

United Way of Hudson County

Financial Statements

December 31, 2019

(With Comparative Totals for the
Year Ended December 31, 2018)



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United Way of Hudson County
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December 31, 2019 and 2018

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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, 2019, 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, 2019, 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 2018 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated September 26, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Report on Supplementary and 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 29, 2020 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 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 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 29, 2020

**United Way of Hudson County
Statement of Financial Position
December 31, 2019 and 2018**

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Cash	\$ 412,220	\$ 321,250
Restricted cash	102,020	101,816
Grants receivable	16,996	
Other receivables	5,000	12,106
Investments	3,233	3,188
Prepaid expenses	4,671	
Property, plant and equipment, net	286,729	302,415
Security deposits		817
	<u> </u>	<u> </u>
Total assets	<u>\$ 830,869</u>	<u>\$ 741,592</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 342,973	\$ 307,232
Line of credit	100,000	100,000
	<u> </u>	<u> </u>
Total liabilities	442,973	407,232
 Net Assets:		
Without donor restrictions	387,896	334,360
	<u> </u>	<u> </u>
Total net assets	387,896	334,360
	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 830,869</u>	<u>\$ 741,592</u>

See Accompanying Notes to Financial Statements

United Way of Hudson County
Statement of Activities
Years Ended December 31, 2019 and 2018

	Without Donor Restrictions 2019	Without Donor Restrictions 2018
Support and revenue:		
Annual campaign contributions	\$ 478,645	\$ 459,319
Contributions		15,000
Grants	1,263,568	1,306,839
Program fees	236,534	233,586
Special events	64,083	43,144
Interest income	249	236
Total support and revenue	<u>2,043,079</u>	<u>2,058,124</u>
Other revenue:		
Rental income	34,660	45,660
Total other revenue	<u>34,660</u>	<u>45,660</u>
Total revenue	<u>2,077,739</u>	<u>2,103,784</u>
Expenses:		
Program services:		
Allocations and community impact	155,041	159,601
Homelessness initiative	1,534,417	1,569,982
Total program services	1,689,458	1,729,583
Supporting services:		
Management and general	123,513	130,113
Costs of special events and fundraising	211,232	262,828
Total supporting services	334,745	392,941
Total expenses	<u>2,024,203</u>	<u>2,122,524</u>
Change in net assets	53,536	(18,740)
Net assets: beginning of year	<u>334,360</u>	<u>353,100</u>
Net assets: end of year	<u>\$ 387,896</u>	<u>\$ 334,360</u>

See Accompanying Notes to Financial Statements

**United Way of Hudson County
Statement of Functional Expenses
Year Ended December 31, 2019
(With Summarized Comparative Totals for The Year Ended 2018)**

	Program Services			Supporting Services		
	Allocations and Community Impact	Homelessness Initiative	Total	Management and General	Costs of Special Events and Fundraising	
				2019	2018	
Salaries	\$ 72,631	\$ 101,052	\$ 173,683	\$ 56,841	\$ 85,262	\$ 289,963
Employee benefits	13,256	18,443	31,699	10,374	15,561	57,665
Payroll taxes	7,021	9,769	16,790	5,495	8,242	27,354
Subtotal	92,908	129,264	222,172	72,710	109,065	374,982
Professional fees	8,928	14,204	23,132	8,118	9,334	50,709
Office supplies and expenses	4,396	6,993	11,389	3,996	4,595	43,408
Equipment rental	1,085	1,727	2,812	987	1,135	5,496
Postage and shipping	429	683	1,112	391	449	1,867
Telephone	2,651	5,154	7,805	2,209	4,713	17,360
Internet and website	392	762	1,154	326	697	2,809
Occupancy	16,631	32,337	48,968	13,859	29,565	108,778
Auto and travel	118	230	348	99	210	1,379
Membership dues	3,999		3,999	3,429	3,999	12,397
Meetings	1,433	717	2,150	1,099	1,529	4,386
Agency allocations and sponsorship	19,718		19,718			9,683
Community impact events						9,807
Client financial assistance		1,058,379	1,058,379			1,106,687
Case management and housing search		262,342	262,342			262,370
Transportation		972	972			1,030
Food and supplies		8,179	8,179			7,240
Furnishing and household goods		2,609	2,609			2,266
Insurance		7,512	7,512	10,016	7,512	28,927
Fundraising events and related					33,723	54,767
Subtotal	152,688	1,532,064	1,684,752	117,239	206,526	2,106,348
Depreciation expense	2,353	2,353	4,706	6,274	4,706	16,176
Total expenses	\$ 155,041	\$ 1,534,417	\$ 1,689,458	\$ 123,513	\$ 211,232	\$ 2,122,524

See Accompanying Notes to Financial Statements

United Way of Hudson County
Statement of Cash Flows
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 53,536	\$ (18,740)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	15,686	16,176
Interest reinvested	(45)	(32)
Changes in operating assets and liabilities:		
Pledges receivable		826
Grants receivable	(16,996)	46,185
Other receivables	7,106	6,514
Prepaid expenses	(4,671)	3,868
Security deposits	817	
Accounts payable and accrued expenses	35,741	(105)
Net cash provided by operating activities	<u>91,174</u>	<u>54,692</u>
Net increase in cash and restricted cash	91,174	54,692
Cash and restricted cash, beginning of year	<u>423,066</u>	<u>368,374</u>
Cash and restricted cash, end of year	<u>\$ 514,240</u>	<u>\$ 423,066</u>
<u>Supplemental disclosure of cash flow information:</u>		
Cash paid for interest	<u>\$ 4,954</u>	<u>\$ 7,250</u>

See Accompanying Notes to Financial Statements

**United Way of Hudson County
Notes to the Financial Statements
December 31, 2019 and 2018**

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.

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, 2019 and 2018.

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, whereby 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, 2019 and 2018.

Adoption of New Accounting Standards

In May 2014, the FASB issued guidance, Accounting Standards Codification (“ASC”) 606, *Revenue from Contracts with Customers* which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. ASC 606 is effective for annual reporting periods beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. The Organization adopted ASC 606 with a date of the initial application of January 1, 2019 as management believes the standard improves the usefulness and understandability of the Organization’s financial reporting.

The Organization applied ASC 606 using the modified retrospective method, with no effect to net assets without donor restrictions at January 1, 2019.

As part of the adoption of ASC 606, the Organization elected to use the following transition practical expedients: (1) all contract modifications that occurred prior to the date of initial application when identifying the satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price have been reflected in the aggregate; and (2) ASC 606 is applied only to contracts that are not completed at the initial date of application. Because there are no contract modifications, there is not a significant impact as a result of electing these practical expedients.

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with our implementation of ASU 2018-08.

**United Way of Hudson County
Notes to the Financial Statements
December 31, 2019 and 2018**

In August 2016, FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments*. This guidance is intended to reduce the diversity in practice in how certain transactions are classified in the statement of cash flows. In addition, in November 2016, FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230), Restricted Cash*. This ASU provides additional guidance related to transfers between cash and restricted cash and how entities present, in their statements of cash flows, the cash receipts and cash payments that directly affect the restricted cash accounts. The Organization has adopted these provisions in the accompanying financial statements.

Revenue and Support Recognition

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give that is, those with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been substantially met.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. There were no amounts received in advance at December 31, 2019 and 2018.

The Organization records special events revenue equal to the fair value of direct benefit to donors, and contribution income for the excess received when the event takes place. Rental assistance revenue is recorded by the Organization when services are rendered. There are no multi-year contracts and performance obligations are typically satisfied within one year or less.

Disaggregation of Revenue

In the following table, revenue is disaggregated by timing of satisfaction of performance obligations for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Performance obligations satisfied at a point in time	<u>\$ 300,617</u>	<u>\$ 276,730</u>

Revenue from performance obligations satisfied at a point in time consists of program fees and special events.

Grants and other receivables and Allowances for Uncollectible Accounts

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 as of December 31, 2019 and 2018, as management deemed all receivables were fully collectible.

**United Way of Hudson County
Notes to the Financial Statements
December 31, 2019 and 2018**

Cash and Restricted Cash

The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position to the sum of the corresponding amounts within the statements of cash flows for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Cash	\$ 412,220	\$ 321,250
Restricted cash for collateral	102,020	101,816
Total	<u>\$ 514,240</u>	<u>\$ 423,066</u>

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, 2019 and 2018, 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 without donor restrictions, are transferred to net assets without donor restrictions, or, if with donor restrictions, 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, 2019 and 2018.

**United Way of Hudson County
Notes to the Financial Statements
December 31, 2019 and 2018**

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.

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, 2019 and 2018.

Cash, restricted cash, 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.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information. With respect to the functional expenses, comparative prior year expenses are presented in total rather than by functional category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

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.

New Pronouncements

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, 2021, 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, 2019 and 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.

**United Way of Hudson County
Notes to the Financial Statements
December 31, 2019 and 2018**

Financial Assets:	2019	2018
Cash	\$ 412,220	\$ 321,250
Restricted cash	102,020	101,816
Grant receivable	16,996	
Other receivable	5,000	12,106
Investments	3,233	3,188
Security deposits		817
Total:	<u>539,469</u>	<u>439,177</u>
Less those unavailable for general expenditures:		
Restricted cash	(102,020)	(101,816)
Security deposits		(817)
Total:	<u>(102,020)</u>	<u>(102,633)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 437,449</u>	<u>\$ 336,544</u>

4. Investments

Financial assets of United Way of Hudson County have been valued using level 2 inputs for the years ended December 31, 2019 and 2018. All assets have been valued using a market approach. There have been no changes in valuation techniques and related inputs.

Investments at December 31, 2019 and 2018, are comprised of the following:

	2019		
	Cost	Fair Value (Level 2)	Unrealized Appreciation (Depreciation)
Certificates of deposit	<u>\$ 3,000</u>	<u>\$ 3,233</u>	<u>\$ 233</u>
Interest rate: 1.2%			
Maturing: 12/13/22			
	2018		
	Cost	Fair Value (Level 2)	Unrealized Appreciation (Depreciation)
Certificates of deposit	<u>\$ 3,000</u>	<u>\$ 3,188</u>	<u>\$ 188</u>
Interest rates: 1.01%			
Maturing: 12/13/22			

**United Way of Hudson County
Notes to the Financial Statements
December 31, 2019 and 2018**

5. Property, Plant and Equipment

Property, plant and equipment and their related useful lives at December 31, 2019 and 2018, consist of the following:

	Estimated Useful Life (Years)	December 31,	
		2019	2018
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
		<u>976,580</u>	<u>976,580</u>
Less: accumulated depreciation		<u>(689,851)</u>	<u>(674,165)</u>
		<u>\$ 286,729</u>	<u>\$ 302,415</u>

Total depreciation expense charged to operations for the years ended December 31, 2019 and 2018 was \$15,686 and \$16,176, respectively.

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

During the years ended December 31, 2019 and 2018, \$56,326 and \$56,849, 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.

7. 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 (61% and 62% in 2019 and 2018, 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.

8. 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.

9. 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.

United Way of Hudson County
Notes to the Financial Statements
December 31, 2019 and 2018

10. 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, 2019 and 2018 was 5.50% and 4.50%, respectively. The line of credit is collateralized by a money market account. The outstanding balance at December 31, 2019 and 2018, was \$100,000.

11. 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 no longer provides grant administration to HCHRC. Grant administration services for the year ended December 31, 2018 was \$31,838.

12. 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. As of September 29, 2020, the sale of the building has not been finalized.

Management has reviewed subsequent events and transactions that occurred after December 31, 2019 through the date of the independent auditors' report and the date the financial statements were available to be issued, September 29, 2020. 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. However, the Coronavirus Disease 2019 ("COVID-19") global pandemic has caused business disruption through government mandated and voluntary closings and has contributed to significant declines and volatility in financial markets. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration and impact. Therefore, the related financial impact and duration cannot be reasonably estimated at this time.

In April 2020, United Way of Hudson County was approved and received funding in the amount of \$125,169 under the Paycheck Protection Program. Certain amounts will be forgiven if United Way of Hudson County utilizes these funds in accordance with guidelines outlined under the program. Management is currently evaluating the use of these funds; therefore, the related financial impact and potential amount expected to be repaid cannot be reasonably estimated at this time.

SUPPLEMENTARY INFORMATION

**United Way of Hudson County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019**

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	NJ0228L2F061705	8/1/18-7/31/19	\$ 34,921	\$ 34,921	\$ 24,746	\$ 24,746	\$ -
US HUD Supportive Housing Program Live United	14.267	N/A	NJ0228L2F061806	8/1/19-7/31/20	36,937	9,495	9,495	9,495	-
US HUD Supportive Housing Program Life Starts	14.267	N/A	NJ0351B2F061704	4/1/18-3/31/19	764,643	763,562	254,201	254,201	-
US HUD Supportive Housing Program Life Starts	14.267	N/A	NJ0351B2F061805	4/1/19-3/31/20	807,855	491,218	491,218	491,218	-
Supportive Housing Project	14.267	N/A	NJ0261L2F061708	4/1/18-3/31/19	429,065	424,970	168,852	168,852	-
Supportive Housing Project	14.267	N/A	NJ0261L2F061809	4/1/19-3/31/20	446,795	291,120	291,120	291,120	-
Total Federal Awards					\$ 2,520,216	\$ 2,015,286	\$ 1,239,632	\$ 1,239,632	\$ -

See Notes to Schedules of Expenditures of Federal and State Awards

**United Way of Hudson County
 Schedule of Expenditures of State Awards
 For the Year Ended December 31, 2019**

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
NI Department of Community Affairs: Division of Housing and Community Resources:							
Prevention of Homelessness	2019-02150-585-00	2019-100-022-8020-099-F150-6130	8/1/19-7/31/2020	\$ 250,848	\$ 23,936	\$ 23,936	\$ 6,940
Total State awards				\$ 250,848	\$ 23,936	\$ 23,936	\$ 6,940

See Notes to Schedules of Expenditures of Federal and State Awards

United Way of Hudson County
Notes to Schedules of Expenditures of Federal and State Awards
December 31, 2019

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 those schedules 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 expenditures of federal and state awards. Because the schedules present only a selected portion of the operations of the Organization, they are 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 schedules 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.

3. Indirect Cost rate

The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Sub-recipients

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

5. 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.

6. 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, 2019, 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 29, 2020.

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.

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.

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.

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 29, 2020

**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, 2019. 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, 2019.

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 29, 2020

**United Way of Hudson County
Schedule of Finding and Questioned Costs
December 31, 2019**

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 section 200.516 of 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, 2019. 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 200.520 of the Circular.

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 as defined in section 510(a) of the federal circular.

**United Way of Hudson County
Summary Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2019**

Status of Prior Audit Findings:

There were no audit findings in the prior year.