

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

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

AUGUST 31, 2017 AND 2016



SOBEL & CO. LLC

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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

AUGUST 31, 2017 AND 2016

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

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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, 2017, 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 auditor considers 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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, 2017, 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.

Prior Period Financial Statements and Summarized, Comparative Information

The fiscal 2016 consolidated financial statements of NORWESCAP and Subsidiaries were audited by other auditors, whose report, dated April 13, 2017, expressed an unmodified opinion on those statements. The summarized, comparative information presented herein as of and for the year ended August 31, 2016, is consistent in all material respects, with the audited fiscal 2016 consolidated financial statements from which it has been derived.

Other Matters

Report on Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the 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* (CFR) 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 disbursements by grant and federal financial reports are presented for purposes 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 disbursements 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 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 24, 2018, 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.

Sobel & Co, LLC

Certified Public Accountants

January 24, 2018
Livingston, New Jersey

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

ASSETS	August 31,	
	2017	2016
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,851,776	\$ 2,104,394
Grants receivable, net of allowance of \$117,726 and \$420,452 for 2017 and 2016, respectively	2,381,321	1,939,407
Inventory	17,890	15,667
Other assets	-	21,864
Investments	10,624	10,602
Total Current Assets	4,261,611	4,091,934
 PROPERTY AND EQUIPMENT, Net	 1,815,326	 1,790,226
 RESTRICTED DEPOSITS	 486,500	 599,758
	\$ 6,563,437	\$ 6,481,918
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 1,200,777	\$ 666,665
Advances from grantors	20,562	570,124
Mortgage payable, current portion	23,111	22,227
Total Current Liabilities	1,244,450	1,259,016
 LONG-TERM LIABILITIES:		
Security deposits payable	7,076	12,176
Mortgage payable, net current portion	21,683	44,803
Total Long-term Liabilities	28,759	56,979
Total Liabilities	1,273,209	1,315,995
 COMMITMENTS AND CONTINGENCIES		
 NET ASSETS:		
Unrestricted	3,144,355	2,997,284
Board-designated	242,350	299,718
Temporarily restricted	1,903,523	1,868,921
Total Net Assets	5,290,228	5,165,923
	\$ 6,563,437	\$ 6,481,918

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

NORTHWEST NEW JERSEY COMMUNITY ACTION PROGRAM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED AUGUST 31, 2017

(With Summarized, Comparative Totals for the Year Ended August 31, 2016)

	2017		2016 Total
	Unrestricted	Temporarily Restricted	
PUBLIC SUPPORT AND REVENUE:			
Grants and contracts	\$ 15,578,708	\$ -	\$ 15,578,708
Contributions, fees, rents, and other	1,922,538	432,273	2,354,811
Special events	64,924	-	64,924
Contributed services	1,462,047	-	1,462,047
Interest	1,285	-	739
Net assets released from restrictions	397,671	(397,671)	-
Total public support and revenue	19,427,173	34,602	19,461,775
EXPENSES:			
Program services:			
Child enrichment	11,733,561	-	11,733,561
Community action	6,885,705	-	6,885,705
Total program services	18,619,266	-	18,619,266
Management and general	718,204	-	718,204
Total expenses	19,337,470	-	19,337,470
CHANGES IN NET ASSETS	89,703	34,602	8,676
NET ASSETS - Beginning of year	3,297,002	1,868,921	5,165,923
NET ASSETS - End of year	\$ 3,386,705	\$ 1,903,523	\$ 5,165,923

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

NORTHWEST NEW JERSEY COMMUNITY ACTION PROGRAM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2017
(With Summarized, Comparative totals for the Year Ended August 31, 2016)

	Program Services			Total	Supporting Services		
	Child Enrichment	Community Action	Program Services		Management and General	2017 Total	2016 Total
Personnel	\$ 6,162,353	\$ 2,887,252	\$ 9,049,605	\$ 478,495	\$ 9,528,100	\$ 8,735,857	
Fringe Benefits	2,178,573	826,455	3,005,028	110,895	3,115,923	3,186,128	
Total personnel and fringe benefits	8,340,926	3,713,707	12,054,633	589,390	12,644,023	11,921,985	
Contributed services	1,462,047	-	1,462,047	-	1,462,047	1,461,359	
Consultant/contractual	102,757	778,932	881,689	84,969	966,658	599,996	
Travel and transportation	114,803	74,173	188,976	3,754	192,730	197,955	
Rents/space	591,866	427,577	1,019,443	9,266	1,028,709	893,558	
Consumable supplies	184,221	121,241	305,462	5,823	311,285	271,231	
Equipment	78,853	34,422	113,275	1,082	114,357	33,366	
Communications	58,917	62,070	120,987	8,641	129,628	130,742	
Insurance	88,895	76,063	164,958	13,422	178,380	202,189	
Client assistance	353,851	1,235,888	1,589,739	-	1,589,739	1,451,341	
Other costs	354,143	223,041	577,184	1,857	579,041	662,260	
Interest	2,282	-	2,282	-	2,282	3,204	
Bad debt expense	-	21,864	21,864	-	21,864	302,726	
Total Expenses Before Depreciation	11,733,561	6,768,978	18,502,539	718,204	19,220,743	18,131,912	
Depreciation	-	116,727	116,727	-	116,727	114,356	
Total Expenses	\$ 11,733,561	\$ 6,885,705	\$ 18,619,266	\$ 718,204	\$ 19,337,470	\$ 18,246,268	

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,	
	2017	2016
CASH FLOWS PROVIDED BY (USED FOR):		
<u>OPERATING ACTIVITIES:</u>		
Changes in net assets	\$ 124,305	\$ 8,676
Adjustments to reconcile changes in net assets to net cash (used for) provided by operating activities:		
Depreciation	116,727	114,356
Allowance for doubtful accounts	(324,590)	(302,726)
Bad debt expense	21,864	302,726
Changes in operating assets and liabilities:		
Grants receivable	(139,188)	352,502
Inventory	(2,223)	8,101
Other assets	21,864	(13,913)
Accounts payable and accrued expenses	534,112	161,915
Deferred revenue	-	(122,780)
Advances from grantors	(549,562)	(100,401)
Security deposit payable	(5,100)	105
Net Cash (Used for) Provided by Operating Activities	<u>(201,791)</u>	<u>408,561</u>
<u>INVESTING ACTIVITIES:</u>		
Purchase of equipment	(141,827)	(5,545)
Interest reinvested	(22)	(21)
Net Cash Used for Investing Activities	<u>(141,849)</u>	<u>(5,566)</u>
<u>FINANCING ACTIVITIES:</u>		
Refund of reserves (restricted deposits)	113,258	(697)
Principal payments on mortgage/notes payable	(22,236)	(21,353)
Net Cash Provided by (Used for) Financing Activities	<u>91,022</u>	<u>(22,050)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(252,618)	380,945
BEGINNING OF YEAR	2,104,394	1,723,449
END OF YEAR	<u>\$ 1,851,776</u>	<u>\$ 2,104,394</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Interest paid	<u>\$ 2,282</u>	<u>\$ 3,204</u>

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

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 ("CAA") 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 currently in storage 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, 2017 AND 2016

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 referred to as "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 2017 and 2016 consolidated financial statements for the twelve-month periods ended August 31, 2017 and 2016.

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 the Organization 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 statement 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 the Organization. Generally, the donors of these assets permit the Organization 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, 2017 AND 2016

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

Cash and Cash Equivalents:

Cash and cash equivalents includes bank demand deposits, savings 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 allowance 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 \$117,726 and \$420,452 for the years ending August 31, 2017 and 2016, 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 amount 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, 2017 AND 2016

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, 2017 and 2016, which approximates market value.

Land, Building 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	30 years
Furniture and equipment	5 years
Vehicles	5 to 7 years

In the absence of donor-imposed restrictions on the use of the asset, 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, 2017 AND 2016

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, 2017 and 2016.

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 statement 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 statement 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 statement 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 statement of financial position.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

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

Contributed Property and Equipment:

Donations of land, buildings 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, 2017 and 2016, 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 class room space from the town of Phillipsburg. For the years ended August 31, 2017 and 2016, contributed Early Childhood Program Aid services and rental space of approximately \$1,462,000 and \$1,461,000, respectively, are reported in contributed service 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, 2017 AND 2016

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, 2017 and 2016, NORWESCAP distributed approximately 2,008,000 and 2,205,000 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, 2017 and 2016, NORWESCAP distributed approximately 1,493,000 and 985,000 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 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 2017 and 2016. At August 31, 2017 and 2016, there are no significant income tax uncertainties.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

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.

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, 2016, from which the summarized information was derived.

Reclassifications:

Certain reclassifications have been made to the 2016 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.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

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

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. 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, 2017 through January 24, 2018, 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, 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>

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 3 - RESTRICTED DEPOSITS—RESERVES: (Continued)

Cash reserves required by HUD at August 31, 2016, are comprised of the following:

	Reserves		
	Moving	Replacement	Total
Balance, beginning of year	\$ 569,364	\$ 29,697	\$ 599,061
Interest	667	30	697
Balance, end of year	\$ 570,031	\$ 29,727	\$ 599,758

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, 2017 and 2016, of \$114,362 and \$0, respectively.

NOTE 4 - GRANT RECEIVABLES:

Grants receivable are comprised of the following:

	August 31,	
	2017	2016
Community Services Block Grant	\$ 244,726	\$ 585,529
Head Start Abbott - ECPA	80,845	57,165
Head Start and Early Head Start	543,643	313,279
Family Self Sufficiency (FSS)	69,233	79,118
Homeless Prevention	93,366	121,514
LIHEAP, Weatherization, Heating Improvement Program and the Department of Energy	545,913	226,114
NJ Cancer Education and Early Detention (CEED)	116,157	100,422
Women, Infants and Children (WIC)	168,861	149,967
Other	518,577	306,299
Total Grants Receivable, net	\$ 2,381,321	\$ 1,939,407

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

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, 2017 and 2016, is \$1,126 and \$717, 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:

<u>FAIR VALUE MEASUREMENT</u>				
<u>AUGUST 31, 2017</u>				
	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Certificate of deposit	\$ -	\$ 10,624	\$ -	\$ 10,624

<u>FAIR VALUE MEASUREMENT</u>				
<u>AUGUST 31, 2016</u>				
	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Certificate of deposit	\$ -	\$ 10,602	\$ -	\$ 10,602

NOTE 6 - LAND, BUILDINGS AND EQUIPMENT:

Land, buildings, and equipment, net of accumulated depreciation, at August 31, 2017, are as follows:

	<u>NORWESCAP</u>	<u>Holding Company</u>	<u>Sussex Seniors</u>	<u>ECHO</u>	<u>Total</u>
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
	<u>2,630,380</u>	<u>1,417,109</u>	<u>959,830</u>	<u>1,052,070</u>	<u>6,059,389</u>
Less: Accumulate Depreciation	<u>2,123,369</u>	<u>569,513</u>	<u>499,111</u>	<u>1,052,070</u>	<u>4,244,063</u>
	<u>\$ 507,011</u>	<u>\$ 847,596</u>	<u>\$ 460,719</u>	<u>\$ -</u>	<u>\$ 1,815,326</u>

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 6 - LAND, BUILDINGS AND EQUIPMENT: (Continued)

Land, buildings, and equipment, net of accumulated depreciation, at August 31, 2016, are 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	1,133,012	-	-	-	1,133,012
	2,628,235	1,417,109	959,830	1,052,070	6,057,244
Less: Accumulated Depreciation	2,217,389	524,043	473,516	1,052,070	4,267,018
	\$ 410,846	\$ 893,066	\$ 486,314	\$ -	\$ 1,790,226

Fixed assets 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 the useful lives and will be permitted to keep the assets when the arrangement is terminated. 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, 2017 and 2016, were \$116,727 and \$114,356, respectively.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 7 - ADVANCES FROM GRANTORS:

At August 31, 2017 and 2016, advances from grantors amounts to \$20,562 and \$570,124, respectively, and are related to Community Action Program services. Head Start and Early Head Start programs did not have advances from grants at August 31, 2017 and 2016.

NOTE 8 - LINE OF CREDIT:

NORWESCAP has an agreement with a financial institution for a line of credit which provides for borrowings up to \$500,000 and is secured by the assets of the Holding Company. Borrowings bear interest of 5.25% per annum. The agreement was entered into on September 21, 2011 and expired on December 31, 2016. It was not renewed. There was no outstanding balance on the line of credit at August 31, 2017 and 2016.

NOTE 9 - MORTGAGE PAYABLE:

Mortgage payable consists of the following:

	August 31,	
	2017	2016
NORWESCAP has a mortgage payable to a bank for the Roseberry building 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.	\$ 44,794	\$ 67,030

Estimated principal maturities on long-term debt are as follows:

	Year Ended August 31,
2018	\$ 23,111
2019	21,683
	\$ 44,794

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 10 - LEASES:

NORWESCAP occupies office and classroom space and leases various equipment under separate operating leases with various terms expiring between 2018 and 2021. Total rental space charged to operations for the years ended August 31, 2017 and 2016, was \$366,417 and \$249,646, 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, 2017, are as follows:

	Year Ended August 31,
2018	\$ 232,051
2019	81,944
2020	51,922
2021	10,750
	<u>\$ 376,667</u>

NOTE 11 - CONTRIBUTIONS, FEES, RENTS AND OTHER:

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

	Year Ended August 31,	
	2017	2016
Contributions	\$ 1,299,704	\$ 1,616,052
Fees	128,182	111,018
Food distribution	270,635	246,420
Rents	118,426	85,595
Other	537,864	420,027
	<u>\$ 2,354,811</u>	<u>\$ 2,479,112</u>

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 12 - 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. Qualified employee contributions are matched up to 2% of each participant's eligible compensation by NORWESCAP. Pension expense for the years ended August 31, 2017 and 2016 was \$301,081 and \$231,671, respectively, and is recorded in fringe benefits on the consolidated statements of functional expenses.

NOTE 13 - TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets consists of the following:

	Year Ended August 31,	
	2017	2016
Community Action Programs	\$ 403,823	\$ 369,221
Northwest New Jersey Echo Housing, Inc.	1,499,700	1,499,700
	<u>\$ 1,903,523</u>	<u>\$ 1,868,921</u>

The amount for \$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 business 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.

Management is actively in discussions with HUD and other nonprofit organizations to transfer their respective modular housing units and ultimately dissolve the HUD Project. On November 18, 2016, the HUD 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.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 13 - TEMPORARILY RESTRICTED NET ASSETS: (Continued)

In addition, the HUD Project is actively in discussion with HUD and a second nonprofit for the transfer of the remaining seven modular housing units. On October 3, 2017, the HUD Project requested to opt out of the ECHO demonstration project. The Project would be required to supply the existing tenants with 30 days written notification of the contract expiration and their intention not to renew the contract. The Project intends to transfer ownership of these units back to HUD.

The change in temporarily restricted net assets consists of the following:

	Year Ended August 31,	
	2017	2016
Beginning balance	\$ 1,868,921	\$ 1,987,472
Transfers	-	(21,862)
Additions	432,273	305,318
Releases due to satisfaction of donor restrictions	(397,671)	(402,007)
	<u>\$ 1,903,523</u>	<u>\$ 1,868,921</u>

NOTE 14 - BOARD-DESIGNATED NET ASSETS:

As of August 31, 2017 and 2016, the Board has designated \$242,350 and \$299,718, 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 Executive Director and Chief Financial Officer.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016

NOTE 15 - CONCENTRATIONS OF CREDIT RISKS:

The Organization receives approximately 69% and 75% 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.

NOTE 16 - COMMITMENTS CONTINGENCIES:

Legal Matters:

The Organization is involved in various claims, potential unasserted claims, employment claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate outcome of these matters will not have a material adverse effect on NORWESCAP's consolidated financial position and changes in net assets.

NORTHWEST NEW JERSEY COMMUNITY ACTION PROGRAM, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2017

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 2017	Current Year Program Disbursements	Cash Received in Current Year
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES									
Direct									
Head Start	93.600		02CH3039-04-02	09/01/16 - 08/31/17	\$ 5,848,187	\$ 5,848,187	\$ -	\$ 5,848,187	\$ 5,326,426
Head Start	93.600		02CH3039-04-02	09/01/15 - 08/31/16	5,620,915	5,620,915	-	-	14,037
Head Start	93.600		02H000054-01-00	09/01/17 - 08/31/18	1,492,666	55,778	-	55,778	35,008
Total Head Start					12,961,768	11,524,880	-	5,903,965	5,375,471
Sandy Disaster Relief	93.095		02SD00010-01-04	09/01/15 - 08/31/17	24,634	21,929	-	21,929	20,000
Total Sandy Disaster Relief					24,634	21,929	-	21,929	20,000
Passed through New Jersey Department of Human Services									
UCC - Sussex	93.575	UCI7019		10/01/16 - 09/30/17	669,823	648,797	-	648,797	674,273
UCC - Warren	93.575	UCI7021		10/01/16 - 09/30/17	807,546	694,082	-	694,082	738,161
UCC - Hunterdon	93.575	UCI7010		10/01/16 - 09/30/17	543,991	504,793	-	504,793	535,777
UCC - Sussex	93.575	UCI6019		07/01/15 - 09/30/16	883,111	883,111	-	48,429	-
UCC - Warren	93.575	UCI6021		07/01/15 - 09/30/16	987,723	987,723	-	60,162	-
UCC - Hunterdon	93.575	UCI6010		07/01/15 - 09/30/16	698,429	698,429	-	41,381	-
Total - CCDF Cluster					4,590,623	4,416,935	-	1,997,644	1,948,211
Healthy Families	93.558	17BOWP		09/01/16 - 08/31/17	268,173	268,173	-	268,173	268,173
Healthy Families	93.558	16BOWP		09/01/15 - 08/31/16	268,173	268,173	-	52,540	-
Total - Healthy Families					536,346	536,346	-	268,173	320,713
Family Success Center	93.667	17BOWP		09/01/16 - 08/31/17	240,000	240,000	-	240,000	24,000
Family Success Center	93.667	16BOWP		09/01/15 - 08/31/16	240,000	240,000	-	-	31,959
Total - Family Success Center					480,000	480,000	-	240,000	55,959
SHIP	93.379	D0A514SHF021		04/01/16 - 03/31/17	22,500	-	-	12,451	13,043
SHIP	93.379	D0A515SHF003		04/01/15 - 03/31/16	27,000	-	-	6,548	-
Total - SHIP					49,500	-	-	18,999	13,043
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	95,776	-	27,452	27,452
LIHEAP Weatherization 2013	93.568	2013-05130-0291-14		06/01/13 - 12/31/17	605,359	340,704	-	158,393	158,393
Universal Services Fund 2018	93.568	2018-05133-0025-00		07/01/17 - 06/30/18	129,187	2,978	-	2,978	-
Universal Services Fund 2017	93.568	2017-05133-0058-00		07/01/16 - 06/30/17	127,299	127,299	-	122,672	53,898
HIP 2015	93.568	2015-05124-0255-03		03/01/15 - 12/31/17	407,254	273,171	-	221,375	221,375
LIHEAP Assistance 2017	93.568	2017-05131-0132-00		10/01/16 - 09/30/17	233,971	202,436	-	202,436	78,440
LIHEAP Assistance 2016	93.568	2016-05131-0134-00		10/01/15 - 09/30/16	228,424	228,424	-	-	40,550
Total - LIHEAP					2,069,357	1,270,788	-	735,306	580,108
Community Services Block Grant 2017	93.569	2017-05235-0266-02		10/01/16 - 12/31/17	772,653	663,390	-	663,390	418,633
Community Services Block Grant 2016	93.569	2016-05235-0198-02		10/01/15 - 12/31/16	779,581	779,581	-	194,711	413,666
Total - CSBG					1,552,234	1,442,971	-	858,101	832,299
Passed through New Jersey Department of Health									
NI Career Education & Early Detection (CEED)	93.283	DFHS17CED008		07/01/17 - 06/30/18	181,771	11,511	-	11,511	-
NI Career Education & Early Detection (CEED)	93.283	DFHS16CED009		07/01/16 - 06/30/17	200,759	189,823	-	175,270	112,462
Total - CEED A					382,530	201,334	-	186,781	112,462
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					\$ 22,646,992	\$ 19,895,183	\$ -	\$ 10,230,898	\$ 9,258,266

See independent auditors' report and notes to the schedules of expenditures of federal awards and state financial assistance.

NORTHWEST NEW JERSEY COMMUNITY ACTION PROGRAM, INC. & SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED AUGUST 31, 2017

Federal CFDA Number	Pass through Entity ID#	Grant/Project #	Grant Period	Grants Awards	Cumulative Program Disbursements	Loan at the Beginning of FY 2017	Current Year Program Disbursements	Cash Received in the Current Year
U.S. DEPARTMENT OF EDUCATION								
Passed through New Jersey Department of Community Affairs								
84.412	17BOWP		09/01/16 - 08/31/17	\$ 75,000	\$ 75,000	\$ -	\$ 75,000	\$ 75,000
84.412	17BOWP		09/01/16 - 08/31/17	75,000	75,000	-	75,000	75,000
84.412	17BOWP		09/01/16 - 08/31/17	75,000	68,955	-	68,955	75,000
TOTAL U.S. DEPARTMENT OF EDUCATION				225,000	218,955	-	218,955	225,000
U.S. DEPARTMENT OF HEALTH AND HOUSING AND URBAN DEVELOPMENT								
Direct								
Supportive Housing								
14.235		NJ0313B2F161000/	09/01/16 - 08/31/17	-	194,309	-	194,309	151,744
14.157		NJ0372B2F161100/	08/09/96 - 08/09/36	1,499,700	1,499,700	1,499,700	-	-
		031-EE022		1,499,700	1,694,009	1,499,700	194,309	151,744
TOTAL U.S. DEPARTMENT OF HEALTH AND HOUSING AND URBAN DEVELOPMENT				1,499,700	1,694,009	1,499,700	194,309	151,744
U.S. DEPARTMENT OF AGRICULTURE								
Passed Through New Jersey Department of Health								
10.557	DFHS17WIC009		10/01/16 - 09/30/17	920,941	810,090	-	810,090	641,198
10.557	DFHS16WIC009		10/01/15 - 09/30/16	903,577	903,577	-	57,619	239,618
Total - Special Supplemental Nutrition Program for WIC				1,824,518	1,713,667	-	867,709	880,816
10.558			10/01/16 - 09/30/16	109,105	109,105	-	109,105	71,265
10.558	41593		10/01/14 - 09/30/15	89,960	89,960	-	9,805	33,120
Total - Child and Adult Care Food Program				199,065	199,065	-	118,910	104,385
10.559	213104		10/01/16 - 09/30/17	24,847	24,847	-	24,847	13,346
Total - Summer Food Service Program for Children				24,847	24,847	-	24,847	13,346
TOTAL U.S. DEPARTMENT OF AGRICULTURE				2,048,430	1,937,579	-	1,011,466	998,547
CORPORATION FOR NATIONAL COMMUNITY SERVICE								
Direct								
94.002	14SRANJ004	14SRANJ004	04/01/17 - 03/31/18	249,342	104,390	-	104,390	103,893
94.002	14SRANJ004	14SRANJ004	04/01/16 - 03/31/17	253,649	253,649	-	158,442	159,091
Total - Retired and Senior Volunteer Program				502,991	358,039	-	262,832	262,984
TOTAL CORPORATION FOR NATIONAL COMMUNITY SERVICE				502,991	358,039	-	262,832	262,984
U.S. DEPARTMENT OF ENERGY								
Passed Through New Jersey Department of Community Affairs								
81.042	2018-05228-0006-01		07/01/17 - 06/30/18	223,457	-	-	77	-
81.042	2017-05228-0008-03		07/01/16 - 06/30/17	272,315	272,315	-	262,167	150,893
TOTAL U.S. DEPARTMENT OF ENERGY - WALIP				495,772	272,315	-	262,244	150,893
TOTAL FEDERAL AWARDS				\$ 27,418,885	\$ 24,376,080	\$ 1,499,700	\$ 12,180,704	\$ 11,047,434

See independent auditors' report and notes to the schedules of expenditures of federal awards and state financial assistance.

NORTHWEST NEW JERSEY COMMUNITY ACTION PROGRAM, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED AUGUST 31, 2017

State Awards		Grant Number	Grant Period	Grant Award	Cumulative Program Disbursements	Current Year Program Disbursements	Current Year Cash Received
NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS							
Careers Life Warren		17XHKW	09/01/16 - 08/31/17	\$ 122,315	\$ 122,315	\$ 122,315	\$ 121,368
Careers Life Hunterdon		17XKHW	09/01/16 - 08/31/17	131,375	131,375	131,375	131,482
Post TANF		OFB117SAP-015	10/01/16 - 09/30/17	62,500	41,728	41,728	31,250
Post TANF		OFB115SAP-006	10/01/15 - 09/30/16	55,000	55,000	16,368	13,750
IDA Account 2009		2009-05795-0288-07	10/01/2008 - 06/30/2017	135,000	119,967	5,808	-
Prevention of Homelessness		2017-02150-0098-01	11/01/16 - 12/15/17	268,958	47,935	47,935	-
Prevention of Homelessness 2015 - (Sussex)		2015-02150-0271-01	08/01/15 - 09/30/16	70,973	32,166	15,597	7,053
Prevention of Homelessness 2015 - (Somerset)		2015-02150-0272-01	08/01/15 - 01/31/17	88,638	1,217	50,885	24,250
Prevention of Homelessness 2015 - (Morris)		2015-02150-0273-01	08/01/15 - 01/31/17	109,347	1,505	52,764	27,409
Neighborhood Revitalization Tax Credit Project 13		2013-02240-0308-02	01/01/2013 - 06/30/16	849,767	849,767	-	149,406
Total NJCDA				1,893,873	1,402,975	484,775	505,968
NEW JERSEY DEPARTMENT OF HUMAN SERVICES							
Headstart Abbott - ECPA		063017	07/01/17 - 06/30/18	539,463	21,335	21,335	-
Headstart Abbott - ECPA		063016	07/01/16 - 06/30/17	624,180	624,180	605,717	564,500
Total NJDHS				1,163,643	645,515	627,052	564,500
NEW JERSEY OFFICE OF THE ATTORNEY GENERAL (NJOAG)							
Supporting Youth in the Community		63015	10/01/15 - 12/31/16	111,251	81,802	40,212	50,578
Total NJOAG				111,251	81,802	40,212	50,578
NEW JERSEY DEPARTMENT OF AGRICULTURE (NJDOA)							
State Food Purchase Program		EFONRW	07/01/17 - 06/30/18	124,666	9,975	9,975	29,838
State Food Purchase Program		EFONRW	07/01/16 - 06/30/17	117,090	116,979	102,193	129,854
Total NJDOA				241,756	126,954	112,168	159,692
TOTAL STATE OF NEW JERSEY FINANCIAL ASSISTANCE				\$ 3,410,523	\$ 2,257,246	\$ 1,264,207	\$ 1,280,738

See independent auditors' report and notes to the schedules of expenditures of federal awards and state financial assistance.

**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, 2017

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, 2017, 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, 2017, \$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, 2017, 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 24, 2018.

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 24, 2018

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, 2017. 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, 2017.

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 24, 2018

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2017**

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

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2017 (continued)**

I. Summary of Auditors' Results (Continued)

Identification of Major Programs:

The following federal and state programs were designated as major programs:

<u>CFDA Number</u>	<u>Grant Number</u>	<u>Name of Federal and State Program</u>
<u>Federal:</u>		
93.600		Head Start
93.568		Low-Income Home Energy Assistance
<u>State:</u>		
	063017, 063016	New Jersey Department of Human Services – Head Start Abbott - ECPA

Dollar threshold used to distinguish between type A and type B programs:

Federal - \$750,000

State - \$750,000

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

II. Financial Statement Findings

None

III. Compliance Findings

None

IV. Prior Audit Findings

None

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, 2017, and have issued our report thereon, dated January 24, 2018, which expressed an unmodified opinion on those consolidated financial statements and appears on pages 1-3. Our audit was performed 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.

Sobel & Co., LLC

Certified Public Accountants

January 24, 2018
Livingston, New Jersey

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES
HEAD START FEDERAL FINANCIAL REPORT FORM 425
YEAR ENDED AUGUST 31, 2017**

Federal Financial Report
(Follow form Instructions)

OMB Number: 4040-0014
Expiration Date: 01/31/2019

1. Federal Agency and Organizational Element to Which Report is Submitted OA/OGM/RB/REGION II		2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment) 02CH3039-04-01	
3. Recipient Organization (Name and complete address including Zip code) Recipient Organization Name: NORWESCAP, INC.			
Street1: 350 Marshall Street			
Street2:			
City: Phillipsburg		County: Warren	
State: NJ: New Jersey		Province:	
Country: USA: UNITED STATES		ZIP / Postal Code: 08865-3273	
4a. DUNS Number 060808219	4b. EIN 221777156	5. Recipient Account Number or Identifying Number (To report multiple grants, use FFR Attachment) 8001285219	
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: 09/01/2016 To: 08/31/2017	9. Reporting Period End Date 08/31/2017
10. Transactions (Use lines a-c for single or multiple grant reporting)			Cumulative
Federal Cash (To report multiple grants, also use FFR attachment):			
a. Cash Receipts			5,848,187.00
b. Cash Disbursements			5,848,187.00
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			0.00
e. Federal share of expenditures			0.00
f. Federal share of unliquidated obligations			0.00
g. Total Federal share (sum of lines e and f)			0.00
h. Unobligated balance of Federal Funds (line d minus g)			0.00
Recipient Share:			
i. Total recipient share required			1,462,047.00
j. Recipient share of expenditures			1,462,047.00
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

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
HEAD START FEDERAL FINANCIAL REPORT FORM 425 (CONTINUED)
YEAR ENDED AUGUST 31, 2017

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:						
<div style="display: flex; justify-content: space-between; align-items: center;"> [] [Add Attachment] [Delete Attachment] [View Attachment] </div>						
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 objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812).						
a. Name and Title of Authorized Certifying Official						
Prefix: <input type="text" value="Mr."/> First Name: <input type="text" value="Cornelio"/> Middle Name: <input type="text"/>						
Last Name: <input type="text" value="Montejo"/> Suffix: <input type="text"/>						
Title: <input type="text" value="Chief Financial Officer"/>						
b. Signature of Authorized Certifying Official				c. Telephone (Area code, number and extension)		
				<input type="text" value="908-454-7000 Ext. 120"/>		
d. Email Address				e. Date Report Submitted		14. Agency use only:
<input type="text" value="montejoc@norwescap.org"/>				<input type="text" value="12/28/2017"/>		

Standard Form 425

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
ATTACHMENT TO REPORT FOR GRANT #02CH3039-04-02 (UNAUDITED)
YEAR ENDED AUGUST 31, 2017

ANNUAL REPORT

BOX 12 REMARKS:

USDA COSTS	\$	214,605
PA 20 COST	\$	30,077
PA 22 COST	\$	3,372,712
PA 25 COST	\$	2,475,475
PA 26 COST	\$	55,571

ADMINISTRATIVE COSTS	HEAD START	EARLY HEAD START
SALARY	\$ 2,114,899	\$ 1,520,856
FRINGE	707,992	563,495
TRAVEL	7,099	9,992
EQUIPMENT	-	60,075
CONSUMABLE SUPPLIES	42,768	43,514
CONTRACTUAL	-	-
FACILITIES/CONSTRUCTION	-	-
OTHER	469,346	308,151
TOTAL	<u>\$ 3,342,104</u>	<u>\$ 2,506,083</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, 2016 TO AUGUST 31, 2017

	Total		PA 22 Full Year		PA 20 T&TA			
	Approved Budget (Unaudited)	Under (over) Budget	Approved Budget (Unaudited)	Actual	Under (over) Budget	Approved Budget (Unaudited)	Actual	Under (over) Budget
REVENUES:								
OCD Funds								
Awarded this Grant	\$ 5,848,187	\$ -	\$ 5,620,915	\$ 5,449,619	\$ 171,296	\$ 85,648	\$ 85,648	\$ -
Total Federal Share	5,848,187	-	5,620,915	5,449,619	171,296	85,648	85,648	-
Other Revenues:								
In-kind	-	-	1,462,047	1,462,047	-	-	-	-
TOTAL REVENUE	\$ 5,848,187	\$ -	\$ 7,082,962	\$ 6,911,666	\$ 171,296	\$ 85,648	\$ 85,648	\$ -
EXPENSES:								
OCD Share of Direct Costs								
Personnel	\$ 3,502,301	\$ 3,635,755	\$ 3,502,301	\$ 3,635,755	\$ (133,454)			
Fringe Benefits	1,457,552	1,271,487	1,457,552	1,271,487	186,065			
Travel	17,091	17,091	17,091	17,091	-			
Consumable Supplies	60,000	60,075	60,000	60,075	(75)			
Contractual	82,617	86,282	82,617	86,282	(3,665)			
Facilities/Construction	-	-	-	-	-			
Other	728,626	777,497	642,978	691,849	(48,871)	85,648	85,648	-
TOTAL OCD EXPENSES	\$ 5,848,187	\$ 5,848,187	\$ 5,762,539	\$ 5,762,539	\$ -	\$ 85,648	\$ 85,648	\$ -
In-kind								
	1,462,047	1,462,047	1,462,047	1,462,047	-	-	-	-
TOTAL COSTS	\$ 7,310,234	\$ 7,310,234	\$ 7,224,586	\$ 7,224,586	\$ -	\$ 85,648	\$ 85,648	\$ -

See independent auditors' report.

**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: DFRS17WIC008				
Grant period: 10/1/16 - 9/30/17 Report Period: 10/1/16 - 8/31/17				
Category				
A. Personnel				
Salaries/Wages	\$ 548,310	\$ 499,388	\$ 499,388	\$ -
Fringe Benefits	209,174	181,403	181,403	-
B. Consultants	5,525	-	-	-
C. Other Cost Categories				
Office Expense and Related Cost	55,232	49,840	49,840	-
Program Expense and Related Cost	20,124	8,973	8,973	-
Staff Training and Education Costs	3,079	2,973	2,973	-
Travel, Conferences, and Meetings	17,149	12,547	12,547	-
Equipment and other Capital Expenditures	-	-	-	-
Facility Costs	62,348	54,966	54,966	-
DFP/OA	-	-	-	-
Sub-grants	-	-	-	-
Reserve	-	-	-	-
Other	-	-	-	-
TOTAL DIRECT COST	920,941	810,090	810,090	-
INDIRECT COST	-	-	-	-
TOTAL COST	920,941	810,090	810,090	-
LESS PROGRAM INCOME	-	-	-	-
NET TOTAL COST	\$ 920,941	\$ 810,090	\$ 810,090	\$ -
II. WIC Grant Number: DFRS15WIC015				
Grant period: 10/1/15 - 9/30/16. Report Period: 9/1/16 - 9/30/16				
Category				
A. Personnel				
Salaries/Wages	\$ 545,617	\$ 468,978	\$ 468,978	\$ -
Fringe Benefits	229,073	172,329	172,329	-
B. Consultants	5,525	-	-	-
C. Other Cost Categories				
Office Expense and Related Cost	54,727	59,758	59,758	-
Program Expense and Related Cost	8,792	4,357	4,357	-
Staff Training and Education Costs	960	-	-	-
Travel, Conferences, and Meetings	14,149	13,099	13,099	-
Equipment and other Capital Expenditures	-	11,108	11,108	-
Facility Costs	59,098	60,081	60,081	-
DFP/OA	-	-	-	-
Sub-grants	-	-	-	-
Reserve	-	-	-	-
Other	-	-	-	-
TOTAL DIRECT COST	917,941	789,710	789,710	-
INDIRECT COST	-	-	-	-
TOTAL COST	917,941	789,710	789,710	-
LESS PROGRAM INCOME	-	-	-	-
NET TOTAL COST	\$ 917,941	\$ 789,710	\$ 789,710	\$ -

See independent auditors' report.

**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: DOAS16SHP021				
Grant period: 4/1/17 - 3/31/18. Report Period: 4/1/17 - 8/31/17				
Category				
A. Personnel				
Salaries/Wages	\$ 11,968	\$ 4,479	\$ 4,479	\$ -
Fringe Benefits	370	126	126	-
B. Consultants				
C. Other Cost Categories				
Office Expense and Related Cost	2,512	1,460	1,460	-
Program Expense and Related Cost	5,810	1,225	1,225	-
Staff Training and Education Costs	250	340	340	-
Travel, Conferences, and Meetings	288	-	-	-
Equipment and other Capital Expenditures	-	-	-	-
Facility Costs	5,802	2,850	2,850	-
DFP/OA	-	-	-	-
Sub-grants	-	-	-	-
Reserve	-	-	-	-
Other	-	-	-	-
TOTAL DIRECT COST	27,000	10,480	10,480	-
INDIRECT COST	-	-	-	-
TOTAL COST	27,000	10,480	10,480	-
LESS PROGRAM INCOME	-	-	-	-
NET TOTAL COST	\$ 27,000	\$ 10,480	\$ 10,480	\$ -

II. SHIP, Grant Number: DOAS 15 SHP				
Grant period: 4/1/16 - 3/31/17. Report Period: 9/1/16 - 3/31/17				
Category				
A. Personnel				
Salaries/Wages	\$ 10,500	\$ 3,608	\$ 3,608	\$ -
Fringe Benefits	1,838	1,251	1,251	-
B. Consultants				
C. Other Cost Categories				
Office Expense and Related Cost	970	838	838	-
Program Expense and Related Cost	5,810	1,163	1,163	-
Staff Training and Education Costs	250	-	-	-
Travel, Conferences, and Meetings	288	-	-	-
Equipment and other Capital Expenditures	-	-	-	-
Facility Costs	7,344	3,640	3,640	-
DFP/OA	-	-	-	-
Sub-grants	-	-	-	-
Reserve	-	-	-	-
Other	-	-	-	-
TOTAL DIRECT COST	27,000	10,500	10,500	-
INDIRECT COST	-	-	-	-
TOTAL COST	27,000	10,500	10,500	-
LESS PROGRAM INCOME	-	-	-	-
NET TOTAL COST	\$ 27,000	\$ 10,500	\$ 10,500	\$ -

See independent auditors' report.

**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: DFHS15CED007 Grant Period: 7/1/16-6/30/17 Report Period: 9/1/16-6/01/17				
Category				
A. Personnel				
Salaries/Wages	\$ 65,652	\$ 52,141	\$ 52,141	\$ -
Fringe Benefits	4,089	7,165	7,165	-
B. Consultants				
	-	-	-	-
C. Other Cost Categories				
Office Expense and Related Cost	3,290	3,290	3,290	-
Program Expense and Related Cost	10,695	4,034	4,034	-
Staff Training and Education Costs	200	200	200	-
Travel, Conferences, and Meetings	733	1,348	1,348	-
Equipment and other Capital Expenditures	-	-	-	-
Facility Costs	2,100	2,400	2,400	-
DFP/OA	-	-	-	-
Sub-grants	114,000	104,692	104,692	-
Reserve	-	-	-	-
Other	-	-	-	-
TOTAL DIRECT COST	200,759	175,270	175,270	-
INDIRECT COST	-	-	-	-
TOTAL COST	200,759	175,270	175,270	-
LESS PROGRAM INCOME	-	-	-	-
NET TOTAL COST	\$ 200,759	\$ 175,270	\$ 175,270	\$ -

II. SHIP, Grant Number: DFHS15CED006 Grant Period: 7/1/15-6/30/16 Report Period: 9/1/15-6/30/16				
Category				
A. Personnel				
Salaries/Wages	\$ 65,524	\$ 11,036	\$ 11,036	\$ -
Fringe Benefits	15,270	2,118	2,118	-
B. Consultants				
	-	-	-	-
C. Other Cost Categories				
Office Expense and Related Cost	1,706	305	305	-
Program Expense and Related Cost	4,000	-	-	-
Staff Training and Education Costs	300	-	-	-
Travel, Conferences, and Meetings	1,200	108	108	-
Equipment and other Capital Expenditures	-	-	-	-
Facility Costs	3,000	644	644	-
DFP/OA	-	-	-	-
Sub-grants	132,000	372	372	-
Reserve	-	-	-	-
Other	-	-	-	-
TOTAL DIRECT COST	223,000	14,583	14,583	-
INDIRECT COST	-	-	-	-
TOTAL COST	223,000	14,583	14,583	-
LESS PROGRAM INCOME	-	-	-	-
NET TOTAL COST	\$ 223,000	\$ 14,583	\$ 14,583	\$ -

See independent auditors' report.