

The YWCA of Eastern Union County, Inc.
Financial Statements and Supplementary Information
For the Year Ended December 31, 2018
(with comparative totals for 2017)

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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, 2018 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, 2018, 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 2017 financial statements, and our report dated June 7, 2018, 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, 2017, 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 awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 23, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the YWCA of Eastern Union County, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering YWCA of Eastern Union County, Inc.'s internal control over financial reporting and compliance.

ZBT CPA & Consulting, LLC
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Certified Public Accounting & Consulting, LLC
Clark, New Jersey
May 23, 2019

YWCA of Eastern Union County, Inc.
Statement of Financial Position
December 31, 2018
(with comparative totals for 2017)

	<u>2018</u>	<u>2017</u>
Assets		
Cash and Cash Equivalents	\$ 625,042	\$ 578,631
Grants and Contracts Receivable	428,156	476,390
Prepaid Expenses	7,454	17,293
Investments at Market	598,675	442,281
Property and Equipment - Net of Depreciation	1,111,391	1,132,709
Other Assets	<u>32,778</u>	<u>31,486</u>
TOTAL ASSETS	<u>\$ 2,803,496</u>	<u>\$ 2,678,790</u>
Liabilities and Net Assets		
LIABILITIES:		
Accounts Payable and Accrued Liabilities	\$ 25,888	\$ 39,127
Deferred Revenue	61,000	37,247
Accrued Payroll	<u>47,760</u>	<u>3,700</u>
TOTAL LIABILITIES	<u>134,648</u>	<u>80,074</u>
NET ASSETS:		
Donor Restricted	129,517	163,171
Without Donor Restrictions	<u>2,539,331</u>	<u>2,435,545</u>
TOTAL NET ASSETS	<u>2,668,848</u>	<u>2,598,716</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,803,496</u>	<u>\$ 2,678,790</u>

YWCA of Eastern Union County, Inc.
Statement of Activities and Net Assets
for the Year Ended December 31, 2018
(with comparative totals for 2017)

	Without Donor Restrictions	With Donor Restrictions	2018	2017
SUPPORT AND REVENUE:				
Government Grants and Contracts	\$ 2,336,677	\$ -	\$ 2,336,677	\$ 2,165,989
Donations, Contributions and In-Kind	570,233	-	570,233	460,792
United Way Service Allocations	-	-	-	18,000
Program Service Fees	58,705	-	58,705	64,930
Other Income	1,024	-	1,024	580
Special Events, Net of Expenses	123,590	-	123,590	154,088
Investment Income	(41,930)	-	(41,930)	66,657
	<u>\$ 3,048,299</u>	<u>\$ -</u>	<u>\$ 3,048,299</u>	<u>\$ 2,931,036</u>
Net Assets Released for Restrictions	33,654	(33,654)	-	-
Total Support and Revenue	<u>\$ 3,081,953</u>	<u>\$ (33,654)</u>	<u>\$ 3,048,299</u>	<u>\$ 2,931,036</u>
EXPENSES:				
Program Services	\$ 2,760,251	\$ -	\$ 2,760,251	\$ 2,413,811
Management and General	42,009	-	42,009	37,862
Fundraising	175,907	-	175,907	209,020
	<u>2,978,167</u>	<u>-</u>	<u>2,978,167</u>	<u>2,660,693</u>
Increase (Decrease) in Net Assets	103,786	(33,654)	70,132	270,343
Net Assets - Beginning of Year	2,435,545	163,171	2,598,716	2,328,373
Net Assets - End of Year	<u>\$ 2,539,331</u>	<u>\$ 129,517</u>	<u>\$ 2,668,848</u>	<u>\$ 2,598,716</u>

YWCA of Eastern Union County, Inc.
Supplementary Schedule of Functional Expenses
for the Year Ended December 31, 2018
(with comparative totals for 2017)

SALARIES, WAGES, AND EMPLOYEE BENEFITS

	Residential, Outreach & FJC Programs	Management and General	Fund Raising	2018 Total	2017 Total
Salaries and Wages	1,693,005	17,816	120,608	1,831,429	1,554,854
Payroll Taxes	161,407	1,534	10,901	173,842	153,314
Health Benefits	170,781	917	12,883	184,581	160,535
Pension and Workers Compensation Insurance	49,104	706	4,553	54,363	60,189
	<u>\$ 2,074,297</u>	<u>\$ 20,973</u>	<u>\$ 148,945</u>	<u>\$ 2,244,215</u>	<u>\$ 1,928,892</u>
Professional and Consulting	<u>\$ 32,749</u>	<u>\$ 12,219</u>	<u>\$ 3,766</u>	<u>\$ 48,734</u>	<u>\$ 70,269</u>

FACILITY COST

Occupancy Rent and Supportive Housing Units	202,231	-	-	202,231	200,630
Occupancy-Utilities	54,081	-	-	54,081	49,787
Occupancy Services and Supplies	16,929	-	-	16,929	15,364
Insurance General Liability	28,169	-	-	28,169	28,142
Repairs and Maintenance	41,731	1,200	1,200	44,131	35,370
Equipment Rental	5,346	-	-	5,346	5,906
	<u>\$ 348,487</u>	<u>\$ 1,200</u>	<u>\$ 1,200</u>	<u>\$ 350,887</u>	<u>\$ 335,199</u>

OPERATING COST

Telephone and Answering Service	17,653	-	-	17,653	17,324
Advertising and Printing	8,590	95	7,528	16,213	15,252
Training and Developmental Fees	4,829	49	685	5,563	9,835
Investment, Bank and Interest Fees	2,835	289	433	3,557	2,945
Dues and Subscriptions	18,327	1,777	1,698	21,802	18,705
Vehicle Expense	5,028	-	-	5,028	4,896
Donated and Inkind Services	74,208	-	-	74,208	87,741
Insurance	11,811	4,032	-	15,843	15,141
Travel Cost	15,584	386	2,513	18,483	12,647
	<u>\$ 158,865</u>	<u>\$ 6,628</u>	<u>\$ 12,857</u>	<u>\$ 178,350</u>	<u>\$ 184,486</u>

MATERIAL AND SUPPLIES

Office Supplies and Equipment	26,121	121	1,809	28,051	24,518
Food	3,300	868	6,613	10,781	5,060
Supplies (Program)	11,280	-	717	11,997	11,980
Supplies Inkind	1,550	-	-	1,550	3,570
Client Assistance Food	1,563	-	-	1,563	2,371
Client Assistance Gift	435	-	-	435	708
Client Assistance	18,300	-	-	18,300	15,454
	<u>\$ 62,549</u>	<u>\$ 989</u>	<u>\$ 9,139</u>	<u>\$ 72,677</u>	<u>\$ 63,661</u>
Depreciation and Amortization	<u>\$ 83,304</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,304</u>	<u>\$ 78,186</u>
	<u>\$ 2,760,251</u>	<u>\$ 42,009</u>	<u>\$ 175,907</u>	<u>\$ 2,978,167</u>	<u>\$ 2,660,693</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, 2018
(with comparative totals for 2017)

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 70,132	\$ 270,343
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	83,304	78,186
Realized gain (loss) on sales on investments	554	65
Unrealized gain (loss) on investments	<u>(51,992)</u>	<u>56,382</u>
 (Increase)/Decrease in assets and liabilities:		
Grants and contracts receivable	48,234	37,921
Prepaid expenses	9,840	(3,522)
Deferred income	23,753	(5,247)
Other assets	(1,292)	(101)
Accounts payable and accrued liabilities	(13,238)	(5,671)
Accrued payroll and related	<u>44,059</u>	<u>473</u>
 Net cash used in operating activities	<u>213,354</u>	<u>428,829</u>
 Cash Flows From Investing Activities:		
Acquisition of property and equipment	(61,985)	(68,541)
Change in investments	<u>(104,958)</u>	<u>(490,555)</u>
 Net cash provided by investing activities	<u>(166,943)</u>	<u>(559,096)</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	46,411	(130,267)
 Cash and cash equivalents - beginning	<u>578,631</u>	<u>708,898</u>
 Cash and cash equivalents - ending	\$ <u><u>625,042</u></u>	\$ <u><u>578,631</u></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, 2018 with comparative totals for 2017

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 September 1, 2017, when it opened. 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 and Presentation

The financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- *Net Assets without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing Board has designated, from net assets without donor restrictions, net assets for an operating reserve.
- *Net Assets with Donor Restrictions* – Net assets subject to donor- (or certain grantor) – imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are releases when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

YWCA EUC has elected to present contributions with donor restrictions that are fulfilled in the same period within the net assets without donor restrictions class.

Revenue and Support Recognition

Contributions, including sponsorships, are recognized as revenue in the earlier of the period promised or received. Grants are recognized as revenue in the period such promises or agreements are made. Grants and contributions received are considered to be available for use unless specifically restricted by the grantor or donor. Amounts received that are designated for a future period, or are restricted by the grantor or donor for specific purposes, are reported as restricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Net assets with donor restrictions are reported as net assets without donor restrictions if the restrictions are met in the same period as received.

The YWCA of Eastern Union County, Inc.
Notes to Financial Statements
December 31, 2018 with comparative totals for 2017

Revenue and Support Recognition (continued)

Revenue from program fees is recognized as revenue when the events or programs are held. Deferred revenue represents advance payments received that are applicable to future periods.

All other revenues are recognized when earned.

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>2018</u>	<u>2017</u>
Gift Cards	\$ 435	\$ 708
Volunteer Services and Training	56,860	62,533
Professional Services	-	16,534
Program and Occupancy Supplies	1,550	3,570
Space	17,348	8,674
Food	<u>1,563</u>	<u>2,371</u>
	<u>\$ 77,756</u>	<u>\$ 94,390</u>

Grants and Contracts Receivable

Grants and contributions receivable represent unconditional amounts committed to YWCA EUC. All grants and contributions receivable are deemed to be fully collectible and are reflected at either net realizable value or at net present value based on projected cash flows. No discount was recorded on multi-year receivable during the years ended December 31, 2018 and 2017, due to immateriality. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience. Based on these reviews, management did not deem the use of an allowance for uncollectible receivables to be necessary at December 31, 2018 and 2017.

The YWCA of Eastern Union County, Inc.
Notes to Financial Statements
December 31, 2018 with comparative totals for 2017

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 the date of this report, May 23, 2019.

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.

The YWCA of Eastern Union County, Inc.
Notes to Financial Statements
December 31, 2018 with comparative totals for 2017

Subsequent Events

The Organization has evaluated events occurring after the balance sheet through the date of May 23, 2019 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.

NOTE 3: PROPERTY AND EQUIPMENT

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

	<u>2018</u>	<u>2017</u>
Land	\$ 140,700	\$ 140,700
Furniture and Fixtures	58,850	41,770
Computer Equipment	81,754	67,864
Equipment	102,381	76,864
Buildings	657,036	657,036
Building Improvements	1,636,408	1,630,908
Vehicles	<u>64,417</u>	<u>64,417</u>
 Total Cost	 2,741,546	 2,679,559
Accumulated Depreciation	<u>(1,630,155)</u>	<u>(1,546,850)</u>
Net Book Value	<u>\$ 1,111,391</u>	<u>\$ 1,132,710</u>

Depreciation expense was \$83,304 and \$78,186 for the years ended December 31, 2018 and 2017, 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 \$27,407 and \$22,625 for the years ended December 31, 2018 and 2017, respectively.

The YWCA of Eastern Union County, Inc.
Notes to Financial Statements
December 31, 2018 with comparative totals for 2017

NOTE 5: INVESTMENTS

Investments are held at a financial institution and consist of Certificate of Deposit, Treasury Bill and ETFs. 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>2018</u>	<u>2017</u>
Fair Value	\$ 598,675	\$ 442,281
Cost	<u>(594,286)</u>	<u>(385,899)</u>
Unrealized Gain (Loss)	<u>\$ 4,389</u>	<u>\$ 56,382</u>

Fair values of assets measured on a recurring basis at December 31, 2018 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Observable Measurement Criteria (Level 2)</u>	<u>Unobservable Measurement Criteria (Level 3)</u>
Cash & Cash Equivalents	\$ 2,300	\$ 2,300	-	-
12-month CD	100,000	100,000		
T-Bill	100,198	100,198		
Exchange Traded Funds (ETFs)	<u>398,478</u>	<u>398,478</u>	-	-
Total	<u>\$600,976</u>	<u>\$600,976</u>	<u>\$ -</u>	<u>\$ -</u>

The one year CD renewed May 2019 for one year at a rate of interest of 2.75%.

In 2018, the YWCA EUC had realized gains of \$554. During 2017, the YWCA EUC had a realized gain of \$65. Investment income earned was \$9,508 and \$10,210 for December 31, 2018 and 2017, respectively. Investment fees were \$2,251 and \$1,957 for December 31, 2018 and 2017, 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>

The YWCA of Eastern Union County, Inc.
Notes to Financial Statements
December 31, 2018 with comparative totals for 2017

NOTE 6: REFUNDABLE ADVANCES PAYABLE TO STATE OF NEW JERSEY (CONTINUED)

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 donor 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 \$10,375 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, 2018 expire at various times throughout 2019 and the monthly average apartment rent was \$8,935 and \$8,801 for 2018 and 2017, respectively. Most of the leases are for one year. Rent expense pursuant to the program was \$107,214 and \$105,613 for the years ended December 31, 2018 and 2017, respectively. Security deposits pursuant to these leases were \$12,312 and \$11,020 as of December 31, 2018 and 2017, 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 2019	<u>64,610</u>
	\$64,610

A program and outreach office was leased April, 2010. The monthly rent for 2018 was \$7,918 and \$7,918 for 2017. The rent expense pursuant to the lease was \$95,017 and \$95,017 for the years ended December 31, 2018 and 2017, 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	2019	71,576
	2020	<u>17,894</u>
Total		<u>\$ 89,470</u>

The YWCA of Eastern Union County, Inc.
Notes to Financial Statements
December 31, 2018 with comparative totals for 2017

NOTE 8: COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 2018 were \$5,316. Future minimum lease payments through 2020 are as follows:

Year Ending	2019	5,316
	2020	<u>3,190</u>
Total		<u>\$ 8,506</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 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 YWCA 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. As of May 10, 2019 the property has not been sold. At this time, there are two offers to purchase this property. 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 2018 and 2017 were 76% and 75.8%, respectively, of total revenue. Contributions from individuals, private foundations and other program services received in 2018 and 2017 were 24% and 24.2%, respectively, of total revenue. 23% of government funds was derived from the NJ Division of Criminal Justice.

The YWCA of Eastern Union County, Inc.
Notes to Financial Statements
December 31, 2018 with comparative totals for 2017

NOTE 10: DONOR RESTRICTED NET ASSETS

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

	<u>2018</u>	<u>2017</u>
State of New Jersey/DCA	\$106,842	\$106,842
State of New Jersey/DCF	10,375	11,582
The Hyde & Watson Foundation	7,500	-
Union Foundation	4,800	7,500
Unearned	-	22,427
Turrel Fund	-	15,000
	<u>\$129,517</u>	<u>\$163,171</u>

NOTE 11: LIQUIDITY, AVAILABILITY, AND RESERVES MANAGEMENT

YWCA EUC has \$1,522,356 of financial assets available within one year of the statement of financial position date. The grants and contributions receivable are subject to purpose and time restrictions, but will be collected within one year. As part of this liquidity management, YWCA EUC invests cash in excess of daily requirements in readily available investments.

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

Cash and cash equivalents	\$ 625,042
Grants and contributions receivable, current portion	428,156
Investments appropriated for current use	598,675
Less: restricted by donors with purpose and time restrictions	(129,517)
Total available for general expenditures	<u>\$1,522,356</u>

It is the intent of the board of directors to designate certain funds for future capital expenses related to the operations of the emergency shelter.

Change in Accounting Principle

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. YWCA UC has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented. The implementation had no impact on previously reported net assets.

NOTE 12: RECENTLY ISSUED ACCOUNTING PRONOUNCEMENT

In February 2016, the FASB issued ASU 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in 2020.

(Memo
Only)
Cumulative
Expenditures
Through
12.31.18

US Department of Housing, Urban & Workforce Development										12.31.18 Receivable (Deferral)	Funds Expended	Funds Received	A/R 12.31.17	Grant Period	Pass-thru Grantor's Number	Grant Award Amount	Federal CFDA Number
Pass Through Union County:																	
Supportive Housing Program																	
Supportive Housing Program																	
Subtotal																	
HES Grant Program																	
HES Grant Program																	
Subtotal																	
Community Development Block Grant																	
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:																	
Community Development Block Grant																	
Community Development Block Grant																	
Subtotal US Dept of Housing, Urban & Workforce Development																	
U.S. Department of Justice																	
Office on Violence Against Women																	
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 Case Manager																	
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 Workforce Dev. Prog.																	
State of NJ Div of Criminal Justice DV Bilingual Counseling Prog.																	
State of NJ Div of Criminal Justice DV Bilingual Counseling Prog.																	
State of NJ Div of Criminal Justice DV Residential Prog.																	
State of NJ Div of Criminal Justice DV Residential Prog.																	
Subtotal																	
Subtotal US Dept of Justice																	

See accompanying accountant's audit report.

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

	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)	Cumulative Expenditures Through 12.31.17
Pass Through State of NJ Department of Agriculture									
	10.558	17-39-873	33,836	10/01/17 - 9/30/18	3,113	19,608	16,496	-	-
	10.558	18-39-873	33,836	10/01/18 - 9/30/19	-	-	6,554	6,554	6,554
			<u>67,671</u>		<u>3,113</u>	<u>19,608</u>	<u>23,050</u>	<u>6,554</u>	<u>6,554</u>
US Department of Health and Human Service									
	93.671	18-EFXW	84,000	1/01/18 - 12/31/18	-	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>
TOTAL FEDERAL									
			<u>\$ 2,687,193</u>		<u>\$ 295,363</u>	<u>\$ 883,803</u>	<u>\$ 940,058</u>	<u>\$ 351,617</u>	<u>\$ 1,198,761</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, 2018

	Federal CFDA Number	Pass-thru Grantor's Number	Grant Award Amount	Grant Period	A/R 12/31/17	Funds Received	Funds Expended	12/31/18 Receivable (Deferral)	Cumulative Expenditures Through 12/31/18
STATE OF NJ									
State of NJ Dept of Children & Families/DYFS/DCP&P 2/2		18-EFXW	1,067,534	01/01/18 - 12/31/18	-	1,067,534	1,067,534	-	1,067,534
State of NJ Dept of Children & Families/DYFS/DCP&P 2/2		17-EFXW	1,090,463	01/01/17 - 12/31/17	(9,392)	(9,392)	-	-	(9,392)
					(9,392)	1,058,142	1,067,534	-	1,058,142
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	550	550	-	-	550
Union County Office of Cultural & Heritage Affairs	N/A	N/A	2,500	01/01/18 - 12/31/18	-	1,875	2,500	625	2,500
Union County FJC	N/A	N/A	153,749	07/01/17 - 12/31/17	58,267	58,267	-	-	58,267
Union County FJC	N/A	N/A	276,069	01/01/18 - 12/31/18	-	204,494	276,069	71,575	276,069
Union County GAP	N/A	N/A	22,200	05/01/17 - 12/31/17	8,100	8,100	-	-	8,100
Union County GAP	N/A	N/A	15,000	06/01/18 - 12/31/18	-	12,620	15,000	2,380	15,000
					66,917	285,906	293,569	74,580	360,486
TOTAL STATE			<u>\$ 2,629,715</u>		<u>\$ 57,525</u>	<u>\$ 1,344,048</u>	<u>\$ 1,361,103</u>	<u>\$ 74,580</u>	<u>\$ 1,418,628</u>

See accompanying accountant's audit report.

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



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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, 2018, 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 dated May 23, 2019.

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 23, 2019



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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, 2018. 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, 2018.

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
May 23, 2019

The YWCA of Eastern Union County, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2018

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.	18-EFXW	1.1.18-12.31.18	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, 2018

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.

3. Indirect Cost

The Organization does not use a predetermined indirect cost rate.