY CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

Section II - Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of Government Auditing Standards.

No matters were reported

NEW JERSEY REENTRY CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

Section III - State Financial Assistance Findings and Questioned Costs

(This section identifies audit findings required to be reported by New Jersey OMB Circular 15-08.)

No matters were reported

NEW JERSEY REENTRY CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
AS PREPARED BY MANAGEMENT

FOR THE YEAR ENDED JUNE 30, 2018

This section identifies the status of prior-year audit findings related to the basic financial statements and state awards that are required to be reported by New Jersey OMB Circular 15-08.

FINANCIAL STATEMENTS

No matters were reported

STATE FINANCIAL ASSISTANCE

No matters were reported