

The YWCA of Eastern Union County, Inc.
Financial Statements and Supplementary Information
For the Year Ended December 31, 2016
(with comparative totals for 2015)

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Independent Auditor's Report

To the Board of Directors
The YWCA of Eastern Union County, Inc.
Elizabeth, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the YWCA of Eastern Union County, Inc. (a non-profit organization), which comprise the statement of financial position as of December 31, 2016 and the related statements of activities, 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 misstatements 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 the YWCA of Eastern Union County, Inc., as of December 31, 2016, 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.

Report on Summarized Comparative Information

We have previously audited the YWCA of Eastern Union County's Inc.'s 2015 financial statements, and our report dated May 9, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 and state financial assistance, 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* and the State of New Jersey Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, No. 15-08-OMB, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2017, on our consideration of the YWCA of Eastern Union County, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering YWCA of Eastern Union County, Inc.'s internal control over financial reporting and compliance.

zbt

Certified Public Accounting & Consulting, LLC
Clark, New Jersey
May 12, 2017

YWCA of Eastern Union County, Inc.
Statement of Financial Position
December 31, 2016
(with comparative totals for 2015)

	<u>2016</u>	<u>2015</u>
Assets		
Cash and Cash Equivalents	\$ 708,898	\$ 362,327
Grants and Contracts Receivable	514,311	313,413
Prepaid Expenses	45,156	17,193
Temporarily Restricted Cash	-	13,900
Investments at Market	-	371,740
Property and Equipment - Net of Depreciation	1,140,979	1,188,337
Other Assets	<u>-</u>	<u>32,478</u>
TOTAL ASSETS	\$ <u>2,409,344</u>	\$ <u>2,299,388</u>
Liabilities and Net Assets		
LIABILITIES:		
Accounts Payable and Accrued Liabilities	\$ 25,593	\$ 56,305
Deferred Revenue	32,000	57,031
Accrued Payroll	<u>23,378</u>	<u>6,619</u>
TOTAL LIABILITIES	<u>80,971</u>	<u>119,955</u>
NET ASSETS:		
Temporarily Restricted	206,381	308,861
Unrestricted	<u>2,121,992</u>	<u>1,870,572</u>
TOTAL NET ASSETS	<u>2,328,373</u>	<u>2,179,433</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>2,409,344</u>	\$ <u>2,299,388</u>

YWCA of Eastern Union County, Inc.
Statement of Activities and Net Assets
for the Year Ended December 31, 2016
(with comparative totals for 2015)

SUPPORT AND REVENUE:	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016</u>	<u>2015</u>
Government Grants and Contracts	\$ 1,970,832	\$ -	\$ 1,970,832	\$ 1,778,064
Donations, Contributions and In-Kind	488,360	-	488,360	333,728
United Way Service Allocations	18,000	-	18,000	36,393
Program Service Fees	82,619	-	82,619	74,138
Other Income	1,073	-	1,073	340
Special Events, Net of Expenses	146,882	-	146,882	129,525
Realized Gains/(Losses)	33,437	-	33,437	(5,806)
Unrealized Gains/(Losses)	(22,662)	-	(22,662)	(27,822)
Investment Income	1,050	-	1,050	35,135
	<u>\$ 2,719,591</u>	<u>\$ -</u>	<u>\$ 2,719,591</u>	<u>\$ 2,353,695</u>
Net Assets Released for Restrictions	102,480	(102,480)	-	-
Total Support and Revenue	<u>\$ 2,822,071</u>	<u>\$ (102,480)</u>	<u>\$ 2,719,591</u>	<u>\$ 2,353,695</u>
EXPENSES:				
Program Services	\$ 2,350,322	\$ -	\$ 2,350,322	\$ 2,094,681
Management and General	51,225	-	51,225	56,038
Fundraising	169,104	-	169,104	168,138
	<u>2,570,651</u>	<u>-</u>	<u>2,570,651</u>	<u>2,318,857</u>
Increase (Decrease) in Net Assets	251,420	(102,480)	148,940	34,838
Net Assets - Beginning of Year	1,870,572	308,861	2,179,433	2,144,595
Net Assets - End of Year	<u>\$ 2,121,992</u>	<u>\$ 206,381</u>	<u>\$ 2,328,373</u>	<u>\$ 2,179,433</u>

YWCA of Eastern Union County, Inc.
Supplementary Schedule of Functional Expenses
for the Year Ended December 31, 2016
(with comparative totals for 2015)

	Shelter Outreach & Childcare Programs	Management General	Fund Raising	2016 Total	2015 Total
<u>SALARIES, WAGES, AND EMPLOYEE BENEFITS</u>					
Salaries and Wages	1,401,893	16,542	120,129	1,538,564	1,385,939
Payroll Taxes	140,976	1,454	11,319	153,749	142,623
Health Benefits	147,570	799	16,476	164,845	138,302
Pension and Workers Compensation Insurance	38,391	607	5,220	44,218	43,688
	<u>\$ 1,728,830</u>	<u>\$ 19,402</u>	<u>\$ 153,144</u>	<u>\$ 1,901,376</u>	<u>\$ 1,710,552</u>
Professional and Consulting	\$ 16,590	\$ 17,722	\$ 2,997	\$ 37,309	\$ 33,785
<u>FACILITY COST</u>					
Occupancy Rent and Supportive Housing Units	195,615	-	-	195,615	199,024
Occupancy-Utilities	49,651	-	-	49,651	57,550
Occupancy Services and Supplies	16,815	-	-	16,815	14,678
Insurance General Liability	23,634	-	-	23,634	23,304
Repairs and Maintenance	54,599	1,700	1,200	57,499	48,692
Equipment Rental	6,074	-	-	6,074	4,227
	<u>\$ 346,388</u>	<u>\$ 1,700</u>	<u>\$ 1,200</u>	<u>\$ 349,288</u>	<u>\$ 347,475</u>
<u>OPERATING COST</u>					
Telephone and Answering Service	17,636	-	-	17,636	17,145
Advertising and Printing	6,819	521	5,244	12,584	5,233
Training and Developmental Fees	1,839	60	302	2,201	5,590
Investment, Bank and Interest Fees	639	4,605	378	5,622	4,528
Dues and Subscriptions	15,984	2,351	605	18,940	18,234
Vehicle Expense	3,710	-	-	3,710	7,580
Donated and Inkind Services	63,419	-	-	63,419	525
Insurance	14,360	462	323	15,145	14,970
Travel Cost	8,286	1,171	390	9,847	9,983
	<u>\$ 132,692</u>	<u>\$ 9,170</u>	<u>\$ 7,242</u>	<u>\$ 149,104</u>	<u>\$ 83,788</u>
<u>MATERIAL AND SUPPLIES</u>					
Office Supplies and Equipment	14,377	1,632	3,332	19,341	15,984
Food	465	1,582	377	2,424	3,374
Program	10,659	17	812	11,488	13,138
Client Assistance	23,538	-	-	23,538	32,143
	<u>\$ 49,039</u>	<u>\$ 3,231</u>	<u>\$ 4,521</u>	<u>\$ 56,791</u>	<u>\$ 64,639</u>
Depreciation and Amortization	\$ 76,783	\$ -	\$ -	\$ 76,783	\$ 78,618
	<u>\$ 2,350,322</u>	<u>\$ 51,225</u>	<u>\$ 169,104</u>	<u>\$ 2,570,651</u>	<u>\$ 2,318,857</u>

YWCA of Eastern Union County, Inc.
Statement of Cash Flows
for the Year Ended December 31, 2016
(with comparative totals for 2015)

	2016	2015
Cash Flows From Operating Activities:		
Change in net assets	\$ 148,940	\$ 34,838
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	76,783	78,618
Unrealized gain (loss) on investments	(22,662)	(30,414)
(Increase)/Decrease in assets and liabilities:		
Grants and contracts receivable	(200,899)	(57,051)
Prepaid expenses	3,422	(2,545)
Deferred income	(25,031)	(99,614)
Other assets	1,093	181
Accounts payable and accrued liabilities	(11,508)	26,544
Accrued payroll and related	(2,445)	(55,377)
Net cash used in operating activities	(32,307)	(104,820)
Cash Flows From Investing Activities:		
Acquisition of property and equipment	215,585	(32,726)
Change in investments	223,176	-
Investment income	1,050	35,135
Temporarily restricted	17,767	17,767
Gain (loss) on sales on investments	33,437	(5,806)
Net cash provided by investing activities	491,015	14,370
Cash Provided By Financing Activities:	-	-
Net cash provided (used in) financing activities	-	-
Net increase (decrease) in cash and cash equivalents	458,708	(90,450)
Cash and cash equivalents - beginning	250,190	340,640
Cash and cash equivalents - ending	\$ 708,898	\$ 250,190
Supplementary Information:		
Net cash paid for interest	\$ -	\$ -
Net cash paid for income taxes	\$ -	\$ -

NOTE 1: ORGANIZATION

The YWCA of Eastern Union County, Inc. (YWCA EUC) is a non-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The YWCA EUC offers shelter for women and children, outreach services, a 24-hour hotline and child services for clients. Program emphasis is on victims of domestic violence.

The principal sources of support for the YWCA EUC programs are funds received from non-profits and foundations as well as state, local and federal governments in the form of grants and contracts.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivable, payables and other liabilities in accordance with U.S. generally accepted accounting principles.

Basis of Presentation

Under the accounting standards relating to financial statements for non-profit organizations, the Organization is required to report information regarding its financial position and activities according to three classes of net assets. Financial resources are classified for accounting and reporting purposes as unrestricted, temporarily restricted, or permanently restricted according to the nature and/or existence of donor restrictions. The YWCA EUC has no permanently restricted net assets. Temporarily restricted net assets are entirely of a special purpose nature.

Revenue and Support Recognition

The Organization recognizes contributions as revenue when they are received or unconditionally pledged, and records these revenues as unrestricted or restricted support according to donor stipulations that limit the use of these assets due to time or purpose restrictions. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

The Organization generally accounts for contract and grant revenues as exchange transactions in the statements of activities and changes in net assets. In applying this concept, the legal and contractual requirements of each program are used as guidance. Unexpended contract funds are recorded as grant or contract payables at the end of the contract period. Funds received in advance of their use are accounted for as deferred revenue in the statements of financial position.

Program service fees are earned and recorded monthly from fees charged to program participants. Additional revenues are obtained from various fundraising projects and public contributions. These revenues are not restricted in their use and are used to offset management and general expenses and client expenses which are not funded by contract budgets. Revenues from these sources are recognized at the time the donation is received.

The YWCA of Eastern Union County, Inc.
Notes to Financial Statements
December 31, 2016 with comparative totals for 2015

The Organization also receives donated services from volunteers and officers to support fundraising and other efforts. The value of these donated services is not included in these financial statements as they do not meet the criteria for recognition under non-profit accounting standards. For donated services meeting the criteria, they have been recorded as revenue with a corresponding expense.

Prior Year Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31 of the prior year, from which the summarized information was derived.

Donated Material and Services

Donated services are reflected as contributions in the accompanying statements at their estimated values at the date of service. Donated services were utilized in the following areas:

	<u>2016</u>	<u>2015</u>
Gift Cards	\$ 555	\$ 1,100
Volunteer Services and Training	63,419	1,950
Professional Services	875	-
Program and Occupancy Supplies	4,055	-
Food	<u>5,618</u>	<u>8,511</u>
	<u>\$ 74,522</u>	<u>\$ 11,561</u>

Grants and Contracts Receivable

Grants and contracts receivable reflect program service receivable and grants receivable as of December 31, 2016. Management regularly reviews receivables to determine collectability, and writes off those deemed uncollectible. Management has determined that all receivables as of December 31, 2016 are collectible.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded in the statements of activities and changes in net assets. The Organization, in accordance with accounting standards, has determined that there are no uncertain tax positions as of May 12, 2017.

Property and Equipment

Property and equipment are stated at cost or, if donated, at approximately fair market value. Expenditures for equipment whose cost is under \$500 have been charged to expense as period costs in the statement of activities. Depreciation is computed using the straight-line method over the estimated useful life of the related assets, which are as follows:

Equipment - 5 Years
Furniture - 7 Years
Building and Improvements - 10 to 30 years

The YWCA of Eastern Union County, Inc.
Notes to Financial Statements
December 31, 2016 with comparative totals for 2015

Investments

Investments in equity securities with readily determinable values are recorded at fair value in the statement of financial position and any unrealized gain or loss on investments is recorded in the statements of activities and changes in net assets.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, management considers cash in bank and liquid investments with maturities of three months or less to be cash equivalents. Cash equivalents consist of money market accounts maintained at a brokerage company.

Concentration of Credit Risk

Financial instruments, which potentially expose the Organization to concentrations of credit risk, consist principally of cash and short-term investments. The Organization's policy is to place its cash investments with high credit quality financial institutions. Cash investments consist of bank deposits and money market funds. The Organization holds its cash and equivalents with institutions insured by the FDIC. These funds are insured up to \$250,000. At times throughout the year, the account balances may exceed the FDIC limit. Effective January 1, 2013, the standard insurance amount is \$250,000 per depositor per bank for each account ownership category.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Expense Allocation

Expenses are charged to programs on the basis of specific identification and periodic time and expense studies. Agency administration expenses include those not directly identifiable with any specific program and have been allocated in accordance with regulatory agency guidelines.

Subsequent Events

The Organization has evaluated events occurring after the balance sheet through the date of May 12, 2017 which is the date the financial statements were available to be issued. Based upon this evaluation, the Organization has determined that there is a subsequent event which requires disclosure in the financial statements.

The YWCA was a "contingent" beneficiary to the Estate of Joseph K. Whyman who passed away on June 6, 1966. He was the sole beneficiary of several pieces of property in vicinity. In his Last Will and Testament, Joseph set forth that a specific property would be given/bequeathed to the Central Baptist Church of Elizabeth, NJ. The actual church building is next to the YWCA property. His Will contained a "restriction" on the use of that particular property by the Church stating that it "...shall be used only as a church, parish, or rectory, and not for any other purpose, and never to be sold, and always kept in the Baptist denomination." The ownership of the property was transferred by Deed to the Central Baptist Church after Joseph's death. It appears that they have not maintained the property nor really used it as part of their parish as required by the restriction for many years. The YWCA and nine other charities/non-profits are named in the Will as the beneficiaries of any his "remainder" Estate.

The Central Baptist Church has brought an Order to Show Cause in the Superior Court - Chancery Division of Union County, NJ seeking the right to sell the property based on the grounds that the funds that they would receive from the sale are needed for the maintenance/upkeep/repair of the actual church building on E. Jersey Street. The church is arguing that Joseph made it clear that he wanted to the church to have the value of the property for the use and benefit of the parish as a whole and that selling the property is permissible. The YMCA and another nonprofit are two of the other nine remainder beneficiaries named in the action. The YWCA has retained joint counsel with two others to oppose the church's request to sell the property and retain the proceeds. The position taken by the three not-for-profits is the church has forfeited its right to ownership by violation of restrictions imposed in the will.

NOTE 3: PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at cost, less accumulated depreciation at December 31:

	<u>2016</u>	<u>2015</u>
Land	\$ 140,700	\$ 140,700
Furniture and Fixtures	40,539	122,950
Computer Equipment	125,655	115,952
Equipment	-	154,672
Buildings	657,036	657,036
Building Improvements	1,581,296	1,569,502
Vehicles	<u>64,417</u>	<u>64,417</u>
Total Cost	2,609,643	2,825,228
Accumulated Depreciation	<u>(1,468,664)</u>	<u>(1,636,891)</u>
Net Book Value	<u>\$ 1,140,979</u>	<u>\$ 1,188,337</u>

Depreciation expense was \$76,783 and \$78,618 for the years ended December 31, 2016 and 2015, respectively.

NOTE 4: 403(b) and RETIREMENT PLAN

403(b)

The YWCA EUC maintain a 403(b) pension plan covering all eligible employees. The employees may contribute up to 15% of the employee's salary through a payroll deduction.

YWCA Retirement Plan

The YWCA EUC provides a retirement plan through the YWCA Retirement Fund, Inc. Employees who work 1,000 hours or more for two consecutive years are eligible and are required to participate. The employer contributes to this plan 3% of the employee's salary. The employer contribution rate is set annually. Contributions from the YWCA EUC amounted to \$21,837 and \$20,906 for the years ended December 31, 2016 and 2015, respectively.

NOTE 5: INVESTMENTS

Investments are held at a financial institution and consist of cash and mutual funds and other investments. All investments are measured at fair value in the statements of financial position. The change in fair value is reflected as unrealized gains or losses in the Statement of Activities. Donated investments are valued at fair market value as well.

The YWCA of Eastern Union County, Inc.
Notes to Financial Statements
December 31, 2016 with comparative totals for 2015

At December 31, investment values included:

	<u>2016</u>	<u>2015</u>
Cost	\$ -	\$ 347,839
Fair Value	-	<u>371,740</u>
Unrealized Gain (Loss)	<u>\$ -</u>	<u>\$ 23,901</u>

In 2016, the YWCA EUC had realized gains of \$33,437. During 2015, the YWCA EUC had a realized loss of \$5,806. Investment income earned was \$225 and \$35,135 for December 31, 2016 and 2015, respectively. Investment fees were \$4,528 and \$3,719 for December 31, 2016 and 2015, respectively. In 2016 the Board of Directors determined that they wanted to change investment advisors. An extensive search was conducted to select a different investment management firm. In December the investments were liquidated to facilitate a transfer. The new investment account was established by the end of the 2016 year and funded in January 2017.

NOTE 6: REFUNDABLE ADVANCES PAYABLE TO STATE OF NEW JERSEY

Grants for the Project Protect: Shelter Program, consist of the following:

N.J. Department of Community Affairs (as pass-through agency for U.S. Department of Housing and Urban Development) for acquisition and renovations	\$ 388,460
N.J. Department of Community Affairs - for acquisition	<u>145,750</u>
	<u>\$ 534,210</u>

In 2007, the YWCA EUC acquired a residence to serve as an emergency shelter facility for women and children victims of domestic violence. The transitional house was renovated from January to November, 2010. As of November 16, 2010, NJ Department of Community Affairs granted permission to use the property as a transitional house, and the advance from the State of New Jersey was recognized as revenue. The N.J. Department of Community Affairs – Division of Housing holds a mortgage, dated May 31, 2007. The note provides that the outstanding balance will be due and payable to the N.J. Department of Community Affairs upon the sale, termination, or transfer of the Organization's interest in the property, or upon the cessation of the use of the property as a shelter facility. The Organization must maintain the transitional house for a period of ten years from the date placed in service (November 16, 2010). The Organization has classified \$534,210 as temporarily restricted in net assets, and recognizes a release of \$53,421 of net assets each year until the 10-year period expires.

NOTE 7: CONTINGENT LIABILITY

As a condition to the State of New Jersey, Department of Human Services, Division of Youth and Family Services (now DCP&P) Capital Grants, the YWCA EUC has agreed to maintain a shelter as a facility for the Division's clients until August, 2023. The restriction is evidenced by promissory notes. Should the YWCA EUC cease providing its facility to the Organization's clients effective immediately, it would be obligated to pay a total of approximately \$12,789 back to the Division. The liability is decreased by \$1,207 each year.

NOTE 8: COMMITMENTS AND CONTINGENCIES

Pursuant to a new Transitional Housing Program being funded by both private sources and government grants, beginning in 2006, the YWCA EUC entered into firm agreements to lease several apartments for program participants. The lease agreements in effect as of December 31,

2016 expire at various times throughout 2017 and the monthly average apartment rent was \$8,383 and \$8,687 for 2016 and 2015, respectively. Most of the leases are month to month. Rent expense pursuant to the program was \$100,598 and \$104,240 for the years ended

December 31, 2016 and 2015, respectively. Security deposits pursuant to these leases were \$10,919 and \$10,194 as of December 31, 2016 and 2015, respectively. According to the program agreements, participating tenants shall contribute a participant fee to the YWCA EUC during the period of occupancy.

A program and outreach office was leased April, 2010. The monthly rent for 2016 was \$7,918 and \$7,899 for 2015. The rent expense pursuant to the lease was \$95,017 and \$94,784 for the years ended December 31, 2016 and 2015, respectively.

In June, 2013, the lease was extended from March, 2015 to March, 2020. The base rent will be \$5,964.67 per month. Future minimum lease payments through March 31, 2020 under all office and apartment leases in place at December 31, 2016 are as follows:

Year Ending 2017	80,416
2018	71,576
2019	71,576
2020	<u>17,894</u>
Total	<u>\$241,462</u>

NOTE 9: DEPENDENCY FOR FUNDING

The Organization receives most of its support in the forms of grants from the State of New Jersey, private foundations, and individuals. The continued operations of the Organization are contingent upon continued support from these sources. Government funding sources received in 2016 and 2015 were 73% and 76%, respectively, of total revenue. Contributions from individuals, private foundations and other program services received in 2016 and 2015 were 27% and 24%, respectively, of total revenue.

NOTE 10: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are comprised of the following as of December 31:

	<u>2016</u>	<u>2015</u>
State of New Jersey/DCA	\$160,263	\$213,684
State of New Jersey/DCP&P	12,789	13,996
The Hyde & Watson Foundation	15,000	12,900
Union Foundation	15,000	7,500
Unearned	-	57,031
E.J. Grassman	<u>3,329</u>	<u>3,750</u>
	<u>\$206,381</u>	<u>\$308,861</u>

US Department of Housing, Urban & Workforce Development

Pass Through Union County:

Federal CFDA Number	Pass-thru Grantor's Number	Grant Award Amount	Grant Period	A/R	12.31.15	Funds Received	Funds Expended	12.31.16 Receivable (Deferral)	12.31.16 Cumulative Expenditures Through
14.235	14-SUP-115	212,657	10/01/14 - 09/30/15	51,083	18,550	-	-	32,533	51,083
14.235	15-SUP116	222,483	10/01/15 - 09/30/16	56,537	56,537	163,628	163,628	220,165	220,165
14.235		222,483	10/01/16 - 9/30/17	-	-	-	59,339	59,339	59,339
		657,623		107,620	75,087	222,967	255,500	330,587	330,587

HES Grant Program
HES Grant Program
HES Grant Program

14.231	14-HES-109	14,486	08/01/14 - 07/31/15	14,486	14,486	-	-	-	14,486
14.231	15-HES-109	15,572	08/01/15 - 07/31/16	8,322	15,572	7,250	-	-	15,572
14.231	16-HES-109	11,125	08/01/16 - 07/31/17	-	-	6,693	6,693	6,693	6,693
		41,183		22,808	30,058	13,943	6,693	6,693	36,751

Pass Through City of Elizabeth:

14.231	ESG-42	20,000	07/01/16 - 06/30/17	-	-	5,378	5,378	5,378	5,378
		20,000		-	-	-	5,378	5,378	5,378

Community Development Block Grant 40
Community Development Block Grant 41

14.218	CDBG 41	10,000	07/01/15 - 06/30/16	4,228	10,000	5,772	-	-	10,000
14.218	CDBG 42	10,000	07/01/16 - 06/30/17	-	-	5,310	5,310	5,310	5,310
		20,000		4,228	10,000	11,082	5,310	5,310	15,310

Pass through United Way of Union County:

33-6034-00	FEMA YR 33	15,000	11/15/16-03/31/17	-	-	7,500	7,500	7,500	7,500
14.218	CDBG YR 41	10,287	09/01/15 - 08/31/16	-	10,287	10,287	-	-	10,287
		764,093		134,656	125,432	271,157	280,381	405,813	405,813

Subtotal US Dept of Housing, Urban & Workforce Development

US Department of Justice

16.524	2013-WL-AX-0009	300,000	10/01/13 - 09/30/2016	27,851	95,977	68,126	-	-	95,977
		300,000		27,851	95,977	68,126	-	-	95,977

Pass Through State of NJ

16.588	13-VAWA-24M	45,000	07/01/14 - 09/30/15	5,966	5,966	-	-	-	5,966
16.588	14-VAWA-24M	45,000	07/01/15 - 06/30/16	13,215	45,000	31,785	-	-	45,000
16.588	VAWA-24M-15	45,000	07/01/16 - 06/30/17	-	3,515	15,353	11,838	15,353	15,353
16.588	14-VAWA-26M	45,000	07/01/15 - 06/30/16	24,250	45,000	20,750	-	-	45,000
16.588	VAWA-26M-15	45,000	07/01/16 - 06/30/17	-	10,427	22,534	12,107	22,534	22,534
16.588	14-VAWA-25M	45,000	07/01/15 - 06/30/16	22,178	45,000	22,822	-	-	45,000
16.588	VAWA-25M-15	45,000	07/01/16 - 06/30/17	-	-	26,232	26,232	26,232	26,232
16.588	14-VAWA-27M	45,000	07/01/15 - 06/30/16	24,766	45,000	20,234	-	-	45,000
16.588	VAWA-27M-15	45,000	07/01/16 - 06/30/17	-	12,239	24,745	12,506	24,745	24,745
16.588	13-VAWA-95	29,244	05/01/15 - 04/30/16	7,655	15,904	8,249	-	-	15,904
16.588	14-VAWA-94	31,930	05/01/16 - 04/30/17	-	13,496	22,008	8,512	22,008	22,008
16.575	VAG-96-15	244,988	01/01/16 - 12/31/17	-	60,838	88,381	27,543	88,381	88,381
16.575	VAG-97-15	241,212	01/01/16 - 12/31/17	-	41,299	70,204	28,905	70,204	70,204
16.575	VAG-98-15	229,771	01/01/16 - 12/31/17	-	63,274	89,945	26,671	89,945	89,945
		1,182,145		98,030	406,958	463,242	154,314	561,272	561,272
		1,482,145		125,881	502,935	531,368	154,314	657,249	657,249

Subtotal US Department of Justice

See accompanying accountant's audit report.

See accompanying notes to Schedule of Federal, State and Local Assistance

										(Memo Only)
Federal CFDA Number	Pass-thru Grantor's Number	Grant Award Amount	Grant Period	A/R 12.31.15	Funds Received	Funds Expended	12.31.16 Receivable (Deferral)	Cumulative Expenditures Through 12.31.16		
Pass Through State of NJ Department of Agriculture										
10.558	16-39-873	33,836	10/01/15 - 9/30/16	3,148	20,625	17,476	-	20,625		
10.558	17-39-873	33,836	10/01/16 - 9/30/17	-	2,273	5,972	3,700	5,972		
		<u>67,671</u>		<u>3,148</u>	<u>22,897</u>	<u>23,448</u>	<u>3,700</u>	<u>26,597</u>		
US Department of Health and Human Service										
Pass Through State of NJ										
93.671	16-EFXW	84,000	1/01/16 - 09/31/16	-	84,000	84,000	-	84,000		
		<u>84,000</u>		<u>-</u>	<u>84,000</u>	<u>84,000</u>	<u>-</u>	<u>84,000</u>		

See accompanying accountant's audit report.

See accompanying notes to Schedule of Federal, State and Local Assistance

YWCA of Eastern Union County, Inc.
Supplementary Schedule of State Financial Assistance
for the year ended December 31, 2016

		Federal CFDA Number	Pass-thru Grantor's Number	Grant Award Amount	Grant Period	A/R 12/31/15	Funds Received	Funds Expended	12/31/16 Receivable (Deferral)	Cumulative Expenditures Through 12/31/16
STATE OF NJ										
State of NJ Dept of Children & Families/DYFS/DCP&P 2/2	14-EFXP			990,864	01/01/14 - 12/31/14	(49,031)	(49,031)	-	-	(49,031)
State of NJ Dept of Children & Families/DYFS/DCP&P 2/2	16-EFXW			1,038,348	01/01/16 - 12/31/16	-	1,038,348	1,038,348	-	1,038,348
State of NJ Department of State						(49,031)	989,317	1,038,348	-	989,317
NJ State Council on the Arts										
Pass Through County of Union:										
Union County Office of Cultural & Heritage Affairs	N/A	N/A		2,300	01/01/15 - 12/31/15	575	575	-	-	575
Union County Office of Cultural & Heritage Affairs	N/A	N/A		2,300	01/01/16 - 12/31/16	-	1,725	2,300	575	2,300
Union County GAP	N/A	N/A		20,210	06/21/16 - 12/31/16	-	11,280	20,210	8,930	20,210
Union County GAP	N/A	N/A		15,200	08/21/15 - 12/31/15	5,520	5,520	-	-	5,520
						6,095	19,100	22,510	9,505	28,605
TOTAL STATE						\$ (42,936)	\$ 1,008,417	\$ 1,060,858	\$ 9,505	\$ 1,017,922



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

Independent Auditor's Report

To the Board of Directors
The YWCA of Eastern Union County, Inc.
Elizabeth, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the YWCA of Eastern Union County, Inc. (a non-profit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon May 12, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered YWCA of Eastern Union County, Inc.'s ("YWCA EUC") internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the YWCA EUC's internal control. Accordingly, we do not express an opinion on the effectiveness of the YWCA EUC'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, or 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 YWCA EUC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we did 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

This 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.


zbt
Certified Public Accounting & Consulting, LLC
Clark, New Jersey
May 12, 2017



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

To the Board of Directors
YWCA of Eastern County, Inc.
Elizabeth, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited YWCA of Eastern Union County, Inc.'s ("YWCA EUC") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and New Jersey State Grant Compliance Supplement that could have a direct and material effect on each of YWCA EUC's major federal and state programs for the year ended December 31, 2016. YWCA EUC'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, contracts, grants, 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 YWCA EUC'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; 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 New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, and the Uniform Guidance and New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about YWCA EUC'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 YWCA EUC's compliance.

Opinion on Each Major Federal and State Program

In our opinion, YWCA EUC 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, 2016.

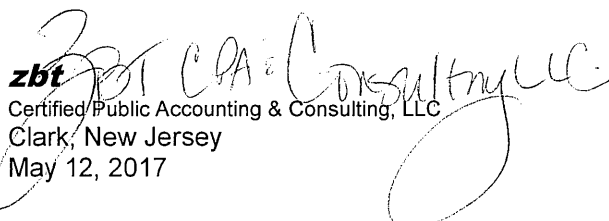
Report on Internal Control Over Compliance

Management of YWCA EUC 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 YWCA EUC'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 and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of YWCA EUC'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 or 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 a material noncompliance with a type of compliance requirement of a federal or 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 federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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


zbt
Certified Public Accounting & Consulting, LLC
Clark, New Jersey
May 12, 2017

The YWCA of Eastern Union County, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2016

Section 1 – Summary of Auditor's Results

Financial Statements

- 1) Type of Auditor's Report Issued Unqualified
- 2) Internal Control Over Financial Reporting:
- Material weakness(es) identified? _____Yes ___x___No
 - Significant deficiency (ies) identified that are not considered material weaknesses? _____Yes ___x___No
- 3) Noncompliance material to the financial statements noted during the audit _____Yes ___x___No

Federal Programs

- 1) Internal Control over Major Federal Programs:
- Material weakness(es) identified? _____Yes ___x___No
 - Significant deficiency(ies) identified that are not considered material weakness? _____Yes ___x___No
- 2) Type of Auditor's Report Issued on Compliance for Major Federal Programs Unqualified
- 3) Any audit findings disclosed that are required to be Reported in accordance with the Uniform Guidance _____Yes ___x___No
- 4) Identification of Major Federal Programs N/A
- 5) Program Threshold Determination:
Type A Federal Program Threshold > \$750,000
Type B Federal Program Threshold ≤ \$750,000
- 6) Auditee qualified as a low-risk auditee under the Uniform Guidance Yes

Section 1- Summary of Auditor's Results (continued)

State Programs

1) Internal Control Over Major State Programs:

- Material weakness(es) identified? _____ Yes ___x___ No
- Significant deficiency(ies) identified that are not considered material weakness? _____ Yes ___x___ No

2) Type of Auditor's Report issued on compliance for Major state programs

Unqualified

3) Findings disclosed that are required to be reported in Accordance with N.J. OMB Circular 15-08

_____ Yes ___x___ No

Identification of Major State Programs:

<u>Program</u>	<u>Identification Number</u>	<u>Grant Period From/To</u>	<u>Type</u>
Dept. Children and Family - Project Protect Div. of Family and Community Partn.	16-EFXW	1.1.16-12.31.16	A

- * Family Violence Prevention and Services
\$84,000 of grant is from Family Violence Prevention and Service (CFDA 93.671) via the U.S. Department of Health and Human Services

- 5) Program Threshold Determination:
Type A State Program Threshold > \$750,000
Type B State Program Threshold ≤ \$750,000

- 6) Auditee qualified as a low-risk auditee Yes

Section 2 – Financial Statement Audit Findings

None

Federal Programs

None

State Programs

None

Section 3 – Summary Schedule of Prior Audit Findings

None

Section 4 – Findings and Questioned Costs

Federal Programs

None

State Programs

None

The YWCA of Eastern Union County, Inc.
Notes to Schedule of Federal and State Financial Assistance
For the year ended December 31, 2016

1. General Information

The accompanying schedule of expenditures of federal and state financial assistance presents the activities in all the federal and state awards of the YWCA EUC. Some financial awards are fee for service contracts received directly from state agencies as well as financial awards passed through other governmental agencies or non-profit organizations which are included on the schedule. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget the Uniform Guidance, *Audits of States, Local Governments and Non-Profit Organizations* and the State of New Jersey Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, No. 15-08-OMB.

2. Basis of Accounting

The accompanying schedule of expenditures of federal and state financial assistance is presented using the accrual basis of accounting. The amounts reported in this schedule as expenditures may differ from certain financial reports submitted to federal and state funding agencies due to those reports being submitted on either a cash or modified accrual basis of accounting.