

United Way of Hudson County

Financial Statements

December 31, 2021

(With Summarized Comparative Totals for the
Year Ended December 31, 2020)



NISIVOCCIA
ASSURANCE · TAX · ADVISORY

United Way of Hudson County
Table of Contents
December 31, 2021 and 2020

Independent Auditors' Report	1
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8
 <u>Supplementary Information</u>	
Schedule of Expenditures of Federal Awards	20
Schedule of Expenditures of State Awards	21
Notes to Schedules of Expenditures of Federal and State Awards	22
 Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	 23
 Independent Auditors' Report on Compliance for each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	 25
 Schedule of Findings and Questioned Costs	 28
 Summary Schedule of Prior Year Audit Findings	 29

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of United Way of Hudson County (the "Organization") (a New Jersey Non-Profit Corporation), which comprise the statement of financial position as of December 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

To the Board of Directors of
United Way of Hudson County

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Hudson County's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United Way of Hudson County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Hudson County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Supplementary 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 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), are presented for purposes of additional analysis and are not a required part of the financial statements.

To the Board of Directors of
United Way of Hudson County

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 27, 2022 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 the Organization's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Organization's 2020 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated September 24, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.


Mt. Arlington, New Jersey
September 27, 2022

**United Way of Hudson County
Statement of Financial Position
December 31, 2021 and 2020**

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Cash	\$ 946,463	\$ 546,384
Restricted cash	102,402	102,225
Grants receivable	105,437	37,039
Other receivables	5,450	6,750
Investments	3,367	3,278
Prepaid expenses	1,090	1,816
Property, plant and equipment, net	264,652	272,638
Security deposits	5,500	-
	<u>5,500</u>	<u>-</u>
Total assets	<u>\$ 1,434,361</u>	<u>\$ 970,130</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 378,174	\$ 338,249
Refundable advance	-	125,170
Deferred rent	5,513	-
Line of credit	100,000	100,000
SBA EIDL loan and accrued interest	505,358	-
Total liabilities	<u>989,045</u>	<u>563,419</u>
Net Assets:		
Without donor restrictions	<u>445,316</u>	<u>406,711</u>
Total net assets	<u>445,316</u>	<u>406,711</u>
Total liabilities and net assets	<u>\$ 1,434,361</u>	<u>\$ 970,130</u>

See Accompanying Notes to Financial Statements

United Way of Hudson County
Statement of Activities
Years Ended December 31, 2021 and 2020

	Without Donor Restrictions	
	2021	2020
Support and revenue:		
Annual campaign contributions	\$ 367,989	\$ 538,954
Contributions	-	15,250
Grants	2,040,604	1,237,515
Government grant - PPP	125,170	-
Economic injury and disaster loan advance	10,000	-
Program fees	210,462	181,895
Special events	30,501	246,966
Interest income	405	249
Total support and revenue	<u>2,785,131</u>	<u>2,220,829</u>
Other revenue:		
Rental income	-	33,660
Total other revenue	<u>-</u>	<u>33,660</u>
Total revenue	<u>2,785,131</u>	<u>2,254,489</u>
Expenses:		
Program services:		
Allocations and community impact	196,625	405,793
Homelessness initiative	2,243,434	1,562,165
Total program services	2,440,059	1,967,958
Supporting services:		
Management and general	126,111	121,012
Costs of special events and fundraising	180,356	146,704
Total supporting services	306,467	267,716
Total expenses	<u>2,746,526</u>	<u>2,235,674</u>
Change in net assets	38,605	18,815
Net assets: beginning of year	<u>406,711</u>	<u>387,896</u>
Net assets: end of year	<u>\$ 445,316</u>	<u>\$ 406,711</u>

See Accompanying Notes to Financial Statements

United Way of Hudson County
Statement of Functional Expenses
Year Ended December 31, 2021
(With Summarized Comparative Totals for the Year Ended December 31, 2020)

	Program Services			Supporting Services		Total	
	Allocations and Community Impact	Homelessness Initiative	Total	Managment and General	Costs of Special Events and Fundraising	2021	2020
Salaries	\$ 83,892	\$ 117,449	\$ 201,341	\$ 60,402	\$ 73,825	\$ 335,568	\$ 350,555
Employee benefits	14,588	20,424	35,012	10,503	12,838	58,353	60,396
Payroll taxes	7,508	10,512	18,020	5,407	6,607	30,034	31,780
Subtotal	105,988	148,385	254,373	76,312	93,270	423,955	442,731
Professional fees	10,950	15,331	26,281	8,761	8,761	43,803	36,459
Office supplies and expenses	8,927	12,500	21,427	7,143	7,143	35,713	12,144
Equipment rental	797	1,115	1,912	637	637	3,186	4,556
Postage and shipping	969	1,356	2,325	775	775	3,875	2,071
Telephone	3,450	4,830	8,280	2,760	2,760	13,800	13,264
Internet and website	1,662	2,327	3,989	1,330	1,330	6,649	2,490
Occupancy and rental expense	28,815	33,616	62,431	14,407	19,209	96,047	90,651
Auto and travel	57	67	124	29	38	191	111
Membership dues	4,179	-	4,179	3,581	4,178	11,938	11,460
Meetings	303	151	454	232	322	1,008	3,023
Agency allocations and sponsorship	8,701	-	8,701	-	-	8,701	2,139
Community impact events	-	-	-	-	-	-	233,486
Client financial assistance	-	1,714,196	1,714,196	-	-	1,714,196	1,059,817
Case management and housing search	-	288,615	288,615	-	-	288,615	269,742
Transportation	-	-	-	-	-	-	400
Food and supplies	-	7,410	7,410	-	-	7,410	8,429
Furnishing and household goods	-	664	664	-	-	664	919
Insurance	9,260	10,803	20,063	4,630	6,173	30,866	24,930
NJ Pandemic relief fund	10,500	-	10,500	-	-	10,500	-
Fundraising events and related	-	-	-	-	31,623	31,623	2,761
Subtotal	194,558	2,241,366	2,435,924	120,597	176,219	2,732,740	2,221,583
Depreciation expense	2,067	2,068	4,135	5,514	4,137	13,786	14,091
Total expenses	\$ 196,625	\$ 2,243,434	\$ 2,440,059	\$ 126,111	\$ 180,356	\$ 2,746,526	\$ 2,235,674

See Accompanying Notes to Financial Statements

United Way of Hudson County
Statement of Cash Flows
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 38,605	\$ 18,815
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	13,786	14,091
Interest reinvested	(89)	(45)
Government grant - PPP	(125,170)	
Changes in operating assets and liabilities:		
Grants receivable	(68,398)	(20,043)
Other receivables	1,300	(1,750)
Prepaid expenses	726	2,855
Security deposits	(5,500)	-
Accounts payable and accrued expenses	39,925	(4,724)
Deferred rent	5,513	-
Refundable advance		125,170
Accrued interest on SBA EIDL Loan	5,358	-
Net cash provided by (used in) operating activities	<u>(93,944)</u>	<u>134,369</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>(5,800)</u>	<u>-</u>
Net cash used in investing activities	<u>(5,800)</u>	<u>-</u>
Cash flows from financing activities:		
Proceeds from SBA Economic Injury Disaster Loan	<u>500,000</u>	<u>-</u>
Net cash provided by financing activities	<u>500,000</u>	<u>-</u>
Net increase in cash and restricted cash	400,256	134,369
Cash and restricted cash, beginning of year	<u>648,609</u>	<u>514,240</u>
Cash and restricted cash, end of year	<u>\$ 1,048,865</u>	<u>\$ 648,609</u>
<u>Supplemental disclosure of cash flow information:</u>		
Cash paid for interest	<u>\$ 3,802</u>	<u>\$ 4,090</u>

See Accompanying Notes to Financial Statements

United Way of Hudson County
Notes to the Financial Statements
December 31, 2021 and 2020

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.

United Way of Hudson County
Notes to the Financial Statements
December 31, 2021 and 2020

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, 2021 and 2020.

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, 2021 and 2020.

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, 2021 and 2020.

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>2021</u>	<u>2020</u>
Performance obligations satisfied at a point in time	<u>\$ 240,963</u>	<u>\$ 428,861</u>

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

United Way of Hudson County
Notes to the Financial Statements
December 31, 2021 and 2020

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, 2021 and 2020, 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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash	\$ 946,463	\$ 546,384
Restricted cash for collateral	102,402	102,225
Total	<u>\$ 1,048,865</u>	<u>\$ 648,609</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. 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, 2021 and 2020, 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, 2021 and 2020.

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*. 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, 2021 and 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 the state of New Jersey. These returns are subject to examinations at any time within statutorily defined periods from the latest filing date for federal and for 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 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;

United Way of Hudson County
Notes to the Financial Statements
December 31, 2021 and 2020

- 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, 2021 and 2020.

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.

Long term debt: Long-term debt is carried at cost. Management believes the Organization can obtain similar loans at similar terms; therefore the Organization has determined it 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, the Organization received full forgiveness of the Paycheck Protection Program advance and, therefore, the Organization has determined it 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 advocacy and wellness programs as well as homelessness prevention. Management and general services relate to supporting expenses associated with these programs. Costs of special events and 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, 2020, 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.

Security Deposits

The amount represents the security deposit held by the Organization's landlord for the term of the lease for the use of its facilities.

Deferred Rent

The Organization leases certain real property and, accordingly, recognizes rent on a straightline basis. All rent concessions and rent increases are taken into account and recognized ratably over the remaining lease term. The difference between the actual rent paid and the expense charged is an increase or decrease to deferred rent. At December 31, 2021 deferred rent amounted to \$5,513.

United Way of Hudson County
Notes to the Financial Statements
December 31, 2021 and 2020

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.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted. The FASB ASU requires nonprofits to present contributed nonfinancial assets as a separate line item in the statement of activities apart from contributions of cash or other financial assets along with expanded disclosure requirements. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. Management is evaluating the impact this guidance will have 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, 2021 and 2020, 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:	2021	2020
Cash	\$ 946,463	\$ 546,384
Restricted cash	102,402	102,225
Grant receivable	105,437	37,039
Other receivable	5,450	6,750
Investments	3,367	3,278
Total:	<u>1,163,119</u>	<u>695,676</u>
Less those unavailable for general expenditures:		
Restricted cash	<u>(102,402)</u>	<u>(102,225)</u>
Total:	<u>(102,402)</u>	<u>(102,225)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,060,717</u>	<u>\$ 593,451</u>

United Way of Hudson County
Notes to the Financial Statements
December 31, 2021 and 2020

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.

4. Investments

Financial assets of United Way of Hudson County have been valued using level 2 inputs as of December 31, 2021 and 2020. All assets have been valued using a market approach. There have been no changes in valuation techniques and related inputs.

Investments at December 31, 2021 and 2020, are comprised of the following:

	2021		
	Cost	Fair Value (Level 2)	Unrealized Appreciation (Depreciation)
Certificates of deposit Interest rate: 1.39% Maturing: 12/13/22	\$ 3,000	\$ 3,367	\$ 367
	-----	-----	-----
		2020	
	Cost	Fair Value (Level 2)	Unrealized Appreciation (Depreciation)
Certificates of deposit Interest rates: 1.2% Maturing: 12/13/22	\$ 3,000	\$ 3,278	\$ 278
	-----	-----	-----

5. Property, Plant and Equipment

Property, plant and equipment and their related useful lives at December 31, 2021 and 2020, consist of the following:

	Estimated Useful Life (Years)	2021	2020
Land		\$ 50,078	\$ 50,078
Buildings and improvements	39	806,377	806,377
Furniture and equipment	5	68,691	62,891
Vehicles	5	57,234	57,234
		982,380	976,580
Less: accumulated depreciation		(717,728)	(703,942)
		\$ 264,652	\$ 272,638
		-----	-----

Total depreciation expense charged to operations for the years ended December 31, 2021 and 2020 was \$13,786 and \$14,091, respectively.

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

During the years ended December 31, 2021 and 2020, \$39,240 and \$56,752, 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.

United Way of Hudson County
Notes to the Financial Statements
December 31, 2021 and 2020

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 (73% and 55% in 2021 and 2020, 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 13, 2022, 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, 2021 and 2020 was 3.50% and 3.25%, respectively. The line of credit is collateralized by a money market account. The outstanding balance at December 31, 2021 and 2020, was \$100,000.

11. Refundable Advance – Paycheck Protection Program and EIDL Advance

In April 2020, the Organization received \$125,170 under the United States Small Business Administration's (SBA) Paycheck Protection Program (PPP). During 2021, the Organization received full forgiveness in the amount of \$125,170, and as a result the amount is recognized as revenue advance in the accompanying statement of activities, as the conditions have been met by applying ASC Topic 958-605, *Revenue Recognition*. The SBA reserves the right to audit PPP funding forgiveness for six years from the date the forgiveness was awarded.

In September 2021, the Organization applied and received an Economic Injury Disaster Loan Emergency Advance in the amount of \$10,000. The EIDL program is designed to provide economic relief to businesses that are currently experiencing a temporary loss of revenue due to COVID-19. The EIDL advance does not have to be repaid.

United Way of Hudson County
Notes to the Financial Statements
December 31, 2021 and 2020

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 for the year ended December 31, 2020. Effective November 30, 2020 the Organization terminated the lease agreement to facilitate the sale of the Organization's building. See Note 16 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. Lease Commitments

During the year ended December 31, 2021 the Organization entered into a 37 month lease agreement for office space requiring escalating monthly payments of \$5,500 to \$5,835 and expiring on December 31, 2024. The following is a schedule, by years, of future minimum lease payments required under the noncancelable operating lease agreements which have an initial lease term in excess of one year:

<u>Year ended December 31,</u>	
2022	\$ 66,000
2023	67,980
2024	70,019
	<u>\$ 203,999</u>

Pursuant to the terms of its office lease, as security, the Organization has given its landlord a \$5,500 cash deposit. The landlord provided the Organization with 1 month of free rent which will be amortized over the life of the lease. Total rent expense charged to operations for the years ended December 31, 2021 and 2020 amounted to \$5,513 and \$0, respectively.

15. COVID-19 Economic Injury Disaster Loan

In August 2021, the Organization applied for and received funding from the Economic Injury Disaster Loan (EIDL) Program funding through the Small Business Administration (SBA) in the amount of \$500,000 and recognized it as a note payable. The EIDL program is designed to provide economic relief to businesses that are currently experiencing a temporary loss of revenue due to coronavirus (COVID-19). The proceeds of the loan must be used for working capital & normal operating expenses. The loan is secured by collateral as defined in the loan agreement. This loan is not intended to be forgivable and the first payment on this loan is deferred for eighteen months from the date of the loan. Installment payments, including principal and interest will begin February 2023.

United Way of Hudson County
Notes to the Financial Statements
December 31, 2021 and 2020

The balance of principal and interest will be payable by July 2051. Installment payments, including principal and interest of \$2,189 are due monthly, and accrue interest at the rate of 2.75% per year. The balance of the SBA loan amounted to \$505,358 as of December 31, 2021.

Principal amounts due for each of the five years subsequent to December 31, 2021, are as follows:

<u>Year ending</u> <u>December 31,</u>	
2022	\$ -
2023	10,104
2024	12,434
2025	12,780
2026	13,136
Thereafter	456,904
	<u>\$ 505,358</u>

16. Subsequent Events

Management has reviewed subsequent events and transactions that occurred after December 31, 2021 through the date of the independent auditor's report and the date the financial statements were available to be issued, September 27, 2022. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. On June 2, 2022, the Organization sold the buildings in which they operated, located at 855-857 Bergen Avenue, Jersey City, Hudson County, New Jersey, 07306 for \$2,780,000.

SUPPLEMENTARY INFORMATION

**United Way of Hudson County
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing 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	NJ0228L2F061907	8/1/20-7/31/21	\$ 36,937	\$ 24,228	\$ 14,446	\$ 14,446	\$ -
Live United	14.267	N/A	NJ0228L2F062008	8/1/21-7/31/22	45,433	7,196	7,196	7,196	-
Life Starts	14.267	N/A	NJ0351L2F061906	4/1/20-3/31/21	807,855	720,141	244,016	244,016	-
Life Starts	14.267	N/A	NJ0351L2F062007	4/1/21-3/31/22	985,395	507,508	507,508	507,508	-
Collaborative Solutions	14.267	N/A	NJ0261L2F061910	4/1/20-3/31/21	446,795	418,152	159,522	159,522	-
Collaborative Solutions	14.267	N/A	NJ0261L2F062011	4/1/21-3/31/22	<u>517,284</u>	<u>277,674</u>	<u>276,650</u>	<u>276,650</u>	<u>-</u>
Total Federal Awards					<u>\$ 2,839,699</u>	<u>\$ 1,954,899</u>	<u>\$ 1,209,338</u>	<u>\$ 1,209,338</u>	<u>\$ -</u>

See Independent Auditors' Report and Notes to Schedules of Expenditures of Federal and State Awards

**United Way of Hudson County
Schedule of Expenditures of State Awards
Year Ended December 31, 2021**

<u>State Grantor/Pass-Through Grantor/Program Title</u>	<u>Grantor's Number</u>	<u>State Account Number</u>	<u>Grant Period</u>	<u>Grant Awards</u>	<u>Cumulative Program Disbursements</u>	<u>Current Year</u>	
						<u>Program Disbursements</u>	<u>Cash Received</u>
<u>NJ Department of Community Affairs:</u>							
<u>Division of Housing and Community Resources:</u>							
Prevention of Homelessness	2019-02150-585-00	2019-100-022-8020-099-F150-6130	8/1/19-7/31/2021	\$ 376,648	\$ 119,831	\$ 44,600	\$ 54,991
Total State awards				\$ 376,648	\$ 119,831	\$ 44,600	\$ 54,991

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, 2021

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the Organization. The information in this schedule 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). Therefore, some amounts presented in these schedules may differ from amounts presented in or used in the preparation of the basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies are included in the schedule of expenditures of federal awards. Because the schedule presents only a selected portion of the operations of the Organization, it's not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards is 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 the Uniform Guidance, 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

Of the federal expenditures presented in the schedule, the Organization provided no federal awards to sub-recipients.

5. Relationship to Federal Financial Reports

The regulations and guidelines governing the preparation of federal financial reports vary by Federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the federal financial reports do not necessarily agree with the amounts reported in the accompanying schedule of expenditures of federal 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 (the "Organization") (a New Jersey Non-Profit Corporation) which comprise the statement of financial position as of December 31, 2021, 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 27, 2022.

Report 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 or significant deficiencies may exist that were not identified.

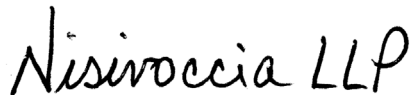
To the Board of Directors of
United Way of Hudson County

Report on 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 27, 2022

Independent Auditors' Report on Compliance for Each Major Federal Program
and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited United Way of Hudson County's (the "Organization") (a New Jersey Non-Profit Corporation) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of United Way of Hudson County's major federal programs for the year ended December 31, 2021. United Way of Hudson County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, United Way of Hudson County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of United Way of Hudson County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of United Way of Hudson County's compliance with the compliance requirements referred to above.

To the Board of Directors of
United Way of Hudson County

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to United Way of Hudson County's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on United Way of Hudson County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about United Way of Hudson County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding United Way of Hudson County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of United Way of Hudson County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of United Way of Hudson County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

To the Board of Directors of
United Way of Hudson County

A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Nisiroccia LLP
Mt. Arlington, New Jersey
September 27, 2022

**United Way of Hudson County
Schedule of Finding and Questioned Costs
December 31, 2021**

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 federal 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:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number</u>	<u>Expenditures</u>
Supportive Housing Program - Live United	14.267	\$ 21,642
Supportive Housing Program - Life Starts	14.267	\$ 751,524
Supportive Housing Program - Collaborative Solutions	14.267	\$ 436,172

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, 2021**

Status of Prior Audit Findings:

There were no audit findings in the prior year.