Summit Speech School

Financial Statements

June 30, 2024

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Summit Speech School
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Independent Auditors' Report

To the Board of Trustees of
Summit Speech School
New Providence, New Jersey

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Summit Speech School, a School for Students with Disabilities (a New Jersey Nonprofit Corporation) (the "School"), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year 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 Summit Speech School, a School for Students with Disabilities, as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

To the Board of Trustees of
Summit Speech School

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 the School's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' 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 auditors' 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 the School'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 the School's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the New Jersey State Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, are presented for purposes of additional analysis and are not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with 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 October 21, 2024, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Nisivoccia LLP

Bridgewater, New Jersey
October 21, 2024

Summit Speech School
Statement of Financial Position
June 30, 2024

ASSETS		
Cash and cash equivalents	$	1,075,827
Investments		7,480,198
Accounts receivable		642,701
Pledges receivable		1,215,960
Prepaid expenses		54,684
Property, plant, and equipment, net		570,373
Total assets	$	11,039,743
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$	351,017
Accounts payable - tuition		35,659
Deferred revenue		11,401
Total liabilities		398,077
Net Assets:		
Without donor restrictions		2,729,795
With donor restrictions		7,911,871
Total net assets		10,641,666
Total liabilities and net assets	$	11,039,743

Summit Speech School
Statement of Activities
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Tuition	$ 1,652,536		$ 1,652,536
Contract and itinerant fees	1,842,379		1,842,379
Early intervention program	293,312		293,312
Grants and contributions	776,025	$ 127,288	903,313
In-kind donations	525,006		525,006
Rental income	123,165		123,165
Other income	12,075		12,075
Satisfaction of purpose restrictions	280,000	(280,000)	
Total support and revenue	5,504,498	(152,712)	5,351,786
Expenses:			
Program services:			
Preschool	1,398,193		1,398,193
Early intervention	433,197		433,197
Itinerant	1,516,419		1,516,419
Audiology/other	46,487		46,487
Total program services	3,394,296		3,394,296
Supporting services:			
Management and general	1,040,296		1,040,296
Fundraising	637,365		637,365
Total supporting services	1,677,661		1,677,661
Total expenses	5,071,957		5,071,957
Change in net assets from operations	432,541	(152,712)	279,829
Non-operating:			
Net investment income	20,021	754,141	774,162
Change in net assets	452,562	601,429	1,053,991
Net assets, beginning of year	2,277,233	7,310,442	9,587,675
Net assets, end of year	$ 2,729,795	$ 7,911,871	$ 10,641,666

Summit Speech School
Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services					Supporting Services		
	Preschool	Early Intervention	Itinerant	Audiology/ Other	Subtotal	Management and General	Fundraising	Total
Salaries and wages	$ 939,038	$ 301,720	$ 1,011,045	$ 19,722	$ 2,271,525	$ 598,676	$ 266,540	$ 3,136,741
Payroll taxes and employee benefits	207,839	65,383	263,345	6,514	543,081	127,788	35,455	706,324
Pension plan	16,108	2,774	19,103	297	38,282	11,944	5,328	55,554
Total salaries and related benefits	1,162,985	369,877	1,293,493	26,533	2,852,888	738,408	307,323	3,898,619
Rent	101,450	32,729	113,918	2,871	250,968	76,906	47,126	375,000
Contracted services	22,406	363	2,544	1,147	26,460	122,753	62,746	211,959
Depreciation	16,102	1,568	7,394	3,136	28,200	8,641	5,295	42,136
Insurance	16,031	2,134	8,320	1,394	27,879	8,543	5,235	41,657
Fundraising							182,350	182,350
Other expenses	13,530	196	791	389	14,906	3,273		18,179
Utilities	23,189	2,789	12,595	2,030	40,603	12,443	7,624	60,670
Professional fees						23,735		23,735
Travel	883	17,059	56,984	905	75,831	170		76,001
Supplies and materials	14,490	2,942	5,942	5,708	29,082	12,950	6,287	48,319
Maintenance	27,127	3,540	14,438	2,374	47,479	14,549	8,915	70,943
Communication/telephone						17,925	4,464	22,389
Total expenses	$ 1,398,193	$ 433,197	$ 1,516,419	$ 46,487	$ 3,394,296	$ 1,040,296	$ 637,365	$ 5,071,957

Summit Speech School
Statement of Cash Flows
Year Ended June 30, 2024

Cash flows from operating activities:		
Change in net assets	$	1,053,991
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		42,136
Realized/unrealized gain on investments		(654,111)
Changes in operating assets and liabilities:		
Accounts receivable		(182,985)
Pledge receivable		331,892
Prepaid expenses		10,866
Accounts payable and accrued expenses		48,018
Accounts payable - tuition		212
Deferred revenue		(50,547)
Cash flows provided by operating activities		599,472
Cash flows from investing activities:		
Proceeds from sale of investments		2,249,414
Purchase of investments		(3,020,825)
Purchase of property, plant, and equipment		(72,212)
Cash flows used in investing activities		(843,623)
Net decrease in cash and cash equivalents		(244,151)
Cash and cash equivalents, beginning of year		1,319,978
Cash and cash equivalents, end of year	$	1,075,827
Supplemental disclosures of cash activity:		
Unrealized gain on investments	$	644,744
In-kind donations	$	525,006

1. Nature of Activities

Summit Speech School (a New Jersey Nonprofit Corporation) (the "School") is a New Jersey State Department of Education approved private school for students with disabilities serving the hearing impaired. The School provides an Early Intervention Program of 48 weeks per year, a Preschool Program of 180 days and an extended school year of 30 days, and an Itinerant Mainstream Support Program for main-streamed children, grades Pre-K through 12. The School also provides audiology services 52 weeks per year.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. A summary of the significant accounting policies followed by the School in the preparation of the accompanying financial statements is set forth below:

The School prepares its financial statements in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), *Accounting for Contributions Received and Made, and FASB ASC, Presentation of Financial Statements of Not-for-Profit Entities. Presentation of Financial Statements of Not-for-Profit Entities* establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories: net assets with donor restrictions and net assets without donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. In addition, the standard requires the presentation of qualitative information on how the School manages its liquid available resources and liquidity risks. Quantitative information that communicates the availability of a nonprofit's financial assets at the statement of financial position date to meet cash needs for general expenditures within one year is required to be presented on the face of the financial statement and/or in the notes to the financial statements.

Accounting for Contributions Received and Made requires that unconditional promises to give be recorded as receivables and revenue and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

Accordingly, net assets of the School and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions are resources representing the portion of expendable funds available for support of the School 's programs and general operations. These resources are not subject to donor-imposed restrictions. Net assets without donor restrictions also include those expendable resources which may have been designated for special use by the Board of Trustees.

Net Assets With Donor Restrictions are net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the School or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The School had net assets with donor restrictions of $7,911,871 as of June 30, 2024.

Revenue and Support Recognition

Revenue is measured based on consideration specified in a contract with a customer. This occurs with the transfer of control of the sale at a specific point in time. The School recognizes tuition, contract and itinerant fee revenue, early intervention program revenue when the services are provided.

There are no multi-year contracts and performance obligations are typically satisfied within one year or less.

The School recognizes contributions and pledges when cash, securities or other assets are received. The School recognizes an unconditional promise to give or a notification of a beneficial interest when received. Conditional promises to give that is, those with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been substantially met. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received. Federal and state contracts and grants are conditioned upon certain performance requirements.

The majority of the School's revenue is derived from cost-reimbursable federal and state contracts, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the School has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

New Jersey Early Intervention Program income is recorded at the amount that reflects the considerations to which the School expects to be entitled in exchange for providing services to clients. These amounts are due from the New Jersey Department of Health – Division of Family Health Services. Revenue is recognized as performance obligations are satisfied. Reimbursement is paid at prospectively determined rates.

The School also received payment from school districts for students in the Itinerant Mainstream Support Program. The payments are recognized when the service is provided.

Special Events

The School records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. Amounts received prior to the event taking place are recorded as deferred revenue in the accompanying statement of financial position. As of June 30, 2024, the School had deferred revenue in the amount of $11,401.

Disaggregation of Revenue

In the following table, revenue is disaggregated by timing of satisfaction of performance obligations for the year ended June 30, 2024:

Performance obligations satisfied:	
at a point in time	$ 3,788,227
over time	$ 123,165

Revenue from performance obligations satisfied at a point in time is comprised of tuition revenue, contract and itinerant fees, and early intervention program revenue. Revenue from performance obligations satisfied over time is comprised of rental income.

Cash and Cash Equivalents

The School considers all highly liquid investing instruments purchased with an original maturity of three months or less to be cash equivalents.

Accounts and Pledges Receivable and Allowances for Credit Losses

Accounts and pledges receivable are stated at the amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. Management has determined that an allowance for potential credit loss in the without donor restrictions fund is not necessary at June 30, 2024.

Recently Adopted Accounting Guidance

Allowance for Credit Losses

In June 2016, the FASB issued guidance ASC 326, which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model.

Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing the School's exposure to credit risk and the measurement of credit losses. The School adopted the standard effective July 1, 2023. The adoption of the new standard was not considered material to the financial statements.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, if purchased, or at fair value at date of gift, if received by donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Absent donor stipulations regarding how long those donated assets must be maintained, the School reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The School reclassifies restricted net assets to net assets without donor restrictions at that time. Depreciation is provided on the straight-line method over the lesser of the estimated useful life of the asset or the remaining lease term. Expenditures for maintenance and minor repairs which do not extend the useful life of the asset are expensed as costs are incurred. The School's policy is to capitalize fixed assets with a purchase price of $2,000 or more and a useful life of more than one year.

In accordance with FASB ASC, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the School periodically evaluates property and equipment for impairment, relying on a number of factors including operating results, and future business plans. Recoverability of property is evaluated by a comparison of the carrying amount of an asset or asset group to estimated future recoverability of the carrying amount of the asset or asset group. If these comparisons indicate that an asset is not recoverable, the impairment loss recognized is the amount by which the carrying amount of the asset exceeds the estimated fair value. There were no impairments charged to operations for the year ended June 30, 2024.

Investments

The School follows the provisions of FASB ASC, *Accounting for Certain Investments Held by Not-for-Profit Organizations.* In accordance with this accounting standard, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income or loss (including interest, dividends and realized gains and losses on sale of investments) are included in the statement of activities as increases or decreases of net assets without donor restrictions unless the income or loss is restricted by the donor or law. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by the passage of time or by use) in the reporting period in which the income and gains are recognized. Fair market value, at acquisition or contribution, as well as at subsequent dates, is determined based on quoted market prices as provided by the investment advisors. Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation.

Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the School to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Tax-exempt Status

The School is recognized as a charitable, nonprofit organization exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. The School is an exempt entity under Title 15 of the State of New Jersey, *Corporations and Associations Not-for-Profit Act*.

Accordingly, no provision for federal or state income tax has been presented in the accompanying financial statements. Management has stated that all tax returns have been filed and applicable taxes paid in a timely manner.

The School follows the provisions of FASB ASC, *Income Taxes*. The standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition as they relate to those tax positions.

The School does not expect a significant increase or decrease to the total amounts of unrecognized tax positions during the fiscal year ended June 30, 2024. However, the School is subject to regular audit by tax authorities, including a review of its nonprofit status, which the School believes would be upheld upon examination. The School believes that it has appropriate support for the positions taken on its tax returns. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year.

As required by law, the School files an informational return with the United States federal government on an annual basis - Form 990 with the Internal Revenue Service. This return is subject to examination by this authority within a certain statutorily defined period.

Fair Value of Financial Instruments

In accordance with FASB ASC, *Fair Value Measurements and Disclosures*, fair value is defined as a market-based measurement, not an entity-specific measurement. The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).A fair value measurement assumes that the transaction to sell the asset or transfer the liability either occurs in the principal market (or in its absence, the most advantageous market) for the asset or liability.

The *Fair Value Measurements Topic* of the FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value focuses on the price that would be received to sell the asset or paid to transfer the liability regardless of whether an observable market price existed (an exit price).

An exit price valuation will include margins for risk even if they are not observable. As the School is released from risk, the margins for risk will also be released through net realized capital gains (losses) in net income. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

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

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 assets and liabilities measured at fair value are based on one or more of three valuation techniques:

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. For some assets and liabilities, observable market transactions or market information may be available. For other assets and liabilities, observable market transactions and market information might not be available. When a price for an identical asset or liability is not observable, a reporting entity measures fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, a reporting entity's intention to hold an asset or settle or otherwise fulfill a liability is not relevant when measuring fair value.

The following is a description of valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at June 30, 2024.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the School are open-end mutual funds that are registered with the Securities and Exchange Commission ("SEC"). These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the School are deemed to be actively traded.

Equities: Valued at the closing price reported on the active market in which the individual securities are traded.

Fixed income: Valued at the closing price reported on the active market in which the individual securities are traded.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program and supporting services benefited. The financial statements may report certain categories of expense that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated based on estimates made by management. Program expenses are those related to public school, private placement education and other program services.

Management and general expenses relate to administrative expenses associated to those programs and are allocated based on estimates of time and effort considered by management to be reasonable. Fundraising relates to direct costs incurred in order to raise contributions and awareness for the School and its mission as a whole.

Donated Services

The Board of Trustees make significant contributions of time relative to general management and operations of the School. The value of this contributed time is not reflected in the financial statements as it does not meet the requirements for recognition under U.S. generally accepted accounting principles.

In-Kind Donations

The School follows the provisions of FASB ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which requires nonprofits to present contributed nonfinancial assets as a separate line in the statement of activities apart from contributions of cash or other financial assets.

In-kind donations are reflected as contributions at their fair value on the date of donation and are reported as without donor restrictions unless explicit donor stipulations specify how donated assets must be used. See Note 9 for more information on in-kind donations.

Use of Estimates

The preparation of 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 amounts of assets and liabilities, revenue and expenses and changes therein, and disclosures of contingent assets and contingent liabilities and accompanying notes. It is reasonably possible that the School’s estimates may change in the near term.

Advertising
The School expenses advertising costs as they are incurred. Advertising expense for the year ended June 30, 2024, amount to $337.

Operating Environment

The School operates in a heavily regulated environment. The operations of the School are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies including, but not limited to, the Division of Finance and Business Services, Department of Education, State of New Jersey. Such administrative directives, rules and regulations are subject to change by an act of Congress, or an administrative change mandated by the Division of Finance and Business Services , Department of Education, State of New Jersey.

Lease Commitments

The School applies FASB ASC 842, *Leases*, to determine whether an arrangement is or contains a lease at inception.

The School has elected for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less, but greater than 1 month at lease commencement, and do not include an option to purchase the underlying asset that the School is reasonably certain to exercise. The School recognizes lease cost associated with its short-term leases on a straight-line basis over the lease term.

Subsequent Events

Management has reviewed subsequent events and transactions that occurred after June 30, 2024, through the date of the independent auditors' report and the date the financial statements were available to be issued, October 21, 2024. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles in the United States of America. Management has determined that there are no nonrecognized subsequent events that require additional disclosure.

3. Liquidity and Availability

The provisions of FASB Update No. 2016-14 require the presentation of qualitative information on how the School manages its liquid available resources and liquidity risks. Quantitative information that communicates the availability of a nonprofit's financial assets at the statement of financial position date to meet cash needs for general expenditures within one year is required to be presented on the face of the financial statement and/or in the notes to the financial statements.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following:

Financial assets at year end:	
Cash and cash equivalents	$ 1,075,827
Accounts receivable	642,701
Pledges receivable	1,215,960
Investments	7,480,198
	10,414,686
Less: Net assets with donor restrictions	(7,911,871)
Financial assets available for general expenditure	$ 2,502,815

The School receives tuition income from New Jersey public school sending districts and considers this funding restricted due to New Jersey State law regarding public school tuition funds.

The School's working capital and cash flows have predictable variations during the school year. Cash receipts and cash balances are lowest during July and August when school districts are generally paying tuition invoices for reduced school sessions.

During the months of September through December, the School's cash flow improves as a result of higher tuition revenues and fundraising events and campaigns. The trend of positive cash flow then continues through June, the end of the school year.

The School has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The School has a goal to maintain financial assets on hand to meet approximately 3 months of normal operating expenses. In addition to these available financial assets, a significant portion of the School's annual expenditures will be funded by the current year operating revenues including tuition and program fees.

4. Property, Plant, and Equipment

Property, plant, and equipment and their related estimated useful lives as of June 30, 2024, are comprised of the following:

	Estimated Useful Live (Years)	
Leasehold improvements	5-25	$ 4,736,955
Furniture and fixtures	5-10	453,191
Equipment	5-10	15,402
		5,205,548
Less: accumulated depreciation		(4,635,175)
		$ 570,373

Depreciation expense for the year ended June 30, 2024, amounted to $42,136.

5. Investments

The School invests in mutual funds, equities and fixed income. Fair value for investments are determined by unadjusted quoted prices for identical assets and liabilities in active markets. There were no changes in valuation techniques for the year ended June 30, 2024.

Investments at June 30, 2024, are summarized as follows:

	Cost	Fair Market (Level 1)	Unrealized Appreciation (Depreciation)
Mutual funds	$ 5,151,520	$ 5,533,023	$ 381,503
Equities	1,314,561	1,431,373	116,812
Fixed income	499,943	515,802	15,859
Total	$ 6,966,024	$ 7,480,198	$ 514,174

Investment roll forward at June 30, 2024, is summarized as follows:

June 30, 2023 balance	$ 6,054,676
Purchases	3,020,825
Sales	(2,249,414)
Realized gains	9,367
Unrealized gains	644,744
June 30, 2024 balance	$ 7,480,198

6. Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2024, are available for the following purposes or periods:

Endowments:	
Subject to investment in perpetuity:	
Endowment fund	$ 7,911,871

Net assets were released from donor restrictions during the fiscal year ended June 30, 2024, by the passage of time or incurring expenses that satisfy the specified restrictions placed by donors as follows:

Purpose restriction accomplished:	
Endowment income appropriated for expenditure	$ 280,000

7. Pledges Receivable

The activity during the year ended June 30, 2024, of pledges receivable is as follows:

Pledges receivable, beginning of year	$ 1,547,852
Pledges made during the year, net of unamortized discount to present value	103,108
Less: receipts received during the year	(435,000)
Pledges receivable, end of year	$ 1,215,960

Pledges receivable are presented in the financial statements by restriction as follows:

Annual operating fund pledges	$ 300,000
Annual endownment fund pledges	935,000
Less: Unamortized discount to present value	(19,040)
June 30, 2024 balance	$ 1,215,960

Pledges receivable are comprised of the following, at June 30, 2024:

Pledges expected to be collected as of June 30:	
2025	$ 305,000
2026	310,000
2027	310,000
2028	310,000
	1,235,000
Less: Unamortized discount to present value	(19,040)
	$ 1,215,960

8. Accounts Payable – Tuition

The School has pending appeals with the Department of Education resulting from issues identified during the audit for the school year ending June 30, 1993. Inasmuch as the June 30, 1993, adjustments are related to the state audit for the year ended June 30, 1992, the School has not refunded the $33,869 overcharges pending the outcome of the appeal related to the year ended June 30, 1992. The School's management has indicated that these refunds will be made available upon settlement of the Department of Education appeal. The remaining accounts payable – tuition balance of $1,790 relates to additional billing for the year ended June 30, 2024.

9. In-Kind Donations

The School received contributed goods and services for the year ended June 30, 2024:

	Program	Fundraising	Total	Valuation Techniques and Inputs
Direct Costs		$ 150,006	$ 150,006	The School was provided gifts-in-kind of direct costs at no cost to conduct fundraising events to support the mission of the School. Fundraising supplies valued at vendor supplied rates and current market value.
Rent	$ 375,000		375,000	The Borough of New Providence, NJ donated the use of the school site to support the mission of the School. School building valued at the current rental value.
Total	$ 375,000	$ 150,006	$ 525,006	

The School's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the School.

All gifts-in-kind received by the School for the year ended June 30, 2024, were considered without donor restrictions and able to be used by the School as determined by the Board of Trustees and management.

The Borough of New Providence has donated the use of the school site which was recorded at a fair market value of $375,000 for twelve months. Various individuals donated $150,006 of items and services which were provided to attendees at the spring benefit and golf outing. All in-kind donations are recorded as contribution revenue and other program expense in the statement of activities.

10. Concentration of Credit Risk

The School maintains its cash and cash equivalents in bank deposit accounts, which, at times, may exceed federally insured limits. The School has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk related to cash and cash equivalents.

Credit risk as it relates to accounts receivable for tuition has been determined by management to be minimal since it is spread out among numerous public school sending districts and amounts are contractually provided for.

11. Retirement Plan

The School established a non-contributory defined contribution retirement plan (the Plan) effective July 1, 1991. The Plan was amended on June 1, 2018. For tax purposes, the Plan is considered a qualified plan. An employee becomes eligible for the Plan after completing a year of service of at least 1,250 hours and attaining the age of 21. The School's contribution to the Plan is determined annually by the Board of Trustees based on a fixed percentage of the compensation of all eligible participants.

The School's pension plan is in conformance with the Employee Retirement Income Security Act of 1974 and its successor legislation.

There was an employer discretionary contribution of $55,554 for all programs covered in this report for the year ended June 30, 2024.

12. Commitments and Contingencies

On April 6, 1993, the School entered into a lease with the Borough of New Providence, New Jersey to rent the school building donated to the Borough by a contributor. The lease is for 50 years terminating on March 31, 2043.

Under the terms of the lease, the School will pay monthly rent to the landlord equal to that necessary to defray the landlord's maintenance and operation costs associated with its ownership of the leased premises as reported by the Borough annually, if any. There was no rent due or paid to the landlord for the year ended June 30, 2024.

The New Jersey State Department of Education, Division of Finance and Business Services, audited the School for the year ended June 30, 1992. The State has determined that the School must refund $101,131 to the public school districts based on an examination report dated October 5, 1993.

The School's Board of Trustees is appealing this decision. Accordingly, no liability except as described in Note 13 has been recorded on these financial statements.

According to management and legal counsel, there are no lawsuits known to exist that would materially affect the School's financial position.

13. Donor Designated Endowments (UPMIFA State)

The School's endowment consists of investments established for a variety of purposes. Its endowment is made up of funds with donor restrictions. As required by generally accepted accounting principles, net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Management of the School has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the School classifies as net assets with donor restrictions perpetual in nature (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions perpetual in nature is classified as net assets with donor restrictions for time or purpose until those amounts are appropriated for expenditure by the School in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the School considers the following factors in making a determination to appropriate or accumulate donor- restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the School, and (7) the School's investment policies.

Investment Return Objectives, Risk Parameters and Strategies

The School has adopted investment and spending policies, approved by management of the School, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity while growing the funds if possible. Therefore, the School expects its endowment assets, over time, to produce an average rate of return of approximately 2% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

<u>Spending Policy:</u>

The School has a policy of appropriating for distribution of its endowment fund's each year. In establishing this policy, the School considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. This is consistent with the School's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

All earnings on funds with donor restrictions perpetual in nature have been appropriated for expenditure as of June 30, 2024. The School had $7,911,871 of endowment net assets as of June 30, 2024.

Changes in donor-restricted endowment net assets is as follows:

Endowment net assets at June 30, 2023	$ 7,310,442
Discount on long term pledge	80,188
Contributions - individuals	47,100
Net investment income	754,141
Released from restrictions	(280,000)
Endowment net assets at June 30, 2024	$ 7,911,871

Summit Speech School
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program/Cluster Title	Federal Assistance Listing #	Pass-Through Entity ID#	Grant/Project#	Grant Period	Grant Award	Cumulative Program Disbursements	Current Year Program Disbursements	Current Year Cash Received	Current Year Provided to Subrecipients
U.S Department of Education:									
Passed through:									
New Jersey Department of Health and Senior Services									
Early Intervention Services	84.181A	N/A	04-2166-EIP-N-0	7/1/23-6/30/24	$ 131,110	$ 131,110	$ 131,110	$ 126,330	$
Total federal awards					$ 131,110	$ 131,110	$ 131,110	$ 126,330	$

See independent auditors report and notes to the Schedules of Expenditures of Federal and State Awards

Summit Speech School
Schedule of Expenditures of State Awards
Year Ended June 30, 2024

State Grantor/Pass-Through Grantor/Program	State Grant Account Number	State Account Number	Grant Period	Award Amount	Cumulative Program Disbursements	Current Year Program Disbursements	Current Year Cash Received
NJ Department of Health and Senior Services Early Intervention Services	04-2166-EIP-N-0	N/A	7/1/2023-6/30/2024	$ 162,202	$ 162,202	$ 162,202	$ 156,288
Total state awards				$ 162,202	$ 162,202	$ 162,202	$ 156,288

See independent auditors report and notes to the Schedules of Expenditures of Federal and State Awards

1. Basis of Presentation

The accompanying schedules of expenditures of federal and state awards present the activity of all financial assistance programs of the School. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the New Jersey State Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of the basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies are included in the schedules of expenditures of federal and state awards. Because the schedules present only a selected portion of the operations of the School, they are not intended to and do not present the financial position, changes in net assets, or cash flows of the School.

2. Summary of Significant Accounting Principles

The accompanying schedules of expenditures of federal and state awards are presented using the accrual basis of accounting which is described in Note 2 to the financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

3. Indirect Cost Rate

The School has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Sub-recipients

No federal or state awards were provided to sub-recipients.

5. Relationship to Federal and State Financial Reports

The regulations and guidelines governing the preparation of federal and state financial reports vary by federal and state agency and among programs administered by the same agencies. Accordingly, the amounts reported in the federal and state financial reports do not necessarily agree with the amounts reported in the accompanying schedules of expenditures of federal and state awards, which are prepared on the accrual basis explained in Note 2.

6. Single Audit – Type A/Type B Program Threshold

Dollar threshold used to distinguish between Type A and Type B programs is $750,000. Single audit expenditure threshold requirement is $750,000.

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<u>Independent Auditors' 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*</u>

To the Board of Trustees of
Summit Speech School
New Providence, New Jersey

We have audited, 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, the financial statements of Summit Speech School, a School for Students with Disabilities, (a New Jersey Nonprofit Corporation) (the "School") which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 21, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 or significant deficiencies may exist that were not identified.

To the Board of Trustees of
Summit Speech School

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nisivoccia LLP

Bridgewater, New Jersey
October 21, 2024

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Independent Auditors' Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance and New Jersey State Circular 15-08-OMB

To the Board of Trustees of
Summit Speech School
New Providence, New Jersey

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Summit Speech School's, a School for Students with Disabilities, (a New Jersey Nonprofit Corporation) (the "School") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and New Jersey, *State Grant Compliance Supplement* that could have a direct and material effect on each of the School's major state programs for the year ended June 30, 2024. The School's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2024.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the New Jersey State Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards, the Uniform Guidance, and the New Jersey State Circular 15-08-OMB are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program.

Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School's state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the New Jersey State Circular 15-08-OMB will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the New Jersey State Circular 15-08-OMB, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the New Jersey State Circular 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

To the Board of Trustees of
Summit Speech School

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Nisivoccia LLP

Bridgewater, New Jersey
October 21, 2024

Summit Speech School
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

I. Summary of Auditor's Results

Financial statements

The auditors' report issued on the financial statements of Summit Speech School was an unmodified opinion.

Internal control over financial reporting:

• Material weaknesses identified?		Yes	X	No
• Significant deficiencies identified?		Yes	X	None reported
Noncompliance material to financial statements noted?		Yes	X	No

Internal control over major programs:

• Material weaknesses identified?		Yes	X	No
• Significant deficiencies identified?		Yes	X	None reported

The auditors' report issued on compliance for major state programs was an unmodified opinion.

Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance and New Jersey State Circular 15-08-OMB		Yes	X	No

The following state programs were designated as major programs:

State Agency	State Grant Account Number	Expenditures
New Jersey Department of Health and Senior Services:		
Early Intervention Services	04-2166-EIP-N-O	$ 162,202

Dollar threshold used to distinguish between Type A and Type B programs	$ 750,000

Auditee qualified as a low-risk auditee?	X	Yes		No

II. Financial Statement Findings

No matters were reported.

III. Federal and State Award Findings and Questioned Costs

No matters were reported.

Status of Prior Audit Findings:

There were no audit findings in the prior year.