

The YWCA of Eastern Union County, Inc.  
Financial Statements and Supplementary Information  
For the Year Ended December 31, 2021  
(with comparative totals for 2020)



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zbt Certified Public Accounting  
& Consulting, LLC

6 Moyse Place, Suite 202  
Edison, New Jersey 08820

info@zbtcpa.com  
www.zbtcpa.com

Telephone: 732.815.9800  
Facsimile: 732.401.9981

## Independent Auditor's Report

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

### **Report on the Financial Statements**

#### ***Opinion***

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, 2021 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the YWCA of Eastern Union County, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the YWCA of Eastern Union County, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the YWCA of Eastern Union County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the YWCA of Eastern Union County, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

#### **Report on Summarized Comparative Information**

We have previously audited the YWCA of Eastern Union County's Inc.'s 2020 financial statements, and our report dated October 18, 2021, 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, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2022, 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*

**zbt** Certified Public Accounting & Consulting, LLC

Edison, New Jersey

September 29, 2022

YWCA of Eastern Union County, Inc.  
Statement of Financial Position  
December 31, 2021  
(with comparative totals for 2020)

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 1,830,374	\$ 1,991,265
Grants and Contracts Receivable	659,443	602,664
Pledge Receivable \$187,720, Less Allowance (\$9,207) at Net	178,513	297,727
Prepaid Expenses	13,511	12,824
Investments at Market	394,579	343,356
Property and Equipment - Net of Depreciation	2,206,157	1,148,944
Other Assets	<u>32,063</u>	<u>30,660</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>5,314,640</u></b>	<b>\$ <u>4,427,440</u></b>
<b>Liabilities and Net Assets</b>		
LIABILITIES:		
Accounts Payable and Accrued Liabilities	\$ 38,822	\$ 45,847
Accrued Payroll	<u>72,110</u>	<u>72,730</u>
<b>TOTAL LIABILITIES</b>	<u>110,932</u>	<u>118,577</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Undesignated	4,031,164	3,412,641
Designated by the Board for capital fund	<u>990,500</u>	<u>500,000</u>
	5,021,664	3,912,641
NET ASSETS WITH DONOR RESTRICTIONS:		
Program expenses and capital campaign	<u>182,044</u>	<u>396,222</u>
<b>TOTAL NET ASSETS</b>	<u>5,203,708</u>	<u>4,308,863</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>5,314,640</u></b>	<b>\$ <u>4,427,440</u></b>

YWCA of Eastern Union County, Inc.  
Statement of Activities and Net Assets  
for the Year Ended December 31, 2021  
(with comparative totals for 2020)

<b>SUPPORT AND REVENUE:</b>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021</u>	<u>2020</u>
Government Grants and Contracts	\$ 2,822,983	\$ -	\$ 2,822,983	\$ 2,810,063
Donations and Contributions	787,784	-	787,784	1,055,985
In-Kind	167,879	-	167,879	96,807
Program Service Fees	71,430	-	71,430	52,892
Proceeds from Casualty Loss	82,545	-	82,545	135,700
Other Income	50	-	50	1,433
Special Events, Net of Expenses	128,928	-	128,928	130,878
Investment Income, net of expenses	53,799	-	53,799	46,531
	<u>\$ 4,115,397</u>	<u>\$ -</u>	<u>\$ 4,115,397</u>	<u>\$ 4,330,289</u>
Net Assets Released for Restrictions	214,178	(214,178)	-	-
Total Support and Revenue	<u>\$ 4,329,575</u>	<u>\$ (214,178)</u>	<u>\$ 4,115,397</u>	<u>\$ 4,330,289</u>
<b>EXPENSES:</b>				
Program Services	\$ 3,008,509	\$ -	\$ 3,008,509	\$ 2,996,589
Management and General	35,012	-	35,012	45,215
Fundraising	177,030	-	177,030	164,491
	<u>3,220,551</u>	<u>-</u>	<u>3,220,551</u>	<u>3,206,295</u>
Increase (Decrease) in Net Assets	1,109,024	(214,178)	894,846	1,123,994
Net Assets - Beginning of Year	3,912,641	396,222	4,308,863	3,184,869
Net Assets - End of Year	<u>\$ 5,021,665</u>	<u>\$ 182,044</u>	<u>\$ 5,203,709</u>	<u>\$ 4,308,863</u>

YWCA of Eastern Union County, Inc.  
 Supplementary Schedule of Functional Expenses  
 for the Year Ended December 31, 2021  
 (with comparative totals for 2020)

	Residential, Outreach & FJC Programs	Management and General	Fund Raising	2021 Total	2020 Total
<b>SALARIES, WAGES, AND EMPLOYEE BENEFITS</b>					
Salaries and Wages	1,672,708	7,620	127,152	1,807,480	1,964,810
Payroll Taxes	158,213	667	10,909	169,789	183,064
Health Benefits	191,336	713	12,934	204,983	207,017
Pension and Workers Compensation Insurance	64,017	378	4,929	69,324	72,109
	<u>\$ 2,086,274</u>	<u>\$ 9,378</u>	<u>\$ 155,924</u>	<u>\$ 2,251,576</u>	<u>\$ 2,427,000</u>
Professional and Consulting	<u>\$ 69,522</u>	<u>\$ 17,249</u>	<u>\$ 3,214</u>	<u>\$ 89,985</u>	<u>\$ 92,016</u>
<b>FACILITY COST</b>					
Occupancy Rent and Supportive Housing Units	203,528	-	-	203,528	201,558
Occupancy-Utilities	28,848	-	-	28,848	25,418
Occupancy Services and Supplies	9,613	-	-	9,613	20,693
Insurance General Liability	47,095	-	-	47,095	40,387
Repairs and Maintenance	40,953	1,970	1,523	44,446	38,290
Equipment Rental	6,292	-	-	6,292	6,689
	<u>\$ 336,329</u>	<u>\$ 1,970</u>	<u>\$ 1,523</u>	<u>\$ 339,822</u>	<u>\$ 333,035</u>
<b>OPERATING COST</b>					
Telephone and Answering Service	18,435	-	-	18,435	17,115
Advertising and Printing	5,370	81	9,301	14,752	22,595
Training and Developmental Fees	3,924	20	358	4,302	2,518
Investment, Bank and Interest Fees	1,053	71	661	1,785	5,098
Dues and Subscriptions	22,093	1,359	2,494	25,946	25,010
Vehicle Expense	2,563	-	-	2,563	1,298
Donated Rent	17,174	87	87	17,348	17,348
Donated Volunteer Services and Training	112,748	570	570	113,888	64,484
Donated Professional Services	7,424	38	38	7,500	4,200
Donated Equipment	10,000	-	-	10,000	-
Donated Food	7,350	-	-	7,350	-
Donated Gift Cards	11,793	-	-	11,793	10,775
Insurance	15,200	4,044	-	19,244	17,405
Travel Cost	670	-	-	670	785
	<u>\$ 235,797</u>	<u>\$ 6,270</u>	<u>\$ 13,509</u>	<u>\$ 255,576</u>	<u>\$ 188,631</u>
<b>MATERIAL AND SUPPLIES</b>					
Office Supplies and Equipment	16,745	49	2,462	19,256	15,109
Food	35	96	398	529	200
Supplies (Program)	9,449	-	-	9,449	3,786
Client Assistance Food	7,901	-	-	7,901	12,107
Client Assistance	185,001	-	-	185,001	80,741
	<u>\$ 219,131</u>	<u>\$ 145</u>	<u>\$ 2,860</u>	<u>\$ 222,136</u>	<u>\$ 111,943</u>
Depreciation and Amortization	<u>\$ 61,456</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,456</u>	<u>\$ 53,673</u>
	<u>\$ 3,008,509</u>	<u>\$ 35,012</u>	<u>\$ 177,030</u>	<u>\$ 3,220,551</u>	<u>\$ 3,206,298</u>

YWCA of Eastern Union County, Inc.  
Statement of Cash Flows  
for the Year Ended December 31, 2021  
(with comparative totals for 2020)

	<u>2021</u>	<u>2020</u>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 894,846	\$ 1,123,994
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	61,456	53,673
Realized gain (loss) on sales on investments	(1,656)	(17,141)
Unrealized gain (loss) on investments	<u>(44,598)</u>	<u>(16,299)</u>
(Increase)/Decrease in assets and liabilities:		
Grants and contracts receivable	(56,777)	43,373
Pledge Receivable	119,214	(297,727)
Prepaid expenses	(687)	4,667
Other assets		2,184
Accounts payable and accrued liabilities	(6,968)	(39,566)
Accrued payroll and related	<u>(677)</u>	<u>7,399</u>
Net cash used in operating activities	<u>964,153</u>	<u>864,557</u>
<b>Cash Flows From Investing Activities:</b>		
Acquisition of property and equipment	(1,073,819)	(359,978)
Change in investments	<u>(51,224)</u>	<u>284,749</u>
Net cash provided by investing activities	<u>(1,125,043)</u>	<u>(75,229)</u>
Net increase (decrease) in cash and restricted cash	(160,890)	789,328
Cash and restricted cash - beginning of year	<u>1,991,265</u>	<u>1,201,937</u>
Cash and restricted cash - end of year	<u>\$ 1,830,375</u>	<u>\$ 1,991,265</u>
Supplemental disclosure of cash flow information		
Donated stock	<u>\$ 4,615</u>	<u>\$ 5,739</u>
In-kind support	<u>\$ 167,879</u>	<u>\$ 96,807</u>
Net cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Net cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>



**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 those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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

The YWCA of Eastern Union County, Inc.  
Notes to Financial Statements  
December 31, 2021 with comparative totals for 2020

Revenue and Support Recognition (continued)

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.

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.

At this time, management believes that ASC 606 did not have a material impact on its financial statements because existing contractual performance obligations, which determine when and how revenue is recognized, are not materially changed under ASC 606.

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>2021</u>	<u>2020</u>
Gift Cards	\$ 11,793	\$ 10,775
Equipment	10,000	-
Food	7,350	-
Volunteer Services and Training	113,888	64,484
Rent	17,348	17,348
Professional Services	<u>7,500</u>	<u>4,200</u>
	<u>\$ 167,879</u>	<u>\$ 96,807</u>

Grants and Contracts Receivable

Grants and contributions receivables 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 receivables during the years ended December 31, 2021 and 2020, 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, 2021 and 2020.

The YWCA of Eastern Union County, Inc.  
Notes to Financial Statements  
December 31, 2021 with comparative totals for 2020

Pledge Receivable

As a result of the need to rebuild after a fire in 2019, the organization embarked on a capital campaign. As of December 31, 2020, a total of \$316,340 was pledged over a five-year period ending in 2024. Since the pledges are to be received over the long term, accounting principles require the pledge be recognized at present value. Pledges to be collected in a year or less are recognized at full value. Management will review gross pledges annually to determine collectability. The organization uses the allowance method to record a reduction to the pledge receivable to account for funds that may not be collectible.

The pledge schedule for the capital campaign is:

2022	\$ 183,720
2023	2,000
2024	<u>2,000</u>
Total	\$ 187,720
Less Allowance for Uncollectible:	\$ <u>9,207</u>
Total	<u>\$ 178,513</u>

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, September 29, 2022.

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

In March 2022, the thresholds for depreciation were increased to \$2,000 for technology and electronic equipment and \$5,000 for furniture and appliances.

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. In 2021, the Board designated \$490,500 for a total designated amount of \$990,500.

The YWCA of Eastern Union County, Inc.  
Notes to Financial Statements  
December 31, 2021 with comparative totals for 2020

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, such as salaries and fringe, as well as rent, 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 September 29, 2022 which is the date the financial statements were available to be issued.

The Organization's Elizabeth, NJ location was destroyed by a fire in September 2019. At the board meeting in November 2019, the Board of Directors voted to demolish the existing building and rebuild on the existing footprint. A builder and architect were retained, and a draft construction budget was developed and has continued to be refined as construction plans have continued. The CEO and Director of Finance met with municipal leadership to secure approval to utilize the YWCA transitional house as a temporary shelter. They received the certificate of occupancy and shelter license on August 6, 2020. The building in Elizabeth, NJ was demolished in August 2020 and the groundbreaking was done September 2020. Foundation permits were obtained in November 2020 and basement excavation started. The ground was leveled at the end of 2020. Construction resumed the last week of February 2021 and is ongoing. The organization continues to work with the public adjuster and insurance to obtain claim proceeds. The Organization expects to receive an additional \$35,999 in insurance proceeds for furniture and equipment depreciation holdback.

Risks and Uncertainties

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Therefore, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity and operations, suppliers, industry, and workforce.

Affiliations

The Organization is affiliated with the National YWCA and remits annual dues of \$14,200 for the year-end December 31, 2021 and \$13,455 for the year-end December 31, 2020.

The YWCA of Eastern Union County, Inc.  
Notes to Financial Statements  
December 31, 2021 with comparative totals for 2020

**NOTE 3: PROPERTY AND EQUIPMENT**

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

	<u>2021</u>	<u>2020</u>
Land	\$ 140,700	\$ 140,700
Furniture and Fixtures	79,124	79,124
Computer Equipment	85,823	83,843
Equipment	137,842	118,982
Buildings	1,909,838	813,541
Building Improvements	335,801	334,271
Vehicles	<u>64,417</u>	<u>64,417</u>
Total Cost	2,753,545	1,634,878
Accumulated Depreciation	<u>(547,388)</u>	<u>(485,934)</u>
Net Book Value	<u>\$ 2,206,157</u>	<u>\$ 1,148,944</u>

Depreciation expense was \$61,456 and \$53,673 for the years ended December 31, 2021 and 2020, respectively.

**NOTE 4: 403(b) and RETIREMENT PLAN**

The YWCA EUC maintains 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. 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 \$36,957 and \$39,413 for the years ended December 31, 2021 and 2020, respectively.

**NOTE 5: INVESTMENTS**

Investments are held at a financial institution and consist of a Certificate of Deposit 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>2021</u>	<u>2020</u>
Fair Value	\$ 394,579	\$ 343,356
Cost	<u>(305,782)</u>	<u>(299,157)</u>
Unrealized Gain (Loss)	<u>\$ 88,797</u>	<u>\$ 44,199</u>

The YWCA of Eastern Union County, Inc.  
Notes to Financial Statements  
December 31, 2021 with comparative totals for 2020

**NOTE 5: INVESTMENTS (CONTINUED)**

Fair values of assets measured on a recurring basis at December 31, 2021 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Observable Measurement Criteria (Level 2)	Unobservable Measurement Criteria (Level 3)
12-month CD	\$106,331	\$106,331		
Exchange Traded Funds (ETFs)	<u>394,579</u>	<u>394,579</u>	-	-
Total	<u>\$500,910</u>	<u>\$500,910</u>	<u>\$ -</u>	<u>\$ -</u>

The one-year CD matured and was renewed May 2019 for one year at a rate of interest of 2.75%. It was renewed for one year in May 2020 at 2.75% and May 2021 at 1.30%. In May 2022 it was renewed at .75%. In 2021, the YWCA EUC had realized gains of \$1,656. During 2020, the YWCA EUC had a realized gain of \$17,141. Investment income earned was \$6,625 and \$7,854 for December 31, 2021 and 2020, respectively. Investment fees were \$1,878 and \$2,260 for December 31, 2020 and 2019, respectively.

**NOTE 6: CONTINGENT LIABILITY**

As a condition to the State of New Jersey, Department of Human Services, Division of Youth and Family Services (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 \$7,961 back to the Division. The liability is decreased by \$1,207 each year.

**NOTE 7: 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, 2021 expire at various times throughout 2021 and 2022, and the monthly average apartment rent was \$8,761 and \$8,722 for 2021 and 2020, respectively. Most of the leases are for one year. Rent expense pursuant to the program was \$105,132 and \$104,663 for the years ended December 31, 2021 and 2020, respectively. Security deposits pursuant to these leases were \$11,598 and \$10,192 as of December 31, 2021 and 2020, respectively. According to the

The YWCA of Eastern Union County, Inc.  
Notes to Financial Statements  
December 31, 2021 with comparative totals for 2020

**NOTE 7: COMMITMENTS AND CONTINGENCIES (continued)**

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 2022	\$ 39,829
2023	<u>4,320</u>
	<u>\$ 44,149</u>

The average monthly rent and CAM charges was \$8,200. Total rent paid was \$98,396 and \$96,795 for the years ended December 31, 2021 and 2020, respectively.

A program and outreach office was leased April, 2010. In June, 2013, the lease was extended from March, 2015 to March, 2020. In 2020 the lease was verbally extended for three months, and the Organization then negotiated a month-to-month lease.

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 2021 and 2020 was \$6,292 and \$6,689, respectively. In November 2020, the Organization entered into a new lease in the amount of \$484 per month for thirty-nine months. Future minimum lease payments are as follows:

2022	\$ 5,808
2023	5,808
2024	<u>484</u>
Total	<u>\$12,100</u>

Lines of Credit

The Organization renewed a line of credit with a bank in November 2020. The total amount available under this line was \$250,000. Interest on this line was 5%. As of December 31, 2021, this line of credit was not renewed. There were no amounts outstanding relating to this line of credit on December 31, 2021.

The Organization entered into a construction loan agreement of \$650,000 on December 17, 2021, commencing on January 1, 2022 through and including December 1, 2022 or June 1, 2023, if the Interest Only Phase of the loan is extended. The permanent commercial mortgage phase is the period beginning at the expiration of the twelfth (12<sup>th</sup>) month of the loan (or eighteenth month of the loan if the interest-only phase is extended) and for the remaining of the twenty (20) year term of the loan.

During the interest-only phase, interest shall be calculated and payable at a floating variable rate per annum equal to the prime rate on the last business day of each month as published in the Wall Street Journal (the "Interest Only Index"), plus one percent (1.00%), as adjusted from time to time, however in no event shall the rate be less than four and one quarter percent (4.25%) per annum. A periodic rate change may occur monthly. The loan is secured by the property and improvements.

The YWCA of Eastern Union County, Inc.  
Notes to Financial Statements  
December 31, 2021 with comparative totals for 2020

**NOTE 8: DEPENDENCY FOR FUNDING**

The Organization receives most of its support in the forms of grants from the government sources, private foundations, and individuals. The continued operations of the Organization are contingent upon continued support from these sources. Government funding sources received in 2021 and 2020 were 69.5% and 68%, respectively, of total revenue. Contributions from individuals, private foundations and other program services received in 2021 and 2020 were 31.5% and 32%, respectively, of total revenue. Government funds derived from the NJ Division of Criminal Justice in 2021 and 2020 was 19.4% and 20.9%, respectively. Two funding sources represented 60.45% of the grants receivable as of December 31, 2021. Insurance proceeds received in 2021 was \$82,545.

**NOTE 9: DONOR RESTRICTED NET ASSETS**

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

	<u>2021</u>	<u>2020</u>
State of New Jersey/DCF	6,754	7,961
Individuals	165,290	77,161
Linden Presbyterian Church	-	100
Elizabethtown Gas	-	25,000
NJ State Bar	-	1,000
E.J. Grassman	-	25,000
The Westfield Foundation	10,000	135,000
The Hyde & Watson Foundation	-	100,000
The Union Foundation	-	25,000
	<u>\$ 182,044</u>	<u>\$396,222</u>

**NOTE 10: LIQUIDITY, AVAILABILITY, AND RESERVES MANAGEMENT**

YWCA EUC has \$4,235,453 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	\$ 1,830,374
Grants and contributions receivable, current portion	659,443
Pledge receivable, net	178,513
Investments appropriated for current use	394,579
Total financial assets	<u>\$ 3,062,909</u>
Less amounts not available to be used within one year:	
Board-designated funds for capital project	\$ 990,500
Net assets with donor restrictions	182,044
	<u>\$ 1,172,544</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 4,235,453</u>



**NOTE 11: LIQUIDITY, AVAILABILITY, AND RESERVES MANAGEMENT (CONTINUED)**

The Organization has a policy to structure its financial assets to be available as its expenditures, liabilities, and other obligations come due. In addition, the Organization has a \$250,000 line of credit available to meet cash flow needs. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through the board resolution as well.

**NOTE 12: SPECIAL EVENTS AND FUNDRAISING EXPENSES**

As of December 31, 2021, and 2020, the gross proceeds for special events was \$157,257 and \$161,800, respectively; and expenses directly related were \$28,329 and \$30,922, respectively.

**NOTE 13: RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS**

*Lease Transactions*

In February 2016, the FASB issued ASU 2016-02, Leases which is currently effective for fiscal years beginning after December 15, 2020 with early adoption permitted. In addition to expanded disclosure requirements regarding leasing activities, the new standard significantly changes current lessee accounting for operating leases. Under the new standard, all lessees will be required to recognize a right of-use asset and a lease liability in the statement of financial position for all leases of property and equipment, except for certain leases classified as short-term leases. The YWCA of Eastern Union County, Inc. has not adopted the new standard in these financial statements and is presently evaluating the effect the adoption will have on prospective financial statements.

On May 20, 2020, the FASB voted to delay the effective date of ASU 2016-012, Leases, and ASU 2014-09, Revenues from Contracts with Customers, for certain organizations. The concern was that certain organizations couldn't deploy funds or human capital in the adoption of accounting standards while they contend with the business disruptions caused by COVID-19. The FASB voted to delay the revenue recognition standard by one year for all private companies that have not yet issued financial statements or made those financial statement available for issuance. Private companies and private non-for-profits will now be required to adopt ASU 2016-02, Leases for fiscal years beginning after December 15, 2021.

*Contributed Nonfinancial Assets*

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted.

The FASB ASU requires nonprofits to present contribution nonfinancial assets as a separate line item in the statement of activities apart from contributions of cash or other financial assets along with expanded disclosure requirements. their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. Management is evaluating the impact this ASU will have on its financial statements.

**YWCA of Eastern B1:N67Union County, Inc.**

Supplementary Schedule of Federal State and Local Financial Assistance  
for the year ended December 31, 2021

	Federal ALN	Pass-thru Grantor's Number	Grant Award Amount	Grant Period	Funds Expended	(Memo Only) Cumulative Expenditures Through 12.31.21
<b>US Department of Housing, Urban &amp; Workforce Development</b>						
<b>Pass Through Union County:</b>						
Supportive Housing Program	14.267	20-CoC-109	249,673	10/01/20 - 09/30/21	156,468	214,642
Supportive Housing Program	14.267	21-CoC-109	<u>274,808</u>	10/01/21 - 09/30/22	<u>61,279</u>	<u>61,279</u>
Subtotal for ALN 14.267			524,481		217,747	275,921
HES Grant Program	14.231	20-HES-108	16,544	08/01/20 - 07/31/21	8,599	16,504
HES Grant Program	14.231	21-HES-108	16,544	08/01/21 - 07/31/22	5,435	5,435
HES Grant Program	COVID-19 21.019	20-HESC-108	<u>79,242</u>	03/09/20 - 07/31/22	<u>61,575</u>	<u>72,578</u>
Subtotal			112,330		75,609	94,517
<b>Pass Through City of Elizabeth:</b>						
Community Development Block Grant	14.218	CDBG 47	20,000	07/01/20 - 06/30/21	10,810	10,810
Community Development Block Grant	COVID-19 21.019	CDBG 46	<u>30,000</u>	07/01/20 - 06/30/21	<u>9,726</u>	<u>9,726</u>
Subtotal			50,000		20,536	20,536
<b>Pass through United Way of Union County:</b>						
Emergency Food and Shelter Program FEMA	33-6034-00	FEMA Phase 37	3,066	08/15/19 - 04/30/21	3,066	3,066
Emergency Food and Shelter Program FEMA	33-6034-00	FEMA Phase 38	20,000	05/01/20 - 05/31/21	20,000	20,000
Emergency Food and Shelter Program FEMA	COVID-19 21.019	FEMA Phase 37 Cares	<u>7,917</u>	05/01/20 - 05/31/21	<u>7,917</u>	<u>7,917</u>
Subtotal for ALN 33-6034-00			30,983		30,983	30,983
Community Development Block Grant	14.218	CDBG YR 46	14,074	09/01/20 - 08/31/21	14,074	14,074
<b>Subtotal US Dept of Housing, Urban &amp; Workforce Development</b>			<u>731,868</u>		<u>358,949</u>	<u>436,031</u>
<b>U.S. Department of Justice</b>						
Office on Violence Against Women	16.590	2018-WE-AX-0025	<u>406,052</u>	10/01/18 - 09/30/21	<u>75,874</u>	<u>109,151</u>
Subtotal for ALN 16.590			406,052		75,874	109,151
<b>Pass Through Trinitas Hospital</b>						
TRAC Trinitas Hospital	16.575	HVP-08-18	175,987	08/01/19 - 09/31/22	24,124	26,166
<b>Pass Through State of NJ Office of Attorney General</b>						
State of NJ Div of Criminal Justice Court Advocate program	16.588	VAWA-79-19	45,000	07/01/20 - 06/30/21	19,957	42,532
State of NJ Div of Criminal Justice Court Advocate program	16.588	VAWA-64-20	45,000	07/01/21 - 06/30/22	18,951	18,951
State of NJ Div of Criminal Justice Bilingual DV Counselor	16.588	VAWA-78-19	45,000	07/01/20 - 06/30/21	16,196	45,000
State of NJ Div of Criminal Justice Bilingual DV Counselor	16.588	VAWA-68-20	45,000	07/01/21 - 06/30/22	23,732	23,732
State of NJ Div of Criminal Justice Bilingual Case Manager	16.588	VAWA-77-19	45,000	07/01/20 - 06/30/21	17,173	45,000
State of NJ Div of Criminal Justice Bilingual Case Manager	16.588	VAWA-70-20	45,000	07/01/21 - 06/30/22	26,666	26,666
State of NJ Div of Criminal Justice Child Advocate	16.588	VAWA-67-20	45,000	05/01/21 - 04/30/22	9,323	9,323
State of NJ Div of Criminal Justice DVRT-VAWA	16.588	VAWA-30-19	53,333	05/01/20 - 04/30/21	13,645	29,245
State of NJ Div of Criminal Justice DVRT-VAWA	16.588	VAWA-30-20	<u>53,333</u>	05/01/21 - 04/30/22	<u>35,561</u>	<u>35,561</u>
Subtotal for ALN 16.588			421,666		181,204	276,010
State of NJ Div of Criminal Justice Workforce Dev. Prog.	16.575	VAG-172-18	330,380	09/01/19 - 08/31/21	99,989	143,659
State of NJ Div of Criminal Justice Workforce Dev. Prog.	16.575	VAG-114-20	275,000	09/01/20 - 08/31/23	33,315	33,315
State of NJ Div of Criminal Justice DV Bilingual Counseling Prog.	16.575	VAG-170-18	368,014	09/01/19 - 08/31/21	102,052	153,284
State of NJ Div of Criminal Justice DV Bilingual Counseling Prog.	16.575	VAG-112-20	275,000	09/01/21 - 08/31/23	33,989	33,989
State of NJ Div of Criminal Justice DV Residential Prog.	16.575	VAG-171-18	364,922	09/01/19 - 08/31/21	104,974	153,172
State of NJ Div of Criminal Justice DV Residential Prog.	16.575	VAG-113-20	252,280	09/01/21 - 08/31/23	33,943	33,943
State of NJ Div of Criminal Justice Covid Emergency Housing	16.575	VCH-19-19	<u>500,000</u>	04/24/20 - 04/23/22	<u>210,189</u>	<u>257,615</u>
Subtotal for ALN 16.575			2,365,596		618,451	808,977
<b>Subtotal US Dept of Justice Pass Through State of NJ</b>			<u>2,787,262</u>		<u>823,779</u>	<u>1,111,153</u>

See accompanying accountant's audit report.

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

	Federal ALN	Pass-thru Grantor's Number	Grant Award Amount	Grant Period	Funds Expended	(Memo Only) Cumulative Expenditures Through 12.31.20
<b>NJ Department of Community Affairs</b>						
Div. of Housing & Community Resources Covid-19 Shelter Support 2020	COVID-19 14.231	2020-02140-0416-01	50,000	11/1/20 - 06/30/22	20,183	20,183
Div. of Housing & Community Resources Shelter Support Grant 2021	14.231	2021-02149-0070-01	<u>337,577</u>	11/1/20 - 06/30/22	<u>                    </u>	<u>                    </u>
<b>Subtotal NJ Department of Community Affairs</b>			<b>387,577</b>		<b>20,183</b>	<b>20,183</b>
<b>Pass Through State of NJ Department of Agriculture</b>						
Child and Adult Care Food Program	10.558	39-873	22,709	10/01/20 - 9/30/21	29,079	34,710
Child and Adult Care Food Program	10.558	39-873	<u>22,709</u>	10/01/21 - 9/30/22	<u>6,375</u>	<u>6,375</u>
<b>Subtotal State of NJ Dept of Agriculture</b>			<b>45,418</b>		<b>35,454</b>	<b>41,085</b>
<b>US Department of Health and Human Services</b>						
<b>Pass Through State of NJ</b>						
State of NJ Dept of Children & Families FVPSA-ARP	COVID-19 93.671	21-EFXW	42,511	01/01/21 - 06/30/22		
State of NJ Dept of Children & Families FVPSA	93.671	21-EFXW	<u>152,181</u>	01/01/21 - 06/30/22	<u>106,729</u>	<u>106,729</u>
<b>Subtotal US Department of Health and Human Services</b>			<b>194,692</b>		<b>106,729</b>	<b>106,729</b>
<b>TOTAL FEDERAL</b>			<b><u>\$ 4,728,856</u></b>		<b><u>\$ 1,420,968</u></b>	<b><u>\$ 1,824,332</u></b>

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, 2021

<b>STATE OF NJ</b>	Federal ALN	Pass-thru Grantor's Number	Grant Award Amount	Grant Period	Funds Expended	Cumulative Expenditures Through 12.31.21
State of NJ Dept of Children & Families DCP&P		21-EFXW	1,724,633	01/01/21 - 06/30/22	<u>1,075,142</u>	<u>1,075,142</u>
<b>State of NJ Department of State NJ State Council on the Arts</b>					<u>1,075,142</u>	<u>1,075,142</u>
Pass Through County of Union: Union County Office of Cultural & Heritage Affairs	N/A	N/A	1,200	01/01/21 - 12/31/21	<u>1,200</u>	<u>1,200</u>
					1,200	1,200
<b>TOTAL STATE</b>			<u><u>\$ 1,725,833</u></u>		<u><u>\$ 1,076,342</u></u>	<u><u>\$ 1,076,342</u></u>

See accompanying accountant's audit report.

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



zbt Certified Public Accounting  
& Consulting, LLC

6 Moyse Place, Suite 202  
Edison, New Jersey 08820

info@zbtcpa.com  
www.zbtcpa.com

Telephone: 732.815.9800  
Facsimile: 732-401-9981

**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, 2021, 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 September 29, 2022.

**Report on Internal Control over Financial Planning**

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 or significant deficiencies may exist that were not identified.

## **Report on 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**

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

*zbt CPA & Consulting, LLC*

#### ***zbt***

Certified Public Accounting & Consulting, LLC  
Edison, New Jersey  
September 29, 2022



zbt Certified Public Accounting  
& Consulting, LLC

6 Moyse Place, Suite 202  
Edison, New Jersey 07066

info@zbtcpa.com  
www.zbtcpa.com

Telephone: 732.815.9800  
Facsimile: 732.401.9981

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**

***Opinion on 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, 2021. 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.

In our opinion, YWCA EUC, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

***Basis for Opinion on Each Major Federal and State Program***

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). Our responsibilities under those standards and the Uniform Guidance and New Jersey OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of YWCA EUC and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of YWCA EUC's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on YWCA EUC's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the

Uniform Guidance and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about YWCA EUC's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

#### ***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, 2021.

#### ***Report on Internal Control Over Compliance***

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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  
Edison, New Jersey  
September 29, 2022

YWCA Eastern Union County, Inc.



The YWCA of Eastern Union County, Inc.  
 Schedule of Findings and Questioned Costs  
 For the Year Ended December 31, 2021

Section 1 – Summary of Auditor’s Results

Financial Statements

- 1) Type of Auditor’s Report Issued **Unmodified**
- 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\_\_\_ None Reported
- 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\_\_\_ None Reported
- 2) Type of Auditor’s Report Issued on Compliance for Major Federal Programs **Unmodified**
- 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:

<u>Program</u>	<u>ALN Number</u>
US Dept. of Justice (VAG)	16.575

- 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 No

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

***Unmodified***

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.	21-EFXW	1.1.21 - 6.30.22	A

\* Family Violence Prevention and Services  
\$63,000 of grant is from Family Violence Prevention and Service (ALN 93.671) via the U.S. Department of Health and Human Services

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

5) Auditee qualified as a low-risk auditee No

## Section 2 – Financial Statement Audit Findings

### Federal Programs

None

### State Programs

None

## Section 3 – Summary Schedule of Prior Audit Findings

2020-01	<p>The bank reconciliations were not timely performed.</p> <p><i>Criteria and Condition:</i> Bank accounts were not timely reconciled. The accounts were reconciled two or more months after the month end. This could result in unauthorized disbursements or errors not being captured.</p> <p><i>Context:</i> While reading the bank statements and reconciliations, we noted they were not timely performed.</p> <p><i>Cause:</i> The monthly process was not timely performed.</p> <p><i>Effect:</i> This could result in unauthorized disbursements or errors not timely captured.</p> <p><i>Recommendation:</i> The organization should reconcile all accounts within one month of month end.</p> <p><i>Views of Responsible Officials and Planned Corrective Actions:</i> The bank accounts will be reconciled within one month of month end. The Interim Executive Director will review the bank statements and bank reconciliations monthly. The Board treasurer will meet with the Director of Finance on a quarterly basis and will review bank statements, reconciliations and financial statements.</p>
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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, 2021

1. General Information

The accompanying schedules of expenditures of federal awards and state financial assistance (the "Schedules") include the federal and state grant activity of the Organization under programs of the federal and state government for the year ended December 31, 2021. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (the "Uniform Guidance"), and State of New Jersey Circular Letter 15-08-OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid (the "Circular"). Because the Schedules present only a selected portion of the operations of the Organization, they are not intended to and do not present the financial position, change in net assets or cash flows of the Organization.

2. Basis of Accounting

Expenditures reported on the Schedules are reported on the accrual basis of accounting. Such expenditures are recognized following Uniform Guidance, the Circular, and the State of New Jersey, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost

The Organization has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Subrecipients

YWCA of Eastern Union County, Inc. provided no federal or state awards to subrecipients during the year.

5. Relationship to Federal and State Financial Reports

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