

The YWCA of Eastern Union County, Inc.
Financial Statements and Supplementary Information
For the Year Ended December 31, 2017
(with comparative totals for 2016)

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zbt Certified Public Accounting
& Consulting, LLC

11 Broadway
Clark, New Jersey 07066

info@zbtcpa.com
www.zbtcpa.com

Telephone: 732.815.9800
Facsimile: 732-815-9897

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, 2017 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, 2017, 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 2016 financial statements, and our report dated May 12, 2017, 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, 2016, 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 June 7, 2018, 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.

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Certified Public Accounting & Consulting, LLC
Clark, New Jersey
June 7, 2018

ZBT CPA & Consulting, LLC

YWCA of Eastern Union County, Inc.
Statement of Financial Position
December 31, 2017
(with comparative totals for 2016)

	<u>2017</u>	<u>2016</u>
Assets		
Cash and Cash Equivalents	\$ 578,631	\$ 708,898
Grants and Contracts Receivable	476,390	514,311
Prepaid Expenses	17,293	13,771
Investments at Market	442,281	-
Property and Equipment - Net of Depreciation	1,132,709	1,140,979
Other Assets	<u>31,486</u>	<u>31,385</u>
TOTAL ASSETS	<u>\$ 2,678,790</u>	<u>\$ 2,409,344</u>
Liabilities and Net Assets		
LIABILITIES:		
Accounts Payable and Accrued Liabilities	\$ 39,127	\$ 44,798
Deferred Revenue	37,247	32,000
Accrued Payroll	<u>3,700</u>	<u>4,173</u>
TOTAL LIABILITIES	<u>80,074</u>	<u>80,971</u>
NET ASSETS:		
Temporarily Restricted	163,171	206,381
Unrestricted	<u>2,435,545</u>	<u>2,121,992</u>
TOTAL NET ASSETS	<u>2,598,716</u>	<u>2,328,373</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,678,790</u>	<u>\$ 2,409,344</u>

YWCA of Eastern Union County, Inc.
Statement of Activities and Net Assets
for the Year Ended December 31, 2017
(with comparative totals for 2016)

SUPPORT AND REVENUE:	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2017</u>	<u>2016</u>
Government Grants and Contracts	\$ 2,165,989	\$ -	\$ 2,165,989	\$ 1,970,832
Donations, Contributions and In-Kind	460,792	-	460,792	488,360
United Way Service Allocations	18,000	-	18,000	18,000
Program Service Fees	64,930	-	64,930	82,619
Other Income	580	-	580	1,073
Special Events, Net of Expenses	154,088	-	154,088	146,882
Realized Gains/(Losses)	65	-	65	33,437
Unrealized Gains/(Losses)	56,382	-	56,382	(22,662)
Investment Income	10,210	-	10,210	1,050
	<u>\$ 2,931,036</u>	<u>\$ -</u>	<u>\$ 2,931,036</u>	<u>\$ 2,719,591</u>
Net Assets Released for Restrictions	43,210	(43,210)	-	-
Total Support and Revenue	<u>\$ 2,974,246</u>	<u>\$ (43,210)</u>	<u>\$ 2,931,036</u>	<u>\$ 2,719,591</u>
EXPENSES:				
Program Services	\$ 2,413,811	\$ -	\$ 2,413,811	\$ 2,350,322
Management and General	37,862	-	37,862	51,225
Fundraising	209,020	-	209,020	169,104
	<u>2,660,693</u>	<u>-</u>	<u>2,660,693</u>	<u>2,570,651</u>
Increase (Decrease) in Net Assets	313,553	(43,210)	270,343	148,940
Net Assets - Beginning of Year	2,121,992	206,381	2,328,373	2,179,433
Net Assets - End of Year	<u>\$ 2,435,545</u>	<u>\$ 163,171</u>	<u>\$ 2,598,716</u>	<u>\$ 2,328,373</u>

YWCA of Eastern Union County, Inc.
Supplementary Schedule of Functional Expenses
for the Year Ended December 31, 2017
(with comparative totals for 2016)

	Residential, Outreach & FJC Programs	Management and General	Fund Raising	2017 Total	2016 Total
<u>SALARIES, WAGES, AND EMPLOYEE BENEFITS</u>					
Salaries and Wages	1,414,278	15,612	124,964	1,554,854	1,538,564
Payroll Taxes	140,710	1,357	11,247	153,314	153,749
Health Benefits	141,880	773	17,882	160,535	164,845
Pension and Workers Compensation Insurance	52,606	945	6,638	60,189	44,218
	<u>\$ 1,749,474</u>	<u>\$ 18,687</u>	<u>\$ 160,731</u>	<u>\$ 1,928,892</u>	<u>\$ 1,901,376</u>
Professional and Consulting	\$ 29,524	\$ 15,236	\$ 25,509	\$ 70,269	\$ 37,309
<u>FACILITY COST</u>					
Occupancy Rent and Supportive Housing Units	200,630	-	-	200,630	195,615
Occupancy-Utilities	49,787	-	-	49,787	49,651
Occupancy Services and Supplies	15,364	-	-	15,364	16,815
Insurance General Liability	28,142	-	-	28,142	23,634
Repairs and Maintenance	32,970	1,200	1,200	35,370	57,499
Equipment Rental	5,906	-	-	5,906	6,074
	<u>\$ 332,799</u>	<u>\$ 1,200</u>	<u>\$ 1,200</u>	<u>\$ 335,199</u>	<u>\$ 349,288</u>
<u>OPERATING COST</u>					
Telephone and Answering Service	17,324	-	-	17,324	17,636
Advertising and Printing	6,156	129	8,967	15,252	12,584
Training and Developmental Fees	8,709	81	1,045	9,835	2,201
Investment, Bank and Interest Fees	2,208	236	501	2,945	5,622
Dues and Subscriptions	17,552	269	884	18,705	18,940
Vehicle Expense	4,896	-	-	4,896	3,710
Donated and Inkind Services	87,741	-	-	87,741	63,419
Insurance	14,496	363	282	15,141	15,145
Travel Cost	9,783	344	2,520	12,647	9,847
	<u>\$ 168,865</u>	<u>\$ 1,422</u>	<u>\$ 14,199</u>	<u>\$ 184,486</u>	<u>\$ 149,104</u>
<u>MATERIAL AND SUPPLIES</u>					
Office Supplies and Equipment	22,747	95	1,676	24,518	19,341
Food	334	1,222	3,504	5,060	2,424
Supplies (Program)	9,779	-	2,201	11,980	11,488
Supplies Inkind	3,570	-	-	3,570	-
Client Assistance Food	2,371	-	-	2,371	-
Client Assistance Gift	708	-	-	708	-
Client Assistance	15,454	-	-	15,454	23,538
	<u>\$ 54,963</u>	<u>\$ 1,317</u>	<u>\$ 7,381</u>	<u>\$ 63,661</u>	<u>\$ 56,791</u>
Depreciation and Amortization	\$ 78,186	\$ -	\$ -	78,186	76,783
	<u>\$ 2,413,811</u>	<u>\$ 37,862</u>	<u>\$ 209,020</u>	<u>\$ 2,660,693</u>	<u>\$ 2,570,651</u>

See accompanying accountant's audit report and notes to financial statements.

YWCA of Eastern Union County, Inc.
Statement of Cash Flows
for the Year Ended December 31, 2017
(with comparative totals for 2016)

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 270,343	\$ 148,940
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	78,186	76,783
Unrealized gain (loss) on investments	<u>56,382</u>	<u>(22,662)</u>
(Increase)/Decrease in assets and liabilities:		
Grants and contracts receivable	37,921	(200,899)
Prepaid expenses	(3,522)	3,422
Deferred income	(5,247)	(25,031)
Other assets	(101)	1,093
Accounts payable and accrued liabilities	(5,671)	(11,508)
Accrued payroll and related	<u>473</u>	<u>(2,445)</u>
Net cash used in operating activities	<u>428,764</u>	<u>(32,307)</u>
Cash Flows From Investing Activities:		
Acquisition of property and equipment	(68,541)	215,585
Change in investments	(500,765)	223,176
Investment income	10,210	1,050
Temporarily restricted		17,767
Gain (loss) on sales on investments	<u>65</u>	<u>33,437</u>
Net cash provided by investing activities	<u>(559,031)</u>	<u>491,015</u>
Cash Provided By Financing Activities:	<u>-</u>	<u>-</u>
Net cash provided (used in) financing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(130,267)	458,708
Cash and cash equivalents - beginning	<u>708,898</u>	<u>250,190</u>
Cash and cash equivalents - ending	<u>\$ 578,631</u>	<u>\$ 708,898</u>
Supplementary Information:		
Net cash paid for interest	\$ -	\$ -
Net cash paid for income taxes	\$ -	\$ -

The YWCA of Eastern Union County, Inc.
Notes to Financial Statements
December 31, 2017 with comparative totals for 2016

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.

A contract to operate a Family Justice Center was executed by Union County and the YWCA effective 7/1/17. The Center opened in September 2017. The FJC is funded by the Union County Board of Chosen Freeholders and is located in space donated by Union County within the Union County Family Courthouse. Staffing is provided by the YWCA per the contract with the County, as well as through partnerships with public and nonprofit agencies through an executed MOU. The contract is an annual contract renewable over 4.5 years.

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.

The YWCA of Eastern Union County, Inc.
Notes to Financial Statements
December 31, 2017 with comparative totals for 2016

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 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>2017</u>	<u>2016</u>
Gift Cards	\$ 708	\$ 555
Volunteer Services and Training	62,533	63,419
Professional Services	16,534	875
Program and Occupancy Supplies	3,570	4,055
Space	8,674	-
Food	<u>2,371</u>	<u>5,618</u>
	<u>\$ 94,390</u>	<u>\$ 74,522</u>

Grants and Contracts Receivable

Grants and contracts receivable reflect program service receivable and grants receivable as of December 31, 2017. Management regularly reviews receivables to determine collectability, and writes off those deemed uncollectible. Management has determined that all receivables as of December 31, 2017 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 June 7, 2018.

The YWCA of Eastern Union County, Inc.
Notes to Financial Statements
December 31, 2017 with comparative totals for 2016

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

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.

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 June 7, 2018 which is the date the financial statements were available to be issued. Based upon this evaluation, the Organization has determined that there is no subsequent events which requires disclosure in the financial statements.

The YWCA of Eastern Union County, Inc.
Notes to Financial Statements
December 31, 2017 with comparative totals for 2016

NOTE 3: PROPERTY AND EQUIPMENT

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

	<u>2017</u>	<u>2016</u>
Land	\$ 140,700	\$ 140,700
Furniture and Fixtures	41,770	40,539
Computer Equipment	67,864	55,224
Equipment	76,864	70,431
Buildings	657,036	657,036
Building Improvements	1,630,908	1,581,296
Vehicles	<u>64,417</u>	<u>64,417</u>
 Total Cost	 2,679,559	 2,609,643
Accumulated Depreciation	<u>(1,546,850)</u>	<u>(1,468,664)</u>
Net Book Value	<u>\$ 1,132,710</u>	<u>\$ 1,140,979</u>

Depreciation expense was \$78,186 and \$76,783 for the years ended December 31, 2017 and 2016, 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 \$22,625 and \$21,837 for the years ended December 31, 2017 and 2016, 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.

At December 31, investment values included:

	<u>2017</u>	<u>2016</u>
Cost	\$ 385,899	\$ -
Fair Value	<u>442,281</u>	<u>-</u>
Unrealized Gain (Loss)	<u>\$ 56,382</u>	<u>\$ -</u>

The YWCA of Eastern Union County, Inc.
Notes to Financial Statements
December 31, 2017 with comparative totals for 2016

Fair values of assets measured on a recurring basis at December 31, 2017 are as follows:

December 31, 2017	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Observable Measurement Criteria (Level 2)	Unobservable Measurement Criteria (Level 3)
Cash & Cash Equivalents	\$ 2,877	\$ 2,877	-	-
Exchange Traded Funds (ETFs)	<u>442,281</u>	<u>442,281</u>	-	-
Total	<u>\$445,158</u>	<u>\$445,158</u>	<u>\$ -</u>	<u>-</u>

In 2017, the YWCA EUC had realized gains of \$65. During 2016, the YWCA EUC had a realized gain of \$33,437. Investment income earned was \$9,047 and \$225 for December 31, 2017 and 2016, respectively. Investment fees were \$1,957 and \$4,528 for December 31, 2017 and 2016, respectively.

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 had 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.

The YWCA of Eastern Union County, Inc.
Notes to Financial Statements
December 31, 2017 with comparative totals for 2016

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 \$11,582 back to the Division. The liability is decreased by \$1,207 each year.

NOTE 8: COMMITMENTS AND CONTINGENCIES

Pursuant to a 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, 2017 expire at various times throughout 2018 and the monthly average apartment rent was \$8,801 and \$8,383 for 2017 and 2016, respectively. Most of the leases are month to month. Rent expense pursuant to the program was \$105,613 and \$100,598 for the years ended December 31, 2017 and 2016, respectively. Security deposits pursuant to these leases were \$11,020 and \$10,919 as of December 31, 2017 and 2016, respectively. According to the program agreements, participating tenants shall contribute a participant fee to the YWCA EUC during the period of occupancy. Future minimum lease payments are as follows:

Year Ending 2018	<u>3,920</u>
	\$3,920

A program and outreach office was leased April, 2010. The monthly rent for 2017 was \$7,918 and \$7,918 for 2016. The rent expense pursuant to the lease was \$95,017 and \$95,017 for the years ended December 31, 2017 and 2016, 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, 2017 are as follows:

Year Ending 2018	71,576
2019	71,576
2020	<u>17,894</u>
Total	<u>\$161,046</u>

In August 2017, the Organization entered into a 3-year lease agreement for three copier machines for a monthly payment of \$443 per month. Copier lease payments in 2017 were \$15,948. Future minimum lease payments through 2020 are as follows:

Year Ending 2018	5,316
2019	5,316
2020	<u>3,190</u>
Total	<u>\$13,822</u>

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

The YWCA of Eastern Union County, Inc.
Notes to Financial Statements
December 31, 2017 with comparative totals for 2016

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.

On October 13, 2017 a Consent Order was agreed to stipulating that upon the proposed sale of the Whyman Parish House property, the defendants (10 nonprofits including YWCA EUC) will receive a distribution of \$650,000 to be shared equally among them. If the sale does not proceed a judgement will be entered that stipulates that 34% of the net proceeds of the sale of the property will be distributed to the defendants. Should the ultimate sale price exceed of \$2.3 million, the distribution shall be \$650,000 + 34% of any excess over \$2.3 million. This sale is dependent upon multiple levels of City approval and thus there is no immediate anticipated completion date.

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 2017 and 2016 were 75.8% and 73%, respectively, of total revenue. Contributions from individuals, private foundations and other program services received in 2017 and 2016 were 24.2% and 27%, respectively, of total revenue. 18.9% of government funds was derived from the NJ Division of Criminal Justice.

NOTE 10: TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2017</u>	<u>2016</u>
State of New Jersey/DCA	\$106,842	\$160,263
State of New Jersey/DCP&P	11,582	12,789
The Hyde & Watson Foundation	-	15,000
Union Foundation	7,500	15,000
Unearned	22,247	-
Turrel Fund	15,000	-
E.J. Grassman	-	3,329
	<u>\$163,171</u>	<u>\$206,381</u>

5 Department of Housing, Urban & Workforce Development

Pass Through Union County:

Supportive Housing Program
Supportive Housing Program

Subtotal

ES Grant Program

ES Grant Program

Subtotal

Pass Through City of Elizabeth:

Emergency Shelter Grant Program
Emergency Shelter Grant Program

Subtotal

Community Development Block Grant

Community Development Block Grant

Community Development Block Grant Public Facilities

Subtotal

Pass through United Way of Union County:

Emergency Food and Shelter Program
Community Development Block Grant

Subtotal US Dept of Housing, Urban & Workforce Development

Pass Through State of NJ Office of Attorney General

State of NJ Div of Criminal Justice Court Advocate program
State of NJ Div of Criminal Justice Court Advocate program

State of NJ Div of Criminal Justice Bilingual DV Counselor

State of NJ Div of Criminal Justice Bilingual DV Counselor

State of NJ Div of Criminal Justice Bilingual Case Manager

State of NJ Div of Criminal Justice Bilingual Case Manager

State of NJ Div of Criminal Justice Senior Shelter Adv

State of NJ Div of Criminal Justice Senior Shelter Adv

State of NJ Div of Criminal Justice DVRT-VAWA

State of NJ Div of Criminal Justice DVRT-VAWA

State of NJ Div of Criminal Justice Workforce Dev. Prog.

State of NJ Div of Criminal Justice DV Bilingual Counseling Prog.

State of NJ Div of Criminal Justice DV Residential Prog.

Subtotal

Federal CFDA Number	Pass-thru Grantor's Number	Grant Award Amount	Grant Period	A/R 12.31.16	Funds Received	Funds Expended	12.31.17 Receivable (Deferral)	(Memo Only) Cumulative Expenditures Through 12.31.17
14.235	16-CoC-112	229,000	10/01/16 - 09/30/17	59,339	225,818	166,479	-	225,818
14.235	17-CoC-107	229,000	10/01/17 - 09/30/18	-	-	55,485	55,484	55,484
		458,000		59,339	225,818	221,964	55,484	281,302
14.231	16-HES-109	11,125	08/01/16 - 07/31/17	6,693	11,125	4,432	-	11,125
14.231	17-HES-109	11,125	08/01/17 - 07/31/18	-	-	6,972	6,972	6,972
		22,250		6,693	11,125	11,404	6,972	18,097
14.231	ESG-42	20,000	07/01/16 - 06/30/17	5,378	20,000	14,622	-	20,000
14.231	ESG-43	20,000	07/01/17 - 06/30/18	-	-	10,989	10,989	10,989
		40,000		5,378	20,000	25,611	10,989	30,989
14.218	CDBG 42	10,000	07/01/16 - 06/30/17	5,310	10,000	4,690	-	10,000
14.218	CDBG 43	15,000	07/01/17 - 06/30/18	-	-	7,123	7,123	7,123
14.218	CDBG 43	22,000	07/01/17 - 06/30-18	-	-	22,000	22,000	22,000
		47,000		5,310	10,000	33,813	29,123	39,123
97.024	FEMA YR 33	15,000	11/15/16 - 03/31/17	7,500	15,000	7,500	-	15,000
14.218	CDBG YR 42	10,500	09/01/16 - 08/31/17	-	10,500	10,500	-	10,500
		592,750		84,220	292,443	310,792	102,568	395,011

16.588	VAWA-24M-15	45,000	07/01/16 - 06/30/17	11,838	41,485	29,647	-	41,485
16.588	VAWA-24-16	45,000	07/01/17 - 06/30/18	-	-	20,492	20,492	20,492
16.588	VAWA-26M-15	45,000	07/01/16 - 06/30/17	12,107	34,573	22,466	-	34,573
16.588	VAWA-28M-16	45,000	07/01/17 - 06/30/18	-	10,830	22,981	12,151	22,981
16.588	VAWA-25M-15	45,000	07/01/16 - 06/30/17	26,232	45,000	18,768	-	45,000
16.588	VAWA-25-16	45,000	07/01/17 - 06/30/18	-	12,210	25,728	13,518	25,728
16.588	VAWA-27M-15	45,000	07/01/16 - 06/30/17	12,506	32,761	20,255	-	32,761
16.588	VAWA-27M-16	45,000	07/01/17 - 06/30/18	-	12,058	25,731	13,673	25,731
16.588	14-VAWA-94	31,930	05/01/16 - 04/30/17	8,512	18,434	9,922	-	18,434
16.588	VAWA-41-16	69,319	05/01/17 - 04/30/18	-	-	31,051	31,051	31,051
16.575	VAG-96-15	244,988	01/01/16 - 12/31/17	27,543	99,970	109,969	37,542	137,512
16.575	VAG-97-15	241,212	01/01/16 - 12/31/17	28,905	93,420	101,067	36,552	129,972
16.575	VAG-98-15	229,771	01/01/16 - 12/31/17	26,671	103,104	101,136	24,703	127,807
		1,177,220		154,314	503,845	539,213	189,682	693,527

Only)										Cumulative
										Expenditures
										Through
										12.31.17
Federal	Pass-thru	Grant	Grant	A/R	Funds	Funds	Funds	12.31.17		
CFDA	Grantor's	Award	Period	12.31.16	Received	Expended	Receivable	(Deferral)		
Number	Number	Amount								
10.558	17-39-873	33,836	10/01/16 - 9/30/17	3,700	18,555	14,855	-	-	18,555	
10.558	17-39-873	33,836	10/01/17 - 9/30/18	-	1,623	4,735	3,113	3,113	4,735	
		67,671		3,700	20,178	19,590	3,113	3,113	23,290	
Subtotal State of NJ Dept of Agriculture										
NJ Department of Health and Human Service										
93.671	17-EEXW	84,000	1/01/17 - 09/30/17	-	84,000	84,000	-	-	84,000	
		84,000		-	84,000	84,000	-	-	84,000	
Subtotal State of NJ Dept of Children & Families										
TOTAL FEDERAL										
		\$ 1,921,641		\$ 242,234	\$ 900,466	\$ 953,595	\$ 295,363	\$	1,195,828	

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, 2017

		Federal CFDA Number	Pass-thru Grantor's Number	Grant Award Amount	Grant Period	A/R	Funds Received	Funds Expended	12.31.17 Receivable (Deferral)	Cumulative Expenditures Through 12.31.17
STATE OF NJ										
State of NJ Dept of Children & Families/DYFS/DCP&P 2/2		17-EFXW	1,090,463	01/01/17 - 12/31/17		-	1,090,463	1,081,071	(9,392)	1,081,071
State of NJ Department of State										
NJ State Council on the Arts										
Pass Through County of Union:										
Union County Office of Cultural & Heritage Affairs		N/A	N/A	2,200	01/01/17 - 12/31/17	-	1,650	2,200	550	2,220
Union County FJC		N/A	N/A	153,749	07/01/17 - 12/31/17	-	53,426	111,693	58,267	111,693
Union County GAP		N/A	N/A	22,200	05/01/17 - 12/31/17	-	9,330	17,430	8,100	17,430
						-	64,406	131,323	66,917	131,343
TOTAL STATE						\$ -	\$ 1,154,869	\$ 1,212,394	\$ 57,525	\$ 1,212,414

See accompanying accountant's audit report.

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



zbt Certified Public Accounting
& Consulting, LLC

11 Broadway
Clark, New Jersey 07066

info@zbtcpa.com
www.zbtcpa.com

Telephone: 732.815.9800
Facsimile: 732-815-9897

**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, 2017, 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 June 7, 2018.

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 CPA & Consulting LLC

zbt

Certified Public Accounting & Consulting, LLC
Clark, New Jersey
June 7, 2018



zbt Certified Public Accounting
& Consulting, LLC

11 Broadway
Clark, New Jersey 07066

info@zbtcpa.com
www.zbtcpa.com

Telephone: 732.815.9800
Facsimile: 732-815-9897

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, 2017. 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, 2017.

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 CPA & Consulting, LLC

zbt

Certified Public Accounting & Consulting, LLC
Clark, New Jersey
June 7, 2018

The YWCA of Eastern Union County, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2017

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.	17-EFXW	1.1.17-12.31.17	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, 2017

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.