

United Way of Hudson County

Financial Statements

December 31, 2018

(With Comparative Totals for the Year Ended December 31, 2017)



United Way of Hudson County
Table of Contents
December 31, 2018 and 2017

Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-14
<u>Supplementary Information</u>	
Schedule of Expenditures of Federal Awards	15
Schedule of Expenditures of State Awards	16
Notes to Schedules of Expenditures of Federal and State Awards	17
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 <i>Government Auditing Standards</i>	18-19
Independent Auditors' Report on Compliance for each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	20-21
Schedule of Findings and Questioned Costs	22
Summary Schedule of Prior Audit Findings	23

Independent Auditors' Report

To the Board of Directors of
United Way of Hudson County
Jersey City, NJ

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Hudson County (a nonprofit organization) (the "Organization") which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited United Way of Hudson County's 2017 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated September 28, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey State Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2018 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 United Way of Hudson County's internal control over financial reporting and compliance.

Nisiroccia LLP

Mt. Arlington, New Jersey
September 26, 2018

**United Way of Hudson County
Statement of Financial Position
December 31, 2018 and 2017**

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Cash	\$ 321,250	\$ 266,761
Restricted cash	101,816	101,613
Pledges receivable		826
Grants receivable		46,185
Other receivables	12,106	18,620
Investments	3,188	3,156
Prepaid expenses		3,868
Property, plant and equipment, net	302,415	318,591
Security deposits	817	817
	<u>741,592</u>	<u>760,437</u>
Total assets	<u>\$ 741,592</u>	<u>\$ 760,437</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 307,232	\$ 307,337
Line of credit	100,000	100,000
Total liabilities	<u>407,232</u>	<u>407,337</u>
Net Assets:		
Without donor restrictions	<u>334,360</u>	<u>353,100</u>
Total net assets	<u>334,360</u>	<u>353,100</u>
	<u>\$ 741,592</u>	<u>\$ 760,437</u>
Total liabilities and net assets	<u>\$ 741,592</u>	<u>\$ 760,437</u>

See Accompanying Notes to Financial Statements

United Way of Hudson County
Statement of Activities
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Support and revenue:		
Annual campaign contributions	\$ 459,319	\$ 633,595
Contributions	15,000	13,121
Grants	1,306,839	1,384,269
Program fees	233,586	172,514
Special events	43,144	54,146
Interest income	236	235
Total support and revenue	<u>2,058,124</u>	<u>2,257,880</u>
Other revenue:		
Rental income	45,660	44,660
Total other revenue	<u>45,660</u>	<u>44,660</u>
Total revenue	<u>2,103,784</u>	<u>2,302,540</u>
Expenses:		
Program services:		
Allocations and community impact	159,601	181,862
Homelessness initiative	1,569,982	1,568,723
Total program services	1,729,583	1,750,585
Supporting services:		
Management and general	130,113	152,472
Costs of special events and fundraising	262,828	255,995
Total supporting services	392,941	408,467
Loss on uncollectible receivable		25,809
Total expenses	<u>2,122,524</u>	<u>2,184,861</u>
Change in net assets	(18,740)	117,679
Net assets: beginning of year	<u>353,100</u>	<u>235,421</u>
Net assets: end of year	<u>\$ 334,360</u>	<u>\$ 353,100</u>

See Accompanying Notes to Financial Statements

**United Way of Hudson County
Statement of Functional Expenses
For the Years Ended December 31, 2018 and 2017**

	Program Services			Supporting Services			Total
	Allocations and Community Impact	Homelessness Initiative	Total	Management and General	Costs of Special Events and Fundraising	Total	
				2018	2017		
Salaries	\$ 66,691	\$ 75,390	\$ 142,081	\$ 52,194	\$ 95,688	\$ 289,963	\$ 366,914
Employee benefits	13,263	14,993	28,256	10,380	19,029	57,665	60,372
Payroll taxes	6,291	7,112	13,403	4,924	9,027	27,354	35,100
Subtotal	86,245	97,495	183,740	67,498	123,744	374,982	462,386
Professional fees	11,156	17,748	28,904	10,142	11,663	50,709	42,876
Office supplies and expenses	9,550	15,193	24,743	8,682	9,983	43,408	33,941
Equipment rental	1,209	1,924	3,133	1,099	1,264	5,496	7,725
Postage and shipping	411	653	1,064	374	429	1,867	904
Telephone	3,125	6,076	9,201	2,604	5,555	17,360	25,208
Internet and website	506	983	1,489	421	899	2,809	1,663
Occupancy	19,580	38,072	57,652	16,317	34,809	108,778	88,480
Auto and travel	248	483	731	207	441	1,379	1,008
Membership dues	4,339		4,339	3,719	4,339	12,397	9,296
Meetings	1,316	658	1,974	1,008	1,404	4,386	8,602
Agency allocations and sponsorship	9,683		9,683			9,683	15,567
Community impact events	9,807		9,807			9,807	1,731
Client financial assistance		1,106,687	1,106,687			1,106,687	1,100,938
Case management and housing search		262,370	262,370			262,370	272,594
Transportation		1,030	1,030			1,030	2,395
Food and supplies		7,240	7,240			7,240	6,378
Furnishing and household goods		2,266	2,266			2,266	2,003
Insurance		8,678	8,678	11,571	8,678	28,927	35,318
Fundraising events and related					54,767	54,767	23,803
Subtotal	157,175	1,567,556	1,724,731	123,642	257,975	2,106,348	2,142,816
Depreciation expense	2,426	2,426	4,852	6,471	4,853	16,176	16,236
Total expenses	\$ 159,601	\$ 1,569,982	\$ 1,729,583	\$ 130,113	\$ 262,828	\$ 2,122,524	\$ 2,159,052

See Accompanying Notes to Financial Statements

United Way of Hudson County
Statement of Cash Flows
December 31, 2018 and 2017

	Total	
	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ (18,740)	\$ 117,679
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	16,176	16,236
Bad debt expense		25,809
Changes in operating assets and liabilities:		
Pledges receivable	826	9,387
Grants receivable	46,185	(46,185)
Other receivables	6,514	(15,620)
Prepaid expenses	3,868	909
Accounts payable and accrued expenses	(105)	17,370
Net cash provided by operating activities	<u>54,724</u>	<u>125,585</u>
Cash flows from investing activities:		
Restricted cash	(203)	(203)
Interest reinvested	(32)	(32)
Net cash used in investing activities	<u>(235)</u>	<u>(235)</u>
Cash flows from financing activities:		
Proceeds from line of credit		30,000
Net cash provided by investing activities		<u>30,000</u>
Net increase in cash	54,489	155,350
Cash, beginning of year	<u>266,761</u>	<u>111,411</u>
Cash, end of year	<u>\$ 321,250</u>	<u>\$ 266,761</u>
<u>Supplemental disclosure of cash flow information:</u>		
Cash paid for interest	\$ 10,405	\$ 3,544

See Accompanying Notes to Financial Statements

1. Nature of Activities

United Way of Hudson County (the "Organization") is a voluntary, not-for-profit organization whose purpose is to improve lives by mobilizing resources in local government and the corporate sector to affect the lives of the homeless and impoverished men, women and children in our communities. This purpose is principally accomplished by raising financial resources which are allocated equitably to other charitable organizations in consideration of community needs and providing leadership in community planning and problem solving, independently and through collective action. The Organization also provides funding, support and advocacy for wellness and protection programs for children who have been abused and neglected. The Organization offers leadership and advocacy to social services agencies working with low income adults and children with special needs. United Way of Hudson County has successfully executed a comprehensive campaign to fight homelessness in our community.

2. Summary of Significant Accounting Policies

The financial statements of United Way of Hudson County have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Significant accounting policies are described below:

Basis of Presentation

The Organization prepares its financial statements in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Update No. 2016-14, dated August 2016, *Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities (FASB Update)*. In addition, the Organization uses the FASB's *Accounting for Contributions Received and Made*. The new standard now requires that resources be classified for accounting and reporting purposes into two net asset categories: net assets with donor restrictions and net assets without donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restriction, if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. In addition, the standard requires the presentation of qualitative information on how the Organization manages its liquid available resources and liquidity risks. Quantitative information that communicates the availability of a nonprofit's financial assets at the statement of financial position date to meet cash needs for general expenditures within one year is required to be presented on the face of the financial statement and/or in the notes to the financial statements.

Accounting for Contributions Received and Made requires that unconditional promises to give be recorded as receivables and revenue and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Accordingly, the net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions

Net assets without donor restrictions are resources representing the portion of expandable funds available for support of the Organization's programs and general operations. These resources are not subject to donor-imposed stipulations. Net assets without donor restrictions are comprised of revenue and expenses related to the operations of the Organization, which have no restrictions on the uses of the funds.

United Way of Hudson County
Notes to the Financial Statements
December 31, 2018 and 2017

Net assets without donor restrictions also include those expandable resources which may have been designated for special use by the Board of Directors. There were no board designated net assets as of December 31, 2018 and 2017.

Net Assets with Donor Restrictions

Net assets with donor restrictions are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. The Organization did not have net assets with donor restrictions at December 31, 2018 and 2017.

Revenue and Support Recognition

Contributions are recognized as revenue and receivables when they are received or unconditionally pledged. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in more than one year are reported at the present value of their net realizable value, using risk-adjusted interest rates applicable to the years in which the promises are to be received.

The Organization is in compliance with Transfers of Assets to a Not-For-Profit Organization That Raises or Holds Contributions For Others. As such, contributions received by the United Way of Hudson County which are designated by the donor for a specified beneficiary is neither included in income or as an expense in the United Way of Hudson County's Statement of Activities. The Organization is merely acting as an agent for the donor and would recognize any amounts collected as a liability to the designated beneficiary.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. However, if the donor restriction is met during the accounting period in which the gift was received, the gifts are reported as contributions without donor restrictions in the statement of activities.

The Organization accounts for contract and grant revenue, which are exchange transactions, in the statement of activities to the extent that expenses have been incurred for the purpose specified by the grantor during the period.

Pledges, Grants and other receivables

Pledges, grants and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. There was no allowance for uncollectible accounts for the years ended December 31, 2018 and 2017, as management deemed all receivables were fully collectible.

**United Way of Hudson County
Notes to the Financial Statements
December 31, 2018 and 2017**

Restricted Cash

Restricted cash held by the Organization are deposits being used as collateral for their line of credit.

Investments

The Organization follows FASB ASC, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. In accordance with this standard, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets. The Organization accounts for donated investments at their fair value as of the date of contribution. Investment income or loss (including interest and dividends) and gain on sale of investments are included in the statement of activities unless the income or loss is restricted by the donor or law.

A decline in the market value of an investment security below its cost that is designated to be other than temporary is recognized through an impairment charge. That impairment charge would be included in the statement of activities and a new cost basis would be established. For the years ended December 31, 2018 and 2017, the Organization did not record any impairment charge in the statement of activities.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost when purchased or at fair value at date of gift, when donated. Major renewals and betterments are charged to the property, plant and equipment accounts; maintenance, minor repairs and replacements, which do not improve or extend the life of the respective assets, are expensed currently. Depreciation is provided on a straight-line method over the estimated useful lives of the assets. Proceeds from the sale of building and equipment, if unrestricted, are transferred to net assets without donor restrictions, or, if restricted, to net assets with donor restrictions for property, plant and equipment acquisitions.

In accordance with FASB ASC, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Organization periodically evaluates property and equipment for impairment, relying on a number of factors including operating results, and future business plans. Recoverability of property is evaluated by a comparison of the carrying amount of an asset or asset group to estimated future recoverability of the carrying amount of the asset or asset group. If these comparisons indicate that an asset is not recoverable, the impairment loss recognized is the amount by which the carrying amount of the asset exceeds the estimated fair value. There were no impairments charged to operations for the years ended December 31, 2018 and 2017.

Prior Year Summarized Financial Information

The financial statements include certain prior years summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

United Way of Hudson County
Notes to the Financial Statements
December 31, 2018 and 2017

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets and liabilities, revenues and expenses and changes therein, and disclosures of contingent assets and contingent liabilities and accompanying notes. It is reasonably possible that the Organization's estimates may change in the near term.

Income Tax Status

The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Organization is also exempt under Title 15 of the State of New Jersey *Corporations and Associations Not for Profit Act*. Accordingly, no provision for federal or state income taxes has been presented in the accompanying financial statements.

The Organization follows the provisions of FASB ASC, *Income Taxes*. The standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition as they relate to those tax positions.

The Organization is subject to audit by tax authorities, including a review of its nonprofit status, which management believes would be upheld upon examination.

As required by law, the Organization files informational returns with both the Federal and New Jersey State governments on an annual basis - Form 990 with the Internal Revenue Service, and Form CRI-300R with the State. These returns are subject to examination by these authorities within certain statutorily defined periods for both Federal and the State of New Jersey.

Fair Value Measurements

In accordance with FASB ASC, *Fair Value Measurements and Disclosures*, fair value is defined as a market-based measurement, not an entity-specific measurement. The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability). A fair value measurement assumes that the transaction to sell the asset or transfer the liability either occurs in the principal market (or in its absence, the most advantageous market) for the asset or liability.

The following is a description of valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at December 31, 2018 and 2017.

Cash, restricted cash, pledges receivable, grants receivable, other receivables, prepaid expenses, other assets, accounts payable and accrued expenses: the carrying amounts approximate fair value because of the short-term maturity of these instruments.

Certificates of deposit: Valued at cost plus accrued interest earned, which approximates market value.

Line of Credit: The line of credit is carried at cost since management believes the Organization can obtain similar loans at similar terms. Accordingly, management of the Organization has determined that cost approximates fair value.

Donated Services

The Board of Directors makes significant contributions of time relative to general management and operations of the Organization. The value of this contributed time is not reflected in the financial statements since it does not meet the requirements for recognition under U.S. generally accepted accounting principles.

Functional Allocation of Expenses

Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated to programs based on level of activity attributed. Program expenses are those related to program activities. General and administrative services relate to supporting expenses associated to this program. Fundraising includes the direct cost of special events and the allocation of employees' salaries and other costs involved in fundraising and special events based on methods considered by management to be reasonable.

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program and supporting services benefited. The financial statements report certain categories of expense that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

New Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. Early adoption is permitted as of annual reporting periods beginning after December 15, 2016. The updated standard will be effective for the Organization for its year ending December 31, 2019. The Organization is currently evaluating the impact of this standard.

In February 2016, the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 requires all lessees to record a lease liability at lease inception, with a corresponding right of use asset, except for short-term leases. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. The Organization is currently evaluating the impact of the adoption of this guidance on the Organization's financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* (a consensus of the FASB Emerging Issues Task Force), which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. ASU 2016-18 will be effective for the Organization beginning on January 1, 2019. ASU 2016-18 must be applied using a retrospective transition method with early adoption permitted. The Organization is currently evaluating the impact of the adoption of this guidance on the Organization's financial statements.

United Way of Hudson County
Notes to the Financial Statements
December 31, 2018 and 2017

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU will impact all organizations that receive or make contributions of cash or other assets. ASU 2018-08 includes specific criteria to consider when determining whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. It also provides a framework for determining whether a contribution is conditional or unconditional. ASU 2018-08 is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. The Organization is currently evaluating the impact of the adoption of this guidance on the Organization's financial statements.

3. Liquidity and Availability

The adoption of FASB Update No. 2016-14 requires the presentation of qualitative information on how the Organization manages its liquid available resources and liquidity risks. Quantitative information that communicates the availability of a nonprofit's financial assets at the statement of financial position date to meet cash needs for general expenditures within one year is required to be presented on the face of the financial statement and/or in the notes to the financial statements.

United Way of Hudson County strives to maintain liquid financial assets sufficient to meet six months of normal operating expenses.

The following table reflects the Organization's financial assets as of December 31, 2018, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

Financial Assets:	2018
Cash	\$ 321,250
Restricted cash	101,816
Other receivable	12,106
Investments	3,188
Security deposits	817
Total:	<u>439,177</u>
Less those unavailable for general expenditures:	
Restricted cash	<u>(101,816)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 337,361</u>

4. Pledges Receivable

Pledges receivable at December 31, 2018 and 2017 were \$0 and \$826, respectively. These amounts represent the portions of the pledged annual campaign contributions not yet received. All pledges receivable will be collected within the next twelve months.

**United Way of Hudson County
Notes to the Financial Statements
December 31, 2018 and 2017**

5. Investments

Financial assets of United Way of Hudson County have been valued using level 2 inputs for the years ended December 31, 2018 and 2017. All assets have been valued using a market approach. There have been no changes in valuation techniques and related inputs.

Investments at December 31, 2018 and 2017, are comprised of the following:

	2018		
	Cost	Fair Value (Level 2)	Unrealized Appreciation (Depreciation)
Certificates of deposit	\$ 3,000	\$ 3,188	\$ 188
Interest rate: 1.01%			
Maturing: 12/13/22			
	2017		
	Cost	Fair Value (Level 2)	Unrealized Appreciation (Depreciation)
Certificates of deposit	\$ 3,000	\$ 3,156	\$ 156
Interest rates: 1.4%			
Maturing: 12/13/22			

6. Property, Plant and Equipment

Property, plant and equipment and their related useful lives at December 31, 2018 and 2017, consist of the following:

	Estimated Useful Life (Years)	December 31,	
		2018	2017
Land		\$ 50,078	\$ 50,078
Buildings and improvements	39	806,377	806,377
Furniture and equipment	5	62,891	62,891
Vehicles	5	57,234	57,234
		976,580	976,580
Less: accumulated depreciation		(674,165)	(657,989)
		\$ 302,415	\$ 318,591

Total depreciation expense charged to operations for the years ended December 31, 2018 and 2017 was \$16,176 and \$16,236, respectively.

7. Allocation of Salary and Related Expenses to Building Operation Cost

During the years ended December 31, 2018 and 2017, \$56,849 and \$53,404, respectively, of salary and related expenses have been charged to occupancy cost and rental expense as a portion of the cost of operating the buildings.

8. Concentrations of Credit Risk

The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk related to cash.

Concentration of credit risk associated with investments is considered low due to the credit quality of the financial institution holding these investments.

The Organization received a substantial amount of its revenue and support from government contracts and grants (62% and 60% in 2018 and 2017, respectively). A significant reduction in the level of this support, if this were to occur, could have an adverse impact on the Organization's programs and activities.

9. Retirement Plan

The Organization offers a 401(k) retirement savings plan to all eligible employees. However, the plan is funded solely by employee contributions to the plan, pursuant to a salary deferral agreement.

10. Grant Programs

The Organization participates in federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors and their representatives. The Organization is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management of the Organization is not aware of any material items of noncompliance which would result in the disallowance of grant program expenditures.

11. Line of Credit

The Organization holds a line of credit from a financial institution that expires on December 15, 2021, in the amount of \$100,000. Interest is charged on the outstanding balance at the Wall Street Journal U.S prime rate. The effective interest rate at December 31, 2018 and 2017 was 5.50% and 4.50%, respectively. The line of credit is collateralized by a money market account. The outstanding balance at December 31, 2018 and 2017, was \$100,000.

12. Affiliation with Hudson County Housing Resource Center

On August 1, 2017, United Way of Hudson County entered into an agreement with Hudson County Housing Resource Center ("HCHRC") a not-for profit organization to provide grant administration services for a HUD grant that HCHRC receives on an annual basis. The Organization received \$31,838 and \$15,919 for grant administration services for the year ended December 31, 2018.

13. Subsequent Event

On May 1, 2019, the Organization entered into an agreement with a real estate developer to sell the land and buildings located at 855 and 857 Bergen Avenue for a total price of \$2,780,000. The properties are unencumbered by any loans or mortgages.

Management has reviewed subsequent events and transactions that occurred after December 31, 2018 through the date of the independent auditors' report and the date the financial statements were available to be issued, September 26, 2019. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no nonrecognized subsequent events that require additional disclosure.

SUPPLEMENTARY INFORMATION

**United Way of Hudson County
Statement of Expenditures of Federal Awards
December 31, 2018**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity ID#	Grantor's Number	Grant Period	Grant Awards	Cumulative Program Disbursements	Current Year		
							Program Disbursements	Cash Received	Provided to Subrecipients
<u>U.S. Department of Housing and Urban Development</u> US HUD Supportive Housing Program Live United	14.267	N/A	NJ0228L2F061604	8/1/17-7/31/18	\$ 36,295	\$ 34,886	\$ 22,211	\$ 34,886	\$ -
US HUD Supportive Housing Program Live United	14.267	N/A	NJ0228L2F061705	8/1/18-7/31/19	34,921	10,175	10,175	10,175	-
US HUD Supportive Housing Program Life Starts	14.267	N/A	NJ0351L2F061603	4/1/17-3/31/18	776,344	731,547	268,593	268,593	-
US HUD Supportive Housing Program Life Starts	14.267	N/A	NJ0351B2F061704	4/1/18-3/31/19	764,643	509,361	509,361	509,361	-
Supportive Housing Project	14.267	N/A	NJ0261L2F061607	4/1/17-3/31/18	417,700	394,666	143,810	143,810	-
Supportive Housing Project	14.267	N/A	NJ0261L2F061708	4/1/18-3/31/19	429,065	256,204	256,032	256,032	-
					2,458,968	1,936,839	1,210,182	1,222,857	-
<u>U.S. Department of Housing and Urban Development</u> Pass through: New Jersey Department of Community Affairs Division of Housing and Community Resources Homelessness Prevention & Rapid Re-Housing 2	14.231	N/A	E16-DC-34-0001	12/1/16-7/20/18	197,677	197,677	51,584	68,404	-
Total Expenditures of Federal Awards					\$ 2,656,645	\$ 2,134,516	\$ 1,261,766	\$ 1,291,261	\$ -

**United Way of Hudson County
Statement of Expenditures of State Awards
December 31, 2018**

State Grantor/Pass-Through Grantor/Program Title	Grantor's Number	State Account Number	Grant Period	Grant Awards	Cumulative Program Disbursements	Current Year Program Disbursements	Cash Received
<u>NJ Department of Community Affairs</u> <u>Division of Housing and Community Resources:</u>							
Homelessness Prevention & Rapid Re-Housing 2	2017-02156-0120-05	2017-100-022-8020-099-FSHL-6130	12/1/16-7/20/18	\$ 166,370	\$ 166,370	\$ 43,414	\$ 57,570
Total Expenditures of State awards				\$ 166,370	\$ 166,370	\$ 43,414	\$ 57,570

United Way of Hudson County
Notes to Schedules of Expenditures of Federal and State Awards
December 31, 2018

1. Basis of Presentation

The accompanying schedules of expenditures of federal and state awards presents the activity of all federal and state financial assistance programs of United Way of Hudson County (the "Organization"). The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey State Circular 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. All federal and state financial assistance received directly from federal or state agencies is included on the schedules of federal and state awards. Because the schedules present only a selected portion of the operations of the Organization, it's not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. Summary of Significant Accounting Principles

The accompanying schedule of expenditures of federal and state awards are presented using the accrual basis of accounting which is described in Note 2 to the financial statements. Such expenditures are recognized following the cost principles contained in Uniform Guidance and New Jersey State Circular 15-08-OMB, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

3. Sub-recipients

No federal or state awards were provided to sub-recipients.

4. Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

5. Single Audit – Type A/Type B Program Threshold

Dollar threshold used to distinguish between Type A and Type B programs is \$750,000. Single audit requirement is \$750,000.

**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***

To the Board of Directors of
United Way of Hudson County
Jersey City, NJ

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 United Way of Hudson County (a nonprofit organization) (the "Organization") which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated September 26, 2019.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected 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.

To the Board of Directors of
United Way of Hudson County

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 this Report

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

Nisiroccia LLP

Mt. Arlington, New Jersey
September 26, 2019

**Independent Auditors' Report on Compliance for each Major Program and on
Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Directors of
United Way of Hudson County
Jersey City, NJ

Report on Compliance for Each Major Program

We have audited United Way of Hudson County's (a nonprofit organization) (the "Organization") compliance with the types of compliance requirements described in the Uniform Guidance *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2018. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

To the Board of Directors of
United Way of Hudson County

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Nisiroccia LLP

Mt. Arlington, New Jersey
September 26, 2019

**United Way of Hudson County
Schedule of Questioned Costs
December 31, 2018**

Summary of Auditors' Results:

- An unmodified report was issued on United Way of Hudson County's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies relating to the audit of the financial statements of United Way of Hudson County.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of United Way of Hudson County.
- The audit did not disclose any material weaknesses or significant deficiencies relating to the audit of United Way of Hudson County's major federal programs.
- An unmodified report was issued on United Way of Hudson County's compliance for major federal programs.
- The audit did not disclose any audit findings which are required to be reported under Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).
- United Way of Hudson County's major programs for the current year consisted of the following:

<u>U.S. Department of Housing and Urban Development:</u>	<u>CFDA #</u>
Supportive Housing Program – Live United	
Supportive Housing Program – Life Starts	14.267
Supportive Housing Program – Collaborative Solutions	

- A risk-based approach to the determination of major programs was utilized for the audit of the year ended December 31, 2018. Major programs were determined as all "Type A" programs with total program expended funds of \$750,000 or more and those "Type B" programs necessary to meet the percentage of coverage rule as required in the Circular.
- United Way of Hudson County qualified as a "Low-risk" auditee under the provisions of section 530 of The Uniform Guidance.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Major Federal Award Programs:

- The audit did not disclose any finding or questioned costs for major federal award programs to be reported under Generally Accepted Government Auditing Standards.

**United Way of Hudson County
Summary Schedule of Prior Audit Findings
December 31, 2018**

Status of Prior Audit Findings:

There were no audit findings in the prior year.