

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

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

AUGUST 31, 2019 AND 2018



SOBEL & CO. LLC

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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

AUGUST 31, 2019 AND 2018

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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, 2019, 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, 2019, 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.

Emphasis of Matter

NORWESCAP adopted Financial Accounting Standards Board, *Presentation of Financial Statements of Not-for-Profit Entities*, as described in Note 2, during the fiscal year ended August 31, 2019. Our opinion is not modified with respect to this matter.

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# 02CH3039-06-01, 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, 2020, 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, 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 fiscal year 2018 consolidated financial statements, and we expressed an unmodified opinion on those audited consolidated financial statements in our report dated January 22, 2019. In our opinion, the summarized, comparative information presented herein as of and for the year ended August 31, 2018, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Sobel & Co, LLC

Certified Public Accountants

Livingston, New Jersey
January 22, 2020

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

	August 31,	
ASSETS	2019	2018
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,395,958	\$ 1,937,884
Grants receivable, net of allowance	2,037,217	2,275,058
Inventory and other assets	215,598	19,356
Investments	10,725	10,645
Total Current Assets	3,659,498	4,242,943
 PROPERTY AND EQUIPMENT, Net	 1,619,921	 1,692,589
 RESTRICTED DEPOSITS	 \$ 493,199	 \$ 489,186
	<u>\$ 5,772,618</u>	<u>\$ 6,424,718</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 1,130,304	\$ 1,389,119
Advances from grantors	169,089	255,997
Mortgage payable	-	21,635
Total Current Liabilities	1,299,393	1,666,751
 LONG-TERM LIABILITIES:		
Security deposits payable	16,051	6,359
Total Liabilities	1,315,444	1,673,110
 COMMITMENTS AND CONTINGENCIES		
 NET ASSETS:		
Without donor restrictions:		
Operating	2,787,790	2,712,201
Board-designated	74,918	187,530
Total net assets without donor restrictions	2,862,708	2,899,731
With donor restrictions:		
Restricted for specified purpose	1,594,466	1,851,877
Total Net Assets	4,457,174	4,751,608
	<u>\$ 5,772,618</u>	<u>\$ 6,424,718</u>

NORTHWEST NEW JERSEY COMMUNITY ACTION PROGRAM, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED AUGUST 31, 2019

(With Summarized, Comparative Totals for the Year Ended August 31, 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
PUBLIC SUPPORT AND REVENUE:				
Grants and contracts	\$ 15,689,030	\$ -	\$ 15,689,030	\$ 15,307,331
Contributions, fees, rents, and other	1,576,796	78,375	1,655,171	1,281,842
Special events	77,718	-	77,718	60,616
Contributed services	1,882,536	-	1,882,536	1,795,329
Interest	4,779	-	4,779	3,195
Net assets released from restrictions	335,786	(335,786)	-	-
Total public support and revenue	19,566,645	(257,411)	19,309,234	18,448,313
EXPENSES:				
Program services:				
Child enrichment	13,060,309	-	13,060,309	13,067,891
Community action	5,511,706	-	5,511,706	4,450,102
Total program services	18,572,015	-	18,572,015	17,517,993
Management and general	1,031,653	-	1,031,653	1,468,940
Total expenses	19,603,668	-	19,603,668	18,986,933
CHANGES IN NET ASSETS	(37,023)	(257,411)	(294,434)	(538,620)
NET ASSETS - Beginning of year	2,899,731	1,851,877	4,751,608	5,290,228
NET ASSETS - End of year	\$ 2,862,708	\$ 1,594,466	\$ 4,457,174	\$ 4,751,608

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, 2019
(With Summarized, Comparative totals for the Year Ended August 31, 2018)

	Program Services			Supporting Services		
	Child Enrichment	Community Action	Total Program Services	Management and General	2019 Total	2018 Total
Personnel	\$ 6,683,598	\$ 2,379,762	\$ 9,063,360	\$ 551,356	\$ 9,614,716	\$ 9,568,766
Fringe benefits	2,507,174	772,344.00	3,279,518	193,204	3,472,722	3,085,257
Total Personnel and Fringe Benefits	9,190,772	3,152,106	12,342,878	744,560	13,087,438	12,654,023
Contributed services	1,882,536	-	1,882,536	-	1,882,536	1,795,329
Consultant/contractual	222,145	581,813	803,958	152,303	956,261	737,418
Travel and transportation	163,599	91,607	255,206	7,787	262,993	307,917
Rents/space	673,254	268,810	942,064	23,022	965,086	955,565
Consumable supplies	324,046	131,994	456,040	39,630	495,670	514,623
Equipment	21,580	5,448	27,028	-	27,028	64,337
Communications	77,543	67,351	144,894	8,873	153,767	138,558
Insurance	69,875	81,833	151,708	17,722	169,430	150,197
Client assistance	387,145	797,887	1,185,032	3,547	1,188,579	1,328,764
Other costs	24,506	104,780	129,286	34,209	163,495	129,315
Interest	-	-	-	-	-	1,352
Bad debt expense	-	102,674	102,674	-	102,674	86,798
Total Expenses Before Depreciation	13,037,001	5,386,303	18,423,304	1,031,653	19,454,957	18,864,196
Depreciation	23,308	125,403	148,711	-	148,711	122,737
Total Expenses	\$ 13,060,309	\$ 5,511,706	\$ 18,572,015	\$ 1,031,653	\$ 19,603,668	\$ 18,986,933

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

	Year Ended August 31,	
	2019	2018
CASH FLOWS (USED FOR) PROVIDED BY:		
<u>OPERATING ACTIVITIES:</u>		
Changes in net assets	\$ (294,434)	\$ (538,620)
Adjustments to reconcile changes in net assets to net cash (used for) provided by operating activities:		
Depreciation	148,711	122,737
Bad debt expense	102,674	86,798
Changes in operating assets and liabilities:		
Grants receivable	135,167	19,465
Inventory and other assets	(196,242)	(1,466)
Accounts payable and accrued expenses	(258,815)	188,342
Advances from grantors	(86,908)	235,435
Security deposit payable	9,692	(717)
Net Cash (Used for) Provided by Operating Activities	(440,155)	111,974
<u>INVESTING ACTIVITIES:</u>		
Purchase of equipment	(76,043)	-
Interest reinvested	(80)	(21)
Net Cash Used for Investing Activities	(76,123)	(21)
<u>FINANCING ACTIVITIES:</u>		
Restricted deposits	(4,013)	(2,686)
Principal payments on mortgage/notes payable	(21,635)	(23,159)
Net Cash Used for Financing Activities	(25,648)	(25,845)
NET (DECREASE) INCREASE		
CASH AND CASH EQUIVALENTS	(541,926)	86,108
BEGINNING OF YEAR	1,937,884	1,851,776
END OF YEAR	<u>\$ 1,395,958</u>	<u>\$ 1,937,884</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Interest paid	\$ -	\$ 1,352

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

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 received approval from HUD to transfer the modular housing units to nonprofit organizations.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Financial Statement Reporting for Nonprofits:

The Organization adopted Financial Accounting Standards Board ("FASB"), *Presentation of Financial Statements of Not-for-Profit Entities*, during the year ended August 31, 2019. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for Board-designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification.

Basis of Accounting:

The financial statements of NORWESCAP have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation:

Net assets and revenues, 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:

Net Assets Without Donor Restrictions - Net assets not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - 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. Also included in this classification are net assets subject to donor-imposed stipulations that they are to 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. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

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.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

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

Principles of Consolidation: (Continued)

The accounts of Sussex Seniors are included in the fiscal years 2019 and 2018's consolidated financial statements for the twelve-month periods ended August 31, 2019 and 2018.

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, 2018, from which the summarized information was derived.

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 to be \$10,738 and \$64,925 for the years ending August 31, 2019 and 2018, 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.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

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

Fair Value: (Continued)

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.
- 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 statement of activities and changes in net assets as increases or decreases in net assets without donor restrictions 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, 2019 and 2018, 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

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

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

Property and Equipment: (Continued)

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.

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, and other funding sources, 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, 2019 and 2018.

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, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 donor-restrictions, whose restrictions are met within the same year as received, as without donor restriction contributions in the accompanying consolidated financial statements.

The NORWESCAP entities account for grant and contract 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.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

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

Revenue Recognition: (Continued)

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.

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 contributions without donor restrictions 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 net assets with donor restrictions to net assets without donor restrictions at that time. Proceeds from the sale of fixed assets, if unrestricted, are transferred to net assets without donor restrictions, or, if restricted, to defer 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, 2019 and 2018, 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, 2019 and 2018, contributed early childhood program aid services and rental space of approximately \$1,883,000 and \$1,795,000, respectively, are reported in contributed services revenue and expenses in the accompanying consolidated statement 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.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

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

Contributed Goods: (Continued)

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.

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, 2019 and 2018, NORWESCAP distributed approximately 2,149,000 and 1,867,000 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 receives food commodities for distribution to eligible recipients in The Emergency Food Assistance Program ("TEFAP") for a fee and 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, 2019 and 2018, NORWESCAP distributed approximately 627,000 and 573,000 pounds of food commodities under these programs, which are included in the total poundage 2,149,000 and 1,867,000 above, 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

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

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

Income Tax Status: (Continued)

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 derecognition, 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 2019 and 2018. At August 31, 2019 and 2018, there are no significant income tax uncertainties.

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 (New Jersey 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.

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.

Recent Accounting Pronouncements:

The FASB issued an accounting pronouncement, *Revenue from Contracts with Customers*, which is a comprehensive new revenue recognition standard. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The effective date for the pronouncement is for periods beginning after December 15, 2018. NORWESCAP is currently evaluating the effect the provisions of this standard will have on the consolidated financial statements.

The FASB issued an accounting pronouncement, *Leases*, which requires lessees to recognize a right-of-use asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Under this pronouncement, a modified retrospective transition approach is required, and the new standard is applied to all leases existing at the date of the initial application. The effective date for the pronouncement is for periods beginning after December 15, 2020. NORWESCAP is currently evaluating the effect the new standard will have on the consolidated financial statements.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

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

Reclassifications:

Certain reclassifications have been made to the fiscal year 2018 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.

Subsequent Events:

The Organization has evaluated events subsequent to the consolidated statement of financial position date as of August 31, 2019 through January 22, 2020, 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, 2019, are comprised of the following:

	Reserves		
	Moving	Replacement	Total
Balance, beginning of year	\$ 459,409	\$ 29,777	\$ 489,186
Interest	4,004	30	4,034
Bank service charge	(21)	-	(21)
Balance, end of year	<u>\$ 463,392</u>	<u>\$ 29,807</u>	<u>\$ 493,199</u>

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
Approved withdrawals	(20)	-	(20)
Balance, end of year	<u>\$ 459,409</u>	<u>\$ 29,777</u>	<u>\$ 489,186</u>

Written prior approval from HUD is required to disburse funds from each reserve account. There were no disbursements from the reserves during the fiscal years ended August 31, 2019 and 2018.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 4 - GRANT RECEIVABLES:

Grants receivable are comprised of the following:

	August 31,	
	2019	2018
Community Services Block Grant	\$ 329,798	\$ 645,270
Head Start Abbott - ECPA	12,363	25,018
Head Start and Early Head Start	533,979	465,229
Family Self Sufficiency ("FSS")	43,558	71,632
Homeless Prevention	7,002	-
LIHEAP, Weatherization, Heating Improvement		
Program and the Department of Energy	398,550	308,464
NJ Cancer Education and Early Detection ("CEED")	90,295	75,172
Women, Infants and Children ("WIC")	180,105	222,996
Other	452,305	526,202
Total Grants Receivable	2,047,955	2,339,983
Less: Allowance for doubtful accounts	10,738	64,925
Grants Receivable, net	<u>\$ 2,037,217</u>	<u>\$ 2,275,058</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, 2019 and 2018, is \$80 and \$21, 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, 2019</u>				
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Certificate of deposit	\$ -	\$ 10,725	\$ -	\$ 10,725

<u>FAIR VALUE MEASUREMENT</u>				
<u>AUGUST 31, 2018</u>				
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Certificate of deposit	\$ -	\$ 10,645	\$ -	\$ 10,645

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 6 - PROPERTY AND EQUIPMENT:

Property and equipment, net of accumulated depreciation, at August 31, 2019, 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	411,856	-	-	-	411,856
Vehicles	1,022,474	-	-	-	1,022,474
	<u>2,535,471</u>	<u>1,417,109</u>	<u>959,830</u>	<u>736,449</u>	<u>5,648,859</u>
Less: Accumulated depreciation	<u>2,081,735</u>	<u>660,453</u>	<u>550,301</u>	<u>736,449</u>	<u>4,028,938</u>
	<u>\$ 453,736</u>	<u>\$ 756,656</u>	<u>\$ 409,529</u>	<u>\$ -</u>	<u>\$ 1,619,921</u>

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
	<u>2,630,380</u>	<u>1,417,109</u>	<u>959,830</u>	<u>736,449</u>	<u>5,743,768</u>
Less: Accumulated depreciation	<u>2,175,041</u>	<u>614,983</u>	<u>524,706</u>	<u>736,449</u>	<u>4,051,179</u>
	<u>\$ 455,339</u>	<u>\$ 802,126</u>	<u>\$ 435,124</u>	<u>\$ -</u>	<u>\$ 1,692,589</u>

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, 2019 AND 2018

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.

NOTE 7 - ADVANCES FROM GRANTORS:

Advances from grantors are comprised of the following:

	August 31	
	2019	2018
Early Head Start Expansion	\$ -	\$ 118,704
UCC	114,562	96,124
CCYC	12,086	20,562
Healthy Families	18,947	13,383
Other	23,494	7,224
Total Advances from Grantors	<u>\$ 169,089</u>	<u>\$ 255,997</u>

NOTE 8 - MORTGAGE PAYABLE:

Mortgage payable consists of the following:

	August 31,	
	2019	2018
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 and was paid in full on June 1, 2019.	<u>\$ -</u>	<u>\$ 21,635</u>

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 9 - LEASES:

NORWESCAP occupies office and classroom space and leases various equipment under separate operating leases with various terms expiring through 2028. Total rental space charged to operations for the years ended August 31, 2019 and 2018, was \$499,951 and \$535,939, 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,
2020	\$ 356,638
2021	213,333
2022	170,942
2023	162,492
2024	110,010
Thereafter	268,800
	<u>\$ 1,282,215</u>

NOTE 10 - CONTRIBUTIONS, FEES, RENTS AND OTHER:

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

	Year Ended August 31,	
	2019	2018
Contributions	\$ 392,189	\$ 302,517
Fees	134,215	143,560
Food distribution	772,602	724,902
Rents	227,088	91,111
Other	129,077	19,752
	<u>\$ 1,655,171</u>	<u>\$ 1,281,842</u>

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

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 contributions will be made whether or not an employee is making contributions to the plan. Pension expense for the years ended August 31, 2019 and 2018, was \$309,674 and \$314,084, respectively, and is recorded in fringe benefits on the consolidated statement of functional expenses.

NOTE 12 - BOARD-DESIGNATED NET ASSETS:

As of August 31, 2019 and 2018, the Board has designated \$74,918 and \$187,530, respectively, of net assets without donor restrictions 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 13 - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consists of the following:

	Year Ended August 31,	
	2019	2018
Community Action Programs	\$ 94,766	\$ 352,177
Northwest New Jersey Echo Housing, Inc.	1,499,700	1,499,700
	<u>\$ 1,594,466</u>	<u>\$ 1,851,877</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 non-amortizing 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 net assets with donor restrictions is appropriate.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 13 - NET ASSETS WITH DONOR RESTRICTIONS: (Continued)

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.

On July 20, 2019, the Project received final written approval from HUD to transfer the remaining seven modular housing units to Operation Safe Haven located in Franklinville, NJ. Subsequent to year-end, the Project moved six units and destroyed one unit. They also received approval from HUD to withdraw \$194,609 from their moving reserve account to help pay the cost associated with moving the units.

NOTE 14 - CONCENTRATIONS OF CREDIT RISKS:

The Organization receives approximately 75% and 79% of its funding from various federal and state governmental agencies, respectively. 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**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 15 - FUNCTIONAL EXPENSES:

The costs of providing the various programs and other activities have been summarized on a functional basis on the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefits. General and administrative expenses are those not directly identifiable with any specific function, but which provide for the overall support and direction of NORWESCAP.

Expenses that are allocated based on time and effort are: personnel, fringe benefits, consultants/contractual and consumable supplies. Expenses that are allocated based on square footage are: rents/space, consumable supplies, equipment, communications, insurance, other costs and depreciation.

NOTE 16 - LIQUIDITY AND AVAILABILITY:

The following represents the Organization's financial assets at August 31, 2019, reduced by amounts not available for general use within one year of the consolidated statement of financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts available include donor-restricted amounts that are available for general expenditure in the following year.

Cash and cash equivalents	\$ 1,395,958
Grants receivable, net	2,037,217
Total financial assets	<u>3,433,175</u>

Less amounts not available to be used within one year:

Board-designated net assets	(74,918)
Net assets with donor restrictions	<u>(1,594,466)</u>
	<u>(1,669,384)</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 1,763,791</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts. Amounts not available include amounts set aside by the Board that could be drawn upon if the Board of Trustees approves that action.

NORTHWEST NEW JERSEY COMMUNITY ACTION PROGRAM, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2019

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 2019	Current Year Program Disbursements
<u>Direct Assistance:</u>								
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>								
Head Start/EHS	93.600		02CH3039-06-01	09/01/18 - 08/31/19	\$ 6,222,676	\$ 6,222,676	\$ -	\$ 6,222,676
Early Head Start Expansion	93.600		02HP000054-02-00	09/01/18 - 08/31/19	1,307,465	1,307,465	-	1,307,465
Total U.S Department of Health and Human Services					7,530,141	7,530,141	-	7,530,141
<u>U.S. DEPARTMENT OF JUSTICE</u>								
Byrne Criminal Justice Innovation Grant	16.817		2016-AJ-BX-0009	10/01/16 - 09/30/19	425,000	82,624	-	82,624
<u>U.S. DEPARTMENT OF HEALTH AND HOUSING AND URBAN DEVELOPMENT</u>								
HUD Warren County Leasing	14.235		NJ0313L2F161705	09/01/18 - 08/31/19	14,792	11,400	-	11,400
HUD Tri County Leasing/PH	14.235		NJ0371L2F161705	09/01/18 - 08/31/19	67,865	34,950	-	34,950
HUD Tri County Leasing	14.235		NJ0372L2F161705	09/01/18 - 08/31/19	250,657	95,619	-	95,619
					333,314	141,969	-	141,969
Homeless Prevention & Rapid Re-Housing	14.231	2019-02156-0360-00		12/01/18 - 06/30/20	200,000	69,279	-	69,279
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 U.S. Department of Health and Housing and Urban Development					2,033,014	1,710,948	1,499,700	211,248
<u>CORPORATION FOR NATIONAL COMMUNITY SERVICE</u>								
RSVP	94.002	17SRANJ002		04/01/19 - 03/31/20	256,842	114,084	-	114,084
RSVP	94.002	17SRANJ002		04/01/18 - 03/31/19	249,842	249,842	-	144,101
Total Corporation for National Community Service					506,684	363,926	-	258,185
Total Direct Assistance					10,494,839	9,687,639	1,499,700	8,082,198
<u>Pass through Assistance:</u>								
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>								
Passed through New Jersey Department of Human Services								
CCRR - Sussex	93.575	UC19023		10/01/18 - 09/30/19	672,365	650,837	-	650,837
CCRR - Warren	93.575	UC19023		10/01/18 - 09/30/19	844,345	694,351	-	694,351
CCRR - Hunterdon	93.575	UC19023		10/01/18 - 09/30/19	545,580	486,056	-	486,056
CCRR - Sussex	93.575	UC18023		10/01/17 - 09/30/18	729,697	729,661	-	56,411
CCRR - Warren	93.575	UC18023		10/01/17 - 09/30/18	807,820	804,106	-	98,683
CCRR - Hunterdon	93.575	UC18023		10/01/17 - 09/30/18	543,865	514,598	-	58,332
					4,143,672	3,879,609	-	2,044,670
Healthy Families	93.558	19BOWP		09/01/18 - 08/31/19	287,741	287,741	-	282,177
Family Success Center	93.667	19BOWP		09/01/18 - 08/31/19	240,000	229,948	-	229,931
SHIP	93.779	DOAS19SHF018		04/01/19 - 03/31/20	27,000	10,259	-	10,259
SHIP	93.779	DOAS19SHF021		04/01/18 - 03/31/19	27,000	27,000	-	15,960
					54,000	37,259	-	26,219
Passed through New Jersey Department of Community Affairs								
LIHEAP Weatherization 2015	93.568	2015-05130-0224-03		01/01/15 - 12/31/20	337,863	119,588	-	74,804
LIHEAP Weatherization 2013	93.568	2013-05130-0291-14		06/01/13 - 08/31/19	605,359	605,359	-	25,002
Universal Services Fund 2019	93.568	2019-05133-0321-01		07/01/18 - 09/30/19	161,484	155,481	-	145,140
HIP 2018	93.568	2018-05124-0266-05		01/01/18 - 12/31/19	322,551	259,078	-	259,078
HIP 2017	93.568	2017-05124-0304-03		10/01/17 - 03/31/19	251,142	251,142	-	134,093
LIHEAP Assistance 2019	93.568	2019-05131-0422-00		10/01/18 - 09/30/19	235,891	215,423	-	215,423
LIHEAP Assistance 2018	93.568	2018-05131-0066-00		10/01/17 - 09/30/18	228,938	228,938	-	10,805
					2,143,228	1,835,009	-	864,345

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, 2019

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 2019	Current Year Program Disbursements
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</u>								
Passed through New Jersey Department of Human Services (Continued)								
Community Services Block Grant 2019	93.569	2019-05235-0507-02		10/01/18 - 09/30/19	787,497	720,785	-	720,785
Community Services Block Grant 2018	93.569	2018-05235-0182-01		10/01/17 - 09/30/18	779,600	779,600	-	36,102
CSBG - Special Initiatives 2018	93.569	2018-05136-0320-00		05/01/19 - 09/30/19	50,000	5,018	-	5,018
					1,617,097	1,505,403	-	761,905
Passed through New Jersey Department of Health								
NJ Cancer Education and Early Detection (CEED)	93.283	DCHS20CED014		07/01/19 - 06/30/20	158,966	13,321	-	13,321
NJ Cancer Education and Early Detection (CEED)	93.283	DCHS19CED013		07/01/18 - 06/30/19	205,149	205,149	-	192,174
					364,115	218,470	-	205,495
Total U.S. Department of Health and Human Services					8,849,853	7,993,439	-	4,414,742
<u>U.S. DEPARTMENT OF EDUCATION</u>								
Passed through New Jersey Department of Community Affairs								
County Councils for Young Children (Race to the Top) - Warren	84.412	20BOWP		07/01/19 - 12/31/19	37,500	11,992	-	11,992
County Councils for Young Children (Race to the Top) - Hunterdon	84.412	20BOWP		07/01/19 - 12/31/19	37,500	14,795	-	14,795
County Councils for Young Children (Race to the Top) - Morris	84.412	20BOWP		07/01/19 - 12/31/19	37,500	12,356	-	12,356
County Councils for Young Children (Race to the Top) - Warren	84.412	19BOWP		09/01/18 - 06/30/19	59,509	59,509	-	59,509
County Councils for Young Children (Race to the Top) - Hunterdon	84.412	19BOWP		09/01/18 - 06/30/19	59,509	59,509	-	59,509
County Councils for Young Children (Race to the Top) - Morris	84.412	19BOWP		09/01/18 - 06/30/19	59,509	59,509	-	59,509
Total U.S. Department of Education					291,027	217,670	-	217,670
<u>U.S. DEPARTMENT OF AGRICULTURE</u>								
Passed through New Jersey Department of Health								
Women, Infants, and Children	10.557	DFHS19WIC010		10/01/18 - 09/30/19	965,391	876,924	-	876,924
Women, Infants, and Children	10.557	DFHS18WIC003		10/01/17 - 09/30/18	938,718	931,251	-	118,205
					1,904,109	1,808,175	-	995,129
The Family Daycare Food Program	10.558			10/01/18 - 09/30/19	88,757	88,757	-	88,757
The Family Daycare Food Program	10.558			10/01/17 - 09/30/18	91,040	91,040	-	7,395
The Child and Adult Food Program	10.558			10/01/18 - 09/30/19	245,000	218,710	-	218,710
The Child and Adult Food Program	10.558			10/01/17 - 09/30/18	244,387	244,387	-	39,167
The Emergency Food Assistance Program	10.558			09/01/18 - 08/31/19	47,004	47,004	-	47,004
					716,188	689,898	-	401,033
Summer Food Service Program for Children	10.559	213104		06/01/19 - 08/31/19	18,298	18,298	-	18,298
Trade Mitigation Program	10.178			10/01/18 - 09/30/19	7,760	7,760	-	7,760
Total U.S. Department of Agriculture					2,646,355	2,524,131	-	1,422,220
<u>U.S. DEPARTMENT OF ENERGY</u>								
Passed through New Jersey Department of Community Affairs								
DOE Weatherization 2020	81.042	2020-05228-0007-01		07/01/19 - 06/30/20	206,975	10,892	-	10,892
DOE Weatherization 2019	81.042	2019-05228-0309-02		07/01/18 - 06/30/19	197,462	197,462	-	197,462
Total U.S. Department of Energy					404,437	208,354	-	208,354
Total Pass through Assistance					12,191,672	10,943,594	-	6,262,986
<u>Total Federal Awards</u>					\$ 22,686,511	\$ 20,631,233	\$ 1,499,700	\$ 14,345,184

NORTHWEST NEW JERSEY COMMUNITY ACTION PROGRAM, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED AUGUST 31, 2019

State Awards	Grant Number	Grant Period	Grant Award	Cumulative Program Disbursements	Current-Year Program Disbursements
<u>NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS</u>					
Careers Life Warren	19XHKW	09/01/18 - 08/31/19	\$ 150,000	\$ 150,000	\$ 150,000
Careers Life Hunterdon	19XHKW	09/01/18 - 08/31/19	150,000	150,000	150,000
IDA Account 2009	2009-05795-0288-08	10/01/08 - 09/30/19	135,000	124,467	4,500
Prevention of Homelessness 2019 - (Somerset)	2019-02150-0594-00	08/01/19 - 07/31/20	88,638	5,497	5,497
Prevention of Homelessness 2019 - (Morris)	2019-02150-0593-00	08/01/19 - 07/31/20	109,347	1,505	1,505
Prevention of Homelessness 2018 - (Somerset)	2018-02150-0200-06	02/01/18 - 07/31/19	100,638	93,618	68,860
Total New Jersey Department of Community Affairs			733,623	525,087	380,362
<u>NEW JERSEY DEPARTMENT OF HUMAN SERVICES</u>					
Head Start Abbott - ECPA	063020	07/01/19 - 06/30/20	539,463	12,363	12,363
Head Start Abbott - ECPA	063019	07/01/18 - 06/30/19	539,463	539,463	514,571
Total New Jersey Department of Human Services			1,078,926	551,826	526,934
<u>NEW JERSEY DEPARTMENT OF AGRICULTURE</u>					
State Food Purchase Program	EFONRW	07/01/19 - 06/30/20	124,666	13,708	13,708
State Food Purchase Program	EFONRW	07/01/18 - 06/30/19	120,863	120,863	109,050
Total New Jersey Department of Agriculture			245,529	134,571	122,758
<u>Total State of New Jersey Financial Assistance</u>			\$ 2,058,078	\$ 1,211,484	\$ 1,030,054

**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, 2019

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 NORWESCAP and Subsidiaries' 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 consolidated financial statements.

NOTE 2 - SUBRECIPIENTS:

During the year ended August 31, 2019, 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, 2019, \$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, 2019, 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, and have issued our report thereon, dated January 22, 2020.

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, 2020

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, 2019. 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, 2019.

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, 2020

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2019**

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? | <u> </u> Yes | <u> X </u> No |
| • Significant deficiencies identified? | <u> </u> Yes | <u> X </u> No |

Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No
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Federal Awards and State Financial Assistance

Internal control over each major program:

- | | | |
|--|-------------------|-----------------|
| • Material weaknesses identified? | <u> </u> Yes | <u> X </u> No |
| • Significant deficiencies identified? | <u> </u> Yes | <u> X </u> No |

Type of auditors' report issued on compliance for each major program:	<u>Unmodified</u>
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Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance or NJOMB Circular Letter 15-08?	<u> </u> Yes	<u> X </u> No
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**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2019 (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 or State Program</u>
<u>Federal:</u>		
93.600	02CH3039-06-01	Head Start
	02HP000054-02-00	
93.569	2019-05235-0507-02	Community Service Block Grant
	2018-05235-0182-01	
	2018-05136-0320-00	
 <u>State:</u>		
	063019, 063018	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? X Yes 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, 2019, and have issued our report thereon, dated January 22, 2020, 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 and Head Start Expansion Federal Financial Report Form 425, the Head Start Attachment to Report for Grant # 02CH3039-06-01, 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 22, 2020

(Follow form instructions)

Standard Form 425 - Revised 6/28/2010
OMB Approval Number: 0348-0061
Expiration Date: 10/31/2011

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**
HEAD START FEDERAL FINANCIAL REPORT FORM 425
YEAR ENDED AUGUST 31, 2019

FEDERAL FINANCIAL REPORT

(Follow form instructions)

1. Federal Agency and Organizational Element to Which Report is Submitted GO ADMINISTRATION FOR CHILDREN		2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment) 02HP00005402		Page 1 of 1 pages	
3. Recipient Organization (Name and complete address including Zip code) NORTHWEST NEW JERSEY COMMUNITY ACTION PROGRAM, INC OLD FIRTH SCHOOL, PROSPECT ST, PHILLIPSBURG, NJ, 08855					
4a. DUNS Number 060808219		4b. EIN 22-1777156A1		5. Recipient Account Number or Identifying Number (To report multiple grants, use FFR Attachment) FINAL REPORT	
6. Report Type <input checked="" type="checkbox"/> Quarterly <input type="checkbox"/> Semi-Annual <input type="checkbox"/> Annual <input type="checkbox"/> Final				7. Basis of Accounting <input checked="" type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual	
8. Project/Grant Period From: (Month, Day, Year) SEPTEMBER 01, 2018				9. Reporting Period End Date (Month, Day, Year) AUGUST 31, 2019	
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					1,307,465.00
b. Cash Disbursements					1,307,465.00
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					1,307,465.00
e. Federal share of expenditures					1,307,465.00
f. Federal share of unliquidated obligations					0.00
g. Total Federal share (sum of lines e and f)					1,307,465.00
h. Unobligated balance of Federal funds (line d minus g)					0.00
Recipient Share:					
i. Total recipient share required					328,867.00
j. Recipient share of expenditures					328,867.00
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	d. Base
				Period To	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:					
See Attached					
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 <div style="font-family: cursive; font-size: 1.2em;">Stephen Schanowolf Interim CFO</div>					c. Telephone (Area code, number and extension) 908-454-7000x1123
b. Signature of Authorized Certifying Official <div style="font-family: cursive; font-size: 1.2em;">Stephen Schanowolf</div>					d. Email address schanowolfs@norwesacap.org
e. Date Report Submitted (Month, Day, Year) 11/27/2019					14. Agency use only:

Standard Form 425 - Revised 6/28/2010
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 HEAD START GRANT
#02CH3039-06-01 (UNAUDITED)
YEAR ENDED AUGUST 31, 2019

ANNUAL REPORT

BOX 12 REMARKS:

CAN # 8-G024120	\$ 41,508
CAN # 8-G024122	3,463,839
CAN # 8-G024125	2,656,180
CAN # 8-G024121	61,149
	<u>\$ 6,222,676</u>

	EARLY		
ADMINISTRATIVE COSTS	HEAD START	HEAD START	TOTAL
PERSONNEL	\$ 178,764	\$ 207,776	\$ 386,540
FRINGE	74,653	71,450	146,103
SUPPLIES	17,460	8,127	25,587
CONTRACTUAL	221,390	163,870	385,260
OTHER	30,431	15,779	46,210
TOTAL	<u>\$ 522,698</u>	<u>\$ 467,002</u>	<u>\$ 989,700</u>

NORTHWEST NEW JERSEY COMMUNITY ACTION PROGRAM, INC. AND SUBSIDIARIES
HEAD START, HANDICAPPED, AND TRAINING PROGRAMS- GRANT NUMBER 02CH3039-06-01
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED SEPTEMBER 1, 2018 TO AUGUST 31, 2019

	Total			PA 22 & PA 25 Full Year			PA 20 & PA 26 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	\$ 6,222,676	\$ 6,222,676	\$ -	\$ 6,120,019	\$ 6,120,019	\$ -	\$ 102,657	\$ 102,657	\$ -
Total Federal Share	6,222,676	6,222,676	-	6,120,019	6,120,019	-	102,657	102,657	-
Other Revenues:									
In-Kind	1,555,669	1,555,669	-	1,530,005	1,530,005	-	25,664	25,664	-
TOTAL REVENUE	\$ 7,778,345	\$ 7,778,345	\$ -	\$ 7,650,024	\$ 7,650,024	\$ -	\$ 128,321	\$ 128,321	\$ -
EXPENSES:									
OCD Share of Direct Costs									
Personnel	\$ 3,702,795	\$ 3,567,409	\$ 135,386	\$ 3,673,287	\$ 3,547,871	\$ 125,416	\$ 29,508	\$ 19,539	\$ 9,969
Fringe Benefits	1,371,624	1,428,446	(56,822)	1,359,116	1,424,106	(64,990)	12,508	4,340	8,168
Travel	10,200	8,013	2,187	-	-	-	10,200	8,013	2,187
Equipment	-	-	-	-	-	-	-	-	-
Consummable Supplies	68,985	71,532	(2,547)	66,188	67,691	(1,503)	2,797	3,841	(1,044)
Contractual	367,824	389,970	(22,146)	363,114	385,260	(22,146)	4,710	4,710	-
Facilities/Construction	-	-	-	-	-	-	-	-	-
Other	701,248	757,306	(56,058)	658,314	695,091	(36,777)	42,934	62,214	(19,280)
TOTAL EXPENSES	\$ 6,222,676	\$ 6,222,676	\$ -	\$ 6,120,019	\$ 6,120,019	\$ -	\$ 102,657	\$ 102,657	\$ -
In-Kind	1,555,669	1,555,669	-	1,530,005	1,530,005	-	25,664	25,664	-
TOTAL COSTS	\$ 7,778,345	\$ 7,778,345	\$ -	\$ 7,650,024	\$ 7,650,024	\$ -	\$ 128,321	\$ 128,321	\$ -

**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: DFHS19WIC010	Grant period: 10/1/18 - 9/30/19 Report Period: 10/1/18 - 8/31/19			
Category				
A. Personnel				
Salaries/Wages	\$ 583,455	\$ 538,463	\$ 538,463	\$ -
Fringe Benefits	210,739	193,288	193,288	-
B. Consultants	-	-	-	-
C. Other Cost Categories				
Office Expense and Related Cost	88,196	71,638	71,638	-
Program Expense and Related Cost	-	-	-	-
Staff Training and Education Costs	-	-	-	-
Travel, Conferences, and Meetings	17,138	15,739	15,739	-
Equipment and Other Capital Expenditure:	-	-	-	-
Facility Costs	65,863	57,467	57,467	-
DFP/OA	-	-	-	-
Sub-grants	-	-	-	-
Reserve	-	-	-	-
Other	-	-	-	-
TOTAL DIRECT COST	965,391	876,595	876,595	-
INDIRECT COST	-	-	-	-
TOTAL COST	965,391	876,595	876,595	-
LESS PROGRAM INCOME	-	-	-	-
NET TOTAL COST	\$ 965,391	\$ 876,595	\$ 876,595	\$ -
II. WIC Grant Number: DFHS18WIC003	Grant period: 10/1/17 - 9/30/18 Report Period: 9/1/18 - 9/30/18			
Category				
A. Personnel				
Salaries/Wages	\$ 563,162	\$ 69,028	\$ 69,028	\$ -
Fringe Benefits	210,137	18,772	18,772	-
B. Consultants	4,570	4,570	4,570	-
C. Other Cost Categories				
Office Expense and Related Cost	70,634	12,537	12,537	-
Program Expense and Related Cost	10,823	6,310	6,310	-
Staff Training and Education Costs	-	-	-	-
Travel, Conferences, and Meetings	20,345	4,145	4,145	-
Equipment and Other Capital Expenditure:	-	-	-	-
Facility Costs	59,047	2,843	2,843	-
DFP/OA	-	-	-	-
Sub-grants	-	-	-	-
Reserve	-	-	-	-
Other	-	-	-	-
TOTAL DIRECT COST	938,718	118,205	118,205	-
INDIRECT COST	-	-	-	-
TOTAL COST	938,718	118,205	118,205	-
LESS PROGRAM INCOME	-	-	-	-
NET TOTAL COST	\$ 938,718	\$ 118,205	\$ 118,205	\$ -

**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: DOAS19SHF018				
Grant period: 4/1/19 - 3/31/20 Report Period: 4/1/19 - 8/31/19				
Category				
A. Personnel				
Salaries/Wages	\$ 10,500	\$ 3,989	\$ 3,989	\$ -
Fringe Benefits	1,838	613	613	-
B. Consultants	135	-	-	-
C. Other Cost Categories				
Office Expense and Related Cost	902	1,179	1,179	-
Program Expense and Related Cost	5,810	1,363	1,363	-
Staff Training and Education Costs	250	-	-	-
Travel, Conferences, and Meetings	288	-	-	-
Equipment and Other Capital Expenditures	-	-	-	-
Facility Costs	7,277	3,115	3,115	-
DFP/OA	-	-	-	-
Sub-grants	-	-	-	-
Reserve	-	-	-	-
Other	-	-	-	-
TOTAL DIRECT COST	27,000	10,259	10,259	-
INDIRECT COST	-	-	-	-
TOTAL COST	27,000	10,259	10,259	-
LESS PROGRAM INCOME	-	-	-	-
NET TOTAL COST	\$ 27,000	\$ 10,259	\$ 10,259	\$ -

II. SHIP, Grant Number: DOAS19SHF021				
Grant period: 4/1/18 - 3/31/19 Report Period: 9/1/18 - 3/31/19				
Category				
A. Personnel				
Salaries/Wages	\$ 10,500	\$ 4,717	\$ 4,717	\$ -
Fringe Benefits	1,838	724	724	-
B. Consultants	135	-	-	-
C. Other Cost Categories				
Office Expense and Related Cost	902	417	417	-
Program Expense and Related Cost	5,810	4,158	4,158	-
Staff Training and Education Costs	250	199	199	-
Travel, Conferences, and Meetings	288	-	-	-
Equipment and Other Capital Expenditures	-	-	-	-
Facility Costs	7,277	5,745	5,745	-
DFP/OA	-	-	-	-
Sub-grants	-	-	-	-
Reserve	-	-	-	-
Other	-	-	-	-
TOTAL DIRECT COST	27,000	15,960	15,960	-
INDIRECT COST	-	-	-	-
TOTAL COST	27,000	15,960	15,960	-
LESS PROGRAM INCOME	-	-	-	-
NET TOTAL COST	\$ 27,000	\$ 15,960	\$ 15,960	\$ -

**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, Grant Number: DFHS19CED013				
Grant Period: 7/1/18-6/30/19 Report Period: 9/1/18-6/30/19				
Category				
Personnel Costs				
Salaries/Wages	\$ 46,969	\$ 41,892	\$ 41,892	\$ -
Fringe Benefits	11,742	5,814	5,814	-
Other Direct Costs				
Facility Costs	3,196	3,749	3,749	-
Professional Service Agreements	133,090	131,863	131,863	-
Supplies	650	582	582	-
Travel	985	985	985	-
Other	8,517	7,289	7,289	-
TOTAL DIRECT COST	205,149	192,174	192,174	-
INDIRECT COST	-	-	-	-
TOTAL COST	205,149	192,174	192,174	-
LESS PROGRAM INCOME	-	-	-	-
NET TOTAL COST	\$ 205,149	\$ 192,174	\$ 192,174	\$ -
II. CEED, Grant Number: DFHS20CED014				
Grant Period: 7/1/19-6/30/20 Report Period: 7/1/19-8/31/19				
Category				
Personnel Costs				
Salaries/Wages	\$ 39,986	\$ 9,595	\$ 9,595	\$ -
Fringe Benefits	9,996	1,214	1,214	-
Other Direct Costs				
Facility Costs	2,790	974	974	-
Professional Service Agreements	95,380	74	74	-
Supplies	650	26	26	-
Travel	1,016	-	-	-
Other	1,095	96	96	-
TOTAL DIRECT COST	150,913	11,979	11,979	-
INDIRECT COST	8,053	1,342	1,342	-
TOTAL COST	158,966	13,321	13,321	-
LESS PROGRAM INCOME	-	-	-	-
NET TOTAL COST	\$ 158,966	\$ 13,321	\$ 13,321	\$ -