

**NORTHWEST NEW JERSEY COMMUNITY ACTION
PROGRAM, INC. AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

AUGUST 31, 2018 AND 2017



SOBEL & CO. LLC

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**

AUGUST 31, 2018 AND 2017

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**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**

AUGUST 31, 2018 AND 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Northwest New Jersey Community Action Program, Inc. and Subsidiaries
Phillipsburg, New Jersey

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Northwest New Jersey Community Action Program, Inc. ("NORWESCAP") (a nonprofit organization) and Subsidiaries, which comprise the consolidated statement of financial position as of August 31, 2018, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NORWESCAP and Subsidiaries as of August 31, 2018, 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.

Other Matters

Report on Supplementary and Other Information

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

The schedules of expenditures by grant and federal financial reports are the responsibility of management. These schedules include: the Head Start Federal Financial Report Form 425, the Head Start Attachment to Report for Grant# 02CH3039-04-02, the Head Start Statement of Revenues and Expenses, the Schedule of WIC Expenditures, the Schedule of SHIP Expenditures, and the Schedule of CEED A Expenditures. Such information, except for that portion marked "unaudited", was derived from, and relates directly, to the underlying accounting and other records used to prepare the consolidated financial statements.

Report On Supplementary and Other Information (Continued)

The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the consolidated financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2019, on our consideration of NORWESCAP and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 NORWESCAP and Subsidiaries' internal control over financial reporting and compliance.

Report on Summarized, Comparative Information

We have previously audited NORWESCAP's 2017 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated January 24, 2018. In our opinion, the summarized, comparative information presented herein as of and for the year ended August 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sobel & Co, LLC

Certified Public Accountants

January 22, 2019
Livingston, New Jersey

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

| ASSETS | August 31, | |
|---------------------------------------|-------------------|--------------|
| | 2018 | 2017 |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 1,937,884 | \$ 1,851,776 |
| Grants receivable, net of allowance | 2,275,058 | 2,381,321 |
| Inventory and other assets | 19,356 | 17,890 |
| Investments | 10,645 | 10,624 |
| Total Current Assets | 4,242,943 | 4,261,611 |
| PROPERTY AND EQUIPMENT, Net | 1,692,589 | 1,815,326 |
| RESTRICTED DEPOSITS | 489,186 | 486,500 |
| | \$ 6,424,718 | \$ 6,563,437 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES: | | |
| Accounts payable and accrued expenses | \$ 1,389,119 | \$ 1,200,777 |
| Advances from grantors | 255,997 | 20,562 |
| Mortgage payable, current portion | 21,635 | 23,111 |
| Total Current Liabilities | 1,666,751 | 1,244,450 |
| LONG-TERM LIABILITIES: | | |
| Security deposits payable | 6,359 | 7,076 |
| Mortgage payable, net current portion | - | 21,683 |
| Total Long-term Liabilities | 6,359 | 28,759 |
| Total Liabilities | 1,673,110 | 1,273,209 |
| COMMITMENTS AND CONTINGENCIES | | |
| NET ASSETS: | | |
| Unrestricted | 2,712,201 | 3,144,355 |
| Board-designated | 187,530 | 242,350 |
| Temporarily restricted | 1,851,877 | 1,903,523 |
| Total Net Assets | 4,751,608 | 5,290,228 |
| | \$ 6,424,718 | \$ 6,563,437 |

NORTHWEST NEW JERSEY COMMUNITY ACTION PROGRAM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED AUGUST 31, 2018
(With Summarized, Comparative Totals for the Year Ended August 31, 2017)

| | 2018 | | | 2017 Total |
|---------------------------------------|---------------|---------------------------|---------------|---------------|
| | Unrestricted | Temporarily Restricted | Total | |
| PUBLIC SUPPORT AND REVENUE: | | | | |
| Grants and contracts | \$ 15,071,069 | \$ 130,018 | \$ 15,201,087 | \$ 14,923,871 |
| Contributions, fees, rents, and other | 965,332 | 422,754 | 1,388,086 | 2,278,677 |
| Special events | 60,616 | - | 60,616 | 64,924 |
| Contributed services | 1,795,329 | - | 1,795,329 | 1,462,047 |
| Interest | 3,195 | - | 3,195 | 1,285 |
| Net assets released from restrictions | 604,418 | (604,418) | - | - |
| Total public support and revenue | 18,499,959 | (51,646) | 18,448,313 | 18,730,804 |
| EXPENSES: | | | | |
| Program services: | | | | |
| Child enrichment | 13,067,891 | - | 13,067,891 | 11,353,120 |
| Community action | 4,450,102 | - | 4,450,102 | 6,535,175 |
| Total program services | 17,517,993 | - | 17,517,993 | 17,888,295 |
| Management and general | 1,468,940 | - | 1,468,940 | 718,204 |
| Total expenses | 18,986,933 | - | 18,986,933 | 18,606,499 |
| CHANGES IN NET ASSETS | (486,974) | (51,646) | (538,620) | 124,305 |
| NET ASSETS - Beginning of year | 3,386,705 | 1,903,523 | 5,290,228 | 5,165,923 |
| NET ASSETS - End of year | \$ 2,899,731 | \$ 1,851,877 | \$ 4,751,608 | \$ 5,290,228 |

The accompanying notes are an integral part of these financial statements.

NORTHWEST NEW JERSEY COMMUNITY ACTION PROGRAM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2018
(With Summarized, Comparative totals for the Year Ended August 31, 2017)

| | <u>Program Services</u> | | | <u>Supporting Services</u> | <u>2018 Total</u> | <u>2017 Total</u> |
|-------------------------------------|-----------------------------|-----------------------------|---------------------------------------|-----------------------------------|-----------------------|-----------------------|
| | <u>Child Enrichment</u> | <u>Community Action</u> | <u>Total Program Services</u> | <u>Management and General</u> | | |
| Personnel | \$ 6,871,129 | \$ 1,632,970 | \$ 8,504,099 | \$ 1,035,296 | \$ 9,539,395 | \$ 9,346,900 |
| Fringe benefits | 2,320,424 | 456,825 | 2,777,249 | 308,009 | 3,085,258 | 3,062,291 |
| Total Personnel and Fringe Benefits | 9,191,553 | 2,089,795 | 11,281,348 | 1,343,305 | 12,624,653 | 12,409,191 |
| Contributed services | 1,795,329 | - | 1,795,329 | - | 1,795,329 | 1,462,047 |
| Consultant/contractual | 244,691 | 401,979 | 646,670 | 36,028 | 682,698 | 477,976 |
| Travel and transportation | 137,085 | 73,699 | 210,784 | 6,424 | 217,208 | 192,686 |
| Rents/space | 734,719 | 252,201 | 986,920 | 31,662 | 1,018,582 | 1,027,006 |
| Consumable supplies | 178,335 | 101,920 | 280,255 | 15,541 | 295,796 | 308,202 |
| Equipment | 96,077 | 38,492 | 134,569 | 1,712 | 136,281 | 114,357 |
| Communications | 64,089 | 62,662 | 126,751 | 9,054 | 135,805 | 127,794 |
| Insurance | 69,806 | 60,406 | 130,212 | 19,985 | 150,197 | 177,587 |
| Client assistance | 460,904 | 724,252 | 1,185,156 | - | 1,185,156 | 1,589,739 |
| Other costs | 93,951 | 435,161 | 529,112 | 5,229 | 534,341 | 579,041 |
| Interest | 1,352 | - | 1,352 | - | 1,352 | 2,282 |
| Bad debt expense | - | 86,798 | 86,798 | - | 86,798 | 21,864 |
| Total Expenses Before Depreciation | 13,067,891 | 4,327,365 | 17,395,256 | 1,468,940 | 18,864,196 | 18,489,772 |
| Depreciation | - | 122,737 | 122,737 | - | 122,737 | 116,727 |
| Total Expenses | \$ 13,067,891 | \$ 4,450,102 | \$ 17,517,993 | \$ 1,468,940 | \$ 18,986,933 | \$ 18,606,499 |

The accompanying notes are an integral part of these financial statements.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS**

| | Year Ended August 31, | |
|--|------------------------------|---------------------|
| | 2018 | 2017 |
| CASH FLOWS PROVIDED BY (USED FOR): | | |
| <u>OPERATING ACTIVITIES:</u> | | |
| Changes in net assets | \$ (538,620) | \$ 124,305 |
| Adjustments to reconcile changes in net assets to net cash provided by (used for) operating activities: | | |
| Depreciation | 122,737 | 116,727 |
| Allowance for doubtful accounts | (52,801) | (324,590) |
| Bad debt expense | 86,798 | 21,864 |
| Changes in operating assets and liabilities: | | |
| Grants receivable | 72,266 | (139,188) |
| Inventory | - | (2,223) |
| Other assets | (1,466) | 21,864 |
| Accounts payable and accrued expenses | 188,342 | 534,112 |
| Advances from grantors | 235,435 | (549,562) |
| Security deposit payable | (717) | (5,100) |
| Net Cash Provided by (Used for) Operating Activities | <u>111,974</u> | <u>(201,791)</u> |
| <u>INVESTING ACTIVITIES:</u> | | |
| Purchase of equipment | - | (141,827) |
| Interest reinvested | (21) | (22) |
| Net Cash Used for Investing Activities | <u>(21)</u> | <u>(141,849)</u> |
| <u>FINANCING ACTIVITIES:</u> | | |
| (Restricted deposits) refund of reserves | (2,686) | 113,258 |
| Principal payments on mortgage/notes payable | (23,159) | (22,236) |
| Net Cash (Used for) Provided by Financing Activities | <u>(25,845)</u> | <u>91,022</u> |
| NET INCREASE (DECREASE) | | |
| CASH AND CASH EQUIVALENTS | 86,108 | (252,618) |
| BEGINNING OF YEAR | <u>1,851,776</u> | <u>2,104,394</u> |
| END OF YEAR | <u>\$ 1,937,884</u> | <u>\$ 1,851,776</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION: | | |
| Interest paid | <u>\$ 1,352</u> | <u>\$ 2,282</u> |

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE 1 - NATURE OF ACTIVITIES:

The Northwest New Jersey Community Action Program, Inc. ("NORWESCAP" or "Organization") is a private, not-for-profit organization incorporated in 1965, under the laws of the state of New Jersey. NORWESCAP is a Community Action Agency whose operating purpose is to aggregate federal and state government financial assistance and to provide community services that include the following programs: Child Enrichment, Nutrition and Health, Employment and Economic Development, Housing Emergency, Information and Referral, and Volunteer Services. NORWESCAP is substantially dependent on federal financial assistance and financial assistance from the state of New Jersey. Funding is received for various periods of time which do not necessarily coincide with NORWESCAP's fiscal year.

The NORWESCAP Holding Company, Inc. ("Holding Company") is a not-for-profit organization incorporated in 1994, under the laws of the state of New Jersey as a 501(c)(2) organization. The Holding Company was organized to hold title for certain real estate.

The Sussex Seniors Urban Renewal Affordable Housing Non-Profit Corporation, Inc. ("Sussex Seniors") is a not-for-profit organization incorporated in 1995, under the laws of the state of New Jersey as a 501(c)(3) organization. Sussex Seniors was organized to acquire, develop and manage the redevelopment and relocation housing project in Sussex Borough, New Jersey. Sussex Seniors manages 11 affordable housing units dedicated for low-income senior citizens and a commercial space of 5,356 sq. ft. located on Main Street, Sussex, New Jersey,

The Northwest New Jersey Echo Housing Corporation ("ECHO") is a not-for-profit organization incorporated in 1994, under the laws of the state of New Jersey as a 501(c)(3) organization. ECHO was organized to provide modular housing units to qualified elderly persons. The project consists of seven units which are attached to the house utilities infrastructure of related sponsors, resulting in Elderly Cottage Housing Opportunities. The project operates under Section 202 of the National Housing Act and is regulated by the U.S. Department of Housing and Urban Development ("HUD") with respect to rental charges and operating methods.

ECHO is required to comply with the capital funding regulations of HUD, which require the formation of a separate, single-asset corporation to hold title to HUD-funded property and equipment, and record the revenue and expenses related to the maintenance of the property. ECHO is actively in discussions with HUD and nonprofit organizations for the transfer of the modular housing units.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Principles of Consolidation:

The consolidated financial statements include the accounts for NORWESCAP, Holding Company, Sussex Seniors, and ECHO (collectively "NORWESCAP entities"). All of the entities are under common control. All significant intercompany balances and transactions have been eliminated in consolidation. Sussex Seniors has elected to report its activities on a calendar-year basis ending December 31st of each year and, as such, differs from NORWESCAP's reporting period. Sussex Seniors' fiscal year begins January 1 and ends on December 31. The accounts of Sussex Seniors are included in the 2018 and 2017 consolidated financial statements for the twelve-month periods ended August 31, 2018 and 2017.

Summarized, Comparative Information:

The consolidated financial statements include certain prior-year, summarized, comparative information in total but not by net asset class or functional areas. 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 NORWESCAP's consolidated financial statements for the year ended August 31, 2017, from which the summarized information was derived.

Financial Statement Presentation:

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of NORWESCAP and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets not subject to donor-imposed stipulations. Unrestricted net assets consist of investments and otherwise unrestricted amounts that are available for use in carrying out the objectives of NORWESCAP and include those expendable resources which have been designated for special use by the Board of Trustees.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of NORWESCAP and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that must be maintained permanently by NORWESCAP. Generally, the donors of these assets permit NORWESCAP to use all or part of the income earned on any related investments for general or specific purposes. There are no permanently restricted net assets.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Cash and Cash Equivalents:

Cash and cash equivalents includes bank demand deposits, savings accounts and money market accounts. For the purposes of the consolidated statements of cash flows, NORWESCAP considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Grants Receivable and Allowance for Doubtful Accounts:

Revenue from grants is reported based on allowable expenses. Grants receivable are the excess of allowable expenses incurred over the cash received by NORWESCAP from funding agencies.

Grants receivable are stated at the amounts management expects to collect from outstanding balances. The Organization charges uncollectible grants receivable to operations when determined to be uncollectible. Management has determined the allowance for doubtful accounts as \$64,925 and \$117,726 for the years ending August 31, 2018 and 2017, respectively.

Inventory:

Inventory, which is comprised primarily of purchased goods for the co-op food program, is valued at the lower of cost or market. Donated items, which meet the criteria for recognition, are recorded at estimated fair value at the date of donation.

Fair Value:

Fair value measurements are defined as the amounts that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There are three defined hierarchical levels based on the quality of inputs used that directly relate to the amount of subjectivity associated with the determination of fair value.

The fair value hierarchy defines the three levels as follows:

- Level 1:** Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2:** Valuations based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable, or can be derived principally from or corroborated by observable market data.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Fair Value: (continued)

Level 3: Valuations based on unobservable inputs used when little or no market is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, as well as considers counterparty credit risk (or other parties, such as counterparty in a swap) in its assessment of fair value.

Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the consolidated statements of activities and changes in net assets as increases or decreases in unrestricted net assets unless the use was restricted by explicit donor stipulations or by law.

Certificates of Deposit:

The Organization holds a certificate of deposit which is valued at cost plus accrued interest earned as of August 31, 2018 and 2017, which approximates market value.

Property and Equipment:

The NORWESCAP entities record land, building and equipment at cost on the date of acquisition, or at the fair value of the asset, based on values of comparable assets, at the date of gift for donated assets. Depreciation is computed on a straight-line basis over the estimated useful life as follows:

| | |
|----------------------------|----------------|
| Buildings and improvements | 10 to 30 years |
| Furniture and equipment | 5 years |
| Vehicles | 5 to 7 years |

In the absence of donor-imposed restrictions on the use of the assets, gifts of long-lived assets are reported as unrestricted support. When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts. Maintenance, repairs, and minor renewals are charged to operations as incurred. Significant renewals and betterments that increase the useful life of the assets and are greater than \$5,000, are capitalized.

Federal, state, county and other funding sources may maintain an equitable interest in the property purchased with grant monies, as well as the right to determine the use of proceeds from the sale of those assets.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Advances from Grantors:

Advances from grantors are the excess of grant cash received in the current fiscal year over allowable grant expenses incurred during the current fiscal year. These advances from grantors must be expended for grant purposes.

At the termination of federal, state, county, municipal and private grants, the balance of funds unapplied are subject to disposition according to the funding source's requirements.

Revenue Recognition:

Contributions are recognized as revenue and receivables when they are received or unconditionally pledged. There were no unconditional pledges made during the years ending August 31, 2018 and 2017.

The NORWESCAP entities report gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions. However, the NORWESCAP entities report gifts of cash and other assets subject to temporary restrictions by donor stipulations as unrestricted contributions in the consolidated statements of activities and changes in net assets if the restriction is met during the accounting period in which the gift was received.

The NORWESCAP entities account for contract and grant revenue, which are exchange transactions, in the consolidated statements of activities and changes in net assets to the extent that expenses have been incurred for the purpose specified by the grantor during the period. In applying this concept, the legal and contractual requirements of each individual program are used as guidance. All amounts not expended in accordance with the grants or contracts are recorded as a liability to the grantor as the NORWESCAP entities do not maintain any equity in the grant or contract. Additionally, funds received in advance of their proper usage are accounted for as advances from grantors in the consolidated statements of financial position.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Contributed Property and Equipment:

Donations of property and equipment are recorded as contributions at their estimated fair value on the date of the gift. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor restrictions regarding how long those donated assets must be maintained, the NORWESCAP entities report expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The NORWESCAP entities reclassify temporarily restricted net assets to unrestricted net assets at that time. Proceeds from the sale of fixed assets, if unrestricted, are transferred to unrestricted net assets, or, if restricted, to deferred amounts restricted for fixed asset acquisitions.

Contributed Services:

Contributed services are recorded at fair value and recognized as revenues and expenses in the period received if they meet the requirements for recognition under accounting principles generally accepted in the United States of America.

During fiscal years ended August 31, 2018 and 2017, contributed services recorded in the consolidated financial statements were used primarily in the Head Start program. These early childhood program aid instruction and related services are valued consistent with such services provided for in the Phillipsburg Board of Education contracts. NORWESCAP also receives free rent for classroom space from the town of Phillipsburg, New Jersey. For the years ended August 31, 2018 and 2017, contributed early childhood program aid services and rental space of approximately \$1,795,000 and \$1,462,000, respectively, are reported in contributed services revenue and expenses in the accompanying consolidated statements of activities and changes in net assets.

Contributed Goods:

Through its Food Bank program, NORWESCAP solicits and receives food commodities which are to be distributed to qualified agency charitable organizations in specified areas. The fair value of food commodities received is recognized as revenue in circumstances in which NORWESCAP has sufficient discretion over the use and disposition of the items to recognize a contribution.

Accordingly, the recognition of contributed goods as revenue is limited to circumstances in which NORWESCAP takes constructive possession of the contributed goods and NORWESCAP is the recipient of the gift, rather than an agent or intermediary.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Contributed Goods: (continued)

In circumstances in which NORWESCAP is functioning as an agent or intermediary with respect to the contributed goods, NORWESCAP does not report an asset when the food commodities are received from a resource provider or donor, nor is an expense reported when the items are remitted to the ultimate beneficiary.

Although NORWESCAP aims to distribute contributed goods received as promptly as possible, it may continue to hold some contributed goods at year-end. Undistributed, contributed goods over which NORWESCAP has no variance power are not recognized and reported as inventory at year-end.

During the years ended August 31, 2018 and 2017, NORWESCAP distributed approximately 1,867,000 and 2,008,000 pounds of food, respectively, to qualified charitable organizations. The value of these commodities has not been reported in the consolidated financial statements as NORWESCAP determined it has no variance power over the distribution of these goods.

NORWESCAP also receives food commodities for distribution to eligible recipients in The Emergency Food Assistance Program (“TEFAP”) for a fee and also participates in the New Jersey State Food Purchase Program (“SFPP”). Under SFPP, NORWESCAP receives, purchases, and distributes food to qualified recipients in exchange for a fee. NORWESCAP also receives and distributes food commodities under other similar government programs. During the years ended August 31, 2018 and 2017, NORWESCAP distributed approximately 573,000 and 1,493,000 pounds of food commodities under these programs, respectively. The value of those commodities has not been reported in the consolidated financial statements as NORWESCAP determined it has no variance power over the distribution of these goods.

Income Tax Status:

The NORWESCAP entities are exempt from income taxes under Sections 501(c)(3) and 501(c)(2) of the Internal Revenue Code, and are also exempt under Title 15 of the State of New Jersey Corporations and Associations Not-for-Profit Act.

The Organization follows standards that provide clarification on accounting for uncertainty in income taxes recognized in the Organization’s financial statements. The guidance prescribes a recognition threshold and measurement attribute for the recognition and measurement of a tax position taken, or expected to be taken, in a tax return, and also provides guidance on de-recognition, classification, interest and penalties, disclosure and transition. The Organization’s policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense. No interest and penalties were recorded during the fiscal years ended 2018 and 2017. At August 31, 2018 and 2017, there are no significant income tax uncertainties.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Interest Income:

Interest income is accounted for as required by grant contract requirements. Interest income is returnable to the grantor for the following grant: Head Start (Department of Health and Human Services). For other grants, interest income is retained and used to further program activities as stipulated in the New Jersey Department of Community Affairs and other contracts.

Functional Expenses:

The cost of providing various programs and other activities has been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are charged to program services based on direct expenditures incurred. Support costs are allocated to program services based on total program costs. Program expenses are those related to community action programs and child enrichment. Management and general services relate to administrative expenses associated with those programs.

Use of Estimates:

In preparing the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications:

Certain reclassifications have been made to the 2017 consolidated financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Financial Statement Reporting for Nonprofits:

The Financial Accounting Standards Board issued an accounting pronouncement, *Presentation of Financial Statements of Not-for-Profit Entities*, that will require net assets to be presented in two classes instead of three. The two classes will be net assets with donor restrictions and net assets without donor restrictions. Additional enhanced disclosures will be required to present the amounts and purposes of Board designations, composition of net assets with donor restrictions and how the restrictions affect the use of resources. It also requires the Organization to communicate qualitative and quantitative information on how it manages its liquid resources available to meet the cash flow needs for general expenditures within one year of the statement of financial position date. The pronouncement is effective for annual reporting periods beginning after December 15, 2017. It will be effective for the year ending August 31, 2019.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Financial Statement Reporting for Nonprofits: (Continued)

The organization is currently evaluating the effect that the new standard will have on its consolidated financial statements.

Subsequent Events:

The Organization has evaluated events subsequent to the consolidated statement of financial position date as of August 31, 2018 through January 22, 2019, the date that the consolidated financial statements were available to be issued.

NOTE 3 - RESTRICTED DEPOSITS—RESERVES:

Cash reserves required by HUD at August 31, 2018, are comprised of the following:

| | Reserves | | |
|----------------------------|-------------------|--------------------|-------------------|
| | Moving | Replacement | Total |
| Balance, beginning of year | \$ 456,753 | \$ 29,747 | \$ 486,500 |
| Interest | 2,676 | 30 | 2,706 |
| Bank service charge | (20) | - | (20) |
| Balance, end of year | <u>\$ 459,409</u> | <u>\$ 29,777</u> | <u>\$ 489,186</u> |

Cash reserves required by HUD at August 31, 2017, are comprised of the following:

| | Reserves | | |
|----------------------------|-------------------|--------------------|-------------------|
| | Moving | Replacement | Total |
| Balance, beginning of year | \$ 570,031 | \$ 29,727 | \$ 599,758 |
| Interest | 1,084 | 20 | 1,104 |
| Approved withdrawals | (114,362) | - | (114,362) |
| Balance, end of year | <u>\$ 456,753</u> | <u>\$ 29,747</u> | <u>\$ 486,500</u> |

Written prior approval from HUD is required to disburse funds from each reserve account. There were disbursements from the reserves during the years ended August 31, 2018 and 2017, of \$0 and \$114,362, respectively.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE 4 - GRANT RECEIVABLES:

Grants receivable are comprised of the following:

| | August 31, | |
|---|---------------------|---------------------|
| | 2018 | 2017 |
| Community Services Block Grant | \$ 645,270 | \$ 244,726 |
| Head Start Abbott - ECPA | 25,018 | 80,845 |
| Head Start and Early Head Start | 465,229 | 543,643 |
| Family Self Sufficiency (FSS) | 71,632 | 69,233 |
| Homeless Prevention | - | 93,366 |
| LIHEAP, Weatherization, Heating Improvement Program and the Department of Energy | 308,464 | 545,913 |
| NJ Cancer Education and Early Detection (CEED) | 75,172 | 116,157 |
| Women, Infants and Children (WIC) | 222,996 | 168,861 |
| HUD | - | 117,726 |
| Other | 526,202 | 518,577 |
| Total Grants Receivable | 2,339,983 | 2,499,047 |
| Less: Allowance for doubtful accounts | 64,925 | 117,726 |
| Grants Receivable, net | <u>\$ 2,275,058</u> | <u>\$ 2,381,321</u> |

NOTE 5 - INVESTMENTS:

The certificate of deposit bears an interest rate between .25% - 2.35%. Interest income on the certificate of deposit for the years ended August 31, 2018 and 2017, is \$21 and \$24, respectively.

The following table summarizes assets which have been accounted for at fair value on a recurring basis, along with the basis of determination of fair value:

FAIR VALUE MEASUREMENT

AUGUST 31, 2018

| | LEVEL 1 | LEVEL 2 | LEVEL 3 | TOTAL |
|------------------------|----------------|----------------|----------------|--------------|
| Certificate of deposit | \$ - | \$ 10,645 | \$ - | \$ 10,645 |

FAIR VALUE MEASUREMENT

AUGUST 31, 2017

| | LEVEL 1 | LEVEL 2 | LEVEL 3 | TOTAL |
|------------------------|----------------|----------------|----------------|--------------|
| Certificate of deposit | \$ - | \$ 10,624 | \$ - | \$ 10,624 |

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE 6 - PROPERTY AND EQUIPMENT:

Property and equipment, net of accumulated depreciation, at August 31, 2018, is as follows:

| | NORWESCAP | Holding Company | Sussex Seniors | ECHO | Total |
|--------------------------------------|------------------|----------------------------|---------------------------|-------------|--------------|
| Land | \$ 158,816 | \$ 53,001 | \$ 191,966 | \$ - | \$ 403,783 |
| Building and improvements | 942,325 | 1,364,108 | 767,864 | 736,449 | 3,810,746 |
| Furniture, fixtures and equipment | 394,082 | - | - | - | 394,082 |
| Vehicles | 1,135,157 | - | - | - | 1,135,157 |
| | 2,630,380 | 1,417,109 | 959,830 | 736,449 | 5,743,768 |
| Less: Accumulated depreciation | 2,175,041 | 614,983 | 524,706 | 736,449 | 4,051,179 |
| | \$ 455,339 | \$ 802,126 | \$ 435,124 | \$ - | \$ 1,692,589 |

Property and equipment, net of accumulated depreciation, at August 31, 2017, is as follows:

| | NORWESCAP | Holding Company | Sussex Seniors | ECHO | Total |
|--------------------------------------|------------------|----------------------------|---------------------------|-------------|--------------|
| Land | \$ 158,816 | \$ 53,001 | \$ 191,966 | \$ - | \$ 403,783 |
| Building and improvements | 942,325 | 1,364,108 | 767,864 | 1,052,070 | 4,126,367 |
| Furniture, fixtures and equipment | 394,082 | - | - | - | 394,082 |
| Vehicles | 1,135,157 | - | - | - | 1,135,157 |
| | 2,630,380 | 1,417,109 | 959,830 | 1,052,070 | 6,059,389 |
| Less: Accumulated depreciation | 2,123,369 | 569,513 | 499,111 | 1,052,070 | 4,244,063 |
| | \$ 507,011 | \$ 847,596 | \$ 460,719 | \$ - | \$ 1,815,326 |

Property and equipment purchased with federal or state funds are vested with the NORWESCAP entities as long as the NORWESCAP entities are granted the right to carry out the various programs for which such assets were acquired. Although the government grantor may retain legal title during the term of the arrangement, it is likely that the NORWESCAP entities will use the assets for the remainder of their useful lives and will be permitted to keep the assets when the arrangement is terminated.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE 6 - PROPERTY AND EQUIPMENT: (Continued)

A Notice of Federal Interest has been filed with the county record of deeds for certain land and buildings on which Head Start facilities are located. The Notice of Federal Interest requires the land and buildings to be used in a manner consistent with the Head Start Act governing the financial statements under which the property was acquired. The land cannot be sold or transferred to another party without the written permission of the responsible Department of Health and Human Services official.

Depreciation expense for the years ended August 31, 2018 and 2017, was \$122,737 and \$116,727, respectively.

NOTE 7 - ADVANCES FROM GRANTORS:

Advances from grantors are comprised of the following:

| | August 31 | |
|------------------------------|------------------|-------------|
| | 2018 | 2017 |
| Early Head Start Expansion | \$ 118,704 | \$ - |
| UCC | 96,124 | - |
| CCYC | 20,562 | 20,562 |
| Healthy Families | 13,383 | - |
| Other | 7,224 | - |
| Total Advances from Grantors | \$ 255,997 | \$ 20,562 |

NOTE 8 - MORTGAGE PAYABLE:

Mortgage payable consists of the following:

| | August 31, | |
|--|-------------------|-------------|
| | 2018 | 2017 |
| NORWESCAP has a mortgage payable to a bank for a building located in Phillipsburg, New Jersey with an interest rate of 4.00% at a monthly installment of \$2,046. The property is secured by a Notice of Federal Interest and has a 20-year term with a maturity date of June 1, 2019. | \$ 21,635 | \$ 44,794 |
| Less: Current portion | (21,635) | (23,111) |
| Mortgage Payable, net current portion | \$ -0- | \$ 21,683 |

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE 9 - LEASES:

NORWESCAP occupies office and classroom space and leases various equipment under separate operating leases with various terms expiring between 2018 and 2028. Total rental space charged to operations for the years ended August 31, 2018 and 2017, was \$535,939 and \$366,417, respectively. Rental space is charged to rents/space in the consolidated statements of functional expenses and is primarily for Head Start facilities. It is expected that in the normal course of operations, other leases that expire will be renewed or replaced. Rental of certain facilities is contingent upon the continuance of federal and state funding for which the programs are dependent. NORWESCAP has no sublease rentals.

Future minimum lease commitments for office and classroom space as of August 31, are as follows:

| | Year Ended August 31, | |
|------|------------------------------|----------------|
| 2019 | \$ | 344,834 |
| 2020 | | 206,580 |
| 2021 | | 124,301 |
| 2022 | | 92,750 |
| 2023 | | 93,300 |
| | \$ | <u>861,765</u> |

NOTE 10 - CONTRIBUTIONS, FEES, RENTS AND OTHER:

Contributions, fees, rents, and other revenue is comprised of the following:

| | Year Ended August 31, | |
|-------------------|----------------------------------|---------------------|
| | 2018 | 2017 |
| Contributions | \$ 924,175 | \$ 1,299,704 |
| Fees | 143,560 | 128,182 |
| Food distribution | 136,853 | 270,635 |
| Rents | 91,111 | 118,426 |
| Other | 92,387 | 461,730 |
| | <u>\$ 1,388,086</u> | <u>\$ 2,278,677</u> |

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE 11 - RETIREMENT BENEFITS:

NORWESCAP maintains a defined-contribution pension plan. The benefit plan is a tax-deferred annuity plan, whereby employees elect to voluntarily contribute up to the maximum amount allowed in accordance with Section 403(b) of the Internal Revenue Code. Employer contributions are made based on years of service with NORWESCAP and based on a percentage of the compensation of the employee for that year. Employer contribution will be made whether or not an employee is making contributions to the plan. Pension expense for the years ended August 31, 2018 and 2017, was \$314,084 and \$301,081, respectively, and is recorded in fringe benefits on the consolidated statements of functional expenses.

NOTE 12 - TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consists of the following:

| | Year Ended August 31, | |
|---|----------------------------------|---------------------|
| | 2018 | 2017 |
| Community Action Programs | \$ 352,177 | \$ 403,823 |
| Northwest New Jersey Echo Housing, Inc. | 1,499,700 | 1,499,700 |
| | <u>\$ 1,851,877</u> | <u>\$ 1,903,523</u> |

The amount of \$1,499,700 is a HUD-funded Section 202 Capital Advance to pay for the construction of the HUD project. HUD holds a nonamortizing mortgage on the property under the terms of the Capital Advance agreement with HUD. No repayment is required so long as the owner complies with the HUD Regulatory Agreement to make available rental housing to very low-income elderly persons for a term of 40 years, beginning August 9, 1996 through August 9, 2036. Failure to comply with the terms of the Capital Advance and HUD's agreements may result in foreclosure under the mortgage. Management believes that the possibility that repayment will occur is remote and that treatment of the Capital Advance as temporarily restricted net assets is appropriate.

On November 18, 2015, the Project received final written approval from HUD to transfer three modular housing units to the Volunteers of America located in Blackwood, New Jersey, with the intention of providing transitional housing for homeless veterans.

The Project is actively in discussion with HUD to opt out of the ECHO demonstration project.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017

NOTE 12 - TEMPORARILY RESTRICTED NET ASSETS: (Continued)

HUD issued a formal written notice of default on December 7, 2018. Management has an outlined process in order to comply with HUD to exit this program and has responded requesting an extension of 90 days to complete this process. The financial statements do not reflect any adjustments in regards to the notice of default received.

NOTE 13 - BOARD-DESIGNATED NET ASSETS:

As of August 31, 2018 and 2017, the Board has designated \$187,530 and \$242,350, respectively, of unrestricted net assets for operating reserves. The funds are only to be released as time lapses and/or for purposes specifically appropriated for by the Board of Trustees with agreement of the Chief Executive Officer and Chief Financial Officer.

NOTE 14 - CONCENTRATIONS OF CREDIT RISKS:

The Organization receives approximately 79% and 69% of its funding from various federal and state governmental agencies. The operations of the Organization are subject to the administrative directives, rules and regulations of federal and state regulatory agencies. Such administrative directives, rules and regulations are subject to changes that may occur because of inadequate funding with little notice to pay for the related costs, including the additional administrative burden, to comply with a change.

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.

The Organization maintains cash balances at one financial institution. At times, cumulative balances may exceed insured limits.

NORTHWEST NEW JERSEY COMMUNITY ACTION PROGRAM, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2018

| Federal Grantor/Pass-through Grantor/Program or Charter Title | Federal CFDA Number | Pass through Entity ID# | Grant/Project # | Grant Period | Grants Awards | Cumulative Program Disbursements | Loan at the Beginning of FY 2018 | Current Year Program Disbursements |
|--|---------------------|-------------------------|-----------------|---------------------|-------------------|----------------------------------|----------------------------------|------------------------------------|
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | | | | |
| Direct | | | | | | | | |
| Head Start/EHS | 93.600 | | 02CH3039-04-02 | 09/01/17 - 08/31/18 | \$ 6,050,578 | \$ 6,050,578 | \$ - | \$ 6,050,578 |
| Early Head Start Expansion | 93.600 | | 02H000054-01-00 | 03/01/17 - 08/31/18 | 2,106,383 | 1,130,736 | - | 1,074,958 |
| Total Head Start | | | | | 8,156,961 | 7,181,314 | - | 7,125,536 |
| Passed through New Jersey Department of Human Services | | | | | | | | |
| UCC - Sussex | 93.575 | UC18023 | | 10/01/17 - 09/30/18 | 729,697 | 673,250 | - | 673,250 |
| UCC - Warren | 93.575 | UC18023 | | 10/01/17 - 09/30/18 | 807,820 | 705,423 | - | 705,423 |
| UCC - Hunterdon | 93.575 | UC18023 | | 10/01/17 - 09/30/18 | 543,865 | 456,266 | - | 456,266 |
| UCC - Sussex | 93.575 | UC17023 | | 10/01/16 - 09/30/17 | 691,823 | 691,823 | - | 43,026 |
| UCC - Warren | 93.575 | UC17023 | | 10/01/16 - 09/30/17 | 785,546 | 785,546 | - | 91,464 |
| UCC - Hunterdon | 93.575 | UC17023 | | 10/01/16 - 09/30/17 | 543,991 | 543,991 | - | 39,198 |
| Total - CCDF Cluster | | | | | 4,102,742 | 3,856,299 | - | 2,008,627 |
| Healthy Families | 93.558 | 18BOWP | | 09/01/17 - 08/31/18 | 268,173 | 254,790 | - | 254,790 |
| Total - Healthy Families | | | | | 268,173 | 254,790 | - | 254,790 |
| Family Success Center | 93.667 | 18BOWP | | 09/01/17 - 08/31/18 | 240,000 | 240,000 | - | 199,604 |
| Total - Family Success Center | | | | | 240,000 | 240,000 | - | 199,604 |
| SHIP | 93.779 | DOAS19SHF021 | | 04/01/18 - 03/31/19 | 27,000 | 11,473 | - | 11,473 |
| SHIP | 93.779 | DOAS18SHF003 | | 04/01/17 - 03/31/18 | 27,000 | 27,000 | - | 19,501 |
| Total - SHIP | | | | | 54,000 | 38,473 | - | 30,974 |
| Passed through New Jersey Department of Community Affairs | | | | | | | | |
| LIHEAP Weatherization 2015 | 93.568 | 2015-05130-0224-03 | | 01/01/15 - 12/31/17 | 337,863 | 130,087 | - | 56,250 |
| LIHEAP Weatherization 2013 | 93.568 | 2013-05130-0291-14 | | 06/01/13 - 03/31/19 | 605,359 | 340,704 | - | 159,863 |
| Universal Services Fund 2019 | 93.568 | | | 07/01/18 - 06/30/19 | 121,484 | 10,341 | - | 10,341 |
| Universal Services Fund 2018 | 93.568 | 2018-05133-0025-00 | | 07/01/17 - 06/30/18 | 129,187 | 129,187 | - | 126,209 |
| Universal Services Fund 2017 | 93.568 | 2017-05133-0058-00 | | 07/01/16 - 06/30/17 | 127,299 | 127,299 | - | 127,299 |
| HIP 2015 | 93.568 | 2015-05124-0255-03 | | 03/01/15 - 12/31/17 | 407,254 | 221,375 | - | 221,375 |
| LIHEAP Assistance 2018 | 93.568 | 2018-05131-0066-00 | | 10/01/17 - 09/30/18 | 228,938 | 218,055 | - | 218,055 |
| LIHEAP Assistance 2017 | 93.568 | 2017-05131-0132-00 | | 10/01/16 - 09/30/17 | 233,971 | 233,971 | - | 31,535 |
| Total- LIHEAP | | | | | 2,191,355 | 1,411,019 | - | 950,927 |
| Community Services Block Grant 2018 | 93.569 | 2018-05235-0182-01 | | 10/01/17 - 09/30/18 | 779,600 | 767,667 | - | 767,667 |
| Community Services Block Grant 2017 | 93.569 | 2017-05235-0266-02 | | 10/01/16 - 09/30/17 | 772,653 | 772,653 | - | 109,263 |
| Total - CSBG | | | | | 1,552,253 | 1,540,320 | - | 876,930 |
| Passed through New Jersey Department of Health | | | | | | | | |
| NJ Cancer Education and Early Detection (CEED) | 93.283 | DFHS18CED008 | | 07/01/18 - 06/30/19 | 180,149 | 12,974 | - | 12,974 |
| NJ Cancer Education and Early Detection (CEED) | 93.283 | DFHS17CED008 | | 07/01/17 - 06/30/18 | 181,771 | 181,771 | - | 170,260 |
| Total - CEED A | | | | | 361,920 | 194,745 | - | 183,234 |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | 16,927,404 | 14,716,960 | - | 11,630,622 |

NORTHWEST NEW JERSEY COMMUNITY ACTION PROGRAM, INC. & SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED AUGUST 31, 2018

| Federal Grantor/Pass-through Grantor/Program or Charter Title | Federal CFDA Number | Pass through Entity ID# | Grant/Project # | Grant Period | Grants Awards | Cumulative Program Disbursements | Loan at the Beginning of FY 2018 | Current Year Program Disbursements |
|--|---------------------|-------------------------|---|---------------------|----------------------|----------------------------------|----------------------------------|------------------------------------|
| U.S. DEPARTMENT OF EDUCATION | | | | | | | | |
| Passed through New Jersey Department of Community Affairs | | | | | | | | |
| County Councils for Young Children (Race to the Top) - Warren | 84.412 | 18BOWP | | 09/01/17 - 08/31/18 | \$ 73,506 | \$ 73,506 | \$ - | \$ 73,506 |
| County Councils for Young Children (Race to the Top) - Hunterdon | 84.412 | 18BOWP | | 09/01/17 - 08/31/18 | 73,506 | 73,506 | - | 73,506 |
| County Councils for Young Children (Race to the Top) - Morris | 84.412 | 18BOWP | | 09/01/17 - 08/31/18 | 73,506 | 68,215 | - | 68,215 |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | | | 220,518 | 215,227 | - | 215,227 |
| U.S. DEPARTMENT OF HEALTH AND HOUSING AND URBAN DEVELOPMENT | | | | | | | | |
| Direct | | | | | | | | |
| | | | NJ0313B2F161000/ NJ0371B2F161100/ NJ0372B2F161100 | | | | | |
| Supportive Housing | 14.235 | | | 09/01/16 - 08/31/17 | 183,391 | 183,391 | - | 183,391 |
| Supportive Housing For the Elderly - ECHO Program | 14.157 | N/A | 031-EE022 | 08/09/96 - 08/09/36 | 1,499,700 | 1,499,700 | 1,499,700 | - |
| Total Supportive Housing | | | | | 1,683,091 | 1,683,091 | 1,499,700 | 183,391 |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HOUSING AND URBAN DEVELOPMENT | | | | | 1,683,091 | 1,683,091 | 1,499,700 | 183,391 |
| U.S. DEPARTMENT OF AGRICULTURE | | | | | | | | |
| Passed Through New Jersey Department of Health | | | | | | | | |
| Women, Infants, and Children | 10.557 | DFHS18WIC003 | | 10/01/17 - 09/30/18 | 938,718 | 813,633 | - | 813,326 |
| Women, Infants, and Children | 10.557 | DFHS17WIC008 | | 10/01/16 - 09/30/17 | 920,941 | 920,941 | - | 110,851 |
| Total- Special Supplemental Nutrition Program for WIC | | | | | 1,859,659 | 1,734,574 | - | 924,177 |
| Child Care Resource Services Child Care Food Program | 10.558 | | | 10/01/17 - 09/30/18 | 98,435 | 98,435 | - | 98,435 |
| Child Care Resource Services Child Care Food Program | 10.558 | | | 10/01/16 - 09/30/17 | 130,115 | 130,115 | - | 20,784 |
| Total - Child and Adult Care Food Program | | | | | 228,550 | 228,550 | - | 119,219 |
| Summer Food Service Program for Children | 10.559 | 213104 | | 06/18/18 - 08/24/18 | 20,269 | 20,269 | - | 20,269 |
| Total - Summer Food Service Program for Children | | | | | 20,269 | 20,269 | - | 20,269 |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | | | 2,108,478 | 1,983,393 | - | 1,063,665 |
| CORPORATION FOR NATIONAL COMMUNITY SERVICE | | | | | | | | |
| Direct | | | | | | | | |
| RSVP | 94.002 | 14SRANJ004 | 14SRANJ004 | 04/01/18 - 03/31/19 | 249,342 | 105,731 | - | 105,731 |
| RSVP | 94.002 | 14SRANJ004 | 14SRANJ004 | 04/01/17 - 03/31/18 | 293,681 | 277,984 | - | 173,594 |
| Total- Retired and Senior Volunteer Program | | | | | 543,023 | 383,715 | - | 279,325 |
| TOTAL CORPORATION FOR NATIONAL COMMUNITY SERVICE | | | | | 543,023 | 383,715 | - | 279,325 |
| U.S. DEPARTMENT OF ENERGY | | | | | | | | |
| Passed Through New Jersey Department of Community Affairs | | | | | | | | |
| DOE Weatherization 2019 | 81.042 | 2019-05228-0309-00 | | 07/01/18 - 06/30/19 | 198,231 | 7,044 | - | 7,044 |
| DOE Weatherization 2018 | 81.042 | 2018-05228-0006-01 | | 07/01/17 - 06/30/18 | 223,457 | 184,292 | - | 184,292 |
| TOTAL U.S. DEPARTMENT OF ENERGY - WALIP | | | | | 421,688 | 191,336 | - | 191,336 |
| TOTAL FEDERAL AWARDS | | | | | \$ 21,904,202 | \$ 19,173,722 | \$ 1,499,700 | \$ 13,563,566 |

NORTHWEST NEW JERSEY COMMUNITY ACTION PROGRAM, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED AUGUST 31, 2018

| State Awards | Grant Number | Grant Period | Grant Award | Cumulative Program Disbursements | Current-Year Program Disbursements |
|--|--------------------|---------------------|---------------------|--|--|
| NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS | | | | | |
| Careers Life Warren | 18XHKW | 09/01/17 - 08/31/18 | \$ 150,000 | \$ 143,718 | \$ 143,718 |
| Careers Life Hunterdon | 18XHKW | 09/01/17 - 08/31/18 | 150,000 | 150,000 | 150,000 |
| Post TANF | OFBI17SAP-015 | 10/01/16 - 09/30/17 | 62,500 | 63,592 | 21,861 |
| IDA Account 2009 | 2009-05795-0288-08 | 10/01/08 - 09/30/18 | 135,000 | 119,967 | - |
| Prevention of Homelessness | 2018-02150-0200-00 | 02/01/18 - 01/31/19 | 88,638 | 24,759 | 24,759 |
| Prevention of Homelessness 2015 - (Somerset) | 2015-02150-0272-01 | 08/01/15 - 01/31/17 | 88,638 | 55,037 | - |
| Neighborhood Revitalization Tax Credit Project 13 | 2013-02240-0308-03 | 01/01/13 - 06/30/16 | 849,767 | 849,767 | - |
| Total NJCDA | | | 1,524,543 | 1,406,841 | 340,338 |
| NEW JERSEY DEPARTMENT OF HUMAN SERVICES ("NJ DHS") | | | | | |
| Head Start Abbott - ECPA | 063018 | 07/01/18 - 06/30/19 | 539,463 | 24,892 | 24,892 |
| Head Start Abbott - ECPA | 063017 | 07/01/17 - 06/30/18 | 539,463 | 539,463 | 518,108 |
| Total NJDHS | | | 1,078,926 | 564,355 | 543,000 |
| NEW JERSEY OFFICE OF THE ATTORNEY GENERAL ("NJOAG") | | | | | |
| Supporting Youth in the Community | 063015 | 01/01/17 - 12/31/17 | 20,382 | 20,382 | - |
| Total NJOAG | | | 20,382 | 20,382 | - |
| NEW JERSEY DEPARTMENT OF AGRICULTURE ("NJDOA") | | | | | |
| State Food Purchase Pgm | EFONRW | 07/01/18 - 06/30/19 | 124,666 | 11,813 | 11,813 |
| State Food Purchase Pgm | EFONRW | 07/01/17 - 06/30/18 | 124,666 | 124,666 | 94,222 |
| Total NJDOA | | | 249,332 | 136,479 | 106,034 |
| TOTAL STATE OF NEW JERSEY FINANCIAL ASSISTANCE | | | \$ 2,873,183 | \$ 2,128,057 | \$ 989,372 |

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO SCHEDULES OF EXPENDITURES
OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
YEAR ENDED AUGUST 31, 2018

NOTE 1 - BASIS OF PRESENTATION:

The accompanying schedules of expenditures of federal awards and state financial assistance, includes the federal and state grant activity of the NORWESCAP entities and are presented on the accrual basis of accounting. The information in the schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey Office of Management and Budget Circular Letter 15-08. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 - SUBRECIPIENTS:

During the year ended August 31, 2018, the NORWESCAP entities did not provide any funds relating to their programs to subrecipients.

NOTE 3 - INDIRECT COSTS:

The NORWESCAP entities did not elect to use the de minimis cost rate when allocating indirect costs to programs. The Organization is operating under an approved cost allocation plan.

NOTE 4 - LOAN AND LOAN GUARANTEE PROGRAMS:

As of August 31, 2018, \$1,499,700 was outstanding on the federal loan program.

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 Trustees
Northwest New Jersey Community Action Program, Inc. and Subsidiaries
Phillipsburg, New Jersey

We have audited, in accordance with the 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 of America, the consolidated financial statements of Northwest New Jersey Community Action Program, Inc. and Subsidiaries ("NORWESCAP"), which comprise the consolidated statement of financial position as of August 31, 2018, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon, dated January 22, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered NORWESCAP'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of NORWESCAP's internal control. Accordingly, we do not express an opinion on the effectiveness of NORWESCAP'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 NORWESCAP's consolidated 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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Sobel & Co, LLC

Certified Public Accountants

Livingston, New Jersey
January 22, 2019

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR LETTER 15-08

To the Board of Trustees
Northwest New Jersey Community Action Program, Inc. and Subsidiaries
Phillipsburg, New Jersey

Report on Compliance for Each Major Program

We have audited Northwest New Jersey Community Action Program, Inc. and Subsidiaries ("NORWESCAP") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *Compliance Supplement* and the New Jersey Office of Management and Budget ("NJOMB") Circular Letter 15-08 that could have a direct and material effect on each of NORWESCAP's major programs for the year ended August 31, 2018. NORWESCAP's major programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal and state statutes, regulations and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of NORWESCAP's major programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, 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"); and NJOMB Circular Letter 15-08. Those standards and the Uniform Guidance and NJOMB Circular Letter 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major program occurred. An audit includes examining, on a test basis, evidence about NORWESCAP's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Program

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

Report on Internal Control Over Compliance

Management of NORWESCAP is responsible for establishing and maintaining effective internal control over the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered NORWESCAP's internal control over compliance with the types of requirements that could have a direct and material effect on each major program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB Circular Letter 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of NORWESCAP's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and NJOMB Circular Letter 15-08. Accordingly, this report is not suitable for any other purpose.

Sobel & Co, LLC

Certified Public Accountants

Livingston, New Jersey
January 22, 2019

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2018**

I. Summary of Auditors' Results

Financial Statements

The auditors' report issued on the consolidated financial statements of Northwest New Jersey Community Action Program, Inc. and Subsidiaries was an unmodified opinion.

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards and State Financial Assistance

Internal control over each major program:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes No

Type of auditors' report issued on compliance for each major program: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance or NJOMB Circular Letter 15-08? Yes No

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION

To the Board of Trustees
Northwest New Jersey Community Action Program Inc. and Subsidiaries
Phillipsburg, New Jersey

We have audited the consolidated financial statements of Northwest New Jersey Community Action Program Inc. and Subsidiaries as of and for the year ended August 31, 2018, and have issued our report thereon, dated January 22, 2019, which expressed an unmodified opinion on those consolidated financial statements and appears on pages 1-3. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of the Head Start Federal Financial Report Form 425, the Head Start Attachment to Report for Grant # 02CH3039-04-02, the Head Start Statement of Revenues and Expenses, the Schedule of WIC Expenditures, the Schedule of SHIP Expenditures, and the Schedule of CEED A Expenditures are presented for the purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.



Certified Public Accountants

January 22, 2019
Livingston, New Jersey

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
HEAD START FEDERAL FINANCIAL REPORT FORM 425
YEAR ENDED AUGUST 31, 2018

FEDERAL FINANCIAL REPORT

(Follow form instructions)

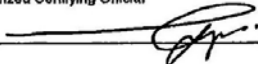
| | | | | | |
|---|-----------------------|---|--|---|--|
| 1. Federal Agency and Organizational Element to Which Report is Submitted OAVOGR/Region II | | 2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment) 02CH3039-05 | | Page 1 | of pages |
| 3. Recipient Organization (Name and complete address including Zip code) NORWESCAP Inc. 350 Marshall Street, Phillipsburg, NJ 08865 | | | | | |
| 4a. DUNS Number 060808219 | 4b. EIN 22-1777168 | 5. Recipient Account Number or Identifying Number (To report multiple grants, use FFR Attachment) 8001285218 | 6. Report Type <input type="checkbox"/> Quarterly <input type="checkbox"/> Semi-Annual <input type="checkbox"/> Annual <input checked="" type="checkbox"/> Final | 7. Basis of Accounting <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual | |
| 8. Project/Grant Period From: (Month, Day, Year) 08/01/17 | | | To: (Month, Day, Year) 08/31/18 | | 9. Reporting Period End Date (Month, Day, Year) 08/31/18 |
| 10. Transactions | | | | | Cumulative |

(Use lines a-c for single or multiple grant reporting)

| | |
|---|-------------------|
| Federal Cash (To report multiple grants, also use FFR Attachment): | |
| a. Cash Receipts | 6,050,578.00 |
| b. Cash Disbursements | 6,050,578.00 |
| c. Cash on Hand (line a minus b) | 0.00 |
| (Use lines d-o for single grant reporting) | |
| Federal Expenditures and Unobligated Balance: | |
| d. Total Federal funds authorized | 6,050,578.00 |
| e. Federal share of expenditures | 6,050,578.00 |
| f. Federal share of unliquidated obligations | 0.00 |
| g. Total Federal share (sum of lines e and f) | 6,050,578.00 |
| h. Unobligated balance of Federal funds (line d minus g) | 0.00 |
| Recipient Share: | |
| i. Total recipient share required | 1,512,845.00 |
| j. Recipient share of expenditures | 1,512,845.00 |
| k. Remaining recipient share to be provided (line i minus j) | 0.00 |
| Program Income: | |
| l. Total Federal program income earned | 0.00 |
| m. Program income expended in accordance with the deduction alternative | 0.00 |
| n. Program income expended in accordance with the addition alternative | 0.00 |
| o. Unexpended program income (line l minus line m or line n) | 0.00 |
| 11. Indirect Expense | |
| a. Type | b. Rate |
| c. Period From | Period To |
| d. Base | e. Amount Charged |
| f. Federal Share | |
| g. Totals: | |

12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation:
Total Administrative Cost: \$ 1,316,894 (please see attached), Total USDA Reimbursement: \$240,530.24

13. Certification: By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and intent set forth in the award documents. I am aware that any false, fictitious, or fraudulent information may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 18, Section 1001)

| | |
|---|---|
| a. Typed or Printed Name and Title of Authorized Certifying Official CORNELO MONTEIRO, CFO | c. Telephone (Area code, number and extension) 908-464-7000 Ext. 120 |
| b. Signature of Authorized Certifying Official  | d. Email address montejoc@norwescap.org |
| | e. Date Report Submitted (Month, Day, Year) 11/8/18 |
| 14. Agency Use Only | |

Standard Form 425 - Revised 5/28/2010
OMB Approval Number: 0348-0061
Expiration Date: 10/31/2011

Paperwork Burden Statement
According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is 0348-0061. Public reporting burden for this collection of information is estimated to average 1.5 hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0061), Washington, DC 20503.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
ATTACHMENT TO REPORT FOR GRANT #02CH3039-04-02 (UNAUDITED)
YEAR ENDED AUGUST 31, 2018

ANNUAL REPORT

BOX 12 REMARKS:

| | | |
|------------|----|-----------|
| USDA COSTS | \$ | 244,387 |
| PA 20 COST | \$ | 30,077 |
| PA 22 COST | \$ | 3,409,678 |
| PA 25 COST | \$ | 2,555,252 |
| PA 26 COST | \$ | 55,571 |

| ADMINISTRATIVE COSTS | HEAD START | EARLY HEAD START | TOTAL |
|-----------------------------|---------------------|-----------------------------|---------------------|
| SALARY | \$ 2,078,933 | \$ 1,536,278 | \$ 3,615,211 |
| FRINGE | 692,523 | 562,854 | 1,255,377 |
| TRAVEL | 331 | 3,035 | 3,366 |
| EQUIPMENT | - | - | - |
| CONSUMABLE SUPPLIES | 32,080 | 22,064 | 54,144 |
| CONTRACTUAL | 197,461 | 151,914 | 349,375 |
| FACILITIES/CONSTRUCTION | - | - | - |
| OTHER | 438,428 | 334,677 | 773,105 |
| TOTAL | <u>\$ 3,439,756</u> | <u>\$ 2,610,822</u> | <u>\$ 6,050,578</u> |

NORTHWEST NEW JERSEY COMMUNITY ACTION PROGRAM, INC. AND SUBSIDIARIES
HEAD START, HANDICAPPED, AND TRAINING PROGRAMS- GRANT NUMBER 02CH3039/03
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED SEPTEMBER 1, 2017 TO AUGUST 31, 2018

| | Total | | | PA 22 Full Year | | | PA 20 T&TA | | |
|---------------------------|-----------------------------|---------------------|---------------------|-----------------------------|---------------------|---------------------|-----------------------------|-------------------|---------------------|
| | Approved Budget (Unaudited) | Actual | Under (over) Budget | Approved Budget (Unaudited) | Actual | Under (over) Budget | Approved Budget (Unaudited) | Actual | Under (over) Budget |
| REVENUES: | | | | | | | | | |
| OCD Funds | | | | | | | | | |
| Awarded this Grant | \$ 6,050,578 | \$ - | \$ 6,050,578 | \$ 5,964,930 | \$ 5,964,930 | \$ - | \$ 85,648 | \$ 85,648 | \$ - |
| Total Federal Share | 6,050,578 | - | 6,050,578 | 5,964,930 | 5,964,930 | - | 85,648 | 85,648 | - |
| Other Revenues: | | | | | | | | | |
| In-kind | 1,512,645 | 1,512,645 | - | 1,491,233 | 1,491,233 | - | 21,412 | 21,412 | - |
| TOTAL REVENUE | \$ 7,563,223 | \$ 1,512,645 | \$ 6,050,578 | \$ 7,456,163 | \$ 7,456,163 | \$ - | \$ 107,060 | \$ 107,060 | \$ - |
| EXPENSES: | | | | | | | | | |
| OCD Share of Direct Costs | | | | | | | | | |
| Personnel | \$ 3,508,218 | \$ 4,870,588 | \$ (1,362,370) | \$ 3,488,207 | \$ 3,596,276 | \$ (108,069) | \$ - | \$ - | \$ - |
| Fringe Benefits | 1,407,044 | - | 1,407,044 | 1,404,552 | 1,251,833 | 152,719 | - | - | - |
| Travel | 13,548 | 3,366 | 10,182 | - | - | - | - | - | - |
| Consummable Supplies | 65,251 | 54,144 | 11,107 | 62,496 | 51,551 | 10,945 | - | - | - |
| Contractual | 326,099 | 349,375 | (23,276) | 326,099 | 349,375 | (23,276) | - | - | - |
| Facilities/Construction | - | - | - | - | - | - | - | - | - |
| Other | 730,418 | 773,105 | (42,687) | 683,576 | 715,895 | (32,319) | 85,648 | 85,648 | - |
| TOTAL EXPENSES | \$ 6,050,578 | \$ 6,050,578 | \$ - | \$ 5,964,930 | \$ 5,964,930 | \$ - | \$ 85,648 | \$ 85,648 | \$ - |
| In-kind | 1,512,645 | 1,512,645 | - | 1,491,233 | 1,491,233 | - | 21,412 | 21,412 | - |
| TOTAL COSTS | \$ 7,563,223 | \$ 7,563,223 | \$ - | \$ 7,456,163 | \$ 7,456,163 | \$ - | \$ 107,060 | \$ 107,060 | \$ - |

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES
SCHEDULE OF WIC EXPENDITURES**

| | Final Budget (Unaudited) | Expenditure Report Results | CPA Audited Results | Questioned Costs |
|---|---|---|------------------------------------|-----------------------------|
| I. WIC, Grant Number: DFHS18WIC003 | | | | |
| Grant period: 10/1/17 - 9/30/18. Report Period: 10/1/17 - 8/31/18 | | | | |
| Category | | | | |
| A. Personnel | | | | |
| Salaries/Wages | \$ 563,162 | \$ 507,124 | \$ 507,124 | \$ - |
| Fringe Benefits | 210,137 | 166,029 | 166,029 | - |
| B. Consultants | 4,570 | - | - | - |
| C. Other Cost Categories | | | | |
| Office Expense and Related Cost | 70,634 | 63,736 | 63,736 | - |
| Program Expense and Related Cost | 10,823 | 6,569 | 6,569 | - |
| Staff Training and Education Costs | - | - | - | - |
| Travel, Conferences, and Meetings | 20,345 | 16,409 | 16,409 | - |
| Equipment and Other Capital Expenditures | - | - | - | - |
| Facility Costs | 59,047 | 53,459 | 53,459 | - |
| DFP/OA | - | - | - | - |
| Sub-grants | - | - | - | - |
| Reserve | - | - | - | - |
| Other | - | - | - | - |
| TOTAL DIRECT COST | 938,718 | 813,326 | 813,326 | - |
| INDIRECT COST | - | - | - | - |
| TOTAL COST | 938,718 | 813,326 | 813,326 | - |
| LESS PROGRAM INCOME | - | - | - | - |
| NET TOTAL COST | \$ 938,718 | \$ 813,326 | \$ 813,326 | \$ - |
| II. WIC Grant Number: DFHS17WIC008 | | | | |
| Grant period: 10/1/16 - 9/30/17. Report Period: 10/1/16 - 8/31/17 | | | | |
| Category | | | | |
| A. Personnel | | | | |
| Salaries/Wages | \$ 548,310 | \$ 48,922 | \$ 48,922 | \$ - |
| Fringe Benefits | 209,174 | 27,771 | 27,771 | - |
| B. Consultants | 5,525 | 5,525 | 5,525 | - |
| C. Other Cost Categories | | | | |
| Office Expense and Related Cost | 55,232 | 5,392 | 5,392 | - |
| Program Expense and Related Cost | 20,124 | 11,151 | 11,151 | - |
| Staff Training and Education Costs | 3,079 | 106 | 106 | - |
| Travel, Conferences, and Meetings | 17,149 | 4,602 | 4,602 | - |
| Equipment and Other Capital Expenditures | - | - | - | - |
| Facility Costs | 62,348 | 7,382 | 7,382 | - |
| DFP/OA | - | - | - | - |
| Sub-grants | - | - | - | - |
| Reserve | - | - | - | - |
| Other | - | - | - | - |
| TOTAL DIRECT COST | 920,941 | 110,851 | 110,851 | - |
| INDIRECT COST | - | - | - | - |
| TOTAL COST | 920,941 | 110,851 | 110,851 | - |
| LESS PROGRAM INCOME | - | - | - | - |
| NET TOTAL COST | \$ 920,941 | \$ 110,851 | \$ 110,851 | \$ - |

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES
SCHEDULE OF SHIP EXPENDITURES**

| | Final Budget (Unaudited) | Expenditure Report Results | CPA Audited Results | Questioned Costs |
|---|---|---|------------------------------------|-----------------------------|
| I. SHIP, Grant Number: DOAS19SHF021 | | | | |
| Grant period: 4/1/18 - 3/31/19. Report Period: 4/1/18 - 8/31/18 | | | | |
| Category | | | | |
| A. Personnel | | | | |
| Salaries/Wages | \$ 10,500 | \$ 5,157 | \$ 5,157 | \$ - |
| Fringe Benefits | 1,838 | 797 | 797 | - |
| B. Consultants | | | | |
| C. Other Cost Categories | | | | |
| Office Expense and Related Cost | 970 | 1,133 | 1,133 | - |
| Program Expense and Related Cost | 7,352 | 1,441 | 1,441 | - |
| Staff Training and Education Costs | 250 | 155 | 155 | - |
| Travel, Conferences, and Meetings | 288 | - | - | - |
| Equipment and Other Capital Expenditures | - | - | - | - |
| Facility Costs | 5,802 | 2,790 | 2,790 | - |
| DFP/OA | - | - | - | - |
| Sub-grants | - | - | - | - |
| Reserve | - | - | - | - |
| Other | - | - | - | - |
| TOTAL DIRECT COST | 27,000 | 11,473 | 11,473 | - |
| INDIRECT COST | - | - | - | - |
| TOTAL COST | 27,000 | 11,473 | 11,473 | - |
| LESS PROGRAM INCOME | - | - | - | - |
| NET TOTAL COST | \$ 27,000 | \$ 11,473 | \$ 11,473 | \$ - |

| | | | | |
|---|------------------|------------------|------------------|-------------|
| II. SHIP, Grant Number: DOAS18SHF003 | | | | |
| Grant period: 4/1/17 - 3/31/18. Report Period: 9/1/17 - 3/31/18 | | | | |
| Category | | | | |
| A. Personnel | | | | |
| Salaries/Wages | \$ 11,968 | \$ 6,666 | \$ 6,666 | \$ - |
| Fringe Benefits | 370 | 1,068 | 1,068 | - |
| B. Consultants | | | | |
| C. Other Cost Categories | | | | |
| Office Expense and Related Cost | 2,512 | 1,553 | 1,553 | - |
| Program Expense and Related Cost | 5,810 | 4,711 | 4,711 | - |
| Staff Training and Education Costs | 250 | 238 | 238 | - |
| Travel, Conferences, and Meetings | 288 | - | - | - |
| Equipment and Other Capital Expenditures | - | - | - | - |
| Facility Costs | 5,802 | 5,265 | 5,265 | - |
| DFP/OA | - | - | - | - |
| Sub-grants | - | - | - | - |
| Reserve | - | - | - | - |
| Other | - | - | - | - |
| TOTAL DIRECT COST | 27,000 | 19,501 | 19,501 | - |
| INDIRECT COST | - | - | - | - |
| TOTAL COST | 27,000 | 19,501 | 19,501 | - |
| LESS PROGRAM INCOME | - | - | - | - |
| NET TOTAL COST | \$ 27,000 | \$ 19,501 | \$ 19,501 | \$ - |

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES
SCHEDULE OF CEED A EXPENDITURES**

| | Final Budget (Unaudited) | Expenditure Report Results | CPA Audited Results | Questioned Costs |
|--|---|---|------------------------------------|-----------------------------|
| I. CEED A, Grant Number: DFHS18CED008 | | | | |
| Grant Period: 7/1/18-6/30/19 Report Period: 7/1/18-8/31/18 | | | | |
| Category | | | | |
| A. Personnel | | | | |
| Salaries/Wages | \$ 46,969 | \$ 9,757 | \$ 9,757 | \$ - |
| Fringe Benefits | 11,742 | 1,419 | 1,419 | - |
| B. Consultants | | | | |
| C. Other Cost Categories | | | | |
| Office Expense and Related Cost | 650 | 144 | 144 | - |
| Program Expense and Related Cost | 8,517 | 1,254 | 1,254 | - |
| Staff Training and Education Costs | - | - | - | - |
| Travel, Conferences, and Meetings | 985 | - | - | - |
| Equipment and Other Capital Expenditures | - | - | - | - |
| Facility Costs | 3,196 | 400 | 400 | - |
| DFP/OA | - | - | - | - |
| Sub-grants | 108,090 | - | - | - |
| Reserve | - | - | - | - |
| Other | - | - | - | - |
| TOTAL DIRECT COST | 180,149 | 12,974 | 12,974 | - |
| INDIRECT COST | - | - | - | - |
| TOTAL COST | 180,149 | 12,974 | 12,974 | - |
| LESS PROGRAM INCOME | - | - | - | - |
| NET TOTAL COST | \$ 180,149 | \$ 12,974 | \$ 12,974 | \$ - |

| | Final Budget (Unaudited) | Expenditure Report Results | CPA Audited Results | Questioned Costs |
|--|---|---|------------------------------------|-----------------------------|
| II. SHIP, Grant Number: DFHS17CED008 | | | | |
| Grant Period: 7/1/17-6/30/18 Report Period: 9/1/17-6/30/18 | | | | |
| Category | | | | |
| A. Personnel | | | | |
| Salaries/Wages | \$ 68,660 | \$ 52,141 | \$ 52,141 | \$ - |
| Fringe Benefits | 17,239 | 7,165 | 7,165 | - |
| B. Consultants | | | | |
| C. Other Cost Categories | | | | |
| Office Expense and Related Cost | 4,289 | 3,290 | 3,290 | - |
| Program Expense and Related Cost | - | 4,034 | 4,034 | - |
| Staff Training and Education Costs | - | 200 | 200 | - |
| Travel, Conferences, and Meetings | 1,473 | 1,348 | 1,348 | - |
| Equipment and Other Capital Expenditures | - | - | - | - |
| Facility Costs | 4,200 | 2,400 | 2,400 | - |
| DFP/OA | - | - | - | - |
| Sub-grants | 85,000 | 99,682 | 99,682 | - |
| Reserve | - | - | - | - |
| Other | - | - | - | - |
| TOTAL DIRECT COST | 181,771 | 170,260 | 170,260 | - |
| INDIRECT COST | - | - | - | - |
| TOTAL COST | 181,771 | 170,260 | 170,260 | - |
| LESS PROGRAM INCOME | - | - | - | - |
| NET TOTAL COST | \$ 181,771 | \$ 170,260 | \$ 170,260 | \$ - |