

COUNSELING AND REFERRAL SERVICES OF OCEAN, INC.
d/b/a SEASHORE FAMILY SERVICES OF NJ

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

COUNSELING AND REFERRAL SERVICES OF OCEAN, INC.
d/b/a SEASHORE FAMILY SERVICES OF NJ

FINANCIAL STATEMENTS
For the fiscal year ended June 30, 2009

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF ACTIVITIES	3
STATEMENT OF FUNCTIONAL EXPENSES	4
STATEMENT OF CASH FLOWS	5
NOTES TO THE FINANCIAL STATEMENTS	6 – 9
SINGLE AUDIT SECTION	
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	10 – 11
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A- 133 AND NJ OMB CIRCULAR 04-04-OMB	12 – 13
SCHEDULE OF EXPENDITURE S OF FEDERAL AWARDS	14
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE	15
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	16 – 17
SUMMARY STATEMENT ON PRIOR-YEAR AUDIT FINDINGS	18
SUPPLEMENTARY INFORMATION	
SCHEDULES OF BUDGETED AND INCURRED COSTS	19 – 26



Matthew K. Varley, CPA LLC

Certified public accountant and consultant

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Counseling and Referral Services of Ocean, Inc.
d/b/a Seashore Family Services of NJ

We have audited the accompanying statement of financial position of Counseling and Referral Services of Ocean, Inc. d/b/a Seashore Family Services of NJ (a nonprofit organization) as of June 30, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Counseling and Referral Services of Ocean, Inc. d/b/a Seashore Family Services of NJ's 2008 financial statements and, in our report dated December 1, 2008, we expressed an unqualified opinion on those financial statements.

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; and audit requirements as prescribed by Department of Children and Family Services and Department of Human Services, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Counseling and Referral Services of Ocean, Inc. d/b/a Seashore Family Services of NJ as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2009, on our consideration of Counseling and Referral Services of Ocean, Inc. d/b/a Seashore Family Services of NJ'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Counseling and Referral Services of Ocean, Inc. d/b/a Seashore Family Services of NJ taken as a whole. The accompanying schedules of expenditures of federal awards, state financial assistance, and budgeted and incurred costs are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Matthew K. Varley, CPA LLC

Toms River, New Jersey
October 15, 2009

COUNSELING AND REFERRAL SERVICES OF OCEAN, INC.
d/b/a SEASHORE FAMILY SERVICES OF NJ

STATEMENT OF FINANCIAL POSITION
June 30, 2009
(with summarized totals for June 30, 2008)

	2009	(Memo Only) 2008
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 278,379	\$ 310,630
Investments	166,671	348,790
Grants receivable	268,513	114,008
Accounts receivable - clients	46,620	12,616
Other current assets	53,941	39,139
Total current assets	814,124	825,183
PROPERTY AND EQUIPMENT, net of accumulated depreciation	562,630	441,067
Total assets	\$ 1,376,754	\$ 1,266,250
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 11,661	\$ 55,814
Accrued vacation time	55,223	58,707
Deferred grant revenue	-	41,072
Current portion of long-term debt	8,464	9,385
Total current liabilities	75,348	164,978
LONG-TERM DEBT, less current portion	210,571	69,501
Total liabilities	285,919	234,479
NET ASSETS		
Unrestricted	1,090,835	1,031,771
Total liabilities and net assets	\$ 1,376,754	\$ 1,266,250

See accompanying notes and Independent Auditor's Report

COUNSELING AND REFERRAL SERVICES OF OCEAN, INC.
d/b/a SEASHORE FAMILY SERVICES OF NJ

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2009
(with summarized totals for the year ended June 30, 2008)

	Unrestricted	Temporarily Restricted	Total	(Memo Totals Only) 2008
Revenues, gains, and other support				
Grant and fee for service revenue:				
Federal	\$ -	\$ 618,163	\$ 618,163	\$ 696,203
State	-	889,229	\$ 889,229	831,420
Local	-	65,822	\$ 65,822	99,156
Client program service fees	68,746	141,082	209,828	164,637
Rental subsidy	-	117,166	117,166	163,627
Other income	219	-	219	6,165
Investment income	14,615	-	14,615	23,641
Net unrealized gains (losses) on investments	7,881	-	7,881	(2,716)
Net assets released from restrictions:				
Satisfaction of program restrictions	1,831,462	(1,831,462)	-	-
Total revenues, gains, and other support	1,922,923	-	1,922,923	1,982,133
Expenses				
Program services	1,690,906	-	1,690,906	1,598,662
Management and general	172,953	-	172,953	258,855
Total expenses	1,863,859	-	1,863,859	1,857,517
Change in net assets	59,064	-	59,064	124,616
Net assets, beginning	1,031,771	-	1,031,771	907,155
Net assets, ending	\$ 1,090,835	\$ -	\$ 1,090,835	\$ 1,031,771

See accompanying notes and Independent Auditor's Report

COUNSELING AND REFERRAL SERVICES OF OCEAN, INC.
d/b/a SEASHORE FAMILY SERVICES OF NJ

STATEMENT OF FUNCTIONAL EXPENSES
For the Fiscal Year Ended June 30, 2009
(with summarized totals for the year ended June 30, 2008)

	Program Services	Management and General	Total	(Memo Totals Only) 2008
Employee compensation:				
Salaries	\$ 913,609	\$ 98,935	\$ 1,012,544	\$ 1,031,119
Fringe benefits	209,444	23,522	232,966	249,802
 Total employee compensation	 1,123,053	 122,457	 1,245,510	 1,280,921
Other expenses:				
Professional fees	45,109	2,860	47,969	64,845
Occupancy costs:				
Rent	214,134	2,160	216,294	161,041
Mortgage interest payments	6,504	-	6,504	4,936
Temporary location expense	-	12,488	12,488	-
Insurance	26,113	2,653	28,766	26,205
Utilities	68,878	2,758	71,636	64,540
Telephone	15,207	1,421	16,628	11,343
Lab fees and fingerprinting	43,131	1,294	44,425	29,082
Office expense	41,382	1,527	42,909	86,662
Gas and maintenance	9,801	-	9,801	14,555
Travel and conferences	3,702	289	3,991	4,462
Licenses and fees	5,606	600	6,206	2,992
Marketing expense	-	14,247	14,247	-
Cleaning	27,327	2,532	29,859	36,436
Staff training	3,008	233	3,241	7,571
Payroll processing costs	14,488	1,655	16,143	14,973
 Total other expenses	 524,390	 46,717	 571,107	 529,643
 Total expenses before depreciation	 1,647,443	 169,174	 1,816,617	 1,810,564
Depreciation and amortization	43,463	3,779	47,242	46,953
 Total expenses	 \$ 1,690,906	 \$ 172,953	 \$ 1,863,859	 \$ 1,857,517
 Percent of total	 91%	 9%	 100%	 100%

See accompanying notes and Independent Auditor's Report

COUNSELING AND REFERRAL SERVICES OF OCEAN, INC.
d/b/a SEASHORE FAMILY SERVICES OF NJ

STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2009
(with summarized totals for the year ended June 30, 2008)

	<u>2009</u>	<u>(Memo Only)</u> <u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 59,064	\$ 124,616
Adjustments to reconcile change in net assets to cash provided from (used by) operating activities:		
Depreciation and amortization	47,242	46,953
Unrealized holding (gains) losses on investments	(7,881)	2,716
(Increase) decrease in:		
Grants receivable	(154,506)	(46,392)
Accounts receivable - clients	(34,004)	(9,228)
Other current assets	(14,802)	(5,452)
Increase (decrease) in:		
Accounts payable and accrued expenses	(44,153)	50,935
Accrued vacation time	(3,484)	3,865
Deferred grant revenue	(41,072)	34,471
	<u>(193,596)</u>	<u>202,484</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(168,804)	(72,909)
Redemption of investments	255,000	280,000
Purchase of investments	(65,000)	(360,000)
	<u>21,196</u>	<u>(152,909)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Debt (reductions) increases		
Long-term	140,149	(7,890)
	<u>140,149</u>	<u>(7,890)</u>
 (Decrease) increase in cash and cash equivalents	(32,251)	41,685
 Cash and cash equivalents, beginning of year	<u>310,630</u>	<u>268,945</u>
 Cash and cash equivalents, end of year	<u>\$ 278,379</u>	<u>\$ 310,630</u>

See accompanying notes and Independent Auditor's Report

COUNSELING AND REFERRAL SERVICES OF OCEAN, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Counseling and Referral Services of Ocean, Inc. d/b/a Seashore Family Services of NJ (“Seashore Family Services” or the “Organization”) is a non-profit organization established to provide outpatient counseling sessions and transitional housing support services in Brick and Toms River, New Jersey.

During the year ended June 30, 2008, the Organization registered the trade name, Seashore Family Services of NJ. The Organization will operate under the name Seashore Family Services of NJ.

Basis of Presentation

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

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets

Public Support and Revenue

Funds received under restricted grant contracts do not constitute revenue until the terms of the grants have been met. Such amounts are reported as revenue only to the extent expended during the current year and excess amounts are reported as deferred income. Unrestricted support received from local funding sources is recognized in the year awarded. Client fees are recognized as revenue when earned. Expenditures are recorded as incurred on the accrual basis. Revenue generated from fee for service contracts are recognized when billed. When revenue from fee for service contracts from state sources reported on the schedule of state financial assistance exceeds actual incurred expenditures resulting in net income, the expenditures on the schedule of state financial assistance are grossed up to equal expenditures in accordance with a directives received from the funding source.

Revenues are reported as increases in unrestricted net assets, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets and liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor-imposed restrictions. Expirations of temporary restrictions on net assets (i.e. donor stipulations have been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restriction.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable – Clients

The Organization uses the direct write off method to account for uncollectible accounts receivable. Management believes difference between this method and the allowance method would not be material.

Investments

The Organization carries investments in marketable securities with readily determinable fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Plant Assets and Depreciation

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

COUNSELING AND REFERRAL SERVICES OF OCEAN, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Machinery and equipment	5 to 7 years
Vehicles	5 years
Furniture and fixtures	7 to 10 years
Building and improvements	10 to 39 years

Functional Allocation of Expenses

Certain operating expenses have been allocated to program services based on the reasonable benefit that the program derived from these expenses. There are various funding sources providing support towards the Organization's programs and some of the expenses charged to the programs represent direct expenses related to program operations and objectives.

Use of Estimates

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

Concentration of Grant Revenue

The Organization receives a significant amount of its support and revenue from federal and state grants. A reduction in this funding could have an adverse effect on the Organization.

Income Taxes

The Organization is incorporated as a non-profit organization under Internal Revenue Code Section 501 (c) (3). It is exempt from all federal income taxes. The Agency is also recognized as a charitable non-profit organization by the State of New Jersey and as such is exempt from state corporate income tax.

Comparative Summarized Totals

The financial statements include certain prior-year summarized comparative information in total but not by asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organizations financial statements for the year ended June 30, 2008, from which the summarized information was derived.

NOTE 2 – INVESTMENTS

Investments at June 30, 2009 consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>
CD - JP Morgan Chase	\$ 30,000	\$ 30,096
CD - JP Morgan Chase	25,000	25,673
CD - JP Morgan Chase	25,000	25,515
CD - Amer Express Cent Bank	25,000	25,394
CD - DN M & I Marshall & Isley	20,000	19,996
CD - Wilmington Trust Co	40,000	39,997
	<u>\$ 165,000</u>	<u>\$ 166,671</u>

All investment returns, both interest and dividends and unrealized losses are reflected as unrestricted net assets on the statement of activities.

COUNSELING AND REFERRAL SERVICES OF OCEAN, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

NOTE 3 – GRANTS RECEIVABLE

Grants receivable at June 30, 2009 consisted of the following:

U.S. Department of Housing and Urban Development	
Boss Subsidy	\$ 37,020
Treatment Services for women	17,484
Division of Addiction Services - Alcohol & Drug Abuse Treatment Rehab	65,280
Child Welfare Reform Program - Adolescent Treatment	28,932
Division of Addiction Services - Drug Court Grant	88,407
Driving Under the Influence Initiative	9,506
WorkFirst New Jersey Substance Initiative	8,189
Counseling Services-Gambling Initiative	450
N.J. State Parole Board	7,621
Jay Street Supportive Housing Program	3,229
Dover/Laurel Supportive Housing Program	1,167
Co-Occurring Service	1,228
Total Grant Receivable	<u>\$ 268,513</u>

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment costs consist of the following as of June 30, 2009:

Land	\$ 47,053
Building	384,803
Leasehold improvements	131,055
Automobiles	110,564
Machinery and equipment	149,764
	<u>823,239</u>
Less: accumulated depreciation	<u>260,609</u>
	<u>\$ 562,630</u>

Depreciation and amortization expense for the year ended June 30, 2009 was \$47,242.

NOTE 5 – LONG-TERM DEBT

The Organization's long-term debt at June 30, 2009 consisted of the following:

4.75% Construction loan payable to OceanFirst Bank, payable interest only through completion of improvements to property located at 226 Main Street, Toms River, New Jersey, collateralized by real estate. The loan has a limit of \$630,000. Upon completion of the project the construction loan will convert to a mortgage payable at 6.50% in 59 equal monthly payments of principal and interest of \$4,253 and 1 ballon payment, based upon a 20-year amortization period.	\$ 219,035
Less portion considered current	<u>8,464</u>
	<u>210,571</u>

COUNSELING AND REFERRAL SERVICES OF OCEAN, INC.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2009

NOTE 6 – LINE OF CREDIT REVOLVING NOTE

The Organization has an open revolving note with TD Bank which shows a zero balance as of the date of the financial statements. The approved line of credit is for \$30,000 and is secured by building and property. Interest on any outstanding balance shall accrue in accordance with the MBA Note, which is 1% above the highest rate published by the Wall Street Journal as the Prime Rate. Repayment on all loans and advances shall be payable to Bank on or before the maturity date of April 15, 2012. As of June 30, 2009 there was no amount outstanding.

NOTE 7 – DESCRIPTION OF LEASING ARRANGEMENTS

Rental expense amounted to \$216,294 for the year ended June 30, 2009. Rental expense of \$178,035 was for units leased under the Department of Housing and Urban Development's Supportive Housing Program. In June 2008, the Organization has leased another location in Brick Township for a 3 year period with rent of \$ 32,542 paid during this fiscal year. The annual rent payable during the term of the lease is \$19,780 plus real estate taxes, utilities, common area maintenance, and water and sewer charges associated with said property. The Organization also leases office space from the Township of Brick for no monetary consideration . This lease expires in 2008 and the property is currently for sale by the municipality . There is no minimum rental commitment for 2009. During construction of the Toms River office, the Organization has leased another location in Toms River on Church Street for a monthly fee of \$2,950 and a total of \$29,950 paid during this fiscal year.

NOTE 8 – SUPPLEMENTAL CASH FLOW INFORMATION

Cash was expended for interest in the amount of \$6,504 for the year ended June 30, 2009. No cash was expended for income taxes for the year ended June 30, 2009.

NOTE 9 – PENSION PLAN

Effective July 1, 2003, the Organization established a 403(b) defined contribution plan (the "Plan"). The Plan covers all full-time employees with neither age nor service requirements. Under the Plan, employees can contribute up to a maximum of 15% of their own funds, subject to Internal Revenue Code limits, and the Organization will match up to 10% of the employee's contributions. Pension expense for the Organization for the year ended June 30, 2009 was \$ 4,990.

NOTE 10 – PAYROLL TAX FILINGS

Payroll tax filings and payments were made timely and no interest or penalties were incurred during the fiscal year ended June 30, 2009.



Matthew K. Varley, CPA LLC

Certified public accountant and consultant

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

To the Board of Trustees of
Counseling and Referral Services of Ocean, Inc.
d/b/a Seashore Family Services of NJ

We have audited the financial statements of Counseling and Referral Services of Ocean, Inc. d/b/a Seashore Family Services of NJ (a nonprofit organization) as of and for the year ended June 30, 2009, and have issued our report thereon dated October 15, 2009. 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 and audit requirements as prescribed by Department of Children and Family Services and Department of Human Services, State of New Jersey.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Counseling and Referral Services of Ocean, Inc. d/b/a Seashore Family Services of NJ's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Counseling and Referral Services of Ocean, Inc. d/b/a Seashore Family Services of NJ's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 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. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Counseling and Referral Services of Ocean, Inc. d/b/a Seashore Family Services of NJ's financial statements are free of 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* and audit requirements as prescribed by Department of Children and Family Services and Department of Human Services, State of New Jersey.

We noted certain matters that we reported to management of Counseling and Referral Services of Ocean, Inc. d/b/a Seashore Family Services of NJ in a separate letter dated October 15, 2009.

This report is intended solely for the information and use of management, finance committee, others within the entity, the Board of Trustees, and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Matthew K. Varley, CPA LLC

Toms River, New Jersey
October 15, 2009



Matthew K. Varley, CPA LLC

Certified public accountant and consultant

REPORT ON COMPLIANCE WITH REQUIREMENTS
 APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
 OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
 NEW JERSEY OMB CIRCULAR 04-04

To the Board of Trustees of
 Counseling and Referral Services of Ocean, Inc.
 d/b/a Seashore Family Services of NJ

Compliance

We have audited the compliance of Counseling and Referral Services of Ocean, Inc. d/b/a Seashore Family Services of NJ (a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that are applicable to each of its major federal and state programs for the year ended June 30, 2009. Counseling and Referral Services of Ocean, Inc. d/b/a Seashore Family Services of NJ's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of Counseling and Referral Services of Ocean, Inc. d/b/a Seashore Family Services of NJ's management. Our responsibility is to express an opinion on Counseling and Referral Services of Ocean, Inc. d/b/a Seashore Family Services of NJ's compliance based on our audit.

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; the audit requirements as prescribed by Department of Children and Family Services and Department of Human Services, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and NJ OMB's Circular 04-04 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 a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Counseling and Referral Services of Ocean, Inc. d/b/a Seashore Family Services of NJ'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. Our audit does not provide a legal determination of Counseling and Referral Services of Ocean, Inc. d/b/a Seashore Family Services of NJ's compliance with those requirements.

In our opinion, Counseling and Referral Services of Ocean, Inc. d/b/a Seashore Family Services of NJ complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Counseling and Referral Services of Ocean, Inc. d/b/a Seashore Family Services of NJ is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered Counseling and Referral Services of Ocean, Inc. d/b/a Seashore Family Services of NJ's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Counseling and Referral Services of Ocean, Inc. d/b/a Seashore Family Services of NJ's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal or state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal or state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, finance committee, others within the entity, the Board of Trustees, and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Matthew K. Varley, CPA LLC

Toms River, New Jersey
October 15, 2009

COUNSELING AND REFERRAL SERVICES OF OCEAN, INC.
d/b/a SEASHORE FAMILY SERVICES OF NJ
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2009

Federal Grantor / Pass-through Grantor / Program Title	Federal CFDA Number	Grant Number	Award / Contract Ceiling	Grant Period	Balance at July 1, 2008	Cash Receipts	Expenditures	Grants Receivable at June 30, 2009	Deferred Revenue at June 30, 2009	Due to Grantor at June 30, 2009
U.S. Department of Housing and Urban Development:										
Supportive Housing Program	14.235	NJ39-B4-10-002R	\$ 472,830	9/1/07 - 8/31/08	\$ -	78,810	78,810			
Supportive Housing Program	14.235	NJ39-B4-10-002R	356,613	9/1/08 - 8/31/09	-	297,178	297,178			
U.S. Department of Health and Human Services										
Treatment Services for Women	93.959	08-488-ADA-1	236,382	7/1/08 - 8/31/08	19,312	23,948	43,260	-	-	-
Treatment Services for Women	93.959	09-593-ADA-N-0	198,915	9/1/08 - 6/30/09	181	181,250	198,915	(17,484)	-	-
					<u>\$ 19,493</u>	<u>\$ 581,186</u>	<u>\$ 618,163</u>	<u>\$ (17,484)</u>	<u>\$ -</u>	<u>\$ -</u>

COUNSELING AND REFERRAL SERVICES OF OCEAN, INC.
d/b/a SEASHORE FAMILY SERVICES OF NJ
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended June 30, 2009

State Grantor/Program Title	Grant Number	Award / Contract Ceiling	Grant Period	Balance at July 1, 2008	Cash Receipts	Expenditures	Grants Receivable at June 30, 2009	Deferred Revenue at June 30, 2009	Due to Grantor at June 30, 2009
N.J. Department of Human Services									
Division of Addition Services									
Alcohol and Drug Abuse Treatment Rehabilitation Services	08-554-ADA-N-0	\$ 263,760	4/1/08 - 3/31/09	\$ 19,120	\$ 176,720	\$ 195,840	\$ -	\$ -	\$ -
Alcohol and Drug Abuse Treatment Rehabilitation Services	09-593-ADA-N-0	65,280	4/1/09 - 6/30/09	-	-	65,280	(65,280)	-	-
Child Welfare Reform Program - Adolescent Treatment	09-593-ADA-N-0	108,476	7-1-08 - 6/30/09	(27,902)	107,446	108,476	(28,932)	-	-
				<u>(27,902)</u>	<u>107,446</u>	<u>173,756</u>	<u>(94,212)</u>	<u>-</u>	<u>-</u>
Drug Court Fee for Service	09-2195-DC-0	200,000	7-1-08 - 6/30/09	(50,174)	159,054	197,287	(88,407)	-	-
Driving Under the Influence Initiative	n/a			(9,162)	116,808	117,152	(9,506)	-	-
Work First NJ Substance Abuse Initiative	n/a			(5,098)	39,800	42,891	(8,189)	-	-
Council on Compulsive Gambling of NJ, Inc. Counseling services - Gambling	n/a	6,465	7-1-08 - 6/30/09	(255)	4,595	4,790	(450)	-	-
Pass-through the County of Ocean Drug Counseling with an Emphasis for Minority Clients in Lakewood	C2007-89	11,666	7-1-08 - 6/30/09	-	11,666	11,666	-	-	-
NJ State Parole Board	n/a	n/a	7-1-08 - 6/30/09	(2,452)	41,861	47,030	(7,621)	-	-
N.J. Department of Children and Families									
Division of Youth and Families Services									
Drug/Prevention Program	09AHQC	98,817	7-1-08 - 6/30/09	-	98,817	98,817	-	-	-
				<u>\$ (75,923)</u>	<u>\$ 756,767</u>	<u>\$ 889,229</u>	<u>\$ (208,385)</u>	<u>\$ -</u>	<u>\$ -</u>

COUNSELING AND REFERRAL SERVICES OF OCEAN, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Fiscal Year Ended June 30, 2009

I. Summary of Auditors' Results

Financial Statement Section

- | | |
|---|-------------|
| 1. Type of auditors' report issued: | UNQUALIFIED |
| 2. Internal control over financial reporting | |
| a. Material weakness(es) identified? | NO |
| b. Were significant deficiencies identified not considered to be material weaknesses? | NO |
| 3. Noncompliance material to the financial statements? | NO |

Federal Awards Section

- | | |
|---|--------------------------------|
| 1. Dollar threshold used to determine Type A and B Programs: | \$300,000 |
| 2. Auditee qualified as low-risk Auditee? | YES |
| 3. Type of auditors' report on compliance for major programs: | UNQUALIFIED |
| 4. Internal Control over compliance: | |
| a. Material weakness(es) identified? | NO |
| b. Were significant deficiencies identified not considered to be material weaknesses? | NO |
| c. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (Section .510(a))? | NO |
| 5. Identification of major programs: | |
| <u>CFDA Number</u> | <u>Name of Federal Program</u> |
| 14.235 | Supportive Housing Program |
| 93.959 | Treatment Services for Women |

COUNSELING AND REFERRAL SERVICES OF OCEAN, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Fiscal Year Ended June 30, 2009

State Financial Assistance Section

- | | |
|---|-------------|
| 1. Dollar threshold used to determine Type A & B Programs: | \$300,000 |
| 2. Auditee qualified as low-risk Auditee? | YES |
| 3. Type of auditors' report on compliance for major programs: | UNQUALIFIED |
| 4. Internal Control over compliance: | |
| a. Material weakness(es) identified? | NO |
| b. Were significant deficiencies identified not considered to be material weaknesses? | NO |
| c. Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04 | NO |

5. Identification of major programs:

Grant Number

Name of State Program

09-593-ADA-N-0

CWRP Adolescent & Women's
Treatment Combined

09-2195-DC-0

Drug Court Fee for Service

II. Schedule of Financial Statement Findings

NONE

III. Schedule of Federal Award & State Financial Assistance Findings and Questioned Costs

NONE

COUNSELING AND REFERRAL SERVICES OF OCEAN, INC.
d/b/a SEASHORE FAMILY SERVICES OF NJ

SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
For the fiscal year ended June 30, 2009

This section identifies the status of prior year audit findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315(a)(b)) and New Jersey OMB Circular 04-04.

STATUS OF PRIOR-YEAR AUDIT FINDINGS

There were no prior year audit findings for the fiscal year ended June 30, 2008 that we are required to report on.

COUNSELING AND REFERRAL SERVICES OF OCEAN, INC.
d/b/a SEASHORE FAMILY SERVICES OF NJ

NEW JERSEY DEPARTMENT OF HUMAN SERVICES
SUPPORTIVE HOUSING PROGRAM
SCHEDULE OF BUDGETED AND INCURRED COSTS
For the Period September 1, 2008 through June 30, 2009

	Budget <u>(Unaudited)</u>	Current Year <u>Costs Incurred</u>	Costs (Over) <u>Under Budget</u>
Personnel (direct labor)	\$ 88,104	\$ 131,714	\$ (43,610)
Fringe Benefits	20,264	31,095	(10,831)
Travel	-	8,999	(8,999)
Contractual	-	11,888	(11,888)
Other direct costs	<u>232,226</u>	<u>212,825</u>	<u>19,401</u>
 Total Direct Costs	 340,594	 396,521	 (55,927)
 Less: Program Income	 <u>43,415</u>	 <u>99,342</u>	 <u>(55,927)</u>
 Total Net Costs	 <u><u>\$ 297,179</u></u>	 <u><u>\$ 297,179</u></u>	 <u><u>\$ -</u></u>

COUNSELING AND REFERRAL SERVICES OF OCEAN, INC.
d/b/a SEASHORE FAMILY SERVICES OF NJ

NEW JERSEY DEPARTMENT OF HUMAN SERVICES
SUPPORTIVE HOUSING PROGRAM
SCHEDULE OF BUDGETED AND INCURRED COSTS
For the Period September 1, 2007 through August 31, 2008

	Budget (Unaudited)	Prior Year Costs Incurred	Current Year Costs Incurred	Total Costs Incurred	Costs (Over) Under Budget
Budget Categories					
Personnel	\$ 289,800	\$ 225,799	\$ 46,417	\$ 272,216	\$ 17,584
Fringe benefits	66,654	58,601	9,805	68,406	(1,752)
Travel	7,341	14,051	1,494	15,545	(8,204)
Contractual	7,500	11,250	26,680	37,930	(30,430)
Other direct costs	196,420	211,770	12,238	224,008	(27,588)
Total Direct Costs	567,715	521,471	96,634	618,105	(50,390)
Less: Program Income	94,885	127,451	17,824	145,275	50,390
Total Net Costs	\$ 472,830	\$ 394,020	\$ 78,810	\$ 472,830	\$ -

COUNSELING AND REFERRAL SERVICES OF OCEAN, INC.
d/b/a SEASHORE FAMILY SERVICES OF NJ

NEW JERSEY DEPARTMENT OF HUMAN SERVICES
CONTRACT #09-593-ADA-0
SCHEDULE OF BUDGETED AND INCURRED COSTS
For the Period September 1, 2008 through June 30, 2009

Budget Categories	<u>Budget (Unaudited)</u>	<u>Current Year Costs Incurred</u>	<u>Costs (Over) Under Budget</u>
Personnel costs			
Salaries	\$ 176,588	\$ 149,924	\$ 26,664
Fringe Benefits	<u>43,224</u>	<u>34,938</u>	<u>8,286</u>
	<u>219,812</u>	<u>184,862</u>	<u>34,950</u>
 Consultants and professional fees	 4,125	 3,233	 892
 Other costs categories			
Office expense and related cost	12,297	10,810	1,487
Program expense and related cost	13,096	9,632	3,464
Staff training and education cost	217	386	(169)
Travel, conferences and meetings	647	593	54
Facility cost	19,185	16,609	2,576
Other cost	<u>-</u>	<u>-</u>	<u>-</u>
	<u>45,442</u>	<u>38,030</u>	<u>7,412</u>
 Total Direct Costs	 269,379	 226,125	 43,254
 Less: Program Income	 <u>70,464</u>	 <u>27,210</u>	 <u>43,254</u>
 Total Net Costs	 <u>\$ 198,915</u>	 <u>\$ 198,915</u>	 <u>\$ -</u>

COUNSELING AND REFERRAL SERVICES OF OCEAN, INC.
d/b/a SEASHORE FAMILY SERVICES OF NJ

NEW JERSEY DEPARTMENT OF HUMAN SERVICES
CONTRACT # 08-488-ADA-N-3
SCHEDULE OF BUDGETED AND INCURRED COSTS
For the Period September 1, 2007 through August 31, 2008

Budget categories	Budget (Unaudited)	Prior Year Costs Incurred	Current Year Costs Incurred	Total Costs Incurred	Costs (Over) Under Budget
Personnel costs					
Salaries	174,371	148,195	23,674	171,869	2,502
Fringe Benefits	43,263	34,499	5,046	39,545	3,718
	<u>217,634</u>	<u>182,694</u>	<u>28,720</u>	<u>211,414</u>	<u>6,220</u>
Consultants and professional fees	7,095	6,589	796	7,385	(290)
Other costs categories					
Office expense and related cost	13,081	10,386	2,298	12,684	397
Program expense and related cost	16,143	16,489	4,524	21,013	(4,870)
Staff training and education cost	1,200	1,752	10	1,762	(562)
Travel, conferences and meetings	680	572	54	626	54
Facility cost	13,006	11,496	2,617	14,113	(1,107)
General and administrative	-	-	5,149	5,149	(5,149)
	<u>44,110</u>	<u>40,695</u>	<u>14,652</u>	<u>55,347</u>	<u>(11,237)</u>
Total Direct Costs	268,839	229,978	44,168	274,146	(5,307)
Less: Program Income	<u>32,457</u>	<u>36,856</u>	<u>908</u>	<u>37,764</u>	<u>(5,307)</u>
Total Net Costs	<u>236,382</u>	<u>193,122</u>	<u>43,260</u>	<u>236,382</u>	<u>0</u>

COUNSELING AND REFERRAL SERVICES OF OCEAN, INC.
d/b/a SEASHORE FAMILY SERVICES OF NJ

NEW JERSEY DEPARTMENT OF HUMAN SERVICES
CONTRACT # 09-593ADA
SCHEDULE OF BUDGETED AND INCURRED COSTS
For the Period April 1, 2009 through June 30, 2009

	Budget <u>(Unaudited)</u>	Current Year <u>Costs Incurred</u>	Costs (Over) <u>Under Budget</u>
Budget Categories			
Salaries	\$ 47,146	\$ 38,602	\$ 8,544
Fringe Benefits	12,006	8,340	3,666
Professional Fees	1,033	1,044	(11)
Facility Costs	2,187	3,647	(1,460)
Office Expense	2,175	3,342	(1,167)
Program Expense	4,443	9,412	(4,969)
Staff Training	1,762	214	1,548
Travel and Conference	1,671	160	1,511
General and Administrative	<u>10,822</u>	<u>10,949</u>	<u>(127)</u>
 Total Direct Costs	 83,245	 75,710	 7,535
 Less: Program Income	 <u>17,965</u>	 <u>10,430</u>	 <u>7,535</u>
 Total Net Costs	 <u>\$ 65,280</u>	 <u>\$ 65,280</u>	 <u>\$ -</u>

COUNSELING AND REFERRAL SERVICES OF OCEAN, INC.
d/b/a SEASHORE FAMILY SERVICES OF NJ

NEW JERSEY DEPARTMENT OF HUMAN SERVICES
CONTRACT # 08-554-ADA

SCHEDULE OF BUDGETED AND INCURRED COSTS

For the Period April 1, 2008 through March 31, 2009

Budget Categories	Budget (Unaudited)	Prior Year Costs Incurred	Current Year Costs Incurred	Total Costs Incurred	Costs (Over) Under Budget
Personnel costs					
Salaries	\$ 168,510	\$ 52,827	\$ 131,164	\$ 183,991	\$ (15,481)
Fringe Benefits	42,838	14,662	29,798	44,460	(1,622)
	<u>211,348</u>	<u>67,489</u>	<u>160,962</u>	<u>228,451</u>	<u>(17,103)</u>
Consultants and professional fees	5,660	5,061	2,792	7,853	(2,193)
Other costs categories					
Office expense and related cost	7,415	1,211	7,623	8,834	(1,419)
Program expense and related cost	15,609	4,240	12,538	16,778	(1,169)
Staff training and education cost	1,762	185	1,618	1,803	(41)
Travel, conferences and meetings	1,671	83	836	919	752
Facility cost	9,648	1,392	8,149	9,541	107
General and administrative	37,427	-	28,565	28,565	8,862
Other cost	-	1	(1)	-	-
	<u>73,532</u>	<u>7,112</u>	<u>59,328</u>	<u>66,440</u>	<u>7,092</u>
Total Direct Costs	290,540	79,662	223,082	302,744	(12,204)
Less: Program Income	<u>26,780</u>	<u>11,742</u>	<u>27,242</u>	<u>38,984</u>	<u>(12,204)</u>
Total Net Costs	<u>\$ 263,760</u>	<u>\$ 67,920</u>	<u>\$ 195,840</u>	<u>\$ 263,760</u>	<u>\$ -</u>

COUNSELING AND REFERRAL SERVICES OF OCEAN, INC.
d/b/a SEASHORE FAMILY SERVICES OF NJ

NEW JERSEY DEPARTMENT OF HUMAN SERVICES
CONTRACT # 09-593-ADA
SCHEDULE OF BUDGETED AND INCURRED COSTS
For the Period July 1, 2008 through June 30, 2009

Budget Categories	Budget <u>(Unaudited)</u>	Current Year <u>Costs Incurred</u>	Costs (Over) <u>Under Budget</u>
Personnel costs			
Salaries	\$ 68,316	\$ 67,629	\$ 687
Fringe Benefits	<u>16,993</u>	<u>15,032</u>	<u>1,961</u>
	<u>85,309</u>	<u>82,661</u>	<u>2,648</u>
Consultants and professional fees	1,127	2,985	(1,858)
Other costs categories			
Office expense and related cost	3918	5,779	(1,861)
Program expense and related cost	5,337	6,601	(1,264)
Staff training and education cost	686	162	524
Travel, conferences and meetings	261	331	(70)
General and administrative	15,439	14,574	865
Facility cost	<u>6,679</u>	<u>7,658</u>	<u>(979)</u>
	<u>32,320</u>	<u>35,105</u>	<u>(2,785)</u>
Total Direct Costs	118,756	120,751	(1,995)
Less: Program Income	<u>10,280</u>	<u>12,275</u>	<u>(1,995)</u>
Total Net Costs	<u>\$ 108,476</u>	<u>\$ 108,476</u>	<u>\$ -</u>

COUNSELING AND REFERRAL SERVICES OF OCEAN, INC.
d/b/a SEASHORE FAMILY SERVICES OF NJ

NEW JERSEY DEPARTMENT OF HUMAN SERVICES
CONTRACT # 09AHQC
SCHEDULE OF BUDGETED AND INCURRED COSTS
For the Period July 1, 2008 through June 30, 2009

Budget Categories	Budget <u>(Unaudited)</u>	Current Year <u>Costs Incurred</u>	Costs (Over) <u>Under Budget</u>
Personnel costs			
Salaries	\$ 81,474	\$ 73,936	\$ 7,538
Fringe Benefits	<u>18,012</u>	<u>17,078</u>	<u>934</u>
	<u>99,486</u>	<u>91,014</u>	<u>8,472</u>
Consultants and professional fees	3,283	3,087	196
Other costs categories			
Office expense and related cost	8,157	7,208	949
Facility Cost	6,010	5,630	380
Other cost	<u>5,870</u>	<u>19,063</u>	<u>(13,193)</u>
	<u>20,037</u>	<u>31,901</u>	<u>(11,864)</u>
Total Direct Costs	122,806	126,002	(3,196)
Less: Program Income	<u>23,989</u>	<u>27,185</u>	<u>(3,196)</u>
Total Net Costs	<u>\$ 98,817</u>	<u>\$ 98,817</u>	<u>\$ -</u>