# Center for Family Support, New Jersey, Inc.

Financial Statements
Years Ended June 30, 2025 and 2024

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.

BDO

# Center for Family Support, New Jersey, Inc.

Financial Statements

Years Ended June 30, 2025 and 2024

# Center for Family Support, New Jersey, Inc.

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Tel: 212-885-8000
Fax: 212-697-1299
www.bdo.com

200 Park Avenue, 38th Floor
New York, NY 10166

## Independent Auditor's Report

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

### *Opinion*

We have audited the financial statements of the Center for Family Support, New Jersey, Inc. (CFS-NJ), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CFS-NJ as of June 30, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CFS-NJ and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 CFS-NJ's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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*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 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, we:

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

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

BDO USA, P.C.

October 31, 2025

# Center for Family Support, New Jersey, Inc.

## Statements of Financial Position

| *June 30,* | | **2025** | | 2024 |
|---|---|---|---|---|
| **Assets** | | | | |
| **Current Assets** | | | | |
| Cash and cash equivalents | **$** | **724,585** | $ | 1,566,022 |
| Accounts receivable, net of allowance for current expected credit losses | | **1,030,493** | | 1,636,717 |
| Prepaid expenses and other assets | | **293,225** | | 302,858 |
| **Total Current Assets** | | **2,048,303** | | 3,505,597 |
| **Right-of-Use Assets - Operating** | | **1,413,004** | | 1,691,834 |
| **Property and Equipment, Net** | | **3,258,908** | | 3,550,895 |
| **Total Assets** | **$** | **6,720,215** | $ | 8,748,326 |
| **Liabilities and Net Assets** | | | | |
| **Current Liabilities** | | | | |
| Accounts payable and accrued expenses | **$** | **577,257** | $ | 691,195 |
| Accrued salaries and related expenses payable | | **935,912** | | 648,781 |
| Accrued retirement plan payable | | **513,882** | | 374,284 |
| Due to related party | | **375,213** | | 419,221 |
| Advances from governmental agencies | | **107,886** | | 1,441,016 |
| Operating lease liabilities, current portion | | **666,499** | | 626,682 |
| Current portion of mortgages payable | | **10,000** | | 10,000 |
| **Total Current Liabilities** | | **3,186,649** | | 4,211,179 |
| **Operating Lease Liabilities**, net of current portion | | **722,057** | | 1,045,668 |
| **Mortgages Payable,** net of current portion | | **10,000** | | 20,000 |
| **Total Liabilities** | | **3,918,706** | | 5,276,847 |
| **Commitments and Contingencies** | | | | |
| **Net Assets** | | | | |
| Without donor restrictions | | **1,676,791** | | 2,163,085 |
| With donor restrictions | | **1,124,718** | | 1,308,394 |
| **Total Net Assets** | | **2,801,509** | | 3,471,479 |
| **Total Liabilities and Net Assets** | **$** | **6,720,215** | $ | 8,748,326 |

*See accompanying notes to financial statements.*

# Center for Family Support, New Jersey, Inc.

## Statements of Activities

*Year ended June 30,*

| | 2025 | | | 2024 | | |
|---|---|---|---|---|---|---|
| | **Without Donor Restrictions** | **With Donor Restrictions** | **Total** | Without Donor Restrictions | With Donor Restrictions | Total |
| **Operating Revenues** | | | | | | |
| Government fees | **$ 18,431,603** | **$ -** | **$ 18,431,603** | $ 18,038,320 | $ - | $ 18,038,320 |
| Net assets released from restrictions | **183,676** | **(183,676)** | **-** | 188,676 | (188,676) | - |
| **Total Operating Revenues** | **18,615,279** | **(183,676)** | **18,431,603** | 18,226,996 | (188,676) | 18,038,320 |
| **Expenses** | | | | | | |
| Program services: | | | | | | |
| Community residences | **13,773,422** | **-** | **13,773,422** | 13,012,139 | - | 13,012,139 |
| Day programs | **4,431,209** | **-** | **4,431,209** | 4,245,684 | - | 4,245,684 |
| **Total Program Services** | **18,204,631** | **-** | **18,204,631** | 17,257,823 | - | 17,257,823 |
| Supporting services: | | | | | | |
| Management and general | **1,729,556** | **-** | **1,729,556** | 1,672,886 | - | 1,672,886 |
| **Total Expenses** | **19,934,187** | **-** | **19,934,187** | 18,930,709 | - | 18,930,709 |
| **Change in Net Assets,** before credit loss expense and non-operating revenues | **(1,318,908)** | **(183,676)** | **(1,502,584)** | (703,713) | (188,676) | (892,389) |
| **Credit Loss Expense** (Note 2) | **(792,964)** | **-** | **(792,964)** | - | - | - |
| **Non-Operating Revenues** | | | | | | |
| Investment income | **-** | **-** | **-** | (711) | - | (711) |
| Other revenue (Note 8) | **1,625,578** | **-** | **1,625,578** | 250,038 | - | 250,038 |
| **Change in Net Assets** | **(486,294)** | **(183,676)** | **(669,970)** | (454,386) | (188,676) | (643,062) |
| **Net Assets,** beginning of year | **2,163,085** | **1,308,394** | **3,471,479** | 2,852,869 | 1,497,070 | 4,349,939 |
| **ASC 326 Transition Adjustment** (Note 2) | **-** | **-** | **-** | (235,398) | - | (235,398) |
| **Net Assets,** end of year | **$ 1,676,791** | **$ 1,124,718** | **$ 2,801,509** | $ 2,163,085 | $ 1,308,394 | $ 3,471,479 |

*See accompanying notes to financial statements.*

# Center for Family Support, New Jersey, Inc.

## Statements of Functional Expenses

***Year ended June 30, 2025***

| | Program Services | | | | |
|---|---|---|---|---|---|
| | Community Residences | Day Programs | Total | Management and General | Total |
| Salaries and wages | $ 8,258,227 | $ 2,314,184 | $ 10,572,411 | $ - | $ 10,572,411 |
| Fringe benefits | 2,236,325 | 680,476 | 2,916,801 | - | 2,916,801 |
| | 10,494,552 | 2,994,660 | 13,489,212 | - | 13,489,212 |
| Food | 406,332 | 249 | 406,581 | - | 406,581 |
| Repairs and maintenance | 376,653 | 128,672 | 505,325 | - | 505,325 |
| Computer services | 87,189 | 36,578 | 123,767 | - | 123,767 |
| Utilities | 173,086 | 71,938 | 245,024 | - | 245,024 |
| Staff travel | 3,845 | 7,492 | 11,337 | - | 11,337 |
| Transportation | 95,807 | 68,718 | 164,525 | - | 164,525 |
| Participant incidentals | 15,600 | 5,374 | 20,974 | - | 20,974 |
| Expensed equipment | 66,436 | 1,229 | 67,665 | - | 67,665 |
| Staff development | 9,468 | 4,877 | 14,345 | - | 14,345 |
| Contracted services | 727,244 | 59,671 | 786,915 | - | 786,915 |
| Professional fees | 44,387 | 14,394 | 58,781 | - | 58,781 |
| Management fee | - | - | - | 1,729,518 | 1,729,518 |
| Supplies | 132,454 | 41,993 | 174,447 | - | 174,447 |
| Household supplies | 146,457 | 18,869 | 165,326 | - | 165,326 |
| Telephone and cable | 174,121 | 59,366 | 233,487 | - | 233,487 |
| Insurance | 70,077 | 59,779 | 129,856 | - | 129,856 |
| Interest | 5,573 | 166 | 5,739 | - | 5,739 |
| Occupancy | 169,543 | 548,893 | 718,436 | - | 718,436 |
| Leased vehicles | 229,279 | 291,347 | 520,626 | - | 520,626 |
| Leased equipment | 4,982 | 6,681 | 11,663 | - | 11,663 |
| Depreciation and amortization | 323,042 | 4,745 | 327,787 | - | 327,787 |
| Miscellaneous | 17,295 | 5,518 | 22,813 | 38 | 22,851 |
| **Total Functional Expenses** | $ 13,773,422 | $ 4,431,209 | $ 18,204,631 | $ 1,729,556 | $ 19,934,187 |

*See accompanying notes to financial statements.*

# Center for Family Support, New Jersey, Inc.

## Statements of Functional Expenses

*Year ended June 30, 2024*

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

*See accompanying notes to financial statements.*

# Center for Family Support, New Jersey, Inc.

## Statements of Cash Flows

| *Year ended June 30,* | | **2025** | | 2024 |
|---|---|---|---|---|
| **Cash Flows from Operating Activities** | | | | |
| Change in net assets | **$** | **(669,970)** | $ | (643,062) |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | | | |
| Depreciation and amortization | | **327,787** | | 333,067 |
| Realized and unrealized losses | | **-** | | 711 |
| Non-cash operating lease expense | | **666,919** | | 973,063 |
| Credit loss expense | | **792,964** | | - |
| Change in assets: | | | | |
| Accounts receivable | | **(186,740)** | | (922,917) |
| Prepaid expenses and other assets | | **9,633** | | (83,744) |
| Change in liabilities: | | | | |
| Accounts payable and accrued expenses | | **(113,938)** | | 151,695 |
| Accrued salaries and related expense payable | | **287,131** | | 76,388 |
| Principal reduction in operating lease liabilities | | **(671,883)** | | (1,006,009) |
| Accrued retirement plan payable | | **139,598** | | 231,165 |
| Due to related party | | **(44,008)** | | 137,266 |
| Advances from governmental agencies | | **(1,333,130)** | | 4,426 |
| **Net Cash Used in Operating Activities** | | **(795,637)** | | (747,951) |
| **Cash Flows from Investing Activities** | | | | |
| Purchases of property and equipment | | **(35,800)** | | (111,768) |
| Disposal of property and equipment | | **-** | | 81,253 |
| Purchases of investments | | **-** | | (3,665,707) |
| Proceeds from sale of investments | | **-** | | 3,785,416 |
| **Net Cash (Used in) Provided by Investing Activities** | | **(35,800)** | | 89,194 |
| **Cash Flows from Financing Activities** | | | | |
| Principal payments on finance lease liability | | **-** | | (7,887) |
| Principal payments of mortgages payable | | **(10,000)** | | (10,000) |
| **Net Cash Used in Financing Activities** | | **(10,000)** | | (17,887) |
| **Change in Cash and Cash Equivalents** | | **(841,437)** | | (676,644) |
| **Cash and Cash Equivalents,** beginning of year | | **1,566,022** | | 2,242,666 |
| **Cash and Cash Equivalents,** end of year | **$** | **724,585** | $ | 1,566,022 |
| **Supplemental Disclosure of Cash Flow Information** | | | | |
| Cash paid for interest | **$** | **5,739** | $ | 5,244 |
| ASC 326 transition adjustment (Note 2) | | **-** | | (235,398) |
| Right-of-use asset acquired through operating leases | | **344,812** | | - |

*See accompanying notes to financial statements.*

## 1. Nature of Organization

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

***Financial Condition***

As of June 30, 2025 and 2024, CFS-NJ had a working capital deficit of $(1,138,346) and $(705,582), respectively, and total cash and cash equivalents of $724,585 and $1,566,022, respectively. For the same years ended, CFS-NJ used cash for operating activities in the amount of $(795,637) and $(747,951), respectively. CFS-NJ's change in net assets amounted to $(669,970) and $(643,062) for the years ended June 30, 2025 and 2024, respectively.

Management is in the process of implementing a strategic turnaround plan to increase revenues and reduce expenses. Management's plan includes the review of each site individually to make the necessary changes to maximize occupancy as well as a review of its screening process for the residents to increase utilization. Further, management and the Board of Directors are working closely with the state of New Jersey to improve the financial results of CFS-NJ.

## 2. Summary of Significant Accounting Policies

***Basis of Accounting***

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

***Financial Statement Presentation***

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

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

The classes of net assets are defined as follows:

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

*Net Assets with Donor Restrictions* - Net assets with donor restrictions represent those resources that are subject to the requirements of New Jersey's Uniform Prudent Management of Institutional Funds Act (UPMIFA), the use of which has been restricted by donors or state law for specific purposes

and/or passage of time. When a donor restriction expires—that is, when a stipulated time restriction ends—a purpose restriction is accomplished, or funds are appropriated through action of the Board of Directors, and such net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the accompanying statement of activities as net assets released from restrictions. CFS-NJ's net assets with donor restrictions consist mainly of properties contributed from the State of New Jersey Department of Human Services for the operation of residences to serve the developmentally disabled. The properties are to be operated in accordance with CFS-NJ's mission for a period of 20 years, and the amounts are released from restrictions over that time period. The original value of the properties recorded as net assets with donor restrictions amounted to $5,051,093 and amount to $1,124,718 and $1,308,394 at June 30, 2025 and 2024, respectively. See Note 10 for further discussion.

***Use of Estimates***

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

***Cash and Cash Equivalents***

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

***Revenue Recognition***

CFS-NJ receives substantially all its revenue for services provided to approved clients from third-party reimbursement agencies. CFS-NJ recognizes revenue when control of the services is transferred in an amount that reflects the consideration to which CFS-NJ expects to be entitled based on established rates multiplied by the number of units of service provided. To the extent amounts received exceed the amounts spent, CFS-NJ establishes an advance from government funders. Laws and regulations governing Medicaid programs are subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Additionally, noncompliance with such laws and regulations could result in fines, penalties, and exclusion from Medicaid programs. Refer to Note 14 for further details.

***Accounts Receivable, Net of Current Expected Credit Losses***

Accounts receivable represent amounts due from the aforementioned third-party agencies for services provided. Accounts receivable balances are reduced by an allowance for current expected credit losses. CFS-NJ adopted the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 326, *Financial Instruments – Credit Losses,* model in its financial statements for the years ended June 30, 2025 and 2024. CFS-NJ provides clients residential, educational day programs, vocational, and other services to individuals with intellectual and other developmental disabilities and bills third-party payors within days of the service being provided, and typically expects to receive payment within 60 days of the service being provided.

CFS-NJ reviews its accounts receivable on a regular basis and analyzes these balances for potential credit losses based on a "roll-rate" methodology. Under a "roll-rate" methodology, loss rates for each aging bucket take into account the migration of each balance through the various aging buckets

to determine the appropriate credit loss rate for each bucket. CFS-NJ considers other available external data and management's reasonable outlook for business and economic conditions over the life of the receivables. In accordance with ASC 326-20-30-2, CFS-NJ determined that similar risk characteristics existed for receivables with similar days outstanding, regardless of payor class, so the pools for the allowance for credit losses were calculated based on aging buckets.

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

| ***June 30, 2025*** | | |
|---|---|---|
| **Allowance for Credit Losses Balance,** July 1, 2024 | $ | 382,906 |
| Provision for expected credit losses for the current period | | 792,964 |
| Write-offs charged against the allowance | | (792,964) |
| **Allowance for Credit Losses Balance,** June 30, 2025 | $ | 382,906 |

| *June 30, 2024* | | |
|---|---|---|
| **Allowance for Credit Losses Balance,** July 1, 2023 | $ | 147,508 |
| Impact on the adoption of the new credit loss standard | | 235,398 |
| **Allowance for Credit Losses Balance,** June 30, 2024 | $ | 382,906 |

There were no recoveries on prior years' credit losses for the years ended June 30, 2025 and 2024. Recoveries when received are recorded as a reduction in the credit loss expense.

***Property and Equipment, Net***

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

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

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

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

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of June 30, 2025 and 2024 and in the opinion of management, there were no

impairments. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

***Accrued Vacation***

Accrued vacation is a liability that represents CFS-NJ's obligation for the cost of unused employee vacation time payable in the event an employee departs; the obligation is recalculated every year. At June 30, 2025 and 2024, the accrued vacation obligation was $581,197 and $286,463, respectively, and was reported as part of accrued salaries and related expenses payable.

***Measure of Operations***

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

***Functional Allocation of Expenses***

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

***Income Taxes***

CFS-NJ was incorporated in the state of New Jersey and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and, therefore, has made no provision for income taxes in the accompanying financial statements. In addition, CFS-NJ has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the IRC. There was no unrelated business income (UBIT) for the years ended June 30, 2025 and 2024.

CFS-NJ is subject to the provisions of FASB ASC 740, *Income Taxes*, as it relates to accounting and reporting for uncertainty in income taxes. For CFS-NJ, these provisions could be applicable to the incurrence of UBIT, attributable to the disallowed transportation fringe benefits. Nonetheless, because of CFS-NJ's general tax-exempt status, ASC 740 has not had, and is not anticipated to have, a material impact on CFS-NJ's financial statements. For the years ended June 30, 2025 and 2024, there were no interest or penalties recorded or included in the statements of activities.

## 3. Liquidity and Availability of Resources

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

| *June 30,* | | **2025** | | 2024 |
|---|---|---|---|---|
| Cash and cash equivalents | **$** | **724,585** | $ | 1,566,022 |
| Accounts receivable, net of credit losses | | **1,030,493** | | 1,636,717 |
| **Total Financial Assets Available to Management for General Expenditures Within One Year** | **$** | **1,755,078** | $ | 3,202,739 |

CFS-NJ's policy is to structure its financial assets to be available for its general expenditures, liabilities, and other obligations as they come due. In addition, CFS-NY has committed to provide support for the operations of CFS-NJ or to fulfill any obligations that CFS-NJ is unable to satisfy when due.

## 4. Accounts Receivable, Net of Current Expected Credit Losses

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

| *June 30,* | | **2025** | | 2024 |
|---|---|---|---|---|
| State of New Jersey Division of Developmental Disabilities (DDD) | **$** | **1,413,399** | $ | 2,019,623 |
| Allowance for current expected credit losses | | **(382,906)** | | (382,906) |
| **Accounts Receivable, Net** | **$** | **1,030,493** | $ | 1,636,717 |

The allowance for credit losses was $382,906 for the years ended June 30, 2025 and 2024, respectively. CFS-NJ writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with CFS-NJ's accounting policy election. The total amount of write-offs was $792,964 and $0 to the financial statements as a whole for the years ended June 30, 2025 and 2024, respectively.

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## 5. Property and Equipment, Net

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

| *June 30,* | **2025** | 2024 |
|---|---|---|
| Land | **$ 978,680** | $ 978,680 |
| Buildings and building improvements | **7,397,836** | 7,362,036 |
| Leasehold improvements | **122,625** | 122,625 |
| Vehicles | **1,983,764** | 1,983,764 |
| Furniture and equipment | **592,548** | 592,548 |
| | **11,075,453** | 11,039,653 |
| Less: accumulated depreciation and amortization | **(7,816,545)** | (7,488,758) |
| **Property and Equipment, Net** | **$ 3,258,908** | $ 3,550,895 |

Depreciation and amortization expense was $327,787 and $333,067 as of June 30, 2025 and 2024, respectively.

## 6. Related Parties

CFS-NJ is related to CFS-NY through common Board membership. CFS-NY is located in New York City and is a not-for-profit agency that provides support and assistance to individuals with developmental and related disabilities and their families. The financial statements of CFS-NJ are presented on a standalone basis and are also included in the consolidated financial statements of CFS-NY. The consolidated financial statements of CFS-NY are available on its website. CFS-NY follows the same accounting policies and basis of accounting as CFS-NJ.

CFS-NY provides management services to CFS-NJ for a fee. Management services amounted to $1,729,518 and $1,661,504 for the years ended June 30, 2025 and 2024, respectively. Amounts due to CFS-NY from CFS-NJ as of June 30, 2025 and 2024 amounted to $375,213 and $419,221, respectively, and are payable within one year.

CFS-NJ is a guarantor for CFS-NY's line of credit amounting to $2,000,000, of which no balance was outstanding as of June 30, 2025 and 2024.

## 7. Mortgage Payable

| *June 30,* | | **2025** | | 2024 |
|---|---|---|---|---|
| New Jersey Economic Development Authority: | | | | |
| The New Jersey Economic Development Authority provided a mortgage for the acquisition and renovation of two properties for the use of community services. The principal amount of $120,000 carries an interest rate of 3% to 5.75% at both June 30, 2025 and 2024 per annum and matures in July 2027. The collateralized property is located at 649 East Passaic Avenue, Bloomfield, New Jersey. | **$** | **20,000** | $ | 30,000 |
| | | **20,000** | | 30,000 |
| Less: current portion | | **(10,000)** | | (10,000) |
| | **$** | **10,000** | $ | 20,000 |

Required principal and interest payments are as follows:

| *Year ending June 30,* | | |
|---|---|---|
| 2026 | $ | 10,000 |
| 2027 | | 10,000 |
| **Total** | $ | 20,000 |

Interest expense was $5,060 and $5,075 for the years ended June 30, 2025 and 2024, respectively.

## 8. Advances from Government Agencies

Reimbursement from the state of New Jersey is subject to audit by the New Jersey Department of Human Services. Management is of the opinion that any adjustments resulting from audits would not have a material effect on CFS-NJ's financial position or changes in net assets. The balance of advances from government agencies was $107,886 and $1,441,016 for the years ended June 30, 2025 and 2024, respectively.

During fiscal year 2021, CFS-NJ received approximately $1,300,000 in advances from the State of New Jersey related to COVID relief for its Day Habilitation program. CFS-NJ recorded this as government advance at the time it was received. Since that time, reconciliation between CFS-NJ and the funder has been completed and the determination was made that these funds will not need to be returned. Thus, management made the determination to record the $1,300,000 as revenue in fiscal year 2025. This has been included in other revenues on the 2025 statement of activities.

## 9. Employee Benefit Plans

CFS-NJ participates in the Center for Family Support, Inc. Retirement Plan, which covers employees who work a minimum of 1,000 hours after one year of service. The plan is funded by discretionary employer contributions. Related expense was $513,882 and $374,284 for the years ended June 30, 2025 and 2024, respectively.

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

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

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

| Description | Years Left (as of June 30, 2025) | 2025 | 2024 |
|---|---|---|---|
| **State of New Jersey Department of Human Services Properties** | | | |
| Sabo Court | 1 | **$ 5,197** | $ 15,590 |
| Wilson Rd | 1 | **5,377** | 16,131 |
| Carol Ln | 1 | **5,396** | 16,188 |
| Union Ave | 1 | **2,160** | 6,479 |
| New Milford | 1 | **5,198** | 15,593 |
| Lincoln | 4 | **40,564** | 52,154 |
| Bloomfield | 5 | **4,173** | 5,100 |
| Twain | 6 | **59,520** | 70,342 |
| Teaneck | 6 | **51,069** | 60,354 |
| Nutley | 6 | **48,490** | 57,306 |
| Collins | 5 | **51,095** | 60,386 |
| Balmoral | 10 | **141,603** | 156,508 |
| Cottage | 10 | **176,315** | 193,107 |
| Ravine | 9 | **138,418** | 154,702 |
| Myrtle | 9 | **107,363** | 118,665 |
| Nathan | 10 | **79,909** | 88,320 |
| Plainfield | 11 | **195,266** | 213,863 |
| **Total State of New Jersey Department of Human Services Properties** | | **1,117,113** | 1,300,788 |
| **Contributions - Miscellaneous** | N/A | **7,605** | 7,606 |
| | | **$ 1,124,718** | $ 1,308,394 |

For the years ended June 30, 2025 and 2024, $183,676 and $188,676, respectively, was released from restrictions for the State of New Jersey Department of Human Services properties.

## 11. Leases

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

CFS-NJ leases office space primarily for operation of CFS-NJ's administrative offices. CFS-NJ estimates the expected lease term by assuming the exercise of renewal options where an economic

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

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

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

| *Year ended June 30,* | | **2025** | | 2024 |
|---|---|---|---|---|
| Operating lease costs: | | | | |
| Operating lease expense | **$** | **733,211** | $ | 1,107,398 |

| *June 30,* | | **2025** | | 2024 |
|---|---|---|---|---|
| ROU assets and liabilities: | | | | |
| Operating lease ROU assets | **$** | **1,413,004** | $ | 1,691,834 |
| Operating lease liabilities | | **1,388,556** | | 1,672,350 |

| *Year ended June 30,* | | **2025** | | 2024 |
|---|---|---|---|---|
| Other information: | | | | |
| Cash paid for amounts included in the measurement of lease liabilities: | | | | |
| Operating cash flows from operating leases | **$** | **671,883** | $ | 1,006,009 |
| Finance cash flows from finance lease | | **-** | | 7,887 |
| Weighted-average remaining lease term – operating leases | | **2.32 years** | | 2.73 years |
| Weighted-average discount rate – operating leases | | **4.22%** | | 4.23% |

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

The following table reconciles the undiscounted operating lease payments to the lease liabilities recorded on the accompanying statement of financial position at June 30, 2025:

| *Year ending June 30,* | | |
|---|---|---|
| 2026 | $ | 726,563 |
| 2027 | | 518,000 |
| 2028 | | 153,893 |
| 2029 | | 63,115 |
| 2030 | | 6,788 |
| **Total Lease Payments** | | 1,468,359 |
| Less: amounts representing interest | | (79,803) |
| Less: current portion | | (666,499) |
| **Total Operating Lease Liability,** net of current portion | $ | 722,057 |

## 12. Commitments and Contingencies

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

## 13. Concentrations and Credit Risk

CFS-NJ received a contract agreement and fee-for-services from the New Jersey Department of Human Services DDD for $17,723,295 and $17,378,390 for fiscal years 2025 and 2024, respectively. Such revenue represented approximately 96% of government fees for both fiscal years 2025 and 2024.

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

## 14. Revenue Recognition

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

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

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

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

| *Year ended June 30,* | **2025** | 2024 |
|---|---|---|
| Government fees | **$ 18,431,603** | $ 18,038,320 |

Contract balances with contracts with customers are as follows:

| *June 30,* | **2025** | | 2024 | |
|---|---|---|---|---|
| | **Contract Receivables** | **Contract Liabilities (Advances from Governmental Agencies)** | Contract Receivables | Contract Liabilities (Advances from Governmental Agencies) |
| Beginning of year | **$ 1,636,717** | **$ 1,441,016** | $ 949,198 | $ 1,436,590 |
| End of year | **1,030,493** | **107,886** | 1,636,717 | 1,441,016 |

## 15. Subsequent Events

CFS-NJ has performed subsequent events procedures through October 31, 2025, the date the financial statements were available to be issued. There were no subsequent events requiring adjustment to the financial statements.