ACENDA
INTEGRATED HEALTH

ACENDA, INC.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2020

BOWMAN & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

ACENDA, INC.

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December 31, 2020

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Acenda, Inc.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Acenda, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of operations, change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Acenda, Inc. as of December 31, 2020, 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.

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Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, Lily Mae Income Statement, and DMHAS Contract Schedule, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and State of New Jersey Circular 15-08 OMB, the New Jersey Housing and Mortgage Finance Agency, and New Jersey Division of Mental Health and Addiction Services, respectively, 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 September 30, 2021, on our consideration of Acenda, Inc.'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 Acenda, Inc.'s 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 Acenda, Inc.'s internal control over financial reporting and compliance.

Bowman + Company LLP

Bowman & Company LLP
Certified Public Accountants

Voorhees, New Jersey
September 30, 2021

ACENDA, INC.
Consolidated Statement of Financial Position
As of December 31, 2020

ASSETS	
Current assets	
Cash and cash equivalents	$ 13,672,380
Restricted cash	270,242
Accounts receivable	4,007,842
Due from grantor	1,471,226
Promises to give	32,500
Investments	1,823,417
Prepaid expenses	1,688,564
Other assets	234,390
Total current assets	23,200,561
Investments	276,436
Sponsor loans receivable	1,223,518
Restricted cash	190,776
Property and equipment, net	23,759,790
Total assets	48,651,081
LIABILITIES AND NET ASSETS	
Current liabilities	
Current portion of notes payable	287,339
Accounts payable	9,390,000
Accrued expenses	1,028,756
Client trust funds	282,496
Refundable advances	3,795,904
Other payables	245,850
Total current liabilities	15,030,345
Accrued interest	86,793
Notes payable, net of current portion	6,830,667
Paycheck Protection Program loan	5,767,725
Total liabilities	27,715,530
Net assets	
Without donor restrictions	
Undesignated	13,068,672
Designated by the board - property held under agreement	7,001,426
	20,070,098
With donor restrictions	865,453
Total net assets	20,935,551
	$ 48,651,081

The accompanying notes are an integral part of the financial statements.

ACENDA, INC.
Consolidated Statement of Operations
For the Year Ended December 31, 2020

Operating revenue, gains, and support	
Government grants and contracts	
Federal and state contracts	$ 36,655,040
County contracts	1,579,860
Net client service revenue	8,887,519
Other contributions	
United Way awards	196,780
Contributions	107,736
Fundraising events, net of direct benefits to donor of $13,962	147,028
Net assets released from restrictions	283,069
Other revenue	
Rental revenue	407,965
Gain on disposal of property and equipment	2,783
Other income	229,404
Total operating revenue, gains, and support	48,497,184
Operating expenses	
Program services	43,693,816
Management and general	7,517,875
Fundraising	83,924
Total operating expenses	51,295,615
Operating loss	(2,798,431)
Other income	
Investment income	88,469
Deficit of revenue, gains, and support over expenses	(2,709,962)
Unrealized gains on investments	81,590
Inherent contribution arising from acquisition of Daytop Village Inc.	583,109
Fair value of net assets acquired	6,887,520
Increase in net assets without donor restrictions	4,842,257
Net assets without donor restrictions beginning of year	15,227,841
Net assets without donor restrictions end of year	$ 20,070,098

The accompanying notes are an integral part of the financial statements.

ACENDA, INC.
Consolidated Statement of Changes in Net Assets
For the Year Ended December 31, 2020

Net assets without donor restrictions	
Deficit of revenue, gains and support over expenses	$ (2,709,962)
Net unrealized gain on investments	81,590
Inherent contribution arising from acquisition of Daytop Village Inc.	583,109
Fair value of net assets acquired	6,887,520
Increase in net assets without donor restrictions	4,842,257
Net assets with donor restrictions	
Contributions	334,800
Net assets released from restrictions	(283,069)
Fair value of net assets acquired	500,000
Increase in net assets with donor restrictions	551,731
Change in net assets	5,393,988
Net assets - beginning of the year	15,541,563
Net assets - end of the year	$ 20,935,551

The accompanying notes are an integral part of the financial statements.

ACENDA, INC.
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Services				Support Services			
	Integrated Health Services	Child and Family Services	Prevention, Youth & Education Services	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries	$ 17,366,750	$ 5,325,227	$ 3,973,786	$ 26,665,763	$ 4,022,083	$ 58,410	$ 4,080,493	$ 30,746,256
Payroll taxes	1,468,163	452,070	341,504	2,261,737	314,192	5,000	319,192	2,580,929
Fringe benefits	3,520,464	1,147,082	839,279	5,506,825	876,911	13,444	890,355	6,397,180
Temporary services	3,042	-	-	3,042	105,508	-	105,508	108,550
Professional fees	1,383,301	171,079	83,988	1,638,368	320,138	151	320,289	1,958,657
Materals and supplies	1,018,486	320,810	387,216	1,726,512	366,137	868	367,005	2,093,517
Depreciation	687,840	217,456	83,454	988,750	311,086	-	311,086	1,299,836
Rent	319,336	112,267	214,807	646,410	43,213	13,692	56,905	703,315
Real estate taxes	782	-	-	782	16,234	-	16,234	17,016
Maintenance and repairs	573,952	55,873	132,490	762,315	184,650	952	185,602	947,917
Utilties	309,623	29,665	50,073	389,361	141,564	743	142,307	531,668
Telephone	233,554	25,283	20,534	279,371	21,685	28	21,713	301,084
Security service	15,941	4,937	9,292	30,170	4,739	22	4,761	34,931
Mortgage interest	65,775	1,153	18,298	85,226	57,085	-	57,085	142,311
Insurance	164,642	25,261	57,643	247,546	139,478	147	139,625	387,171
Specific assistance to clients	545,921	140,366	194,279	880,566	1	-	1	880,567
Travel and transportation	483,906	266,894	93,091	843,891	85,189	-	85,189	929,080
Communications	200,063	79,145	75,289	354,497	70,718	19	70,737	425,234
Training and conferences	71,582	25,388	35,464	132,434	123,407	36	123,443	255,877
Dues and subscriptions	15,422	3,104	150	18,676	80,600	-	80,600	99,276
Marketing and advertising	11,515	774	1,402	13,691	52,562	-	52,562	66,253
Interest	-	-	-	-	9,149	-	9,149	9,149
Miscellaneous	52,690	11,968	70,197	134,855	152,391	4,004	156,395	291,250
Taxes and registration fees	10,851	421	5,130	16,402	15,096	100	15,196	31,598
Bad debts	66,626	-	-	66,626	2,363	-	2,363	68,989
Amortization	-	-	-	-	1,696	-	1,696	1,696
Total functional expenses including direct donor benefit	28,590,227	8,416,223	6,687,366	43,693,816	7,517,875	97,616	7,615,491	51,309,307
Cost of direct benefit to donors						(13,692)	(13,692)	(13,692)
Total functional expenses	$ 28,590,227	$ 8,416,223	$ 6,687,366	$ 43,693,816	$ 7,517,875	$ 83,924	$ 7,601,799	$ 51,295,615

The accompanying notes are an integral part of the financial statements.

ACENDA, INC.
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2020

Cash flows from operating activities	
Change in net assets	$ 5,393,988
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	1,299,836
Gain on sale of property and equipment	2,783
Accrued interest	7,691
Net realized and unrealized gains on investments	(95,680)
Investments acquired via merger	(519,008)
(Increase) decrease in	
Accounts receivable	3,933,117
Due from grantor	(1,471,226)
Prepaid expenses	(507,736)
Other assets	(233,124)
Increase (decrease) in	
Accounts payable	2,612,382
Accrued expenses	(65,178)
Client trust funds	110,625
Refundable advances	105,196
Other payables	245,850
Net cash provided by operating activities	10,819,516
Cash flows from investing activities	
Purchase of property and equipment	(11,494,406)
Purchase of investments	(256,495)
Proceeds from investments	222,785
Interest on sponsor loans receivable	(2,595)
Net cash used in investing activities	(11,530,711)
Cash flows from financing activities	
Principal payments on long-term debt	(834,731)
Borrowings on notes payable	2,694,090
Borrowings on loans payable, Paycheck Protection Program	5,767,725
Net cash provided by financing activities	7,627,084
Net increase in cash and cash equivalents	6,915,889
Cash - beginning of the year	7,217,509
Cash - end of the year	$ 14,133,398

Reconciliation of cash and restricted deposits to the total of the same amounts shown in the statement of cash flows:

Cash and cash equivalents	$ 13,672,380
Restricted cash	461,018
	$ 14,133,398

Cash paid during the year for interest totaled $142,311.

The accompanying notes are an integral part of the financial statements.

Note 1: **ORGANIZATION**

For over fifty-two years, Acenda Inc. (the “Organization”) formerly Robins' Nest, Inc. has been recognized for its innovative program development and success in helping clients across the state of New Jersey. As a result of the July 1, 2019 merger among Robin’s Nest, Inc., Cape Counseling Services, and NewPoint Behavioral Health Care, and the October 1, 2020 acquisition of Daytop Village of New Jersey, Inc., the Organization now operates in over fifty-five locations, employs nearly 1,000 staff, and provides services across a range of services including integrated health, addiction and recovery services, prevention services, children and family services, crisis services, adolescent services, and residential services. The Organization’s dedicated professional staff significantly impact the lives of approximately 27,000 clients annually through a holistic, integrated care model.

Cape Housing I, Inc. is a nonprofit corporation that operates a single-family home for persons with mental health disabilities, housing three residents.

Daytop New Jersey Academy, Inc. is a nonprofit corporation formerly providing special education services. Effective October 1, 2020, Acenda Inc. is the sole corporate member of Daytop Academy, Inc. At which time, Daytop Academy, Inc.’s net assets are included in the consolidated financial statements.

The main programs and services provided by the Organization are as follows:

Integrated Health Services - The Integrated Health Division offers a range of programs including: adult acute care services such as crisis screening, partial care programs, and intensive case management services; adolescent and adult residential services; outpatient and intensive outpatient behavioral health services; outpatient and intensive outpatient recovery services; children's mobile crisis response and youth partial care services.

Child and Family Services - The Child and Family Services Division provides programs that focus on child safety, permanency and family well-being. Families are child welfare involved and referred to our in-home counseling, support services and visitation programs to improve parent-child interactions, enhance functioning and stabilize families so they remain intact, or so children can be reunified.

Prevention, Youth & Education Services - The Prevention Division offers preventative services to infants, children, young and older adults aiming to reduce barriers in areas of primary prevention, infant and maternal health, juvenile justice and adolescent services.

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

<u>Basis of financial statement presentation</u> – The financial statements have been prepared on the accrual basis of accounting and in conformity with the standards promulgated by the American Institute of Certified Public Accountants in its audit guide for health care organizations. Financial statement presentation also follows the recommendations of the relevant accounting standards which require the Organization to report information regarding their financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

<u>Use of estimates</u> – 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. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Statement of operations – The Organization's statements of operations includes excess (deficit) of revenue over expenses. Changes in net assets without donor restrictions which are excluded from excess (deficit) of revenue over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities.

Grants and contributions are generally available without donor restrictions unless specifically restricted by the donor. Grants and contributions are reported as net assets with donor restriction if they are received with donor stipulations that limit the use of the donated assets. If the donor restrictions are met in the same year, the restricted contributions are reported as net assets without donor restrictions in the financial statements.

Cash and cash equivalents – For the purpose of the statement of cash flows, cash and cash equivalents includes unrestricted time deposits and highly liquid debt instruments with original maturities of three months or less.

Accounts receivable – Accounts receivable are recorded at the amounts billed, less an allowance for doubtful accounts. The Organization records a provision for doubtful accounts when, through a review of its records, it appears that the source of payments will not be available to satisfy the charges. The amount of the allowance for doubtful accounts is a significant estimate used in preparing these financial statements, and it is at least reasonably possible that the amount of the estimate will change within the next year.

Investments – The Organization carries investments in marketable equity securities with readily determinable fair values and all investments in debt securities at their fair values on the statements of financial position. All investments are considered available for sale. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in the excess of revenue over expenditures. Unrealized gains and losses on investments are excluded from the excess of revenue over expenses.

Promises to give – Unconditional promises to give are recognized as revenue in the period received and as assets. They are stated at net realizable value. Conditional promises to give are recognized only when the conditions, on which they depend, are substantially met and the promises become unconditional.

Property and equipment – Land, buildings and building improvements, furniture, equipment and vehicles are recorded at cost, except for donated items which are recorded at the fair market value on the date of donation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Building and building improvements	5-40 years
Equipment	3-5 years
Vehicles	3-7 years
Furniture and fixtures	5 years

The Organization capitalizes property and equipment over $5,000. Repairs and maintenance, which do not extend the useful lives of the related assets, are expensed as occurred.

Refundable advances – Refundable advances includes amounts received as grants that are potentially due back to the grantor if conditions are not met.

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Compensated absences – Employees of the Organization are entitled to paid vacation, paid sick days and personal days off depending on scheduled work hours, length of service and other factors. Unused days are lost, thus no liability has been accrued in the accompanying financial statements.

Net assets – Net assets, revenues, gains, and losses are classified based on the existence of absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Net client service revenue – Net client service revenue is reported at the amount that reflects the consideration to which the organization expects to be entitled for providing client care. These amounts are due from clients, third-party payors, and others and include variable consideration for retroactive revenue adjustments due to settlement of reviews and audits. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined. Contracts, laws, and regulations governing the Medicaid program are complex and subject to interpretation.

Thus, there is at least a reasonable possibility that recorded estimates may change by a material amount in the near term. Generally, the organization bills the clients and third-party payors several days after the services are performed or shortly after discharge. Revenue is recognized at the point in time when the client service is provided.

The transaction price is based on standard charges for services provided to clients, reduced by applicable contractual adjustments, discounts to under and uninsured clients, and implicit pricing concessions. The estimates of contractual adjustments and discounts are based on contractual agreements, discount policy, and historical collection experience. The process for estimating the ultimate collectability of client accounts receivables involves historical collection experience, changes in contracts with payors, and significant assumptions and judgment. Account balances are written off as an implicit pricing concession when management believes it is probable the receivable will not be recovered.

Contributions – The Organization records contributions when received as with or without donor restrictions, depending on the existence or nature of any donor restrictions. All donor support is reported as an increase in net assets with or without donor restrictions depending on the nature of the restriction. When a time restriction expires, or when a use restriction is met, 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. Contributions with donor restrictions whose restrictions are met within the same year as received are reflected as contributions without restrictions in the accompanying financial statements.

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Charity care and community benefits – The organization provides either full or partial charity care to clients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Amounts determined to qualify as charity care are not reported as net client service revenue. The organization also provides services to other indigent clients under Medicaid and other publicly sponsored programs, which reimburse at amounts less than the cost of the services provided to the recipients. The difference between the cost of services provided to these indigent persons and the expected reimbursement is included in the estimated cost of charity care. Such amounts are considered community benefits.

Advertising expense – The Organization uses advertising to promote its programs among the audience it serves. The costs of advertising are expensed as incurred. Advertising expense was $66,253 for the year ended December 31, 2020.

Functional expense allocation – The costs of providing program and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among program services and support services. Such allocations are determined by management on an equitable basis. Occupancy and depreciation expense are allocated based on square footage. All other expenses are allocated based on time and effort.

Income taxes – The Organization claims exemption from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code, and accordingly, do not record a provision for income taxes on related income.

The Organization regularly reviews and evaluates its tax positions taken in previously filed information returns and as reflected in its financial statements, with regard to issues affecting its tax exempt status, unrelated business income, and related matters. The Organization believes that in the event of an examination by taxing authorities, the Organization's positions would prevail based upon the technical merits of such positions. Therefore, the Organization has concluded that no tax benefits or liabilities are required to be recognized in accordance with the new requirements.

Newly adopted accounting pronouncements

Revenue from Contracts with Customers – In May 2014, the Financial Accounting Standards Board issued guidance that replaces the existing accounting standards for revenue recognition. The guidance requires an organization to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration it expects to be entitled to receive in exchange for those goods or services. The standard is effective for fiscal years beginning after December 15, 2019 and may be adopted either by restating all years presented in the Organization's financial statements or by recording the impact of adoption as an adjustment to retained earnings at the beginning of the fiscal. The ASU has been applied retrospectively with no significant effect on the current or prior year's financial statements.

Note 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

New accounting pronouncements

Leases – Issued in February 2016, Accounting Standards Update (ASU) No. 2016-02 requires lessees to recognize right-of-use assets and lease liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than 12 months. This new accounting will apply to both types of leases—capital (or finance) leases and operating leases. Previously, GAAP has required only capital leases to be recognized on lessee balance sheets. The standard will take effect for fiscal years beginning after December 15, 2021, and for interim periods within fiscal years beginning after December 15, 2022. Early application is permitted. The Organization is assessing the potential impact this guidance will have on its financial statements.

Financial Instruments—Credit Losses – Issued in June 2016, Accounting Standards Update (ASU) No. 2016-13 requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. In addition, credit losses relating to available-for-sale debt securities should be recorded through an allowance for credit losses. The standard will take effect for fiscal years beginning after December 15, 2020, and for interim periods within fiscal years beginning after December 15, 2021. Early application will be permitted. The Organization is assessing the potential impact this guidance will have on its financial statements.

Note 3: **LIQUIDITY AND AVAILABILITY**

The Organization strives to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in certificates of deposits and investments.

The Organizations financial assets available within one year to meet cash needs for general expenditures are as follows:

Financial assets:		
Cash and cash equivalents	$	13,672,380
Restricted cash		270,242
Accounts receivable		4,007,842
Due from grantor		1,471,226
Promises to give		32,500
Investments		1,823,417
Total financial assets		21,277,607
Less amounts not available to be used within one year for general expenditures:		
Restricted cash		270,242
Net assets with donor restrictions – purpose restricted		865,453
Financial assets available within one year to meet cash needs for general expenditures within one year	$	20,141,912

As stated in Note 11, the Organization also has available a line of credit in the amount of $2,000,000 for any cash flow needs.

Note 4: **INVESTMENTS**

Investments at fair value consist of the following as of December 31, 2020:

Money market funds	$ 631,929
Fixed income mutual funds	292,797
Equity securities	853,960
Exchange traded funds	45,731
Corporate bonds	223,731
Municipal bonds	51,705
	$ 2,099,853

Investment return is summarized as follows as of December 31, 2020:

Interest and dividend income	$ 43,828
Realized gains	50,155
Investment fees	(5,514)
Investment income	88,469
Net unrealized gains	81,590
	$ 170,059

Note 5: **FAIR VALUE MEASUREMENT**

Fair value is the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. A three-level disclosure hierarchy has been established to indicate the level of judgment used to estimate fair value measurements:

Level 1 – Uses unadjusted quoted prices that are available in active markets for identical assets or liabilities as of the reporting date.

Level 2 – Uses inputs other than Level 1 that are either directly or indirectly observable as of the reporting date through correlation with market data, including quoted prices for similar assets and liabilities in active markets and quoted prices in markets that are not active. Level 2 also includes assets and liabilities valued using models or other pricing methodologies that do not require significant judgment because the input assumptions used in the models, such as interest rates and volatility factors, are corroborated by readily observable data.

Level 3 – Uses inputs that are unobservable, supported by little or no market activity and reflect significant management judgment. These values are generally determined using pricing models that utilize management's estimates of market participant assumptions.

Note 5: **FAIR VALUE MEASUREMENT (continued)**

In general, and where applicable, we use quoted prices in active markets for identical assets or liabilities to determine fair value. This pricing methodology applies to our Level 1 investments such as domestic and international equities, U.S. treasuries, exchange-traded mutual funds, and agency securities. If quoted prices in active markets for identical assets or liabilities are not available to determine fair value, then we use quoted prices for similar assets and liabilities or inputs other than the quoted prices that are observable either directly or indirectly. These investments are included in Level 2 and consist primarily of corporate notes and bonds, foreign government bonds, mortgage-backed securities, commercial paper, and certain agency securities.

The tables below set forth, by level, our financial assets and liabilities that were accounted for at fair value as of December 31, 2020. The table does not include either cash on hand or assets that are measured at historical cost or any basis other than fair value.

	Fair Value Measurements as of December 31, 2020			
	Total	Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Fixed income mutual funds				
Short-term	$ 172,053	172,053		
Large blend	120,744	120,744		
Equity securities				
Technology	182,070	182,070		
Consumer Cyclical	181,967	181,967		
Industrials	127,276	127,276		
Healthcare	109,956	109,956		
Financial Services	83,167	83,167		
Consumer Defensive	62,872	62,872		
Basic Materials	45,418	45,418		
Real Estate	41,184	41,184		
Energy	20,050	20,050		
Exchange traded funds	45,731	45,731		
Corporate bonds	223,731		$ 223,731	
Municipal bonds	51,705		51,705	
	$ 1,467,924	$ 1,192,488	$ 275,436	$ -

Investments also include money market funds of $631,929 for the year ended December 31, 2020.

The Organization also has an investment in Life Link Homes, Inc. of $1,000. See also Note 6.

Note 6: **LIFE LINK HOMES - INVESTMENT**

The Organization is the sole shareholder in Life Link Homes, Inc. (a New Jersey C-corporation). Life Link Homes, Inc. is a general partner having one-tenth of one percent (0.1%) interest in Life Link Homes, L.P (the "partnership"). The partnership was organized to develop, construct, own, and maintain thirty (30) units of multi-family residential housing for rent to low-income tenants. The project was completed in 2007. The Organization has a $1,000 investment in Life Link Homes, Inc.

Note 7: **SPONSOR LOANS RECEIVABLE**

As the sponsor of the low-income transitional housing developed by Life Link Homes, LP, Robins' Nest transferred certain assets in exchange for promissory notes bearing interest at one-half percent (0.5%) for sponsor loans #2 and #3 and one-tenth of one percent (0.1%) for sponsor loan #4 with the principal to be repaid based on a repayment agreement contained in the Life Link Homes, LP partnership agreement. Any principal remaining unpaid on the fortieth (40th) anniversary of the certificate of occupancy is due in full.

Sponsor loan #2	$ 50,000
Sponsor loan #3	301,464
Sponsor loan #4	837,402
Accrued interest	34,652
	$ 1,223,518

Note 8: **PROPERTY AND EQUIPMENT**

Property and equipment consists of the following as of December 31, 2020:

Land	$ 2,729,920
Building and improvements	23,358,543
Property held under agreement	6,107,100
Equipment	1,775,835
Vehicles	5,329,471
Furniture and fixtures	558,715
	39,859,584
Less accumulated depreciation	16,099,794
Net property and equipment	$ 23,759,790

Depreciation and amortization expense was $1,299,836 for the year ended December 31, 2020.

Note 9: **OPERATING LEASE COMMITMENTS**

The Organization has several non-cancelable operating leases of equipment and buildings in various locations, which expire at various dates through August 2027.

As of December 31, 2020, the future minimum lease payments under non-cancelable operating leases are as follows:

Year Ending December 31,	
2021	$ 646,252
2022	273,980
2023	185,107
2024	152,984
2025	92,885
Thereafter	110,000
Net minimum lease payments	$ 1,461,208

Total rental expense for operating leases was $886,681 for the year ended December 31, 2020.

Note 10: **NOTES PAYABLE**

Notes payable consist of the following at December 31, 2020:

The Organization has a Paycheck Protection Program note payable to TD Bank, 1% note dated April 22, 2020. The term is two years and principal and interest payments are due monthly. The federal Small Business Administration (SBA) guarantees loan repayment to the bank. See also Note 18.	$ 5,767,725
The Organization has a note payable to Columbia Savings Bank, 4.45% note dated April 5, 2018 and maturing on April 5, 2030, payable in monthly installments of $16,423 principal and interest, secured by the facility at 80 W Main Street, Mendham, NJ.	2,769,694
The Organization has a note payable to NJHMFA, 0% note dated January 28, 2015 and maturing on April 1, 2037, repayment of principal and interest of 25% of net cash flow from property after the payment of operating expenses and the funding of all escrows, but prior to the distribution of Return on Equity, if applicable ; secured by the facility at 148 W. Spicer Road, Wildwood, NJ.	1,183,753
The Organization has a note payable to TD Bank, 3.25% note dated January 10, 2018 and maturing on January 1, 2028, payable in monthly installments of $7,027 principal and interest, secured by the facility at 40-42 South Delsea Drive, Glassboro, NJ.	740,641

Note 10: **NOTES PAYABLE (continued)**

The Organization has a note payable to Fulton Bank, 5.21% note dated December 27, 2006 and maturing on December 31, 2036, payable in variable monthly installments of principal and interest, secured by the facility at 200 Holly Dell Drive, Sewell, NJ.		740,526
The Organization has a note payable to NJ DCA, 1% note dated September 1, 2005 and maturing on June 30, 2036, repayment of principal and interest of 50% of net cash flow from property, secured by the facility at 148 W. Spicer Road, Wildwood, NJ.	$	690,055
The Organization has a note payable to NJ EDA and Crest Savings Bank, 4.25% dated July 1, 2009 and maturing on June 1, 2029, secured by the facility at 1129 Route 9 South, Cape May Court House, NJ.		688,655
The Organization has a note payable to U.S. Department of Housing & Urban Development, 0% note dated September 29, 2003 and maturing on February 1, 2044, loan non-repayable so long as the building at 17 W. Shellbay Avenue, Cape May Court House, NJ is used for the intended purpose.		323,900
The Organization has purchased several vehicles to be utilized by the staff for the delivery of services. There are a total of seven note payables secured by seven vehicles with monthly payments of various amounts, including interest at 0%, which expire at various dates through June 2023.		14,685
Total notes payable		12,919,634
Less unamortized debt issuance costs		33,903
Notes payable net of unamortized debt issuance costs		12,885,731
Less current portion		287,339
Long-term portion	$	12,598,392

Scheduled principal payments for the notes payable as of December 31, 2020 are as follows:

Year Ending December 31,		Amount
2021	$	287,339
2022		265,600
2023		276,090
2024		287,003
2025		298,356
Thereafter		11,471,342
	$	12,885,731

Total interest expense for the year ended December 31, 2020 for notes payable was $142,385.

Note 11: **LINE OF CREDIT**

As of December 31, 2020 the Organization had a $2,000,000 line of credit with TD Bank, with interest at two and one-half percent (2.5%) above the Libor rate, with a maturity date of August 29, 2021. TD Bank shall hold a security interest in all collateral of the Organization now existing and hereafter acquired. There was no outstanding balance and no interest expense relating to the line of credit for the year ended December 31, 2020.

Note 12: **PROPERTY HELD UNDER AGREEMENT**

The Organization has entered into several twenty year or more agreements to provide services for existing State funded programs. In accordance with the agreements, the State also provided funds for the Organization to construct or improve facilities used to provide the services. The Organization has title to the properties pursuant to the agreements and has issued notes payable to the State, which are collateralized by the properties. The assets are included in property and equipment on the statements of financial position.

The Organization's board has designated net assets in the amount of $7,001,426 as per the executed capital funding agreements.

The following is a summary of these properties and their carrying values as of December 31, 2020:

Property Location	City	Original Cost	Accumulated Depreciation	Carrying Value
Adult Residential	Pittsgrove, NJ	$ 4,125,000	$ (36,300)	$ 4,008,700
Adult Residential	Skillman, NJ	3,200,000	(25,600)	3,174,400
Residential – Independent Living Apartments	Wildwood, NJ	2,150,956	(1,353,310)	797,646
Program/Administrative Offices	Sewell, NJ	1,530,707	(816,162)	714,544
Children's Residential	Woodbine, NJ	543,476	(479,184)	64,292
Program/Administrative Offices	Cape May Courthouse, NJ	376,759	(357,470)	19,289
Adult Residential	Mullica Hill, NJ	343,529	(322,234)	21,295
Adult Residential	Cape May Courthouse, NJ	294,172	(294,172)	-
Adult Residential	Woodbury, NJ	218,380	(214,260)	4,120
Adult Residential	Mickleton, NJ	200,368	(167,728)	32,640
Adult Residential	Woodbine, NJ	170,944	(170,944)	-
Adult Residential	Westville, NJ	146,164	(133,402)	12,762
Adult Residential	Cape May Courthouse, NJ	131,645	(131,645)	-
		$ 13,432,100	$ (4,378,611)	$ 8,849,688

Note 13: **NET ASSETS WITH DONOR RESTRICTIONS**

The Organization received a donation in the amount of $100,000 to establish a permanent endowment fund. As a result of the acquisition of Daytop Village Inc., the organization received an additional $500,000 in permanently restricted funds to establish an endowment fund. The funds are segregated from other Organization funds. The Organization has also recorded net assets with donor restrictions totaling $262,453 which were not permanent in nature. These include amounts received from donors restricted for purposes of family services that have not been fulfilled yet. Total net assets with donor restrictions as of December 31, 2020 total $865,453.

Note 14: **RETIREMENT PLAN**

The Board adopted a defined contribution salary deferred plan under Internal Revenue Code Section 401(k). The Board elected to match 100% of the first five percent of the participant's compensation contributed as elective deferrals. The plan expenses incurred during the year ended December 31, 2020 were $1,134,965.

The Organization also became the sponsor of a 401(k) plan as a result of the Daytop Village of New Jersey acquisition effective October 1, 2020. The Organization plans to merge the plans in 2021.

Note 15: **CONCENTRATION OF CREDIT RISK**

The Organization is funded in part by the US Department of Health and Human Services, US Department of Housing and Urban Development, New Jersey Department of Human Services, New Jersey Department of Children and Families, New Jersey Department of Community Affairs, New Jersey Department of Health, and the New Jersey Department of Human Services. The Organization receives a substantial amount of its support from their programs. A significant reduction in the level of this support, if this were to occur, could have an effect on the Organization's programs and activities.

Note 16: **CONTINGENCY**

Under either expiration or termination of the contract relating to property held under agreement between the Organization and the State of New Jersey, the State may require payment by the Organization to satisfy the mortgage liability. If the Organization must sell the facility in order to satisfy the mortgage, the State’s fair share of the sale proceeds will be deemed to satisfy the Organization’s indebtedness under the mortgage. The State’s fair share of the sale proceeds will be the same percentage as the percentage of the original investment represented by the State of New Jersey funds. No amount less than the full amount of the mortgage will be deemed to satisfy the Organization’s indebtedness to the State unless the Organization furnishes the State with an appraisal indicating the current fair market value at the time of such sale and unless the State is satisfied that the sale price was reasonable in light of such appraisal.

The Organization is occasionally involved in certain legal claims arising in the ordinary course of operations. In the opinion of management, all matters are adequately covered by insurance or are without merit.

Note 17: **RELATED PARTY TRANSACTIONS**

The Organization leases three units from Life Link Homes, L.P. The cost is $2,763 per month. There is no formal lease agreement and the rental is month-to-month. Two of the apartments are used as offices for staff who provide services to tenants and the third apartment is used to house the Residence Supervisor in order to have a 24/7 presence on the property. The rental expense recorded totals $33,156 for the year ended December 31, 2020.

Note 18: **COVID-19 PANDEMIC**

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a "Public Health Emergency of International Concern," which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Organizations, its performance, and its financial results.

In response to the COVID 19 Public Health Emergency, the US federal government adopted the Coronavirus Aid, Relief and Economic Security Act (the CARES Act), which includes a Small Business Paycheck Protection Program ("PPP") under the auspices of the federal Small Business Administration ("SBA"). The funds can be used for costs related to payroll, employee health care, mortgage loan interest and utilities.

On April 22, 2020, Acenda, Inc. borrowed $5,767,725 from TD Bank. The interest rate is 1%, the loan term is two (2) years and principal and interest payments are due monthly. The SBA guarantees loan repayment to the bank.

On June 21, 2021, the Organization was notified by TD Bank via SBA of approval for the PPP loan forgiveness in the amount of $5,767,725, or 100% of the total loan amount.

The Organization also received $5,591 of COVID-19 relief funding from the U.S. Department of Health and Human Services.

Management of the Organization has evaluated subsequent events through September 30, 2021, the date the financial statements were available to be issued.

ACENDA, INC.

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2020

ACENDA, INC.
Supplemental Information
Lily Mae Income Statement
For the Year Ended December 31, 2020

Revenue		
State of New Jersey	$	48,700
Rental revenue		93,557
Interest income		463
Total revenue		142,720
Expenses		
Depreciation		111,971
Salaries and benefits		60,968
Facility costs		20,576
General and administrative		37,430
Maintenance and repairs		12,087
Utilities		11,842
Materials and supplies		4,951
Miscellaneous		2,837
Professional fees		889
Total expenses		263,551
Net loss	$	(120,831)

ACENDA, NC.
Supplemental Information
DMHAS Contract Schedule

Statement of Activities by Designated Period:	DMHAS Contract #	July - December 2019	January - February 2020	March - June 2020	Total SFY20	July - September 2020	October 2020 - December 2020	January - December 2020	July 2019- December 2020	Total SFY21
Revenues:										
DMHAS Contract:										
a). DMHAS Contract Ceiling Excluding PPP Loan Forgiveness	40401	689,149	220,709	669,802	1,579,660	507,747	316,366	1,714,624	2,403,773	824,113
	40601	951,865	304,389	854,015	2,110,269	649,377	582,793	2,390,574	3,342,439	1,232,170
b). PPP Loan Forgiveness related to DMHAS Contracts	40401	-	-	-	-	-	-	-	-	-
	40601	-	-	-	-	-	-	-	-	-
C). Other Revenue related to DMHAS Contracts	40401	526,938	133,202	267,199	927,339	212,419	287,681	900,501	1,427,439	500,100
	40601	551,444	191,355	294,692	1,037,491	233,375	264,221	983,643	1,535,087	497,596
Total DMHAS Contract	40401	1,216,087	353,911	937,001	2,506,999	720,166	604,047	2,615,125	3,831,212	1,324,213
	40601	1,503,309	495,744	1,148,707	3,147,760	882,752	847,014	3,374,217	4,877,526	1,729,766
	TOTAL	2,719,396	849,655	2,085,708	5,654,759	1,602,918	1,451,061	5,989,342	8,708,738	3,053,979
PPP Loan Forgiveness - Not related to DMHAS Contract		-	-	-	-	-	-	-	-	-
All Other Revenues, Including Federal Grants and Medicaid		22,954,950	7,001,717	12,919,951	42,876,618	10,425,271	12,965,802	43,312,741	66,267,691	23,391,073
Total Revenues		25,674,346	7,851,372	15,005,659	48,531,377	12,028,189	14,416,863	49,302,083	74,976,429	26,445,052
Expenses:										
DMHAS Contract	40401	1,216,087	353,911	679,729	2,249,727	510,463	604,047	2,148,150	3,364,237	1,114,510
	40601	1,503,309	495,744	1,034,414	3,033,467	775,858	847,014	3,153,030	4,656,339	1,622,872
	TOTAL	2,719,396	849,655	1,714,143	5,283,194	1,286,321	1,451,061	5,301,180	8,020,576	2,737,382
All Other		24,029,976	6,939,195	13,815,344	44,784,515	10,995,708	14,244,188	45,994,435	70,024,411	25,239,896
Total Expenses		26,749,372	7,788,850	15,529,487	50,067,709	12,282,029	15,695,249	51,295,615	78,044,987	27,977,278
Change in Net Assets		(1,075,026)	62,522	(523,828)	(1,536,332)	(253,840)	(1,278,386)	(1,993,532)	(3,068,558)	(1,532,226)

ACENDA, INC.
REPORTS AND SCHEDULES REQUIRED BY GOVERNMENT AUDITING STANDARDS AND THE SINGLE AUDIT ACT

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

To the Board of Trustees of
Acenda, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Acenda, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related consolidated statements of changes in net assets, 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 September 30, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Acenda, Inc.'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*.

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Purpose of this Report

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

Bowman + Company LLP

Bowman & Company LLP
Certified Public Accountants

Voorhees, New Jersey
September 30, 2021

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

To the Board of Trustees of
Acenda, Inc.

Report on Compliance for Each Major Federal and State Program

We have audited Acenda, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement and 15-08 OMB New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of Acenda, Inc.'s major federal and state programs for the year ended December 31, 2020. Acenda, Inc.'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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Acenda, Inc.'s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 State of New Jersey Circular 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance, and State of New Jersey Circular 15-08 OMB 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 Acenda, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of Acenda, Inc.'s compliance.

Opinion on Each Major Federal and State Program

In our opinion, Acenda, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2020.

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Report on Internal Control Over Compliance

Management of Acenda, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Acenda, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Acenda, Inc.'s internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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 federal 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 federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Bowman + Company LLP

Bowman & Company LLP
Certified Public Accountants

Voorhees, New Jersey
September 30, 2021

ACENDA, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Grantor / Program Title	Federal CFDA Number	State or Pass-Through Grantor Number	Program Award Amount	Grant Period From	Grant Period To	Expenditures	Passed through to Subrecipients
U.S. Department of Housing and Urban Development							
Supportive Housing for Persons with Disabilities	14.181	035-HD049	$ 323,900	9/29/2003	2/1/2044	$ 323,900	$ -
Supportive Housing for Persons with Disabilities	14.181	NJ39Q011006	18,216	1/1/2020	12/31/2020	8,454	-
Total Supportive Housing for Persons with Disabilities						332,354	
Continuum of Care Program	14.267	NJ0249L2F031804	137,502	6/1/2019	5/31/2020	59,570	-
Continuum of Care Program	14.267	NJ0249L2F031905	137,502	6/1/2020	5/31/2021	71,153	-
Continuum of Care Program	14.267	NJ0314L2F031805	132,044	4/1/2019	3/31/2020	30,427	-
Continuum of Care Program	14.267	NJ0314L2F031906	132,044	4/1/2020	3/31/2021	99,666	-
Continuum of Care Program	14.267	NJ0569L2F031800	53,532	11/1/2019	10/31/2020	13,955	-
Continuum of Care Program	14.267	NJ0569L2F031901	53,532	11/1/2020	10/31/2021	7,185	-
Total Continuum of Care Program						281,956	-
State of New Jersey Department of Community Affairs							
Home Investment Partnerships Program	14.239	06-3125-00	690,055	7/1/2006	6/30/2026	690,055	-
Total U.S. Department of Housing and Urban Development						1,304,365	-
U.S. Department of Treasury							
State of New Jersey Department of Human Services							
Division of Family and Community Partnerships							
Coronavirus Relief Fund	21.019	20ZAHS	101,750	1/1/2020	12/31/2020	88,800	-
Total U.S. Department of Treasury						88,800	-
U.S. Department of Health and Human Services							
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	H79TI080593	2,000,000	11/30/2018	11/29/2023	253,911	-
Enhance Safety of Children Affected by Substance Abuse	93.087	90CU0114-01-00	2,612,500	9/30/2019	9/29/2024	203,511	-
Section 223 Demonstration Programs to Improve Community Mental Health Services	93.829	H79SM083051	3,352,000	5/1/2020	4/30/2022	421,186	
State of New Jersey Department of Human Services							
Division of Family and Community Partnerships							
Maternal and Child Health Federal Consolidated Programs	93.110	20HWDP	21,500	1/1/2020	6/30/2021	12,817	-
Every Student Succeeds Act/Preschool Development Grants	93.434	20HWDP	433,400	1/1/2020	6/30/2021	181,669	-
MaryLee Allen Promoting Safe and Stable Families Program	93.556	20HWDP	444,775	1/1/2020	6/30/2021	186,685	-

ACENDA, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2020

Federal Grantor / Program Title	Federal CFDA Number	State or Pass-Through Grantor Number	Program Award Amount	Grant Period From	Grant Period To	Expenditures	Passed through to Subrecipients
Division of Child Protection and Permanency							
MaryLee Allen Promoting Safe and Stable Families Program	93.556	20AJHS	795,060	1/1/2020	6/30/2021	520,179	-
Total MaryLee Allen Promoting Safe and Stable Families Program						706,864	-
Division of Family and Community Partnerships							
Temporary Assistance for Needy Families (TANF)	93.558	20HWDP	1,268,410	1/1/2020	6/30/2021	531,633	-
Division of Child Protection and Permanency							
Temporary Assistance for Needy Families (TANF)	93.558	20BYHS	55,000	7/1/2019	6/30/2020	18,196	-
Temporary Assistance for Needy Families (TANF)	93.558	20ZAHS	61,174	1/1/2020	12/31/2020	41,315	-
Temporary Assistance for Needy Families (TANF)	93.558	21ZEHS	110,800	7/1/2020	12/31/2023	11,456	-
Temporary Assistance for Needy Families (TANF)	93.558	20AJHS	869,826	1/1/2020	6/30/2021	569,102	-
Total Temporary Assistance for Needy Families (TANF)						1,171,702	-
Division of Family and Community Partnerships							
Community-Based Child Abuse Prevention Grants	93.590	20HWDP	300,000	1/1/2020	6/30/2021	125,942	-
Division of Child Protection and Permanency							
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	20AJHS	744,656	1/1/2020	6/30/2021	487,231	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	21ZEHS	210,314	7/1/2020	12/31/2023	21,745	-
Total John H. Chafee Foster Care Program for Successful Transition to Adulthood						508,976	-
Medical Assistance Program	93.778	20AJHS	116,300	1/1/2020	6/30/2021	75,880	-
Division of Family and Community Partnerships							
Maternal, Infant and Early Childhood Home Visiting Grant	93.870	20HWDP	1,995,477	1/1/2020	6/30/2021	836,459	-
Division of Mental Health and Addiction Services							
Block Grants for Community Mental Health Services	93.958	40401	269,010.00	7/1/2019	6/30/2021	83,218	-
Block Grants for Community Mental Health Services	93.958	40601	590,982.00	7/1/2019	6/30/2021	230,389	-
						313,607	-
Total U.S. Department of Health and Human Services						4,812,524	-
Total Federal Awards						$ 6,205,689	$ -

The accompanying Notes to Financial Statements and Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

ACENDA, INC.
Schedule of State Financial Assistance
For the Year Ended December 31, 2020

State Grantor / Program Title	State Grant Award Number or Account Number	Program Award Amount	Grant Award Period From	Grant Award Period To	Current Year's Grant Expenditures	(Memo Only) Total Grant Expenditures to Date
State of New Jersey Department of Children and Families						
Division of Child Protection and Permanency						
Independent Living Assistance Wraparound	20BYHS	$ 15,838	7/1/2019	6/30/2020	$ 5,241	$ 5,241
Block Grants for Children and Family Services	20AJHS	15,270,960	1/1/2020	6/30/2021	8,331,848	8,331,848
Connect to Family & Well-Being, Achievement, and Home	20ZAHS	390,933	1/1/2020	12/31/2020	264,043	264,043
Keeping Families Together	20ZDHS	2,815,075	1/1/2020	12/31/2020	1,995,072	1,995,072
LifeSet	21ZEHS	1,915,362	7/1/2020	12/31/2023	198,032	198,032
Subtotal Division of Child Protection and Permanency					10,794,236	10,794,236
Division of Family and Community Partnerships						
Block Grants for Children and Family Services	20HWDP	8,822,808	1/1/2020	6/30/2021	3,697,471	3,697,471
Pass through the County of Gloucester						
Abuse and Neglect Prevention Services	20YTHP	300,000	7/1/2019	6/30/2020	124,273	295,116
Abuse and Neglect Prevention Services	21YTHP	300,000	7/1/2020	6/30/2021	151,369	151,369
Total Abuse and Neglect Prevention Services					275,642	446,485
Subtotal Division of Family and Community Partnerships					3,973,113	4,143,956
Division of Children's System of Care						
Group Home - Pettirosso Garden	16AAHR	8,127,935	7/1/2015	12/31/2020	2,428,680	4,933,016
Mobile Response and Stabilization Services	20BPQR	500,285	1/1/2020	12/31/2020	12,923	12,923
Counseling and Wellness Center - Morris	21MCPR	135,640	7/1/2020	6/30/2021	33,910	33,910
Functional Family Therapy/Youth Partial Care	20NIHR	1,494,538	7/1/2019	12/31/2020	1,312,974	1,494,538
Subtotal Division of Children's System of Care					3,788,487	6,474,387
Total State of New Jersey Department of Children and Families					18,555,836	21,412,579
State of New Jersey Department of Community Affairs						
Tenant Rental Assistance	06-3125-00	78,829	1/1/2020	12/31/2020	78,829	78,829

ACENDA, INC.
Schedule of State Financial Assistance
For the Year Ended December 31, 2020

State Grantor / Program Title	State Grant Award Number or Account Number	Program Award Amount	Grant Award Period From	Grant Award Period To	Current Year's Grant Expenditures	(Memo Only) Total Grant Expenditures to Date
State of New Jersey Department of Human Services						
Block Grants for Community Mental Health Services	40401	3,763,077	7/1/2019	6/30/2021	1,631,406	2,274,520
Block Grants for Community Mental Health Services	40601	4,976,344	7/1/2019	6/30/2021	2,160,185	2,995,066
Substance Abuse Prevention Treatment Block Grant	20-851-ADA-0	1,270,000	7/1/2019	6/30/2021	635,000	968,567
Mental Health Application for Payment Processing Grant	FFS 50040	1,496,808	7/1/2019	6/30/2021	1,496,808	1,496,808
Total State of New Jersey Department of Human Services					5,923,399	7,734,961
Total State Awards					$ 24,558,064	$ 29,226,369

The accompanying Notes to Financial Statements and Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

Acenda, Inc.
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended December 31, 2020

Note 1: **GENERAL**

The accompanying schedule of expenditures of federal awards and state financial assistance present the activity of all federal and state award programs of the organizations. All federal and state awards, with current year activity, received directly from federal, state, and local agencies, as well as federal and state awards passed through other government agencies, are included in the schedule.

Note 2: **BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented using the accrual basis of accounting. This basis of accounting is described in Note 2 to the organization's financial statements. The information in these schedules is presented in accordance with the 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). The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 3: **RELATIONSHIP TO FINANCIAL STATEMENTS**

Amounts reported in the accompanying schedule agree, in all material respects, with the amounts reported in related federal and state financial statements.

Note 4: **RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules agree, in all material respects, with the amounts reported in related federal and state financial reports. However, the basis of accounting prescribed by the pass-through agency for the preparation of expenditure reports is different than the accrual basis of accounting. The basic difference between the two bases of accounting is that the equipment purchased with program funds are included as expenditures in the expenditure reports, while GAAP requires these items to be capitalized and depreciated over their useful lives.

Note 5: **MAJOR PROGRAMS**

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

ACENDA, INC.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	____ yes __x__ no
Significant deficiency(ies) identified?	____ yes __x__ no
Noncompliance material to financial statements noted?	____ yes __x__ no

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	____ yes __x__ no
Significant deficiency(ies) identified?	____ yes __x__ no
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 516 of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)?	____ yes __x__ no

Identification of major programs:

CFDA Number(s)	FAIN Number(s)	Name of Federal Program or Cluster
14.239	n/a	Home Investment Partnerships Program Grant
93.556	n/a	MaryLee Allen Promoting Safe and Stable Families Program Grant
93.558	n/a	Temporary Assistance for Needy Families Grant

Dollar threshold used to determine Type A programs	$ 750,000
Auditee qualified as low-risk auditee?	____ yes __x__ no

ACENDA, INC.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

Section 1 - Summary of Auditor's Results (Cont'd)

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified?	____ yes __x__ no
Significant deficiency(ies) identified?	____ yes __x__ no
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Uniform Guidance or New Jersey Circular 15-08-OMB?	____ yes __x__ no

Identification of major programs:

GMIS Number(s)	Name of State Program
20AJHS	Block Grants for Children and Family Services Grant
21ZEHS	LifeSet Grant
20NIHR	Functional Family Therapy/Youth Partial Care Grant
40601	Block Grants for Community Mental Health Services Grant
20-851-ADA-0	Substance Abuse Prevention Treatment Block Grant
FFS 50040	Mental Health Application for Payment Processing Grant

Dollar threshold used to determine Type A programs	$ 750,000
Auditee qualified as low-risk auditee?	____ yes __x__ no

Part II- Schedule of Current Period Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and State of New Jersey.

– NOT APPLICABLE –

Part III - Schedule of Current Period Federal Award and State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major Federal programs, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

– NOT APPLICABLE –

ACENDA, INC.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020

Part IV – Status of Prior Period Financial Statement
Audit Findings

This section identifies the status of prior-period findings related to the financial statements and Federal and State awards that are required to be reports in accordance with Chapter 6.12 of *Government Auditing Standards.*

– NOT APPLICABLE –