

**NEW JERSEY REENTRY CORPORATION  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017 AND  
FOR THE SEVEN MONTH PERIOD ENDED JUNE 30, 2016  
WITH  
INDEPENDENT AUDITOR'S REPORT**

# NEW JERSEY REENTRY CORPORATION

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# DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

*Certified Public Accountants*

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## **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, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended and the seven month period ended June 30, 2016, 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, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended and for the seven month period ended June 30, 2016, 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 and the 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 February 12, 2018, 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.

  

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DONOHUE, GIRONDA, DORIA & TOMKINS, LLC  
*Certified Public Accountants*

February 12, 2018  
Bayonne, New Jersey

**NEW JERSEY REENTRY CORPORATION**

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 931,210	\$ 863,707
Grants Receivable	289,873	234,348
Prepaid Expenses	152,445	33,000
Total Current Assets	<u>1,373,528</u>	<u>1,131,055</u>
Non Current Assets:		
Property and Equipment:		
Furniture and Equipment, Net	96,687	116,211
Security Deposits	10,000	-
Total Non Current Assets	<u>106,687</u>	<u>116,211</u>
Total Assets	<u>\$ 1,480,215</u>	<u>\$ 1,247,266</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 149,041	\$ 39,142
Deferred Revenue	717,619	1,072,973
Total Current Liabilities	<u>866,660</u>	<u>1,112,115</u>
Net Assets:		
Unrestricted	<u>613,555</u>	<u>135,151</u>
Total Liabilities and Net Assets	<u>\$ 1,480,215</u>	<u>\$ 1,247,266</u>

See Accompanying Notes to the Financial Statements

**NEW JERSEY REENTRY CORPORATION**

**STATEMENTS OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2017 AND  
SEVEN MONTH PERIOD ENDED JUNE 30, 2016**

	For the Year Ended June 30, 2017		For the Seven Month Period Ended June 30, 2016	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
<b>REVENUES</b>				
State Grants	\$ -	\$ 3,395,530	\$ -	\$ 1,307,027
Contributions	14,000	14,000	5,000	5,000
Miscellaneous	20,120	20,120	13,940	13,940
Net Assets Released from Restriction	3,395,530	(3,395,530)	1,307,027	(1,307,027)
Total Revenues	<u>3,429,650</u>	<u>3,429,650</u>	<u>1,325,967</u>	<u>1,325,967</u>
<b>EXPENSES</b>				
Program Services	2,525,238	-	1,020,216	-
Management and General	426,008	-	170,600	-
Total Expenses	<u>2,951,246</u>	<u>-</u>	<u>1,190,816</u>	<u>-</u>
Change in Net Assets	478,404	-	135,151	-
Net Assets, July 1 and Dec 1	135,151	-	-	-
Net Assets, June 30	<u>\$ 613,555</u>	<u>\$ -</u>	<u>\$ 135,151</u>	<u>\$ -</u>

**NEW JERSEY REENTRY CORPORATION**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2017 AND**  
**SEVEN MONTH PERIOD ENDED JUNE 30, 2016**

	For the Year Ended June 30, 2017		For the Seven Month Period Ended June 30, 2016			
	Total Program Services	Management and General	Total	Total Program Services	Management and General	Total
Salaries	\$ 1,510,043	\$ 297,015	\$ 1,807,058	\$ 578,531	\$ 89,961	\$ 668,492
Payroll Taxes	78,239	14,589	92,828	29,192	5,375	34,567
Employee Benefits	284,328	30,206	314,534	121,139	22,392	143,531
Total Salaries & Benefits	1,872,610	341,810	2,214,420	728,862	117,728	846,590
Rent Expense	123,119	-	123,119	25,500	-	25,500
Consultants	53,433	35,623	89,056	63,370	25,130	88,500
Participant Cost	72,906	-	72,906	13,514	-	13,514
Bus Tickets	64,935	-	64,935	10,790	-	10,790
Facility Operating Costs	63,489	-	63,489	31,033	-	31,033
Maintenance and Repairs	32,258	6,144	38,402	11,852	540	12,392
Depreciation	32,127	5,230	37,357	-	10,116	10,116
Professional Services	23,100	8,100	31,200	20,670	8,128	28,798
Supplies	23,934	4,559	28,493	17,127	372	17,499
Computers/Network/Server	23,833	4,539	28,372	2,974	404	3,378
Office Furniture and Equipment	27,485	-	27,485	19,723	-	19,723
Utilities	21,376	4,072	25,448	12,149	312	12,461
Communication	18,227	3,472	21,699	11,715	138	11,853
Technical Services	14,548	4,103	18,651	31,114	6,913	38,027
Meetings, Conferences	15,663	2,984	18,647	1,510	136	1,646
Insurance	14,057	2,678	16,735	14,763	615	15,378
Printing and Publication	13,070	2,490	15,560	2,451	43	2,494
Miscellaneous Program Expenses	13,996	-	13,996	959	-	959
Travel	1,072	204	1,276	140	25	165
Total Expenses	\$ 2,525,238	\$ 426,008	\$ 2,951,246	\$ 1,020,216	\$ 170,600	\$ 1,190,816

See Accompanying Notes to the Financial Statements



**NEW JERSEY REENTRY CORPORATION**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED JUNE 30, 2017 AND  
SEVEN MONTH PERIOD ENDED JUNE 30, 2016**

	2017	2016
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 478,404	\$ 135,151
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	37,357	10,116
(Increase) in Grants Receivable	(55,525)	(234,348)
(Increase) in Prepaid Expenses	(119,445)	(33,000)
(Increase) in Security Deposits	(10,000)	-
Increase in Payables and Accrued Expenses	109,289	39,142
(Decrease) Increase in Deferred Revenue	(355,354)	1,072,973
Net Cash Provided by Operating Activities	84,726	990,034
Cash Flows from Financing Activities:		
Purchases of Furniture and Equipment	(17,223)	(126,327)
Net Increase in Cash	67,503	863,707
Cash, July 1 and December 1	863,707	-
Cash, June 30	\$ 931,210	\$ 863,707

See Accompanying Notes to the Financial Statements

**NEW JERSEY REENTRY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017 AND  
SEVEN MONTH PERIOD ENDED JUNE 30, 2016**

**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.

**NEW JERSEY REENTRY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017 AND  
SEVEN MONTH PERIOD ENDED JUNE 30, 2016**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Grants Receivable**

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

**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.

**NEW JERSEY REENTRY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017 AND  
SEVEN MONTH PERIOD ENDED JUNE 30, 2016**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Net Assets (Continued)**

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, 2017 and 2016 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, 2017 and 2016 the Organization did not have any permanently restricted net assets.

**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.

**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: OFFICE AND TRANSPORTATION EQUIPMENT**

Office and Transportation Equipment for the year ended June 30, 2017 and seven month period ended June 30, 2016 were as follows:

	2017	2016
	<u>                    </u>	<u>                    </u>
Office Equipment	\$ 119,360	\$ 101,527
Transportation Equipment	24,800	24,800
	<u>144,160</u>	<u>126,327</u>
Less: Accumulated Depreciation	(47,473)	(10,116)
Total Equipment	<u>\$ 96,687</u>	<u>\$ 116,211</u>

**NEW JERSEY REENTRY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017 AND  
SEVEN MONTH PERIOD ENDED JUNE 30, 2016**

**NOTE 3: OFFICE AND TRANSPORTATION EQUIPMENT (Continued)**

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

Office Equipment – 3 years  
Transportation Equipment – 5 years

Depreciation expense was \$37,357 for the year ended June 30, 2017 and \$10,116 for the seven month period ended June 30, 2016.

**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 \$764,944 and \$651,378 at June 30, 2017 and 2016 respectively.

**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.

**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.

**NEW JERSEY REENTRY CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017 AND**  
**SEVEN MONTH PERIOD ENDED JUNE 30, 2016**

**NOTE 6: OPERATING LEASES (Continued)**

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.

NJRC recognized rent expense in the amount of \$123,119 for the year ended June 30, 2017 and \$25,500 for the seven month period ended June 30, 2016. Prepaid rent balances for the year ended June 30, 2017 and the seven month period ended June 30, 2016 totaled \$114,820 and \$33,000 respectively.

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

For Year Ended June 30,	Amount
2018	\$ 126,276
2019	129,518
2020	123,178
2021	104,784
2022	41,868
Total	\$ 525,624

NJRC has several non-cancelable operating leases, primarily for office copiers, with expiration periods from 2 to 6 years. Rental expense for those leases consisted of \$14,650 for the year ended June 30, 2017 and \$1,348 for the seven month period ended June 30, 2016.

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

For Year Ended June 30,	Amount
2018	\$ 11,136
2019	7,656
2020	4,176
2021	4,176
2022	4,176
Thereafter	4,524
Total	\$ 31,320

**NEW JERSEY REENTRY CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017 AND  
SEVEN MONTH PERIOD ENDED JUNE 30, 2016**

**NOTE 8: 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 9: 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 10: 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 11: SUBSEQUENT EVENTS**

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.

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.

Subsequent events were evaluated through February 8, 2018 which is the date the financial statements were available to be issued.

# DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

*Certified Public Accountants*

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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, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the year then ended and seven month period ended to June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated February 12, 2018.

### **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.

Handwritten signature of the firm: "Donohue, Gironde, Doria & Tomkins LLC" in cursive script.

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DONOHUE, GIRONDA, DORIA & TOMKINS, LLC  
*Certified Public Accountants*

February 12, 2018  
Bayonne, New Jersey

# DONOHUE, GIRONDA, DORIA & TOMKINS, LLC

*Certified Public Accountants*

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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, 2017. 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, 2017.

### **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, Gironde, Doria & Tomkins LLC*

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DONOHUE, GIRONDA, DORIA & TOMKINS, LLC  
*Certified Public Accountants*

February 12, 2018  
Bayonne, New Jersey

NEW JERSEY REENTRY CORPORATION  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE YEAR ENDED JUNE 30, 2017

State of New Jersey Grantor/Pass Through Grantor/Program or Cluster Title	Grant Account Number	Award Amount	Grant Period		June 30, 2016		June 30, 2017		Cumulative Expenditures
			From	To	Accounts Receivable	Deferred Revenue	Accounts Receivable	Deferred Revenue	
NJ Department of Community Affairs: * One-Stop Offender Re-entry Services * One-Stop Offender Re-entry Services Total NJ Department of Community Affairs	2016-05161-0072-00	\$ 3,500,000	06/30/16	09/01/15	\$ 234,348	\$ (1,072,973)	\$ 122,153	\$ -	\$ 3,500,000
	2017-05161-0139-00	2,500,000	06/30/17	10/01/16	-	-	-	(717,619)	532,381
					234,348	(1,072,973)	122,153	(717,619)	
NJ Department of Labor and Workforce Development: Employment for Citizens Returning from Incarceration Total NJ Department of Labor and Workforce Development	ECRIP-2017-01	500,000	10/01/16	09/30/17	-	-	30,897	-	277,018
							30,897		
NJ State Parole Board Community Resource Center Total NJ Parole Board	N/A	4,275,000	09/01/15	08/30/18	-	-	136,823	-	393,159
							136,823		
Total State Financial Assistance					\$ 234,348	\$ (1,072,973)	\$ 289,873	\$ (717,619)	

\* - Denotes Major Program  
 N/A - Information not Available

The accompanying notes to the schedule of awards and financial assistance are an integral part of this schedule

**NJ REENTRY CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES  
OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2017**

**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, 2017. 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.

**NJ REENTRY CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

*Section 1 - Summary of Auditors' Results*

Financial Statement Section

A) Type of Auditors Report Issued:	<u>Unmodified</u>	
B) Internal Control over Financial Reporting:		
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.	<u>\$750,000</u>	
K) Auditee qualified as low-risk auditee?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
L) Internal Control over major programs:		
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:	<u>Unmodified</u>	
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:		

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>05161-0072-00</u>	<u>One-Stop Offender Re-entry Services</u>

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

**FOR THE YEAR ENDED JUNE 30, 2017**

***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, 2017**

***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, 2017**

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**