United Way of Hudson County

Financial Statements

December 31, 2023

(With Summarized Comparative Totals for the Year Ended December 31, 2022)

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United Way of Hudson County
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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 31, 2023, 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 31, 2023, 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.

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.

To the Board of Directors of
United Way of Hudson County

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 and state awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards* (Uniform Guidance), *and the 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 30, 2024 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 2022 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated September 27, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Nisivoccia LLP
Mt. Arlington, New Jersey
September 30, 2024

United Way of Hudson County
Statement of Financial Position
December 31, 2023 and 2022

ASSETS	2023	2022
Cash and cash equivalents	$ 630,156	$ 713,233
Restricted cash	2,501,514	2,501,514
Grants receivable	170,601	535,493
Other receivables	13,100	6,500
Investment	3,399	3,381
Prepaid expenses	9,680	6,351
Property, plant and equipment, net	93,245	9,434
Operating lease right of use asset, net	62,416	140,464
Security deposits	5,500	5,500
Total assets	$ 3,489,611	$ 3,921,870
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 555,363	$ 669,267
Deferred income	36,764	
Operating lease liability	68,160	131,017
SBA EIDL loan and accrued interest	534,297	519,626
Total liabilities	1,194,584	1,319,910
Net Assets:		
Without donor restrictions	2,295,027	2,601,960
Total net assets	2,295,027	2,601,960
Total liabilities and net assets	$ 3,489,611	$ 3,921,870

See Accompanying Notes to Financial Statements

United Way of Hudson County
Statement of Activities
Years Ended December 31, 2023 and 2022

	Without Donor Restrictions	
	2023	2022
Support and revenue:		
Contributions	$ 223,445	$ 302,939
Grants	2,022,555	3,725,288
Program fees	190,830	136,320
Special events	200	41,566
Gain on sale of land and building	-	2,274,929
Interest income	24	152
Total support and revenue	2,437,054	6,481,194
Expenses:		
Program services:		
Allocations and community impact	113,721	121,674
Homelessness initiative	2,365,288	3,675,401
Total program services	2,479,009	3,797,075
Supporting services:		
Management and general	120,541	329,795
Costs of special events and fundraising	144,437	197,680
Total supporting services	264,978	527,475
Total expenses	2,743,987	4,324,550
Change in net assets	(306,933)	2,156,644
Net assets, beginning of year	2,601,960	445,316
Net assets, end of year	$ 2,295,027	$ 2,601,960

United Way of Hudson County
Statement of Functional Expenses
Year Ended December 31, 2023
(With Summarized Comparative Totals for the Year Ended December 31, 2022)

	Program Services			Supporting Services		Total	
	Allocations and Community Impact	Homelessness Initiative	Total	Managment and General	Costs of Special Events and Fundraising	2023	2022
Salaries	$ 54,591	$ 163,774	$ 218,365	$ 65,510	$ 80,067	$ 363,942	$ 388,007
Employee benefits	5,447	16,341	21,788	6,536	7,989	36,313	53,601
Payroll taxes	4,628	13,884	18,512	5,554	6,788	30,854	34,372
Subtotal	64,666	193,999	258,665	77,600	94,844	431,109	475,980
Professional fees	9,125	27,376	36,501	12,168	12,167	60,836	46,861
Office supplies and expenses	5,922	17,766	23,688	7,897	7,896	39,481	38,434
Equipment rental	515	1,545	2,060	686	687	3,433	3,305
Postage and shipping	640	1,921	2,561	854	854	4,269	3,694
Telephone	1,924	5,771	7,695	2,564	2,565	12,824	12,023
Internet and website	429	1,286	1,715	570	572	2,857	3,572
Occupancy and rental expense	9,816	32,721	42,537	9,817	13,088	65,442	69,914
Auto and travel	1,978	6,592	8,570	1,977	2,637	13,184	2,837
Membership dues	3,437		3,437	2,946	3,437	9,820	10,805
Meetings	662	1,325	1,987	1,016	1,413	4,416	2,926
Agency allocations and sponsorship	12,450		12,450			12,450	14,970
Client financial assistance		1,722,052	1,722,052			1,722,052	3,049,986
Case management and housing search		287,215	287,215			287,215	289,301
Food and supplies		57,048	57,048			57,048	21,708
Furnishing and household goods		1,713	1,713			1,713	2,793
Insurance	1,983	6,610	8,593	1,982	2,644	13,219	18,208
Grant refund							201,625
Fundraising events and related					1,459	1,459	47,216
Subtotal	113,547	2,364,940	2,478,487	120,077	144,263	2,742,827	4,316,158
Depreciation expense	174	348	522	464	174	1,160	8,392
Total expenses	$ 113,721	$ 2,365,288	$ 2,479,009	$ 120,541	$ 144,437	$ 2,743,987	$ 4,324,550

See Accompanying Notes to Financial Statements

United Way of Hudson County
Statement of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	$ (306,933)	$ 2,156,644
Adjustments to reconcile change in net assets		
to net cash provided by (used in) operating activities:		
Depreciation expense	1,160	8,392
Amortization of operating lease right of use assets	78,048	61,660
Gain on sale of land and building		(2,274,929)
Interest reinvested	(18)	(14)
Changes in operating assets and liabilities:		
Grants receivable	364,892	(448,806)
Other receivables	(6,600)	(1,050)
Prepaid expenses	(3,329)	(5,261)
Accounts payable and accrued expenses	(113,904)	291,093
Deferred income	36,764	
Operating lease liability	(62,857)	(57,870)
Accrued interest on SBA EIDL Loan	14,671	14,268
Net cash provided by (used in) operating activities	1,894	(255,873)
Cash flows from investing activities:		
Purchases of property and equipment	(84,971)	
Proceeds from sale of land and building		2,521,755
Net cash provided by (used in) investing activities	(84,971)	2,521,755
Cash flows from financing activities:		
Repayment of line of credit		(100,000)
Net cash used in financing activities	-	(100,000)
Net increase (decrease) in cash and restricted cash	(83,077)	2,165,882
Cash, cash equivalents and restricted cash, beginning of year	3,214,747	1,048,865
Cash, cash equivalents and restricted cash, end of year	$ 3,131,670	$ 3,214,747
Supplemental disclosure of cash flow information:		
Cash paid for interest	$	$ 4,609

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 consolidated financial statements in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), *Accounting for Contributions Received and Made,* and FASB ASC, *Presentation of Financial Statements of Not-for-Profit Entities*. FASB ASC, *Presentation of Financial Statements of Not-for-Profit Entities* establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories: net assets with donor restrictions and net assets without donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. In addition, the standard requires the presentation of qualitative information on how the Organization manages its liquid available resources and liquidity risks. Quantitative information that communicates the availability of a nonprofit's financial assets at the statement of financial position date to meet cash needs for general expenditures within one year is required to be presented on the face of the financial statement and/or in the notes to the financial statements.

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

Net Assets without Donor Restrictions

Net assets without donor restrictions are resources representing the portion of expandable funds available for support of the Organization's programs and general operations.

These resources are not subject to donor-imposed stipulations. Net assets without donor restrictions are comprised of revenue and expenses related to the operations of the Organization, which have no restrictions on the uses of the funds. Net assets without donor restrictions also include those expandable resources which may have been designated for special use by the Board of Directors. There were no board designated net assets as of December 31, 2023 and 2022.

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, 2023 and 2022.

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 contract or grant amounts received in advance at December 31, 2023 and 2022.

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:

	2023	2022
Performance obligations satisfied at a point in time	$ 191,030	$ 379,511

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, 2023 and 2022, as management deemed all receivables were fully collectible.

Cash, Cash Equivalents, and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents, 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, 2023 and 2022:

	2023	2022
Cash and cash equivalents	$ 630,156	$ 713,233
Restricted cash	2,501,514	2,501,514
Total	$ 3,131,670	$ 3,214,747

The Organization considers money market funds to be cash equivalents.

On June 29, 2022, the Organization sold its land and building. Substantially all proceeds of the sale have been placed in an escrow account until the organization satisfies an amount due to Jersey City for the return of certain grants related to the building improvements. The amount held in escrow at December 31, 2023 and 2022 was $2,501,514. The grant refund expense for the year ended December 31, 2022 was $201,625, which is included in accounts payable at December 31, 2023 and 2022.

Allowance for Credit Losses

In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the company that are subject to the guidance in FASB ASC 326 were grants receivable.

The Organization adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

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, 2023 and 2022, 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, 2023 and 2022.

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, 2023 and 2022. 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;
- 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 assets' or liabilities' 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, 2023 and 2022.

Certificates of deposit: Valued at cost plus accrued interest earned, which approximates market 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, 2022, 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.

Leases

The Organization applies FASB ASC 842, *Leases* to determine whether an arrangement is or contains a lease at inception. The Organization leases its office space in an operating lease, which is included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on its balance sheets.

ROU assets represents the Organization's right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Organization's lease does not provide an implicit rate, it uses an incremental borrowing rate or a risk-free rate of 5% to the building class of assets based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less, but greater than 1 month at lease commencement, and do not include an option to purchase the underlying asset that The Organization is reasonably certain to exercise. The Organization recognizes lease cost associated with its short-term leases on a straight-line basis over the lease term.

The Organization's lease agreement does not contain any material residual value guarantees or material restrictive covenants.

In-Kind Contributions

The Organization follows the provisions of ASC *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which requires nonprofits to present contributed nonfinancial assets as a separate line in the statement of activities apart from contributions of cash or other financial assets. Contributed services are recognized as revenue if the services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills, and typically need to be purchased if they had not been donated. Contributed services are recorded at the fair value of the services provided. Contributed services and promises to contribute services that do not meet the above criteria are not recognized as revenues and are not reported in the accompanying financial statements.

Subsequent Events

Management has reviewed subsequent events and transactions that occurred after December 31, 2023 through the date of the independent auditor's report and the date the financial statements were available to be issued, September 30, 2024. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles.

3. Liquidity and Availability

FASB ASC, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* 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, 2023 and 2022, 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.

	2023	2022
Financial Assets:		
Cash and cash equivalents	$ 630,156	$ 713,233
Restricted cash	2,501,514	2,501,514
Grant receivable	170,601	535,493
Other receivable	13,100	6,500
Investments	3,399	3,381
Security deposits	5,500	5,500
Total:	3,324,270	3,765,621
Less those unavailable for general expenditures:		
Restricted cash	(2,501,514)	(2,501,514)
Security deposits	(5,500)	(5,500)
Total:	(2,507,014)	(2,507,014)
Financial assets available to meet general expenditures within one year	$ 817,256	$ 1,258,607

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, 2023 and 2022. All assets have been valued using a market approach. There have been no changes in valuation techniques and related inputs.

Investments at December 31, 2023 and 2022, are comprised of the following:

	2023		
Certificates of deposit Interest rate: 0.5%	Cost	Fair Value (Level 2)	Unrealized Appreciation (Depreciation)
Maturing: 12/13/27	$ 3,000	$ 3,399	$ 399

	2022		
Certificates of deposit Interest rates: 1.39%	Cost	Fair Value (Level 2)	Unrealized Appreciation (Depreciation)
Maturing: 12/13/27	$ 3,000	$ 3,381	$ 381

5. Property, Plant and Equipment

Property, plant and equipment and their related useful lives at December 31, 2023 and 2022, consist of the following:

	Estimated Useful Life (Years)	2023	2022
Furniture and equipment	5	$ 68,691	$ 68,691
Vehicles	5	57,234	57,234
Construction in progress	N/A	84,972	
		210,897	125,925
Less: accumulated depreciation		(117,652)	(116,491)
		$ 93,245	$ 9,434

Total depreciation expense charged to operations for the years ended December 31, 2023 and 2022 was $1,160 and $8,392, respectively.

6. Lease

The Organization leases office space under a lease which expires on December 31, 2024. This lease requires monthly payments ranging between $5,500 and $5,835 over the life of the lease. Lease expense is recognized on a straight-line basis over the lease term.

The Organization's leases do not include termination options for either party to the lease, guaranteed residual values or restrictive financial or other covenants.

There was only one component of lease expense, which was operating lease expense in the amount of $62,441 and $69,790 recognized as lease cost under FASB, ASC 842 for the years ended December 31, 2023 and 2022.

Other information related to the lease as of or for the year ended December 31, 2023, is as follows:

Supplemental cash flows information	
Cash paid for amounts included in the measurement of the lease liability	
Operating cash flows from operating lease	62,857
Weighted-average remaining lease term in years for operating lease	1.00
Weighted-average discount rate for operating lease	5.00%

Maturities of the operating lease liability as of December 31, 2023, is as follows:

Year Ending December 31,		
2024	$	70,020
Less: present value discount		(1,860)
	$	68,160

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 (82% and 90% in 2023 and 2022, 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. 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 2024.

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, including accrued interest for the years ended December 31, 2023 and 2022 amounted to $534,297 and $519,626, respectively.

Principal amounts due for each of the five years subsequent to December 31, 2023, are as follows:

Year ending December 31,		
2024	$	-
2025		3,695
2026		12,780
2027		13,136
2028		13,502
Thereafter		456,887
	$	500,000

<u>SUPPLEMENTARY INFORMATION</u>

United Way of Hudson County
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

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	Current Year Cash Received	Current Year Provided to Subrecipients
U.S Department of Housing and Urban Development									
US HUD Continuum Care Program:									
Live United	14.267	N/A	NJ0228L2F062109	8/1/22-7/31/23	$ 45,865	$ 45,865	$ 29,144	$ 29,144	
Live United	14.267	N/A	NJ0228L2F062210	8/1/23-7/31/24	45,865	26,152	26,152	26,152	
Life Starts	14.267	N/A	NJ0351L2F062108	4/1/22-3/31/23	954,015	954,015	333,843	333,843	
Life Starts	14.267	N/A	NJ0351L2F062209	4/1/23-3/31/24	954,015	825,277	735,787	735,787	
US HUD Supportive Housing Program:									
Collaborative Solutions	14.267	N/A	NJ0261L2F062112	4/1/22-3/31/23	520,778	402,478	118,300	118,300	
Collaborative Solutions	14.267	N/A	NJ0261L2F062213	4/1/23-3/31/24	520,778	405,104	405,104	405,104	
Total Federal Awards					$ 3,041,316	$ 2,658,891	$ 1,648,330	$ 1,648,330	

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, 2023

State Grantor/Pass-Through Grantor/Program Title	Grantor's Number	State Account Number	Grant Period	Grant Awards	Cumulative Program Disbursements	Current Year Program Disbursements	Current Year Cash Received
NJ Department of Community Affairs: Division of Housing and Community Resources:							
Prevention of Homelessness	2019-02150-0585-04	2022-100-022-8020-099-F150-6130	8/1/2019 - 7/31/2023	$ 407,648	$ 158,404	$ 19,823	$ 30,000
Total State awards				$ 407,648	$ 158,404	$ 19,823	$ 30,000

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

1. Basis of Presentation

The accompanying schedule of expenditures of federal and state 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 and state 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 or state 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.

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<u>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*</u>

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, 2023, 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 30, 2024.

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.

Nisivoccia LLP
Mt. Arlington, New Jersey
September 30, 2024

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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, 2023. 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, 2023.

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.

Nisivoccia LLP
Mt. Arlington, New Jersey
September 30, 2024

United Way of Hudson County
Schedule of Finding and Questioned Costs
December 31, 2023

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:

Name of Federal Program or Cluster	Assistance Listing Number	Expenditures
Continuum Care Program - Live United	14.267	$ 55,296
Continuum Care Program - Life Starts	14.267	$ 1,069,630
Supportive Housing Program - Collaborative Solutions	14.267	$ 523,404

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, 2023

Status of Prior Audit Findings:

There were no audit findings in the prior year.