

United Way of Hudson County

Financial Statements

December 31, 2020

(With Summarized Comparative Totals for the
Year Ended December 31, 2019)



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United Way of Hudson County
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December 31, 2020 and 2019

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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, 2020, 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 Organization'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 Organization'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, 2020, 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 2019 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated September 29, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, 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 24, 2021 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.

Nisivoccia LLP

Mt. Arlington, New Jersey
September 24, 2021

**United Way of Hudson County
Statement of Financial Position
December 31, 2020 and 2019**

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Cash	\$ 546,384	\$ 412,220
Restricted cash	102,225	102,020
Grants receivable	37,039	16,996
Other receivables	6,750	5,000
Investments	3,278	3,233
Prepaid expenses	1,816	4,671
Property, plant and equipment, net	<u>272,638</u>	<u>286,729</u>
Total assets	<u>\$ 970,130</u>	<u>\$ 830,869</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 338,249	\$ 342,973
Refundable advance	125,170	
Line of credit	<u>100,000</u>	<u>100,000</u>
Total liabilities	563,419	442,973
 Net Assets:		
Without donor restrictions	<u>406,711</u>	<u>387,896</u>
Total net assets	<u>406,711</u>	<u>387,896</u>
Total liabilities and net assets	<u>\$ 970,130</u>	<u>\$ 830,869</u>

See Accompanying Notes to Financial Statements

**United Way of Hudson County
Statement of Activities
Years Ended December 31, 2020 and 2019**

	Without Donor Restrictions	
	2020	2019
Support and revenue:		
Annual campaign contributions	\$ 538,954	\$ 478,645
Contributions	15,250	
Grants	1,237,515	1,263,568
Program fees	181,895	236,534
Special events	246,966	64,083
Interest income	249	249
Total support and revenue	<u>2,220,829</u>	<u>2,043,079</u>
Other revenue:		
Rental income	33,660	34,660
Total other revenue	<u>33,660</u>	<u>34,660</u>
Total revenue	<u>2,254,489</u>	<u>2,077,739</u>
Expenses:		
Program services:		
Allocations and community impact	405,793	155,041
Homelessness initiative	1,562,165	1,534,417
Total program services	<u>1,967,958</u>	<u>1,689,458</u>
Supporting services:		
Management and general	121,012	123,513
Costs of special events and fundraising	146,704	211,232
Total supporting services	<u>267,716</u>	<u>334,745</u>
Total expenses	<u>2,235,674</u>	<u>2,024,203</u>
Change in net assets	18,815	53,536
Net assets: beginning of year	<u>387,896</u>	<u>334,360</u>
Net assets: end of year	<u>\$ 406,711</u>	<u>\$ 387,896</u>

See Accompanying Notes to Financial Statements

**United Way of Hudson County
Statement of Functional Expenses
Year Ended December 31, 2020
(With Summarized Comparative Totals for The Year Ended 2019)**

	Program Services		Supporting Services		Total	
	Allocations and Community Impact	Homelessness Initiative	Management and General	Costs of Special Events and Fundraising	2020	2019
Salaries	\$ 87,639	\$ 122,694	\$ 63,100	\$ 77,122	\$ 350,555	\$ 315,786
Employee benefits	15,099	21,139	10,871	13,287	60,396	57,634
Payroll taxes	7,945	11,123	5,721	6,991	31,780	30,527
Subtotal	110,683	154,956	79,692	97,400	442,731	403,947
Professional fees	9,115	12,760	7,292	7,292	36,459	40,584
Office supplies and expenses	3,036	4,250	2,429	2,429	12,144	19,980
Equipment rental	1,139	1,595	911	911	4,556	4,934
Postage and shipping	518	725	414	414	2,071	1,952
Telephone	3,316	4,642	2,653	2,653	13,264	14,727
Internet and website	622	872	498	498	2,490	2,177
Occupancy	27,195	31,728	13,598	18,130	90,651	92,392
Auto and travel	33	39	17	22	111	657
Membership dues	4,011		3,438	4,011	11,460	11,427
Meetings	907	453	695	968	3,023	4,778
Agency allocations and sponsorship	2,139				2,139	19,718
Community impact events	233,486				233,486	
Client financial assistance		1,059,817			1,059,817	1,058,379
Case management and housing search		269,742			269,742	262,342
Transportation		400			400	972
Food and supplies		8,429			8,429	8,179
Furnishing and household goods		919			919	2,609
Insurance	7,479	8,725	3,739	4,987	24,930	25,040
Fundraising events and related				2,761	2,761	33,723
Subtotal	403,679	1,560,052	115,376	142,476	2,221,583	2,008,517
Depreciation expense	2,114	2,113	5,636	4,228	14,091	15,686
Total expenses	\$ 405,793	\$ 1,562,165	\$ 121,012	\$ 146,704	\$ 2,235,674	\$ 2,024,203

See Accompanying Notes to Financial Statements

United Way of Hudson County
Statement of Cash Flows
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 18,815	\$ 53,536
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	14,091	15,686
Interest reinvested	(45)	(45)
Changes in operating assets and liabilities:		
Grants receivable	(20,043)	(16,996)
Other receivables	(1,750)	7,106
Prepaid expenses	2,855	(4,671)
Security deposits		817
Accounts payable and accrued expenses	(4,724)	35,741
Refundable advance	125,170	
Net cash provided by operating activities	<u>134,369</u>	<u>91,174</u>
Net increase in cash and restricted cash	134,369	91,174
Cash and restricted cash, beginning of year	<u>514,240</u>	<u>423,066</u>
Cash and restricted cash, end of year	<u>\$ 648,609</u>	<u>\$ 514,240</u>
<u>Supplemental disclosure of cash flow information:</u>		
Cash paid for interest	<u>\$ 4,090</u>	<u>\$ 4,954</u>

See Accompanying Notes to Financial Statements

**United Way of Hudson County
Notes to the Financial Statements
December 31, 2020 and 2019**

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:

**United Way of Hudson County
Notes to the Financial Statements
December 31, 2020 and 2019**

Net Assets without Donor Restrictions

Net assets without donor restrictions are resources representing the portion of expendable 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 expendable 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, 2020 and 2019.

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, 2020 and 2019.

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, 2020 and 2019.

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.

**United Way of Hudson County
Notes to the Financial Statements
December 31, 2020 and 2019**

Disaggregation of Revenue

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

	<u>2020</u>	<u>2019</u>
Performance obligations satisfied at a point in time	<u>\$ 428,861</u>	<u>\$ 300,617</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, 2020 and 2019, as management deemed all receivables were fully collectible.

Cash and Restricted Cash

The following table provides a reconciliation of cash and restricted cash reported within the statement of financial position to the sum of the corresponding amounts within the statement of cash flows as of ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash	\$ 546,384	\$ 412,220
Restricted cash for collateral	102,225	102,020
Total	<u>\$ 648,609</u>	<u>\$ 514,240</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.

United Way of Hudson County
Notes to the Financial Statements
December 31, 2020 and 2019

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, 2020 and 2019, 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, 2020 and 2019.

Income Tax Status

The Organization is a not-for-profit organization that is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Organization is also exempt under Title 15 of the State of New Jersey *Corporations and Associations Not-for-Profit Act*. The Organization is also exempt under Article 7-A of the Executive Law (Article 7-A) of the State of New York. Accordingly, no provision for federal or state income tax 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 related to those tax positions.

The Organization does not expect a significant increase or decrease to the total amounts of unrecognized tax positions during the year ended December 31, 2020. However, the Organization is subject to audit by tax authorities, including a review of its nonprofit status which management believes would be upheld upon examination. The Organization believes that it has appropriate support for the positions taken on its tax returns. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year.

The Organization files informational returns with the federal and two state governments on an annual basis – Form 990 with the Internal Revenue Service, and the applicable form with each state. These returns are subject to examinations at any time within statutorily defined periods from the latest filing date for federal and for each state jurisdiction.

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 Fair Value Measurements Topic of the FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value focuses on the price that would be received to sell the asset or paid to transfer the liability regardless of whether an observable market price existed (an exit price).

An exit price valuation will include margins for risk even if they are not observable. As the Organization is released from risk, the margins for risk will also be released through net realized capital gains (losses) in net income.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

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

Level 2: Inputs to the valuation methodology include:

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

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

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 assets and liabilities measured at fair value are based on one or more of three valuation techniques:

- Market approach - Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- Cost approach - Amount that would be required to replace the service capacity of an asset (i.e., replacement cost);
- Income approach - Techniques that convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. For some assets and liabilities, observable market transactions or market information may be available.

For other assets and liabilities, observable market transactions and market information might not be available. When a price for an identical asset or liability is not observable, a reporting entity measures fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, a reporting entity's intention to hold an asset or settle or otherwise fulfill a liability is not relevant when measuring fair value.

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, 2020 and 2019.

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.

Refundable advance: The Paycheck Protection Program advance, a government grant which may be forgiven or converted to a loan at a future point in time and which imputed interest does not apply, is carried at cost. However, management believes the Organization will receive full forgiveness of the Paycheck Protection Program advance and, therefore, the Organization has determined it approximates fair value.

United Way of Hudson County
Notes to the Financial Statements
December 31, 2020 and 2019

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 advocacy and wellness programs as well as homelessness prevention. General and administrative services relate to supporting expenses associated with these programs. 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, 2019, 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.

United Way of Hudson County
Notes to the Financial Statements
December 31, 2020 and 2019

New Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases*, which 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 its 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, 2020 and 2019, 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:	2020	2019
Cash	\$ 546,384	\$ 412,220
Restricted cash	102,225	102,020
Grant receivable	37,039	16,996
Other receivable	6,750	5,000
Investments	3,278	3,233
Total:	<u>695,676</u>	<u>539,469</u>
Less those unavailable for general expenditures:		
Restricted cash	<u>(102,225)</u>	<u>(102,020)</u>
Total:	<u>(102,225)</u>	<u>(102,020)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 593,451</u>	<u>\$ 437,449</u>

Accordingly, all such funds are available to meet cash needs of the Organization for the next 30 days. In addition to these available financial assets, a significant portion of the Organizations annual expenditures will be funded by current year operating revenues.

United Way of Hudson County
Notes to the Financial Statements
December 31, 2020 and 2019

4. Investments

Financial assets of United Way of Hudson County have been valued using level 2 inputs as of December 31, 2020 and 2019. All assets have been valued using a market approach. There have been no changes in valuation techniques and related inputs.

Investments at December 31, 2020 and 2019, are comprised of the following:

	2020		
	Cost	Fair Value (Level 2)	Unrealized Appreciation (Depreciation)
Certificates of deposit	\$ 3,000	\$ 3,278	\$ 278
Interest rate: 1.2%			
Maturing: 12/13/22			
	2019		
	Cost	Fair Value (Level 2)	Unrealized Appreciation (Depreciation)
Certificates of deposit	\$ 3,000	\$ 3,233	\$ 233
Interest rates: 1.2%			
Maturing: 12/13/22			

5. Property, Plant and Equipment

Property, plant and equipment and their related useful lives at December 31, 2020 and 2019, consist of the following:

	Estimated Useful Life (Years)	2020	2019
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		(703,942)	(689,851)
		\$ 272,638	\$ 286,729

Total depreciation expense charged to operations for the years ended December 31, 2020 and 2019 was \$14,091 and \$15,686, respectively.

**United Way of Hudson County
Notes to the Financial Statements
December 31, 2020 and 2019**

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

During the years ended December 31, 2020 and 2019, \$56,752 and \$56,326, 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 (55% and 61% in 2020 and 2019, 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.

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, 2020 and 2019 was 3.25% and 5.50%, respectively. The line of credit is collateralized by a money market account. The outstanding balance at December 31, 2020 and 2019, was \$100,000.

11. Refundable Advance – Paycheck Protection Program

In April 2020, the Organization received \$125,170 under the United States Small Business Administration's (SBA) Paycheck Protection Program (PPP). The PPP funding is legally structured as a forgivable loan by the SBA. In order to achieve forgiveness of the loan, the Center must spend the funding for specific purposes and also must generally maintain its full-time equivalent level of staffing over a defined time period.

United Way of Hudson County
Notes to the Financial Statements
December 31, 2020 and 2019

The Organization has accounted for the PPP funding as a conditional contribution in the financial statements by applying ASC Topic 958- 605, *Revenue Recognition*. Revenue is recognized only when conditions are met. PPP funding is subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to the recognition of revenue. The PPP funding of \$125,170 is recognized as a refundable advance as of December 31, 2020, as the conditions have not been met. In July, 2021 the Organization received full forgiveness of the PPP funding in the amount of \$125,170.

12. Rental Income

The Organization entered into a 5-year lease agreement with a tenant to rent space in the Organization's building. The lease agreement, which expired in May 2018, provided two successive options to extend at the same terms as the original agreement, which the tenant exercised. The lease requires the tenant to make monthly rental payments of \$2,805. Rental income amounted to \$33,660 and \$34,660, respectively for the years ended December 31, 2020 and 2019. During 2020 the landlord bought out the lease agreement to facilitate the sale of the Organization's building. See Note 13 for information on the purchase and sale agreement.

13. Risk and Uncertainty

The ongoing COVID-19 pandemic has caused an economic downturn on a global scale, disrupted global supply chains, and created significant uncertainty, volatility, and disruption across economies and financial markets. The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Organization's and financial results will depend on future developments, including the duration and spread of the outbreak within the markets in which we operate and the related impact on consumer confidence and spending, all of which are highly uncertain.

14. Subsequent Events

Management has reviewed subsequent events and transactions that occurred after December 31, 2020 through the date of the independent auditor's report and the date the financial statements were available to be issued, September 24, 2021. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. The Organization has in place an agreement to sell the buildings in which they operate, located at 855-857 Bergen Avenue, Jersey City, Hudson County, New Jersey, 07306. The anticipated closing date for the sale is November 2021.

SUPPLEMENTARY INFORMATION

**United Way of Hudson County
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2020**

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		Provided to Subrecipients
							Program Disbursements	Cash Received	
U.S. Department of Housing and Urban Development US HUD Supportive Housing Program Live United	14.267	N/A	NJ022812F061806	8/1/19-7/31/20	\$ 36,937	\$ 32,267	\$ 22,772	\$ 32,267	\$ -
US HUD Supportive Housing Program Live United	14.267	N/A	NJ022812F061907	8/1/20-7/31/21	36,937	9,782	9,782	9,782	-
US HUD Supportive Housing Program Life Starts	14.267	N/A	NJ0351B2F061805	4/1/19-3/31/20	807,855	720,155	228,937	720,155	-
US HUD Supportive Housing Program Life Starts	14.267	N/A	NJ0351B2F061906	4/1/20-3/31/21	807,855	476,125	476,125	476,125	-
U.S. Department of Housing and Urban Development Collaborative Solutions	14.267	N/A	NJ0261L2F061809	4/1/19-3/31/20	446,795	438,336	147,216	438,336	-
U.S. Department of Housing and Urban Development Collaborative Solutions	14.267	N/A	NJ0261L2F061910	4/1/20-3/31/21	446,795	259,654	259,654	259,654	-
Total Federal Awards					\$ 2,583,174	\$ 1,936,319	\$ 1,144,486	\$ 1,936,319	\$ -

**United Way of Hudson County
Schedule of Expenditures of State Awards
Year Ended December 31, 2020**

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
NJ Department of Community Affairs: Division of Housing and Community Resources: Prevention of Homelessness	2019-02150-585-00	2019-100-022-8020-099-F150-6130	8/1/19-7/31/2021	\$ 376,648	\$ 75,231	\$ 51,295	\$ 40,904
Total State awards				\$ 376,648	\$ 75,231	\$ 51,295	\$ 40,904

See Independent Auditors' Report and 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, 2020

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

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

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, 2020, 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 24, 2021.

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.

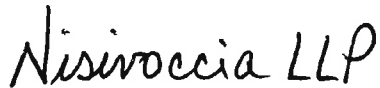
To the Board of Directors of
United Way of Hudson County

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

A handwritten signature in black ink that reads "Nisiroccia LLP". The signature is written in a cursive, flowing style.

Mt. Arlington, New Jersey
September 24, 2021

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, 2020. 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, 2020.

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 24, 2021

**United Way of Hudson County
Schedule of Finding and Questioned Costs
December 31, 2020**

Section I - Summary of Audit Results

Financial Statements

Type of auditors' report issued: Unmodified opinion

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditors' report issued on compliance for major programs: Unmodified opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance _____ Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.257	Supportive Housing Program - Live United Supportive Housing Program - Life Starts Supportive Housing Program - Collaborative Solutions

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? _____ X Yes _____ No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

**United Way of Hudson County
Summary Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2020**

Status of Prior Audit Findings:

There were no audit findings in the prior year.