

YWCA OF EASTERN UNION COUNTY, INC.

December 31, 2023



YWCA OF EASTERN UNION COUNTY, INC.
For the Years Ended December 31, 2023 and 2022.

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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, 2023 and 2022, and the related Statements of Activities and Changes in Net Assets, Cash Flows and Functional Expenses for the years 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, 2023 and 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 Auditors' 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, which 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.

Auditors' 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 auditors' 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.


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*, and other schedules included in the table of contents under

Supplementary 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. 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 Supplementary 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 September 11, 2024, 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

September 11, 2024
Flemington, New Jersey

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

ASSETS

	2023	2022
Current assets		
Cash and cash equivalents	\$ 1,764,373	\$ 2,136,928
Certificate of deposit	107,932	107,129
Grants and contracts receivable	386,406	610,515
Pledges receivable	-	2,000
Prepaid expenses and prepaid insurance	37,998	15,399
Investments	33,658	336,925
Total current assets	<u>2,330,367</u>	<u>3,208,896</u>
Property and equipment, net of accumulated depreciation of \$701,965 and \$612,884, respectively	6,214,577	3,852,548
Other Non-current assets		
Pledges receivable	-	2,000
Other assets	32,679	32,311
Total Non-current assets	<u>32,679</u>	<u>34,311</u>
Total assets	<u><u>\$ 8,577,623</u></u>	<u><u>\$ 7,095,755</u></u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued liabilities	\$ 341,083	\$ 74,158
Accrued payroll	83,279	72,383
Current portion of long-term debt	846,260	324,999
Total liabilities	<u>1,270,622</u>	<u>471,540</u>
Net assets		
Without donor restrictions	7,112,661	6,398,402
With donor restrictions	194,340	225,813
Total net assets	<u>7,307,001</u>	<u>6,624,215</u>
Total liabilities and net assets	<u><u>\$ 8,577,623</u></u>	<u><u>\$ 7,095,755</u></u>

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,

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	2022
Support and revenue						
Government grants and contracts	\$ 3,854,715	\$ -	\$ 3,854,715	\$ 3,350,129	\$ 225,000	\$ 3,575,129
Donations and contributions	420,966	40,000	460,966	831,245	-	831,245
Contributions of non-financial assets	55,989	-	55,989	118,227	-	118,227
Program service fees	2,609	-	2,609	100,951	-	100,951
Special events, net of expenses	1,474	-	1,474	113,358	-	113,358
Net assets released from restrictions	71,473	(71,473)	-	181,231	(181,231)	-
Total support and revenue	4,407,226	(31,473)	4,375,753	4,695,141	43,769	4,738,910
Expenses						
Program services	3,384,135	-	3,384,135	2,952,407	-	2,952,407
Management and general	345,069	-	345,069	149,160	-	149,160
Fundraising	34,166	-	34,166	81,334	-	81,334
Total expenses	3,763,370	-	3,763,370	3,182,901	-	3,182,901
Other income (expenses)						
Bad debt expense	-	-	-	(216,000)	-	(216,000)
Proceeds from casualty loss	16,718	-	16,718	142,153	-	142,153
Investment (loss) income	53,685	-	53,685	(56,023)	-	(56,023)
Interest expense	-	-	-	(5,633)	-	(5,633)
Total other income (expenses)	70,403	-	70,403	(135,503)	-	(135,503)
Increase (decrease) in net assets	714,259	(31,473)	682,786	1,376,737	43,769	1,420,506
Net assets - beginning of year	6,398,402	225,813	6,624,215	5,021,665	182,044	5,203,709
Net assets - end of year	<u>\$ 7,112,661</u>	<u>\$ 194,340</u>	<u>\$ 7,307,001</u>	<u>\$ 6,398,402</u>	<u>\$ 225,813</u>	<u>\$ 6,624,215</u>

See accompanying notes to the financial statements.

YWCA OF EASTERN UNION COUNTY, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2023

	Program Services	Management and General	Fundraising	Totals
Salaries and wages	\$ 1,930,499	\$ 21,803	\$ 16,527	\$ 1,968,829
Payroll taxes	169,020	3,177	1,715	173,912
Health benefits	212,592	2,822	478	215,892
Pension and workers compensation insurance	62,703	4,259	969	67,931
Rent	167,813	3,531	589	171,933
Utilities	31,712	253	39	32,004
Services and supplies	27,549	69	12	27,630
Insurance general liability	79,276	3,552	592	83,420
Repairs and maintenance	30,626	1,319	220	32,165
Equipment rental	5,324	-	-	5,324
Professional fees	325,208	292,920	-	618,128
Telephone	18,711	212	35	18,958
Advertising and printing	17,210	1,748	10,832	29,790
Training and development fees	1,381	59	10	1,450
Bank and investment fees	2,023	282	290	2,595
Dues and subscriptions	37,326	2,484	338	40,148
Vehicle expense	1,075	8	1	1,084
Direct support to clients	55,989	-	-	55,989
Insurance	13,188	274	46	13,508
Travel	9,982	1,244	231	11,457
Office supplies and equipment	53,593	2,716	648	56,957
Supplies	8,769	298	204	9,271
Client assistance	26,056	1,032	222	27,310
Miscellaneous	7,429	1,007	168	8,604
Depreciation	89,081	-	-	89,081
Total functional expenses	<u>\$ 3,384,135</u>	<u>\$ 345,069</u>	<u>\$ 34,166</u>	<u>\$ 3,763,370</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, 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
Program supplies	12,413	1,799	1,005	15,217
Client assistance	100,866	-	-	100,866
Depreciation and amortization	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.
Statements of Cash Flows
For the Years Ended December 31,

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ 682,786	\$ 1,420,506
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Interest income on certificate of deposit	(803)	(798)
Bad debt expense	-	216,000
Depreciation	89,081	65,496
Investment income (expenses), net	(4,391)	(6,016)
Realized and unrealized gain (loss) on investments	(36,378)	63,670
(Increase) decrease in assets		
Grants and contracts receivable	224,109	(14,072)
Pledges receivable	4,000	21,513
Prepaid expenses and prepaid insurance	(22,599)	(1,888)
Other assets	(368)	(248)
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	266,926	35,336
Accrued payroll	10,895	273
Net cash provided by operating activities	<u>1,213,258</u>	<u>1,799,772</u>
Cash flows from investing activities:		
Acquisition of property and equipment	(2,451,110)	(1,711,887)
Proceeds from sale of investments	344,036	-
Net cash used in investing activities	<u>(2,107,074)</u>	<u>(1,711,887)</u>
Cash flows from financing activities:		
Proceeds from long-term debt	521,261	324,999
Net cash provided by financing activities	<u>521,261</u>	<u>324,999</u>
Net (decrease) increase in cash and cash equivalents	(372,555)	412,884
Cash and cash equivalents - beginning of year	<u>2,136,928</u>	<u>1,724,044</u>
Cash and cash equivalents - end of year	<u><u>\$ 1,764,373</u></u>	<u><u>\$ 2,136,928</u></u>
Supplemental disclosure of cash flow information		
Net cash paid for interest	<u><u>\$ 43,064</u></u>	<u><u>\$ 5,633</u></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, 2020, 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 2016-13: The FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326)*: Measurement of Credit Losses on Financial Instruments in 2016. This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts. This applies to all financial assets including trade accounts receivable and notes receivable.

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, 2023 and 2022, the Organization had one certificate of deposit with a value of \$107,932 and \$107,129, 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 shown net of an allowance for credit losses. Credit losses are provided for utilizing the current expected credit loss model methodology. This model requires management's evaluation of credit losses utilizing historical experience, troubled accounts, current market conditions and future forecasts. Receivable balances are written off when all reasonable internal and external collection efforts have been executed. The allowance for credit losses as of December 31, 2023 and 2022, was \$0.

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, 2023 and 2022.

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, 2023 and December 31, 2022, were \$29,790 and \$16,622, 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, 2023 and 2022, the Organization had \$1,400,000 and \$1,910,000 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 2023 and 2022 were 87% and 75%, respectively, of total revenue.

A significant donor is defined as one generating 10% or greater of the Organization's total support and revenue. Two government funding sources generated approximately 58% of the total support and revenue for the year ended December 31, 2023, and one government funding source generated approximately 32% of the total support and revenue for the year ended December 31, 2022.

Major vendor

A major vendor is defined as one generating 10% or greater of the Organization's expenses or accounts payable. For the year ended December 31, 2023, three vendors accounted for 75% of the accounts payable balance. For the year ended December 31, 2022, two vendors accounted for 46% of the accounts payable balance.

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. 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:

	2023	2022
Gross pledges receivable	\$ -	\$ 4,000
Less: uncollectible allowance	-	-
Net pledges receivable	<u>\$ -</u>	<u>\$ 4,000</u>

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:

	2023	2022
Land	\$ 140,700	\$ 140,700
Building	507,036	1,909,838
Construction in process	4,740,073	1,585,079
Building improvements	335,801	335,801
Furniture and fixtures	303,718	120,404
Computer equipment	182,351	146,351
Office equipment	642,446	162,842
Vehicles	64,417	64,417
Total	6,916,542	4,465,432
Less: accumulated depreciation	701,965	612,884
Property and equipment, net	\$ 6,214,577	\$ 3,852,548

Depreciation expense for the years ended December 31, 2023 and 2022, was \$89,081 and \$65,496, 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:

	2023	2022
Fair value	\$ 33,658	\$ 336,925
Cost	(30,956)	(312,065)
Unrealized gain (loss)	\$ 2,702	\$ 24,860

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:

2023			
	Level 1	Level 2	Level 3
Exchange Traded Funds (ETF)	\$ 33,658	\$ -	\$ -
2022			
	Level 1	Level 2	Level 3
Exchange Traded Funds (ETF)	\$ 336,925	\$ -	\$ -

In 2023, the Organization had realized gains of \$37,245. During 2022, the Organization had a realized gain of \$267. Investment income earned was \$6,168 and \$9,415 for December 31, 2023 and 2022, respectively. Investment fees were \$1,777 and \$1,768 for December 31, 2023 and 2022, 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 \$28,150 and \$36,541 for the years ended December 31, 2023 and 2022, 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 approximately \$151,000 for the year ended December 31, 2023. This includes approximately \$70,000 of 2022 distributions received in 2023. Total income from the trust for the year ended December 31, 2022, was approximately \$81,000.

Note 9 - Leasing agreements

The Organization leases a program and outreach office on a month-to-month basis. Rent expense for the office was \$99,299 and \$96,795 for December 31, 2023 and 2022, respectively.

Note 10 - 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, 2023 and December 31, 2022:

	2023	2022
Cash and cash equivalents	\$ 1,764,373	\$ 2,136,928
Certificate of deposit	107,932	107,129
Grants and contracts receivable	386,406	610,515
Pledges receivable within one year	-	2,000
Investments appropriated for current use	33,658	336,925
Total financial assets	2,292,369	3,193,497
Less those unavailable for general expenditures within one year due to:		
Board-designated funds for capital project	-	-
Net assets with donor restrictions	(194,340)	(225,813)
Financial assets available to meet cash needs for general expenditure within one year	\$ 2,098,029	\$ 2,967,684

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

Note 10 - Availability of financial assets (continued)

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

Note 11 - Commitments

As a result of a fire in 2019, the Organization entered into a construction contract to rebuild their shelter facilities. As of December 31, 2023, the approximate amount committed to complete the construction was \$2,000,000.

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, 2024. 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, 2023, was \$624,995. The effective borrowing rate as of December 31, 2023 and 2022, was 9.50% and 8.00%, respectively.

The Organization has a line of credit with Northfield Bank that renews annually. The total amount available under this line is \$250,000. The interest rate on the line is 10.25%. The outstanding balance on the line was \$221,265 and \$0 on December 31, 2023 and 2022, respectively.

Note 13 - Net assets with donor restrictions

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

	2023	2022
State of New Jersey/DCF	\$ 4,340	\$ 5,547
Phillips 66 Community Support Services	40,000	-
DYFS - Shelter ARP FVPSA	150,000	220,266
Total net assets with donor restrictions	<u>\$ 194,340</u>	<u>\$ 225,813</u>

The governing Board may designate funds from net assets without donor restrictions for specific use. There were no Board-designated net assets as of December 31, 2023 and 2022.

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

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>	2023	2022
Gift cards	\$ 54,054	\$ 6,720
Supplies and equipment	1,235	20,000
Food	700	6,430
Volunteer services and training	-	62,729
Rent	-	17,348
Professional services	-	5,000
	<u>\$ 55,989</u>	<u>\$ 118,227</u>

The donated space is related to the office space used in 2022 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, toys, clothing, and cell phones and other electronics. 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 various amounts ranging from \$40 to \$250 each based on phone type and current donation value guidelines.

Note 15 - Special event and fundraising expenses

As of December 31, 2023 and 2022, the gross proceeds for special events were \$23,510 and \$164,391, respectively; and expenses directly related were \$22,036 and \$51,033, respectively.

Note 16 - Related party transactions

The Organization is affiliated with the National YWCA and remitted annual dues of \$19,736 for the year-end December 31, 2023, and \$24,496 for the year-end December 31, 2022.

Note 17 - Subsequent events

The Organization's management has determined that no additional material events or transactions occurred subsequent to December 31, 2023, and through September 11, 2024, 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, 2023

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	22-CoC-109	10/01/22 - 09/30/23	\$ 274,808	\$ 131,672
		HES Grant Program	14.231	22-HES-108	08/01/22-07/31/23	13,440	2,103
				23-HES-108	08/01/23-07/31/24	13,619	9,948
	City of Elizabeth	Community Development Block	14.218	CDBG 48	07/01/22 - 06/30/23	19,500	10,746
				CDBG 49	07/01/23-06/30/24	20,000	8,325
	United Way	Community Development Block	14.218	CDBG YR 48	09/01/22-08/31/23	12,030	12,013
				CDBG YR 49	09/01/23-08/31/24	<u>8,307</u>	<u>8,307</u>
Total U.S. Department of Housing, Urban and Workforce Development						361,704	183,114
U.S Department of Agriculture	State of New Jersey Department of Agriculture	Child and Adult Care Food Program	10.558	39-0873	10/01/22 - 9/30/23	24,000	23,954
				39-0873	10/1/23 - 9/30/24	<u>24,000</u>	<u>8,936</u>
						<u>\$ 48,000</u>	<u>\$ 32,890</u>
Total U.S. Department of Agriculture							

See independent auditors' report.

YWCA OF EASTERN UNION COUNTY, INC.
Schedule of Expenditures of Federal Awards (continued)
December 31, 2023

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-08-19	10/01/21 - 03/31/24	\$ 160,287	\$ 45,725
	State of NJ Office of Attorney General	Court Advocate Program	16.588	VAWA-71-21	07/01/22 - 06/30/23	45,000	18,895
				VAWA-70-22	07/01/23 - 06/30/24	45,000	24,480
		Bilingual Case Manager	16.588	VAWA-70-21	07/01/22 - 06/30/23	45,000	8,127
				VAWA-71-22	07/01/23 - 06/30/24	45,000	14,742
		DVRT-VAWA	16.588	VAWA-30-21	05/01/22 - 04/30/23	53,333	11,195
				VAWA-30-22	05/01/23 - 04/30/24	58,330	17,439
		Child Advocate	16.588	VAWA-72-21	07/01/22 - 06/30/23	45,000	18,415
				VAWA-69-22	07/01/23 - 06/30/24	45,000	17,293
		DV Bilingual Counseling	16.575	VAG-112-20	09/01/21 - 08/31/23	275,000	89,208
				VAG-134-22	09/01/23 - 08/31/25	275,000	22,807
		DV Residential Program	16.575	VAG-113-20	09/01/21 - 08/31/23	252,280	57,222
				VAG-132-22	09/01/23 - 08/31/25	275,000	42,172
		Workforce Development	16.575	VAG-114-20	09/01/21 - 08/31/23	275,000	53,715
				VAG-133-22	09/01/23 - 08/31/25	275,000	27,022
Total U.S. Department of Justice						2,169,230	468,457
Total expenditures of federal awards							\$ 684,461

See independent auditors' report.

YWCA OF EASTERN UNION COUNTY, INC.
Schedule of Expenditures of State Financial Assistance
December 31, 2023

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		23UCXW_UBXW_UUXW	07/01/22 - 06/30/23	\$ 1,504,846	\$ 707,752
		MW0008, MW0009, MW0010	07/01/23 - 06/30/24	1,602,515	770,295
New Jersey Department of State					
NJ State Council on the Arts	County of Union		01/01/23 - 21/31/23	3,500	<u>1,075</u>
Total expenditures of state financial assistance					<u><u>\$ 1,479,122</u></u>

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, 2023

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, 2023. 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 not 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, 2023, 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 11, 2024 .

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.

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. 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 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. 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 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

September 11, 2024
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, 2023. The Organization's major federal and state programs are identified in the summary of auditors' 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, 2023.

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 Auditors' 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.

Auditors' 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.

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 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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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

September 11, 2024
Flemington, New Jersey

THE YWCA OF EASTERN UNION COUNTY, INC.
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

Financial Statements

Type of auditors' report issued

Unmodified

Internal Control Over Financial Reporting:

1. Were material weakness(es) identified?

___ Yes X No

2. Were significant deficiencies identified?

___ Yes X No

Noncompliance material to basic
financial statements noted?

___ Yes X No

Federal Awards – N/A

Internal Control Over Major Programs:

1. Were material weakness(es) identified?

___ Yes ___ No

2. Were significant deficiencies identified?

___ 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)?

___ Yes ___ No

Identification of Major Programs:

CFDA Number(s)	Name of Federal Program or Cluster
<u>N/A</u>	<u>N/A</u>
_____	_____
_____	_____
_____	_____

What was the dollar threshold used to distinguish between
Type A and Type B programs?

Did the auditee qualify as a low-risk auditee?

___ Yes ___ No

State Awards

\$750,000

Yes *X* No

Yes *X* No

Yes *X* No

Unmodified

Yes *X* No

Name of State Program
