

YWCA OF EASTERN UNION COUNTY, INC.

December 31, 2022



YWCA OF EASTERN UNION COUNTY, INC.
For the Years Ended December 31, 2022 and 2021.

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Certified Public Accountants, PC
www.bkc-cpa.com

Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of YWCA of Eastern Union County, Inc. (a nonprofit organization), which comprise the Statements of Financial Position as of December 31, 2022, and the related Statements of Activities and Changes in Net Assets, Cash Flows and Functional Expenses 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 YWCA of Eastern Union County, Inc. as of December 31, 2022, 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 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 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 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 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.

Other Matters

The financial statements for the year ended December 31, 2021, were audited by a predecessor auditor, ZBT Certified Public Accounting and Consulting, LLC. The predecessor auditor expressed an unqualified opinion on the financial statements in their report dated September 29, 2022.

Supplemental 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*, and other schedules included in the table of contents under Supplemental Information are 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. Except for the information marked unaudited, 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 Supplemental 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 November 15, 2023, on our consideration of 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 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.



BKC, CPAS, PC

November 15, 2023
Flemington, New Jersey

YWCA OF EASTERN UNION COUNTY, INC.
Statements of Financial Position
December 31,

ASSETS

	2022	2021
Current assets		
Cash and cash equivalents	\$ 2,136,928	\$ 1,724,044
Certificate of deposit	107,129	106,330
Grants and contracts receivable	610,515	659,443
Pledges receivable	2,000	178,513
Prepaid expenses	15,399	13,511
Investments	336,925	394,579
Total current assets	3,208,896	3,076,420
Property and equipment, net of accumulated depreciation of \$612,884 and \$547,388, respectively	3,852,548	2,206,157
Other assets		
Pledges receivable	2,000	-
Other assets	32,311	32,063
Total other assets	34,311	32,063
Total assets	\$ 7,095,755	\$ 5,314,640

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued liabilities	\$ 74,158	\$ 38,822
Accrued payroll	72,383	72,110
Current portion of long-term debt	324,999	-
Total liabilities	471,540	110,932
Net assets		
Without donor restrictions	6,398,402	5,021,664
With donor restrictions	225,813	182,044
Total net assets	6,624,215	5,203,708
Total liabilities and net assets	\$ 7,095,755	\$ 5,314,640

See accompanying notes to the financial statements.

YWCA OF EASTERN UNION COUNTY, INC.
Statements of Activities and Changes in Net Assets
For the Years Ended December 31,

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	2021
Support and revenue						
Government grants and contracts	\$ 3,350,129	\$ 225,000	\$ 3,575,129	\$ 2,822,983	\$ -	\$ 2,822,983
Donations and contributions	831,245	-	831,245	787,784	-	787,784
Contributions of non-financial assets	118,227	-	118,227	167,879	-	167,879
Program service fees	100,951	-	100,951	71,430	-	71,430
Other income	-	-	-	50	-	50
Special events, net of expenses	113,358	-	113,358	128,928	-	128,928
Net assets released from restrictions	181,231	(181,231)	-	214,178	(214,178)	-
Total support and revenue	<u>4,695,141</u>	<u>43,769</u>	<u>4,738,910</u>	<u>4,193,232</u>	<u>(214,178)</u>	<u>3,979,054</u>
Expenses						
Program services	2,952,407	-	2,952,407	3,008,509	-	3,008,509
Management and general	149,160	-	149,160	35,012	-	35,012
Fundraising	81,334	-	81,334	177,030	-	177,030
Total expenses	<u>3,182,901</u>	<u>-</u>	<u>3,182,901</u>	<u>3,220,551</u>	<u>-</u>	<u>3,220,551</u>
Other income (expenses)						
Bad debt expense	(216,000)	-	(216,000)	-	-	-
Proceeds from casualty loss	142,153	-	142,153	82,545	-	82,545
Investment (loss) income	(56,023)	-	(56,023)	53,798	-	53,798
Interest expense	(5,633)	-	(5,633)	-	-	-
Total other income (expenses)	<u>(135,503)</u>	<u>-</u>	<u>(135,503)</u>	<u>136,343</u>	<u>-</u>	<u>136,343</u>
Increase (decrease) in net assets	1,376,737	43,769	1,420,506	1,109,024	(214,178)	894,846
Net assets - beginning of year	<u>5,021,665</u>	<u>182,044</u>	<u>5,203,709</u>	<u>3,912,641</u>	<u>396,222</u>	<u>4,308,863</u>
Net assets - end of year	<u>\$ 6,398,402</u>	<u>\$ 225,813</u>	<u>\$ 6,624,215</u>	<u>\$ 5,021,665</u>	<u>\$ 182,044</u>	<u>\$ 5,203,709</u>

See accompanying notes to the financial statements.

YWCA OF EASTERN UNION COUNTY, INC.
Statements of Cash Flows
For the Years Ended December 31,

	2022	2021
Cash flows from operating activities		
Change in net assets	\$ 1,420,506	\$ 894,846
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Interest income on certificate of deposit	(798)	(100)
Bad debt expense	216,000	-
Depreciation	65,496	61,456
Investment income (expenses), net	(6,016)	(1,656)
Realized and unrealized gain (loss) on investments	63,670	(44,598)
(Increase) decrease in assets		
Grants and contracts receivable	(14,072)	(56,777)
Pledge receivable	21,513	119,214
Prepaid expenses	(1,888)	(687)
Other assets	(248)	-
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	35,336	(6,968)
Accrued payroll	273	(677)
Net cash provided by operating activities	1,799,772	964,053
Cash flows from investing activities:		
Acquisition of property and equipment	(1,711,887)	(1,073,819)
Change in investments	-	(51,224)
Net cash used in investing activities	(1,711,887)	(1,125,043)
Cash flows from financing activities:		
Proceeds from long-term debt	324,999	-
Net cash provided by financing activities	324,999	-
Net increase (decrease) in cash and cash equivalents	412,884	(160,990)
Cash and cash equivalents - beginning of year	1,724,044	1,885,034
Cash and cash equivalents - end of year	\$ 2,136,928	\$ 1,724,044
Supplemental disclosure of cash flow information		
Net cash paid for interest	\$ 5,633	\$ -

See accompanying notes to the financial statements.

YWCA OF EASTERN UNION COUNTY, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2022

	Program Services	Management and General	Fundraising	Totals
Salaries and wages	\$ 1,737,904	\$ 21,551	\$ 28,564	\$ 1,788,019
Payroll taxes	159,320	1,817	2,734	163,871
Health benefits	204,656	2,074	4,622	211,352
Pension and workers compensation insurance	68,562	269	2,716	71,547
Rent	228,114	-	-	228,114
Utilities	31,795	-	-	31,795
Services and supplies	12,748	-	-	12,748
Insurance general liability	57,447	-	-	57,447
Repairs and maintenance	35,139	1,100	1,100	37,339
Equipment rental	5,808	-	-	5,808
Professional fees	26,747	110,309	28,186	165,242
Telephone	17,969	-	-	17,969
Advertising and printing	6,607	124	9,891	16,622
Training and development fees	66,815	3	19	66,837
Bank and investment fees	61	2,506	687	3,254
Dues and subscriptions	30,918	3,327	955	35,200
Vehicle expense	2,179	-	-	2,179
Direct support to clients	33,150	-	-	33,150
Insurance	16,293	4,044	-	20,337
Travel	4,068	89	82	4,239
Office supplies and equipment	27,332	148	773	28,253
Supplies	12,413	1,799	1,005	15,217
Client assistance	100,866	-	-	100,866
Depreciation	65,496	-	-	65,496
Total functional expenses	<u>\$ 2,952,407</u>	<u>\$ 149,160</u>	<u>\$ 81,334</u>	<u>\$ 3,182,901</u>

See accompanying notes to the financial statements.

YWCA OF EASTERN UNION COUNTY, INC.
Statement of Functional Expenses (continued)
For the Year Ended December 31, 2021

	Program Services	Management and General	Fundraising	Totals
Salaries and wages	\$ 1,672,708	\$ 7,620	\$ 127,152	\$ 1,807,480
Payroll taxes	158,213	667	10,909	169,789
Health benefits	191,336	713	12,934	204,983
Pension and workers compensation insurance	64,017	378	4,929	69,324
Rent	220,702	87	87	220,876
Utilities	28,848	-	-	28,848
Services and supplies	9,613	-	-	9,613
Insurance general liability	47,095	-	-	47,095
Repairs and maintenance	40,953	1,970	1,523	44,446
Equipment rental	6,292	-	-	6,292
Professional fees	76,946	17,287	3,252	97,485
Telephone	18,435	-	-	18,435
Advertising and printing	5,370	81	9,301	14,752
Training and development fees	116,672	590	928	118,190
Bank and investment fees	1,053	71	661	1,785
Dues and subscriptions	22,093	1,359	2,494	25,946
Vehicle expense	2,563	-	-	2,563
Direct support to clients	29,143	-	-	29,143
Insurance	15,200	4,044	-	19,244
Travel	670	-	-	670
Office supplies and equipment	16,745	49	2,462	19,256
Program supplies	9,484	96	398	9,978
Client assistance	192,902	-	-	192,902
Depreciation and amortization	61,456	-	-	61,456
Total functional expenses	<u>\$ 3,008,509</u>	<u>\$ 35,012</u>	<u>\$ 177,030</u>	<u>\$ 3,220,551</u>

See accompanying notes to the financial statements.

YWCA OF EASTERN UNION COUNTY, INC.
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

Nature of activities

The YWCA of Eastern Union County, Inc. (Organization) is a non-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization offers shelter for women and children, outreach services, a 24-hour hotline and child services for clients. Program emphasis is on victims of domestic violence. The principal sources of support for the Organization programs are funds received from nonprofits and foundations as well as state, local and federal governments in the form of grants and contracts.

Basis of accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Income taxes

The Organization has been notified by the Internal Revenue Service that they are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is further classified as an Organization that is not a private Organization under Section 509(a)(3) of the Code. The most significant tax positions of the Organization are its assertions that it is exempt from income taxes and its determination that no amounts are subject to unrelated business income tax (UBIT). Income generated by activities that would be considered unrelated to the Organization mission would be subject to income tax.

The Organization follows the guidance of Accounting Standards Codification (ASC) Topic 740, *Accounting for Income Taxes*, related to uncertain income tax provisions, which prescribes a threshold of more likely than not, for recognition and derecognition of tax positions taken or expected to be taken in a tax return. Management has determined that it is more likely than not, that all tax positions would be sustained upon examination by taxing authorities. Accordingly, no provision for income taxes has been recorded.

The Organization files a Form 990 Return of Organization Exempt from Tax, annually with the Internal Revenue Service, as well as a State equivalent filing. Both filings are subject to audit by the appropriate authority. The Organization returns before the year ended December 31, 2019, are no longer subject to examination by Federal or State authorities due to the statute of limitations.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

YWCA OF EASTERN UNION COUNTY, INC.
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

Change in accounting standards

ASU 2020-07: The FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of the information on an entity’s policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The Organization implemented this standard for the year ended December 31, 2022, and updated the disclosures as necessary. This standard was also retrospectively applied to the December 31, 2021 statement balances and disclosures.

Cash and cash equivalents

The Organization considers all highly liquid investment instruments with a maturity date of three months or less to be cash equivalents.

Certificate of deposit

As of December 31, 2022, and 2021, the Organization had one certificate of deposit with a value of \$107,129 and \$106,331, respectively. The certificate of deposit bears interest at 3.50% and matures May 2024.

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.

Contributions and grants receivable

Receivables are stated at the amount Management expects to collect from balances outstanding. Management closely monitors outstanding balances throughout the year and writes off to expense all balances that are considered uncollectible.

Property and equipment

Property and equipment are stated at cost or, if donated, at approximate fair market value. The capitalization threshold for technology and electronic equipment is \$2,000 and is \$5,000 for furniture and appliances. Expenditures below the respective thresholds have been charged to expense as period costs in the statement of activities. Depreciation is provided by use of the straight-line method over the following estimated useful lives:

	Estimated Useful Life
Building and building improvements	10 - 30 years
Furniture and fixtures	7 years
Office and computer equipment	5 years
Vehicles	5 years

YWCA OF EASTERN UNION COUNTY, INC.
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

Property and equipment (continued)

Additions and improvements, which extend the useful lives of the respective assets, are charged to asset accounts and are depreciated accordingly, while general repairs and maintenance are expensed as incurred. The cost and related accumulated depreciation of assets sold or retired are eliminated from the accounts and any gains or losses are included in the changes in net assets.

Net asset classifications

Net assets are classified based on the existence or absence of donor-imposed restrictions. Net assets are defined as follows:

Net assets without donor restrictions - net assets not subject to donor-imposed stipulations, and therefore, are expendable for operating purposes.

Net assets with donor restrictions - net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or by the passage of time.

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

Revenue recognition

Revenues are reported as increases in net assets without donor restrictions when received unless use of the related assets is limited by donor-imposed restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

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.

Revenue from program fees is recognized as revenue when the events or programs are held. All other revenues are recognized when earned.

Contributions

Contributions of cash and other assets, including grants and unconditional promises to give, are considered to be available for unrestricted use unless specifically restricted by the donor and are recognized as support in the period the unconditional promise is given. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

YWCA OF EASTERN UNION COUNTY, INC.
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

Contributions (continued)

Gifts of cash and other non-capital assets are reported as revenue with donor restrictions if the gifts are received with donor stipulations that limit the use of the donated assets. 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 donor restrictions. If a restriction is fulfilled in the same period in which the contribution is received, the support is reported as without donor restrictions.

Grants and contracts receivable

Grants and contracts receivable represent unconditional amounts committed to the Organization. All grants and contract receivables are deemed to be fully collectible and are reflected at net realizable value. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience. Based on these reviews, Management has determined the allowance for uncollectible receivables was \$0 on December 31, 2022 and 2021.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Schedule of Functional Expenses. Accordingly, certain costs have been allocated among the programs and services benefited. 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. Management expenses include those not directly identifiable with any specific program and have been allocated in accordance with regulatory agency guidelines.

Advertising expenses

All advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2022 and December 31, 2021 were \$16,622 and \$14,752, respectively.

Note 2 - Concentrations

Cash

The Organization maintains its cash in bank deposit accounts, which may at times exceed federally insured limits. At December 31, 2022 and 2021, the Organization had \$1,910,000 and \$961,000 of uninsured cash in its accounts, respectively.

YWCA OF EASTERN UNION COUNTY, INC.
Notes to the Financial Statements

Note 2 - Concentrations (continued)

Significant donor

The Organization receives most of its support in the form 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 2022 and 2021 were 75% and 70%, respectively, of total revenue.

A significant donor is defined as one generating 10% or greater of the Organization's total support and revenue. One government funding source generated approximately 32% of the total support and revenue for the year ended December 31, 2022, and approximately 19% of the total support and revenue for the year ended December 31, 2021.

Major vendor

A major vendor is defined as one generating 10% or greater of the Organization's expenses or accounts payable. For the years ended December 31, 2022 and 2021, two vendors accounted for 46% and 49% of the accounts payable balance, respectively.

Note 3 - Pledges 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. Pledges due in more than one year are recognized at fair value using present value techniques with a discount rate at the applicable federal rate (AFR) at December 31. The discount rate at December 31, 2022 was 4.34%. The discount amount at December 31, 2022 is immaterial and is not reflected in the financial statements. Management reviews pledges annually and uses the allowance method to record a reduction to the pledge receivable to account for funds that may not be collectible.

Pledges receivable at December 31 were as follows:

	2022	2021
Gross pledges receivable	\$ 4,000	\$ 178,513
Less: uncollectible allowance	-	-
Net pledges receivable	\$ 4,000	\$ 178,513
Amounts due in		
Less than one year		\$ 2,000
One to five years		2,000
Total		\$ 4,000

YWCA OF EASTERN UNION COUNTY, INC.
Notes to the Financial Statements

Note 4 - Property and equipment

Property and equipment consist of the following as of December 31:

	2022	2021
Land	\$ 140,700	\$ 140,700
Building	1,909,838	1,909,838
Construction in process	1,585,079	-
Building improvements	335,801	335,801
Furniture and fixtures	120,404	79,124
Computer equipment	146,351	85,823
Office equipment	162,842	137,842
Vehicles	64,417	64,417
Total	4,465,432	2,753,545
Less: accumulated depreciation	612,884	547,388
Property and equipment, net	\$ 3,852,548	\$ 2,206,157

Depreciation expense for the years ended December 31, 2022 and 2021, was \$65,496 and \$61,456, respectively.

Note 5 - Investments

All investments are measured at fair value in the statements of financial position. The change in fair value is reflected as unrealized gains or losses in the Statement of Activities. Donated investments are valued at fair market value as well.

Investments were comprised of the following at December 31:

	2022	2021
Fair value	\$ 336,925	\$ 394,579
Cost	(312,065)	(305,782)
Unrealized gain (loss)	\$ 24,860	\$ 88,797

Note 6 - Fair value measurement

Financial Accounting Standards Board (FASB) in its *Accounting Standards Codification* (ASC) Topic 820, *Fair Value Measurement*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

YWCA OF EASTERN UNION COUNTY, INC.
Notes to the Financial Statements

Note 6 - Fair value measurement (continued)

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 inputs must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the hierarchy, the Organization's investment assets at fair value as of December 31, 2022:

	Level 1	Level 2	Level 3
Exchange Traded Funds (ETF)	\$ 336,925	\$ -	\$ -

In 2022, the Organization had realized gains of \$267. During 2021, the Organization had a realized gain of \$1,656. Investment income earned was \$9,415 and \$9,423 for December 31, 2022 and 2021, respectively. Investment fees were \$1,768 and \$1,878 for December 31, 2022 and 2021, respectively.

YWCA OF EASTERN UNION COUNTY, INC.
Notes to the Financial Statements

Note 7 - Retirement plan

The Organization 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 Organization 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 Organization amounted to \$36,541 and \$36,957 for the years ended December 31, 2022, and 2021, respectively.

Note 8 - Unconditional promises to give

The Organization is a 25% beneficiary of a Charitable Remainder Trust. The trust was founded in 1988 and the charitable remainder became effective in 2014. The Organization receives payments quarterly. Total income from the trust was \$81,033 and \$0 for the years ended December 31, 2022, and 2021, respectively.

Note 9 - 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 Organization 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 Organization 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. The Organization fulfilled its obligation in August 2023 and continues to maintain a shelter facility.

Note 10 - Leasing agreements

Pursuant to a Transitional Housing Program being funded by both private sources and government grants, beginning in 2006, the Organization entered into firm agreements to lease several apartments for program participants. The lease agreements in effect as of December 31, 2022, expire at various times throughout 2022 and 2023, and the monthly average apartment rent was \$9,498 and \$8,761 for 2022 and 2021, respectively. Most of the leases are for one year.

Rent expense for the program was \$113,971 and \$105,132 for the years ended December 31, 2022, and 2021, respectively. Security deposits related to the leases were \$11,845 and \$11,598 as of December 31, 2022, and 2021, respectively.

According to the program agreements, participating tenants shall contribute a participant fee to the Organization during the period of occupancy. Future minimum lease payments are as follows:

2023	\$	63,965
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YWCA OF EASTERN UNION COUNTY, INC.
Notes to the Financial Statements

Note 10 - Leasing agreements (continued)

The Organization leases a program and outreach office on a month-to-month basis. Rent expense for the office was \$96,795 and \$98,396 for December 31, 2022 and 2021, respectively.

Note 11 - Availability of financial assets

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of donor-imposed restrictions within one year of the balance sheet date.

Financial assets at December 31, 2022 and December 31, 2021:

	2022	2021
Cash and cash equivalents	\$ 2,136,928	\$ 1,724,044
Certificate of deposit	107,129	106,330
Grants and contracts receivable	610,515	659,443
Pledges receivable within one year	2,000	178,513
Investments appropriated for current use	336,925	394,579
Total financial assets	3,193,497	3,062,909
Less those unavailable for general expenditures within one year due to:		
Board-designated funds for capital project	-	(990,500)
Net assets with donor restrictions	(225,813)	(182,044)
Financial assets available to meet cash needs for general expenditure within one year	\$ 2,967,684	\$ 1,890,365

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Note 12 - Long-term debt

The Organization entered into a construction loan agreement with Northfield bank for \$650,000 on December 17, 2021, commencing on January 1, 2022. The loan maturity date of June 1, 2023, was extended to December 31, 2023. The permanent commercial mortgage phase is the period beginning at the expiration of the twelfth (12th) 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 balance of the debt as of December 31, 2022, was \$324,999.

YWCA OF EASTERN UNION COUNTY, INC.
Notes to the Financial Statements

Note 12 - Long-term debt (continued)

The Organization renewed a line of credit with Northfield bank in November 2022. The total amount available under this line was \$250,000. The interest rate on the line is 8.00%. There were no amounts outstanding relating to this line of credit on December 31, 2022, or 2021.

Note 13 - Net assets with donor restrictions

Components of net assets with donor restrictions as of December 31 were as follows:

	2022	2021
State of New Jersey/DCF	\$ 5,547	\$ 6,754
Individuals	-	165,290
The Westfield Foundation	-	10,000
DYFS - Shelter ARP FVPSA	220,266	-
Total net assets with donor restrictions	<u>\$ 225,813</u>	<u>\$ 182,044</u>

The governing Board may designate funds from net assets without donor restrictions for specific use. As of December 31, 2022, and 2021, the Board-designated net assets totaled \$0 and \$990,500, respectively.

Note 14 - Contributed non-financial assets

The Organization also receives donated materials and services to support fundraising and other efforts. Donated services are reflected as contributions with a corresponding expense in the accompanying statements at their estimated values at the date of service. Contributed non-financial assets as of December 31 were as follows:

<u>Utilization in programs/activities</u>	2022	2021
Gift cards	\$ 6,720	\$ 11,793
Equipment	20,000	10,000
Food	6,430	7,350
Volunteer services and training	62,729	113,888
Rent	17,348	17,348
Professional services	5,000	7,500
	<u>\$ 118,227</u>	<u>\$ 167,879</u>

The donated space is related to the office space used for the Family Justice Center. The donated amount is based on historical amounts charged to previous renters. The other donated nonfinancial assets received were food, gift cards, and cell phones. These same nonfinancial assets were distributed through community programs. The food donated was valued at \$1.79 per pound based on IRS guidelines. The cell phones donated were valued at \$25 each based on current donation value guidelines.

YWCA OF EASTERN UNION COUNTY, INC.
Notes to the Financial Statements

- Note 15 - Special event and fundraising expenses
As of December 31, 2022, and 2021, the gross proceeds for special events were \$164,391 and \$157,257, respectively; and expenses directly related were \$51,033 and \$28,329, respectively.
- Note 16 - Related party transactions
The Organization is affiliated with the National YWCA and remitted annual dues of \$24,496 for the year-end December 31, 2022, and \$14,200 for the year-end December 31, 2021.
- Note 17 - Recovery of recognized loss
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. Construction is ongoing. The Organization continues to work with the public adjuster and insurance to obtain claim proceeds.
- Note 18 - Subsequent events
The Organization's Management has determined that no additional material events or transactions occurred subsequent to December 31, 2022, and through November 15, 2023, the date of the Organization's financial statements issuance, which require additional disclosure in the Organization's financial statements.

YWCA OF EASTERN UNION COUNTY, INC.
Schedule of Expenditures of Federal Awards
December 31, 2022

Federal Agency	Pass-Through Entity	Program Title	CFDA Number	Pass-through Award Number	Grant Period	Award Amount	Total Expenditures
U.S. Department of Housing, Urban and Workforce Development	Union County	Supportive Housing Program	14.267	21-CoC-109	10/01/21 - 09/30/22	\$ 274,808	\$ 184,219
				22-CoC-109	10/01/22 - 09/30/23	274,808	61,219
		HES Grant Program	14.231	21-HES-108	08/01/21 - 07/31/22	16,544	11,109
				11-HES-108	08/01/22 - 07/31/23	13,440	11,337
		HESC Grant Program	21.019	20-HESC-108	03/09/20 - 07/31/22	79,242	6,664
		City of Elizabeth	Community Development Block Grant	14.218	CDBG 47	07/01/21 - 06/30/22	20,000
	CDBG 48				07/01/22 - 06/30/23	19,500	8,754
	United Way	Community Development Block Grant	14.218	CDBGYR 47	09/01/21 - 08/31/22	12,030	12,030
				Emergency Food and Shelter Program	97.024	FEMA Phase 48 ARPA-R	02/21/22 - 04/23/23
	State of New Jersey Department of Community Affairs	Covid-19 Shelter Support 2020	14.231	2020-02140-0416-01	11/01/20 - 06/30/22	349,000	94,010
				2021-02149-0070-01	11/01/20 - 09/4/22	416,032	416,032
	Total U.S. Department of Housing, Urban and Workforce Development						1,220,596
U.S Department of Agriculture	State of New Jersey Department of Agriculture	Child and Adult Care Food Program	10.558	39-0873	10/01/21 - 09/30/22	24,000	22,850
U.S. Department of Health and Human Services	State of New Jersey Department of Children and Families	FVPSA-ARP American Rescue Plan	93.671	21EFXW	01/01/21 - 06/30/22	152,181	45,452

See independent auditors' report.

YWCA OF EASTERN UNION COUNTY, INC.
Schedule of Expenditures of Federal Awards (continued)
December 31, 2022

Federal Agency	Pass-Through Entity	Program Title	CFDA Number	Pass-through Award Number	Grant Period	Award Amount	Total Expenditures
U.S. Department of Justice	Trinitas Hospital	TRAC Trinitas Hospital	16.575	HVP-08-18	08/01/19 - 04/1/23	\$ 175,987	\$ 75,618
	State of NJ Office of Attorney General	Court Advocate Program	16.588	VAWA-64-20	07/01/21 - 06/30/22	45,000	26,049
				VAWA-71-21	07/01/22 - 06/30/23	45,000	23,273
		Bilingual DV Counselor	16.588	VAWA-68-20	07/01/21 - 06/30/22	45,000	6,923
		Bilingual Case Manager	16.588	VAWA-70-20	07/01/21 - 06/30/22	45,000	18,334
				VAWA-70-21	07/01/22 - 06/30/23	45,000	26,572
		DVRT-VAWA	16.588	VAWA-30-20	05/01/21 - 04/30/22	53,333	2,130
				VAWA-30-21	05/01/22 - 04/30/23	53,333	44,572
		Child Advocate	16.588	VAWA-67-20	07/01/21 - 06/30/22	45,000	25,839
				VAWA-72-21	07/01/22 - 06/30/23	45,000	26,262
		DV Bilingual Counseling Program	16.575	VAG-112-20	09/01/21 - 08/31/23	275,000	79,900
		DV Residential Program	16.575	VAG-113-20	09/01/21 - 08/31/23	252,280	119,519
		Workforce Development Program	16.575	VAG-114-20	09/01/21 - 08/31/23	275,000	133,035
		COVID Emergency Housing	16.575	VCH-19-19	04/24/20 - 04/23/22	500,000	86,331
Total U.S. Department of Justice						1,899,933	694,357
Total expenditures of federal awards							<u>\$ 1,597,223</u>

See independent auditors' report.

YWCA OF EASTERN UNION COUNTY, INC.
Schedule of Expenditures of State Financial Assistance
December 31, 2022

State Agency	Pass-Through Entity	Grant Award Number	Grant Period	Award Amount	Grant Expenditures
State of New Jersey Department of Children and Families					
Division on Women		21FXW	01/01/21 - 06/30/22	\$ 1,724,633	\$ 692,002
		23UCXW_UBXW_UUXW	07/01/22 - 06/30/23	1,504,846	603,951
New Jersey Department of State					
NJ State Council on the Arts	County of Union		01/01/22 - 12/31/22	4,800	4,800
Total expenditures of state financial assistance					\$ 1,300,753

See independent auditors' report.

THE YWCA OF EASTERN UNION COUNTY, INC.
Notes to Schedules of Expenditures of Federal Awards and
State Financial Assistance
December 31, 2022

Note A - Basis of accounting

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include the federal and state grant activity of The YWCA of Eastern Union County, Inc. under programs of the federal and state governments for the year ended December 31, 2022. The information in these Schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedules present only a selected portion of the operations of The YWCA of Eastern Union County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of The YWCA of Eastern Union County, Inc.

Note B - Summary of significant accounting policies

Expenditures reported on the schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C - Indirect cost rate

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

See independent auditors' report.



Certified Public Accountants, PC

www.bkc-cpa.com

**Independent Auditors' 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**

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

We have audited, 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, the Financial Statements of The YWCA of Eastern Union County, Inc (the Organization), which comprise the statement of financial position as of December 31, 2022, 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 November 15, 2023.

Report Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The YWCA of Eastern Union County, Inc.'s internal control over financial reporting (internal control) to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of The YWCA of Eastern Union County, Inc.'s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022 - 01 to be a material weakness.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022 - 02 to be a significant deficiency.

Report Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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 do not express such an opinion. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2022-03 to be an instance of noncompliance that is required to be reported under *Government Auditing Standards*.

Organization's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of the 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 entity's internal control or on compliance. This report is an integral part of the audit performed in accordance with *Government Accounting Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BKC, CPAS, PC

November 15, 2023
Flemington, New Jersey



Certified Public Accountants, PC
www.bkc-cpa.com

**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance
and New Jersey OMB Circular 15-08-OMB**

To the Board of Directors
The YWCA of Eastern Union 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 The YWCA of Eastern Union County, Inc.'s, (the Organization), compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* that could have a direct and material effect on each of the Organization's major federal, state, and county programs for the year ended December 31, 2022. The Organization'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, the Organization complied, in all material respects, with the 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, 2022.

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); and the audit requirements prescribed by New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization 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 program. Our audit does not provide a legal determination of the Organization'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 the Organization'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 the Organization'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*, the Uniform Guidance, and the New Jersey OMB's Circulars 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 the Organization'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*, the Uniform Guidance, and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, 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 the Organization'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 the Organization'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 and the New Jersey OMB's Circulars 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and the New Jersey OMB's Circulars 15-08 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2022-03. Our opinion on each major federal and state program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weakness. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 material noncompliance with a type of compliance requirement of a federal, state and county 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 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-02 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



BKC, CPAS, PC

November 15, 2023
Flemington, New Jersey

THE YWCA OF EASTERN UNION COUNTY, INC.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022

Financial Statements

Type of auditors' report issued Unmodified

Internal Control Over Financial Reporting:

1. Were material weakness(es) identified? X Yes ___ No

2. Were significant deficiencies identified? X Yes ___ No

Noncompliance material to basic financial statements noted? ___ Yes X No

Federal Awards

Internal Control Over Major Programs:

1. Were material weakness(es) identified? ___ Yes X No

2. Were significant deficiencies identified? X Yes ___ No

What was the type of auditors' report issued on compliance for major programs? Unmodified

Were any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a)? X Yes ___ No

Identification of Major Programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
14.231	<i>Emergency Solutions Grant</i>
16.575	<i>Victim Assistance Grant</i>

What was the dollar threshold used to distinguish between Type A and Type B programs? \$750,000

Did the auditee qualify as a low-risk auditee? ___ Yes X No

THE YWCA OF EASTERN UNION COUNTY, INC.
Schedule of Findings and Questioned Costs (continued)
For the Year Ended December 31, 2022

State Awards

What was the dollar threshold used to distinguish between Type A and Type B programs? \$750,000

Did the auditee qualify as a low-risk auditee? Yes X No

Internal Control Over Major Programs:

1. Were material weakness(es) identified? Yes X No

2. Were there significant deficiencies identified that are not considered to be material weaknesses? X Yes No

What was the type of auditors' report issued on compliance for major programs? Unmodified

Were any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08 as applicable? X Yes No

Identification of Major Programs:

<i>State Grant/Project Numbers</i>	<i>Name of State Program</i>
21FXW	DCP&P Shelter Support
23UCXW	DCP&P Shelter Support

THE YWCA OF EASTERN UNION COUNTY, INC.
Schedule of Findings and Questioned Costs (continued)
For the Year Ended December 31, 2022

FINDINGS-FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

Finding 2022 - 01
Recording receivables

Criteria: An unconditional promise to give shall be recognized when it is received. However, to be recognized there must be sufficient evidence in the form of verifiable documentation that a promise was made and received (FASB 958).

Condition: There was no supporting evidence for an anonymous pledge to give.

Effect: The likelihood of material misstatement of the financial statements resulting from this internal control deficiency is more than remote due to the likelihood of material misstatement of the gross pledge receivable balance.

Cause: The Organization does not have procedures in place for recording and recognizing pledges to give.

Recommendation: Update policies and procedures to include the documentation requirements for anonymous and known pledges to give. Perform an analysis of aged pledges receivable at least quarterly by a person independent of the functions of handling and recording of cash receipts.

Views of responsible officials: The Organization agrees with this finding and will implement the recommendations.

SIGNIFICANT DEFICIENCY

Finding 2022 - 02
Segregation of duties

Criteria: The assignment of responsibilities should be segregated so that one person is not responsible for the authorization and recording of a transaction and the custody of the related asset. There needs to be a reconciliation or control activity to provide reasonable assurance that transactions are handled appropriately.

Condition: Key duties and functions are not segregated among Organization personnel. This is especially a concern in the cash management, accounts receivable, and payroll functions.

Effect: The risk exists that transactions could be mishandled, due to errors or fraud, that could lead to loss of assets, the reporting of misleading financial information, or noncompliance with allowable costs and cost principles.

Cause: There are a limited number of personnel for certain functions.

THE YWCA OF EASTERN UNION COUNTY, INC.
Schedule of Findings and Questioned Costs (continued)
For the Year Ended December 31, 2022

Recommendation: The duties should be separated as much as possible, by possibly training and utilizing non-financial personnel and utilizing alternative controls.

Views of responsible officials: The Organization agrees with this finding and will implement the recommendations.

Finding 2022 - 03
Property and Equipment

Federal Program - Emergency Solutions Grant CFDA 14.231

Criteria: A physical inventory of the property must be taken, and the results reconciled with the property records at least once every two years (2 CFR section 200.313(d)(2)).

Condition: The Organization has not taken physical inventory of its fixed assets purchased with grant funds.

Effect: Assets purchased may be lost, damaged or stolen and could lead to loss of assets or the reporting of misleading financial information.

Cause: The Organization does not have procedures in place to take inventory of equipment acquired under federal awards.

Recommendation: Implement an inventory policy and procedures to verify existence and condition of assets acquired with federal awards at least every two years.

Views of responsible officials: The Organization agrees with this finding and Program Directors will perform annual inventories of equipment within their respective departments.

FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARDS PROGRAMS AUDIT

Finding 2022 - 02
Segregation of duties

Emergency Solutions Grant-Assistance Lising No. 14.231

Criteria: The assignment of responsibilities should be segregated so that one person is not responsible for the authorization and recording of a transaction and the custody of the related asset. There needs to be a reconciliation or control activity to provide reasonable assurance that transactions are handled appropriately.

Condition: Key duties and functions are not segregated among Organization personnel. This is especially a concern in the cash management, accounts receivable, and payroll functions.

THE YWCA OF EASTERN UNION COUNTY, INC.
Schedule of Findings and Questioned Costs (continued)
For the Year Ended December 31, 2022

Effect: The risk exists that transactions could be mishandled, due to errors or fraud, that could lead to loss of assets, the reporting of misleading financial information, or noncompliance with allowable costs and cost principles.

Cause: There are a limited number of personnel for certain functions.

Recommendation: The duties should be separated as much as possible, by possibly training and utilizing non-financial personnel and utilizing alternative controls.

Views of responsible officials: The Organization agrees with this finding and will implement the recommendations.

Finding 2022 - 03
Property and Equipment

Emergency Solutions Grant-Assistance Lising No. 14.231

Criteria: A physical inventory of the property must be taken, and the results reconciled with the property records at least once every two years (2 CFR section 200.313(d)(2)).

Condition: The Organization has not taken physical inventory of its fixed assets purchased with grant funds.

Effect: Assets purchased may be lost, damaged or stolen and could lead to loss of assets or the reporting of misleading financial information.

Cause: The Organization does not have procedures in place to take inventory of equipment acquired under federal awards.

Recommendation: Implement an inventory policy and procedures to verify existence and condition of assets acquired with federal awards at least every two years.

Views of responsible officials: The Organization agrees with this finding and Program Directors will perform annual inventories of equipment within their respective departments.

**FINDINGS AND QUESTIONED COSTS-MAJOR STATE FINANCIAL ASSISTANCE PROGRAMS
AUDIT**

Finding 2022 - 02
Segregation of duties

DCP&P Shelter Support - 21FXW

THE YWCA OF EASTERN UNION COUNTY, INC.
Schedule of Findings and Questioned Costs (continued)
For the Year Ended December 31, 2022

Criteria: The assignment of responsibilities should be segregated so that one person is not responsible for the authorization and recording of a transaction and the custody of the related asset. There needs to be a reconciliation or control activity to provide reasonable assurance that transactions are handled appropriately.

Condition: Key duties and functions are not segregated among Organization personnel. This is especially a concern in the cash management, accounts receivable, and payroll functions.

Effect: The risk exists that transactions could be mishandled, due to errors or fraud, that could lead to loss of assets, the reporting of misleading financial information, or noncompliance with allowable costs and cost principles.

Cause: There are a limited number of personnel for certain functions.

Recommendation: The duties should be separated as much as possible, by possibly training and utilizing non-financial personnel and utilizing alternative controls.

Views of responsible officials: The Organization agrees with this finding and will implement the recommendations.