

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

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

AUGUST 31, 2020 AND 2019



SOBEL & CO. LLC

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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

AUGUST 31, 2020 AND 2019

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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, 2020, 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, 2020, 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

On September 1, 2019, The Organization adopted Financial Accounting Standards Board, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*; and *Statement of Cash Flows – Restricted Cash*, as described in Note 2. 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 #02CH011177-01-01, the Head Start Handicapped, and Training Programs Grant #02CH011177-01-01 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 March 3, 2021, 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 2019 consolidated financial statements, and we expressed an unmodified opinion on those audited consolidated financial statements in our report dated January 22, 2020. In our opinion, the summarized, comparative information presented herein as of and for the year ended August 31, 2019, 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
March 3, 2021

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

ASSETS	August 31,	
	2020	2019
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,938,838	\$ 1,395,958
Grants receivable, net of allowance	1,870,356	2,037,217
Inventory and other assets	74,071	215,598
Investments	10,830	10,725
Total Current Assets	4,894,095	3,659,498
PROPERTY AND EQUIPMENT, Net	1,481,975	1,619,921
RESTRICTED DEPOSITS	298,630	493,199
	\$ 6,674,700	\$ 5,772,618
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 1,581,477	\$ 1,130,304
Advances from grantors	286,605	169,089
Total Current Liabilities	1,868,082	1,299,393
LONG-TERM LIABILITIES:		
Security deposits payable	13,042	16,051
Total Liabilities	1,881,124	1,315,444
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Without donor restrictions:		
Operating	3,232,281	2,787,790
Board-designated	19,226	74,918
Total net assets without donor restrictions	3,251,507	2,862,708
With donor restrictions:		
Restricted for specified purpose	1,542,069	1,594,466
Total Net Assets	4,793,576	4,457,174
	\$ 6,674,700	\$ 5,772,618

NORTHWEST NEW JERSEY COMMUNITY ACTION PROGRAM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED AUGUST 31, 2020
(With Summarized, Comparative Totals for the Year Ended August 31, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	
PUBLIC SUPPORT AND REVENUE:				
Grants and contracts	\$ 16,268,853	\$ -	\$ 16,268,853	\$ 15,689,030
Contributions, fees, rents, and other	1,807,568	25,000	1,832,568	1,655,171
Special events	49,080	-	49,080	77,718
Contributed services	1,210,621	-	1,210,621	1,882,536
Interest	310	-	310	4,779
Net assets released from restrictions	77,397	(77,397)	-	-
Total public support and revenue	<u>19,413,829</u>	<u>(52,397)</u>	<u>19,361,432</u>	<u>19,309,234</u>
EXPENSES:				
Program services:				
Child enrichment	11,569,867	-	11,569,867	13,060,309
Community action	6,277,803	-	6,277,803	5,511,706
Total program services	<u>17,847,670</u>	<u>-</u>	<u>17,847,670</u>	<u>18,572,015</u>
Management and general	1,177,360	-	1,177,360	1,031,653
Total expenses	<u>19,025,030</u>	<u>-</u>	<u>19,025,030</u>	<u>19,603,668</u>
CHANGES IN NET ASSETS	388,799	(52,397)	336,402	(294,434)
NET ASSETS - Beginning of year	<u>2,862,708</u>	<u>1,594,466</u>	<u>4,457,174</u>	<u>4,751,608</u>
NET ASSETS - End of year	<u>\$ 3,251,507</u>	<u>\$ 1,542,069</u>	<u>\$ 4,793,576</u>	<u>\$ 4,457,174</u>

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, 2020
(With Summarized, Comparative totals for the Year Ended August 31, 2019)

	Program Services			Supporting Services	2020 Total	2019 Total
	Child Enrichment	Community Action	Total Program Services	Management and General		
Personnel	\$ 6,378,348	\$ 2,579,023	\$ 8,957,371	\$ 796,633	\$ 9,754,004	\$ 9,614,716
Fringe benefits	2,093,005	750,331	2,843,336	177,639	3,020,975	3,472,722
Total Personnel and Fringe Benefits	8,471,353	3,329,354	11,800,707	974,272	12,774,979	13,087,438
Contributed services	1,210,621	-	1,210,621	-	1,210,621	1,882,536
Consultant/contractual	170,610	816,311	986,921	89,925	1,076,846	956,261
Travel and transportation	111,359	63,232	174,591	94	174,685	262,993
Rents/space	684,486	315,102	999,588	18,398	1,017,986	965,086
Consumable supplies	351,501	288,652	640,153	38,578	678,731	495,670
Equipment	15,742	106,594	122,336	-	122,336	27,028
Communications	95,176	65,775	160,951	5,512	166,463	153,767
Insurance	73,236	83,492	156,728	5,981	162,709	169,430
Client assistance	350,337	967,943	1,318,280	-	1,318,280	1,188,579
Other costs	23,792	74,146	97,938	44,600	142,538	163,495
Bad debt expense	-	40,910	40,910	-	40,910	102,674
Total Expenses Before Depreciation	11,558,213	6,151,511	17,709,724	1,177,360	18,887,084	19,454,957
Depreciation	11,654	126,292	137,946	-	137,946	148,711
Total Expenses	\$ 11,569,867	\$ 6,277,803	\$ 17,847,670	\$ 1,177,360	\$ 19,025,030	\$ 19,603,668

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

	Year Ended August 31,	
	2020	2019
CASH FLOWS PROVIDED BY (USED FOR):		
<u>OPERATING ACTIVITIES:</u>		
Changes in net assets	\$ 336,402	\$ (294,434)
Adjustments to reconcile changes in net assets to net cash provided by (used for) operating activities:		
Depreciation	137,946	148,711
Bad debt expense	40,910	102,674
Changes in operating assets and liabilities:		
Grants receivable	125,951	135,167
Inventory and other assets	141,527	(196,242)
Accounts payable and accrued expenses	451,173	(258,815)
Advances from grantors	117,516	(86,908)
Security deposit payable	(3,009)	9,692
Net Cash Provided by (Used for) Operating Activities	<u>1,348,416</u>	<u>(440,155)</u>
<u>INVESTING ACTIVITIES:</u>		
Purchase of equipment	-	(76,043)
Interest reinvested	(105)	(80)
Net Cash Used for Investing Activities	<u>(105)</u>	<u>(76,123)</u>
<u>FINANCING ACTIVITIES:</u>		
Principal payments on mortgage/notes payable	-	(21,635)
Net Cash Provided by (Used for) Financing Activities	<u>-</u>	<u>(21,635)</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED DEPOSITS	1,348,311	(537,913)
BEGINNING OF YEAR	1,889,157	2,427,070
END OF YEAR	<u>\$ 3,237,468</u>	<u>\$ 1,889,157</u>

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

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 has transferred six modular housing units to nonprofit organizations. The one remaining modular housing unit was destroyed. ECHO received approval from HUD in regards to this process.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting:

The consolidated 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 consolidated 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.

The accounts of Sussex Seniors are included in the fiscal years 2020 and 2019's consolidated financial statements for the twelve-month periods ended August 31, 2020 and 2019.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

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

Summarized, Comparative Information:

The consolidated financial statements include certain prior-year, summarized, comparative information in total but not by net asset class or functional area. 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, 2019, 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 there is no allowance for doubtful accounts for the year ended August 31, 2020. The allowance for the year ended August 31, 2019 was \$10,738.

Inventory:

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

Fair Value:

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

The fair value hierarchy defines the three levels as follows:

- Level 1:** Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

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

Fair Value: (Continued)

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.

Investments:

The Organization holds a certificate of deposit which is valued at cost plus accrued interest earned as of August 31, 2020 and 2019, which approximates market value.

Property and Equipment:

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

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

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

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

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

Property and Equipment: (Continued)

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.

Restricted Deposits:

In November 2016, the Financial Accounting Standards Board (“FASB”) issued an accounting standard, *Statement of Cash Flows – Restricted Cash*, which requires that changes in cash, cash equivalents, and restricted cash be included on the statements of cash flows. The Organization adopted the new standard on September 1, 2019, using the retrospective approach.

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:

On September 1, 2019, the Organization adopted the Financial Accounting Standards Board (“FASB”), Accounting Standards Update, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This guidance is intended to clarify and improve the scope of accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improving guidance to better distinguish between conditional and unconditional contributions.

Funds received from various federal and state government agencies represent grants awarded to the Organization to provide program services. Revenue with respect to these awards is recognized to the extent of expenses incurred under the award terms. Funds received in advance are accounted for as advances from grantors in the statements of financial position. Amounts that are spent in accordance with contract requirements, but not yet received, are accounted for as accounts and grants receivable in the consolidated statements of financial position.

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, 2020 and 2019.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

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

Revenue Recognition: (Continued)

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

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, 2020 and 2019, 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, 2020 and 2019, contributed early childhood program aid services and rental space of approximately \$1,211,000 and \$1,883,000, respectively, are reported in contributed services revenue and expenses in the accompanying consolidated statement of activities and changes in net assets. For the year ended August 31, 2020, contributed services were reduced due to COVID-19 restrictions. Norwescap has obtained a reduction waiver from Head Start.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

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

Contributed Goods:

Through its Food Bank program, Norwescap solicits and receives food commodities which are to be distributed to qualified 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.

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, 2020 and 2019, Norwescap distributed approximately 2,387,000 and 2,149,000 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, 2020 and 2019, Norwescap distributed approximately 867,000 and 627,000 pounds of food commodities under these programs, which are included in the total poundage 2,387,000 and 2,149,000 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.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

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

Income Tax Status:

The Norwescap entities are exempt from income taxes under Sections 501(c)(3) and 501(c)(2) of the Internal Revenue Code, and are also exempt under Title 15 of the State of New Jersey Corporations and Associations Not-for-Profit Act. The Organization follows standards that provide clarification on accounting for uncertainty in income taxes recognized in the Organization's financial statements.

The guidance prescribes a recognition threshold and measurement attribute for the recognition and measurement of a tax position taken, or expected to be taken, in a tax return, and also provides guidance on 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 2020 and 2019. At August 31, 2020 and 2019, 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.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

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

Recent Accounting Pronouncements:

The FASB issued an accounting pronouncement, *Leases*, which requires lessees to recognize a right-of-use asset and lease liability on the consolidated statement of financial position for all leases with a term longer than 12 months. Under this new pronouncement, a modified retrospective transition approach is required, and the new standard is applied to all leases existing at the date of initial application. The pronouncement is effective for annual periods beginning after December 15, 2021. It will be effective for the Organization for the year ending August 31, 2023. The Organization is currently evaluating the effect the new pronouncement will have on its financial statements.

Reclassifications:

Certain reclassifications have been made to the fiscal year 2019 consolidated financial statement presentation to correspond to the current year's format.

Subsequent Events:

The Organization has evaluated events subsequent to the consolidated statement of financial position date as of August 31, 2020 through March 3, 2021, the date that the consolidated financial statements were available to be issued.

NOTE 3 - GRANT RECEIVABLES:

Grants receivable are comprised of the following:

	August 31,	
	2020	2019
Community Services Block Grant	\$ 242,437	\$ 329,798
Head Start Abbott - ECPA	89,660	12,363
Head Start and Early Head Start	444,144	533,979
Family Self Sufficiency ("FSS")	37,634	43,558
Homeless Prevention	3,301	7,002
LIHEAP, Weatherization, Heating Improvement Program and the Department of Energy	352,462	398,550
NJ Cancer Education and Early Detection ("CEED")	76,507	90,295
Women, Infants and Children ("WIC")	181,699	180,105
Other	442,512	452,305
Total Grants Receivable	1,870,356	2,047,955
Less: Allowance for doubtful accounts	-	10,738
Grants Receivable, net	<u>\$ 1,870,356</u>	<u>\$ 2,037,217</u>

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

NOTE 4 - 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, 2020 and 2019, is \$105 and \$80, 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, 2020</u>				
	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Certificate of deposit	\$ -	\$ 10,830	\$ -	\$ 10,830

<u>FAIR VALUE MEASUREMENT</u>				
<u>AUGUST 31, 2019</u>				
	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Certificate of deposit	\$ -	\$ 10,725	\$ -	\$ 10,725

NOTE 5 - PROPERTY AND EQUIPMENT:

Property and equipment, net of accumulated depreciation, at August 31, 2020, is 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	736,449	3,810,746
Furniture, fixtures and equipment	411,856	-	-	-	411,856
Vehicles	917,841	-	-	-	917,841
	<u>2,430,838</u>	<u>1,417,109</u>	<u>959,830</u>	<u>736,449</u>	<u>5,544,226</u>
Less: Accumulated depreciation	2,043,983	705,923	575,896	736,449	4,062,251
	<u>\$ 386,855</u>	<u>\$ 711,186</u>	<u>\$ 383,934</u>	<u>\$ -</u>	<u>\$ 1,481,975</u>

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

NOTE 5 - PROPERTY AND EQUIPMENT: (Continued)

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	2,081,735	660,453	550,301	736,449	4,028,938
	<u>\$ 453,736</u>	<u>\$ 756,656</u>	<u>\$ 409,529</u>	<u>\$ -</u>	<u>\$ 1,619,921</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.

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.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

NOTE 6 - RESTRICTED DEPOSITS—RESERVES:

Cash reserves required by HUD at August 31, 2020, are comprised of the following:

	Reserves		
	<u>Moving</u>	<u>Replacement</u>	<u>Total</u>
Balance, beginning of year	\$ 463,392	\$ 29,807	\$ 489,199
Interest	31	29	60
Bank service charge	(20)	-	(20)
Approved withdrawals	(194,609)	-	(194,609)
Balance, end of year	<u>\$ 268,794</u>	<u>\$ 29,836</u>	<u>\$ 298,630</u>

Cash reserves required by HUD at August 31, 2019, are comprised of the following:

	Reserves		
	<u>Moving</u>	<u>Replacement</u>	<u>Total</u>
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>

Written prior approval from HUD is required to disburse funds from each reserve account. There was \$194,609 disbursements from the reserves during the fiscal year ended August 31, 2020. There were no disbursements during the year ended August 31, 2019.

NOTE 7 - ADVANCES FROM GRANTORS:

Advances from grantors are comprised of the following:

	August 31	
	<u>2020</u>	<u>2019</u>
NRTC	\$ 69,000	\$ -
UCC	99,230	114,562
CCYC	-	12,086
Food Bank Grant Aid	38,823	-
Warren County Department of Human Services	38,423	-
Healthy Families	-	18,947
Other	41,129	23,494
Total Advances from Grantors	<u>\$ 286,605</u>	<u>\$ 169,089</u>

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

NOTE 8 - 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, 2020 and 2019, was \$571,132 and \$499,951, 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,
2021	\$ 329,540
2022	169,942
2023	162,492
2024	110,010
2025	76,800
Thereafter	192,000
	<u>\$ 1,040,784</u>

NOTE 9 - CONTRIBUTIONS, FEES, RENTS AND OTHER:

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

	Year Ended August 31,	
	2020	2019
Contributions	\$ 822,628	\$ 392,189
Fees	126,219	134,215
Food distribution	709,748	772,602
Rents	125,087	227,088
Other	48,886	129,077
	<u>\$ 1,832,568</u>	<u>\$ 1,655,171</u>

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

NOTE 10 - 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, 2020 and 2019, was \$303,873 and \$309,674, respectively, and is recorded in fringe benefits on the consolidated statement of functional expenses.

NOTE 11 - BOARD-DESIGNATED NET ASSETS:

As of August 31, 2020 and 2019, the Board has designated \$19,226 and \$74,918, 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 12 - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consists of the following:

	Year Ended	
	August 31,	
	2020	2019
Community Action Programs	\$ 42,369	\$ 94,766
Northwest New Jersey Echo Housing, Inc.	1,499,700	1,499,700
	<u>\$ 1,542,069</u>	<u>\$ 1,594,466</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, 2020 AND 2019

NOTE 12 - 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. 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 13 - CONCENTRATIONS OF CREDIT RISKS:

The Organization receives approximately 79% and 80% 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.

NOTE 14 - 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.

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

NOTE 14 - FUNCTIONAL EXPENSES: (Continued)

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 15 - LIQUIDITY AND AVAILABILITY:

The following represents the Organization's financial assets 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.

	August 31,	
	2020	2019
Cash and cash equivalents	\$ 2,938,838	\$ 1,395,958
Grants receivable, net	1,870,356	2,037,217
Total financial assets	<u>4,809,194</u>	<u>3,433,175</u>
Less amounts not available to be used within one year:		
Board-designated net assets	(19,226)	(74,918)
Net assets with donor restrictions	<u>(42,369)</u>	<u>(94,766)</u>
	(61,595)	(169,684)
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 4,747,599</u>	<u>\$ 3,263,491</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.

NOTE 16 - RISKS AND UNCERTAINTIES:

The Organization is actively monitoring the recent COVID-19 outbreak and its potential impact on the employees, volunteers, donors, clients, and operations. It is not known at this time the effect the virus will have on operations and/or financial results. The potential impact of COVID-19 is not foreseeable due to various uncertainties, including the severity of the disease, the duration of the outbreak, and actions that may be taken by governmental authorities.

NORTHWEST NEW JERSEY COMMUNITY ACTION PROGRAM, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED AUGUST 31, 2020

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
Direct Assistance:								
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
<i>Head Start Cluster</i>								
Head Start/EHS	93.600	N/A	02CH011177-01-01	09/01/19 - 08/31/20	\$ 5,201,553	\$ 5,201,553	\$ -	\$ 5,201,553
Early Head Start Expansion	93.600	N/A	02HP000054-03-00	09/01/19 - 08/31/20	1,249,832	1,249,832	-	1,249,832
Total U.S Department of Health and Human Services					6,451,385	6,451,385	-	6,451,385
U.S. DEPARTMENT OF JUSTICE								
Byrne Criminal Justice Innovation Grant	16.817	N/A	2016-AJ-BX-0009	10/01/16 - 09/30/20	425,000	267,934	-	190,091
U.S. DEPARTMENT OF HEALTH AND HOUSING AND URBAN DEVELOPMENT								
HUD Warren County Leasing	14.235	N/A	NJ0313L2F161806	09/01/19- 08/31/20	15,488	11,400	-	11,400
HUD Tri County Leasing/PH	14.235	N/A	NJ0371L2F161806	09/01/19- 08/31/20	71,058	36,000	-	36,000
HUD Tri County Leasing	14.235	N/A	NJ0372L2F161806	09/01/19- 08/31/20	262,449	108,824	-	108,824
					348,995	156,224	-	156,224
Homeless Prevention & Rapid Re-Housing	14.231	2019-02156-0360-00 to 04		12/01/18 - 08/01/20	319,000	214,337	-	145,058
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					2,167,695	1,870,261	1,499,700	301,282
CORPORATION FOR NATIONAL COMMUNITY SERVICE								
RSVP	94.002	17SRANJ002		04/01/20 - 03/31/21	256,842	95,906	-	95,916
RSVP	94.002	17SRANJ002		04/01/19 - 03/31/20	256,842	256,842	-	142,758
Total Corporation for National Community Service					513,684	352,748	-	238,674
Total Direct Assistance					9,557,764	8,942,328	1,499,700	7,181,432
Pass-through Assistance:								
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Passed through New Jersey Department of Human Services								
CCRR - Sussex	93.575	UC20023		10/01/19 - 09/30/20	821,306	733,019	-	733,019
CCRR - Warren	93.575	UC20023		10/01/19 - 09/30/20	1,005,663	793,668	-	793,668
CCRR - Hunterdon	93.575	UC20023		10/01/19 - 09/30/20	684,965	567,796	-	567,796
CCRR - Sussex	93.575	UC19023		10/01/18 - 09/30/19	672,365	650,837	-	6,214
CCRR - Warren	93.575	UC19023		10/01/18 - 09/30/19	844,345	816,603	-	122,220
CCRR - Hunterdon	93.575	UC19023		10/01/18 - 09/30/19	545,580	540,878	-	54,822
					4,574,224	4,102,801	-	2,277,739
Healthy Families	93.558	20BOWP		09/01/19 - 08/31/20	270,625	270,625	-	270,625
Family Success Center	93.667	20BOWP		09/01/19 - 08/31/20	240,000	240,000	-	240,000
SHIP	93.779	DOAS20SHF011		04/01/20 - 03/31/21	29,160	10,454	-	10,454
SHIP	93.779	DOAS19SHF018		04/01/19 - 03/31/20	27,000	27,000	-	16,627
					56,160	37,454	-	27,081
Passed through New Jersey Department of Community Affairs								
LIHEAP Weatherization 2019	93.568	2019-05130-0624-00		11/01/19 - 10/31/20	150,000	33,272	-	33,272
LIHEAP Weatherization 2015	93.568	2015-05130-0224-00		01/01/15 - 03/31/20	337,863	337,863	-	167,878
Universal Services Fund 2021	93.568	N/A		07/01/20 - 06/30/21	125,000	18,739	-	18,739
Universal Services Fund 2020	93.568	2020-05133-0029-00		07/01/19 - 06/30/20	86,445	86,445	-	86,445
Universal Services Fund 2019	93.568	2019-05133-0321-01		07/01/18 - 09/30/19	161,484	161,484	-	6,003
HIP 2019	93.568	2019-05124-0612-00		11/01/19 - 10/31/20	225,000	113,267	-	113,267
HIP 2018	93.568	2018-05124-0266-05		01/01/18 - 12/31/19	322,551	322,551	-	77,487
LIHEAP Assistance 2020	93.568	2020-05131-0210-00		10/01/19 - 09/30/20	258,904	219,833	-	219,833
LIHEAP Assistance 2019	93.568	2019-05131-0422-00		10/01/18 - 09/30/19	235,891	235,877	-	20,468
					1,903,138	1,529,331	-	743,392

NORTHWEST NEW JERSEY COMMUNITY ACTION PROGRAM, INC. & SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED AUGUST 31, 2020

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.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)								
Passed through New Jersey Department of Human Services (Continued)								
Community Services Block Grant 2020	93.569	2020-05235-0142-02		10/01/19 - 09/30/20	807,610	749,241	-	749,241
Community Services Block Grant 2019	93.569	2019-05235-0507-02		10/01/18 - 09/30/19	787,497	787,497	-	66,712
Community Services Block Grant-Special Initiatives 2018	93.569	2018-05136-0320-00		05/01/19 - 09/30/19	50,000	50,000	-	44,982
CSBG - Covid-19 Cares Act ND 2020	93.569	2020-05205-0315-00		04/01/20 - 09/30/22	1,086,087	88,630	-	88,630
					2,731,194	1,675,368	-	949,565
Passed through New Jersey Department of Health								
NJ Cancer Education & Early Detection (CEED)	93.283	DCHS21CED010		07/01/20 - 06/30/21	222,547	11,390	-	11,390
NJ Cancer Education & Early Detection (CEED)	93.283	DCHS20CED014		07/01/19 - 06/30/20	158,966	158,966	-	145,645
					381,513	170,356	-	157,035
Total U.S. Department of Health and Human Services					10,156,854	8,025,935	-	4,665,437
U.S. DEPARTMENT OF EDUCATION								
Passed through New Jersey Department of Community Affairs								
County Councils for Young Children (Race to the Top) - Warren	84.412	20BOWP		07/01/19 - 12/31/19	37,500	37,500	-	25,508
County Councils for Young Children (Race to the Top) - Warren	84.412	20BOWP	Modification 1	01/01/20 - 02/29/20	9,209	9,209	-	9,209
County Councils for Young Children (Race to the Top) - Warren	84.412	20BOWP	Modification 2	09/01/19 - 08/31/20	37,500	37,500	-	37,500
County Councils for Young Children (Race to the Top) - Hunterdon	84.412	20BOWP		07/01/19 - 12/31/19	37,500	37,500	-	22,705
County Councils for Young Children (Race to the Top) - Hunterdon	84.412	20BOWP	Modification 1	01/01/20 - 02/29/20	11,459	11,459	-	11,459
County Councils for Young Children (Race to the Top) - Hunterdon	84.412	20BOWP	Modification 2	09/01/19 - 08/31/20	37,500	37,500	-	37,500
County Councils for Young Children (Race to the Top) - Morris	84.412	20BOWP		07/01/19 - 12/31/19	37,500	37,500	-	25,144
County Councils for Young Children (Race to the Top) - Morris	84.412	20BOWP	Modification 1	01/01/20 - 02/29/20	8,161	8,161	-	8,161
County Councils for Young Children (Race to the Top) - Morris	84.412	20BOWP	Modification 2	09/01/19 - 08/31/20	37,500	37,500	-	37,500
Total U.S. Department of Education					253,829	253,829	-	214,686
U.S. DEPARTMENT OF AGRICULTURE								
Passed through New Jersey Department of Health								
Women, Infants, and Children	10.557	DFHS20WIC004		10/01/19 - 09/30/20	970,941	865,374	-	865,374
Women, Infants, and Children	10.557	DFHS19WIC010		10/01/18 - 09/30/19	965,391	964,330	-	87,735
					1,936,332	1,829,704	-	953,109
<i>Food Distribution Cluster</i>								
Food Bank Cares Grant 20-21	10.568	NJDA-NRW CARES		03/01/20 - 12/01/20	600,000	363,504	-	363,504
The Family Daycare Food Program (1960)	10.558	N/A		10/01/19 - 09/30/20	81,424	81,424	-	75,690
The Family Daycare Food Program (1969)	10.558	N/A		10/01/18 - 09/30/19	105,514	105,514	-	16,757
The Child and Adult Food Program (9010)	10.558	N/A		10/01/19 - 09/30/20	216,214	168,871	-	151,916
The Child and Adult Food Program (9019)	10.558	N/A		10/01/18 - 09/30/19	245,000	265,090	-	46,380
The Emergency Food Assistance Program (1569) TEFAP	10.558	N/A		09/01/19 - 08/31/20	18,661	18,661	-	18,661
					666,813	639,560	-	309,404
<i>Child Nutrition Cluster</i>								
Summer Food Service Program for Children (1570)	10.559	213104		06/01/20 - 08/31/20	13,778	13,778	-	13,778
Trade Mitigation program 1549	10.178	N/A		01/01/19 - 12/31/19	19,443	19,443	-	11,683
Trade Mitigation program 1540	10.178	N/A		01/01/20 - 12/31/20	24,251	24,251	-	24,251
					43,694	43,694	-	35,934
Total U.S. Department of Agriculture					3,260,617	2,890,240	-	1,675,729
U.S. DEPARTMENT OF ENERGY								
Passed through New Jersey Department of Community Affairs								
DOE Weatherization 2020	81.042	2020-05228-0007-01		07/01/19 - 06/30/21	425,676	154,329	-	140,616
Total Pass-through Assistance					14,096,976	11,324,333	-	6,696,468
Total Federal Awards					\$ 23,654,740	\$ 20,266,661	\$ 1,499,700	\$ 13,877,900

NORTHWEST NEW JERSEY COMMUNITY ACTION PROGRAM, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED AUGUST 31, 2020

State Awards	Grant Number	Grant Period	Grant Award	Cumulative Program Disbursements	Current-Year Program Disbursements
<u>NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS</u>					
Neighborhood Revitalization Tax Credit Project 20	2020-02240-0272-00	03/01/20 - 02/28/22	\$ 345,000	\$ -	\$ -
Careers Life Warren	20XH KW	09/01/19 - 08/31/20	150,000	150,000	150,000
Careers Life Hunterdon	20XH KW	09/01/19 - 08/31/20	150,000	150,000	150,000
Careers Life Somerset	20XH KW	09/01/19 - 08/31/20	150,000	82,840	82,840
IDA Account 2009	2009-05795-0288-08	10/01/08 - 09/30/19	135,000	128,967	4,500
Prevention of Homelessness Sommerset 2019	2019-02150-0594-01	08/01/19 - 07/31/21	88,638	20,699	15,202
Prevention of Homelessness Morris 2019	2019-02150-0593-01	08/01/19 - 07/31/21	109,347	8,156	6,652
Total New Jersey Department of Community Affairs			1,127,985	540,662	409,194
<u>NEW JERSEY DEPARTMENT OF HUMAN SERVICES</u>					
Headstart Abbott - ECPA	063021	07/01/20 - 06/30/21	539,463	27,723	27,723
Headstart Abbott - ECPA	063020	07/01/19 - 06/30/20	539,463	539,463	527,100
Total New Jersey Department of Human Services			1,078,926	567,186	554,823
<u>NEW JERSEY DEPARTMENT OF AGRICULTURE</u>					
Food Bank Grant In Aid		07/01/19 - 12/31/20	475,121	436,298	436,298
State Food Purchase Pgm	EFONRW	07/01/20 - 06/30/21	14,818	14,818	14,818
State Food Purchase Pgm	EFONRW	07/01/19 - 06/30/20	124,666	103,422	89,714
Total New Jersey Department of Agriculture			614,605	554,537	540,829
<u>Total State of New Jersey Financial Assistance</u>			\$ 2,821,516	\$ 1,662,385	\$ 1,504,846

**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, 2020

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, 2020, 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, 2020, \$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, 2020, 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 March 3, 2021.

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
March 3, 2021

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, 2020. 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, 2020.

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
March 3, 2021

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED AUGUST 31, 2020**

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, 2020 (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	02CH011177-01-01	Head Start
	02HP000054-03-00	
 <u>State:</u>		
	063020, 063021	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, 2020, and have issued our report thereon, dated March 3, 2021, 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 #02CH011177-01-01, the Head Start Handicapped and Training Programs – Grant #02CH011177-01-01 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

March 3, 2021

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
HEAD START FEDERAL FINANCIAL REPORT FORM 425
YEAR ENDED AUGUST 31, 2020

View Burden Statement		Federal Financial Report (Follow form Instructions)		OMB Number: 4040-0014 Expiration Date: 02/28/2022	
1. Federal Agency and Organizational Element to Which Report is Submitted G02-ADMINISTRATION FOR CHILDREN REG TWO			2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment) 02CH011177		
3. Recipient Organization (Name and complete address including Zip code)					
Recipient Organization Name: NORTHWEST NEW JERSEY COMMUNITY ACTION PROGRAM, INC					
Street1: 350 MARSHALL ST					
Street2:					
City: PHILLIPSBURG County:					
State: NJ: New Jersey Province:					
Country: USA: UNITED STATES ZIP / Postal Code: 08865-3273					
4a. DUNS Number 060808219		4b. EIN 1221777156A1		5. Recipient Account Number or Identifying Number (To report multiple grants, use FFR Attachment)	
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: 09/01/2019 To: 08/31/2020	
				9. Reporting Period End Date 08/31/2020	
10. Transactions					Cumulative
<i>(Use lines a-c for single or multiple grant reporting)</i>					
Federal Cash (To report multiple grants, also use FFR attachment):					
a. Cash Receipts					5,201,553.00
b. Cash Disbursements					5,201,553.00
c. Cash on Hand (line a minus b)					0.00
<i>(Use lines d-o for single grant reporting)</i>					
Federal Expenditures and Unobligated Balance:					
d. Total Federal funds authorized					5,201,553.00
e. Federal share of expenditures					5,201,553.00
f. Federal share of unliquidated obligations					0.00
g. Total Federal share (sum of lines e and f)					5,201,553.00
h. Unobligated balance of Federal Funds (line d minus g)					0.00
Recipient Share:					
i. Total recipient share required					1,062,980.00
j. Recipient share of expenditures					1,062,980.00
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
YEAR ENDED AUGUST 31, 2020

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:

Norwescap 02CH011177 Final.pdf

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: First Name: Middle Name:

Last Name: Suffix:

Title:

b. Signature of Authorized Certifying Official

c. Telephone (Area code, number and extension)

d. Email Address

e. Date Report Submitted

14. Agency use only:

Standard Form 425

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES**
HEAD START FEDERAL FINANCIAL REPORT FORM 425
YEAR ENDED AUGUST 31, 2020

View Burden Statement		Federal Financial Report (Follow form Instructions)		OMB Number: 4040-0014 Expiration Date: 02/28/2022	
1. Federal Agency and Organizational Element to Which Report is Submitted G02-ADMINISTRATION FOR CHILDREN REG TWO		2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment) 02HP000054			
3. Recipient Organization (Name and complete address including Zip code)					
Recipient Organization Name: NORTHWEST NEW JERSEY COMMUNITY ACTION PROGRAM, INC					
Street1: 350 MARSHALL ST					
Street2:					
City: PHILLIPSBURG County:					
State: NJ: New Jersey Province:					
Country: USA: UNITED STATES ZIP / Postal Code: 08865-3273					
4a. DUNS Number 060808219		4b. EIN 1221777156A1		5. Recipient Account Number or Identifying Number (To report multiple grants, use FFR Attachment)	
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: 09/01/2019 To: 08/31/2020	
				9. Reporting Period End Date 08/31/2020	
10. Transactions					Cumulative
<i>(Use lines a-c for single or multiple grant reporting)</i>					
Federal Cash (To report multiple grants, also use FFR attachment):					
a. Cash Receipts					1,249,832.00
b. Cash Disbursements					1,249,832.00
c. Cash on Hand (line a minus b)					0.00
<i>(Use lines d-o for single grant reporting)</i>					
Federal Expenditures and Unobligated Balance:					
d. Total Federal funds authorized					1,249,832.00
e. Federal share of expenditures					1,249,832.00
f. Federal share of unliquidated obligations					0.00
g. Total Federal share (sum of lines e and f)					1,249,832.00
h. Unobligated balance of Federal Funds (line d minus g)					0.00
Recipient Share:					
i. Total recipient share required					147,641.00
j. Recipient share of expenditures					147,641.00
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
YEAR ENDED AUGUST 31, 2020

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:						
Norwescap 02HP000054 Final.pdf <input type="button" value="Add Attachment"/> <input type="button" value="Delete Attachment"/> <input type="button" value="View Attachment"/>						
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:	Mr.	First Name:	EDMUND	Middle Name:		
Last Name:	KHANOO		Suffix:			
Title:	CFO					
b. Signature of Authorized Certifying Official				c. Telephone (Area code, number and extension)		
Edmund Khanoo				(908) 454-7000 EXT 1121		
d. Email Address				e. Date Report Submitted		14. Agency use only:
KHANOOE@NORWESCAP.ORG				11/30/2020		

Standard Form 425

**NORTHWEST NEW JERSEY COMMUNITY
ACTION PROGRAM, INC. AND SUBSIDIARIES
ATTACHMENT TO REPORT FOR HEAD START GRANT
#02CH011177 (UNAUDITED)
YEAR ENDED AUGUST 31, 2020**

ANNUAL REPORT

BOX 12 REMARKS:

CAN # 9-G024122	\$ 2,674,687
CAN # 9-G024120	31,625
CAN # 9-G024125	2,443,223
CAN # 9-G024121	52,018
	<u>\$ 5,201,553</u>

ADMINISTRATIVE COSTS	EARLY		TOTAL
	HEAD START	HEAD START	
PERSONNEL	\$ 146,535	\$ 182,080	\$ 328,615
FRINGE	60,936	61,707	122,643
SUPPLIES	9,253	16,346	25,599
CONTRACTUAL	176,701	121,831	298,532
OTHER	33,334	60,042	93,376
TOTAL	<u>\$ 426,759</u>	<u>\$ 442,006</u>	<u>\$ 868,765</u>

NORTHWEST NEW JERSEY COMMUNITY ACTION PROGRAM, INC. AND SUBSIDIARIES
HEAD START, HANDICAPPED AND TRAINING PROGRAMS - GRANT #02CH011177-01-01
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED SEPTEMBER 1, 2019 TO AUGUST 31, 2020

	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	\$ 5,201,553	\$ 5,201,553	\$ -	\$ 5,117,910	\$ 5,117,910	\$ -	\$ 83,643	\$ 83,643	\$ -
Total Federal Share	5,201,553	5,201,553	-	5,117,910	5,117,910	-	83,643	83,643	-
Other Revenues:									
In-kind	1,062,980	1,062,980	-	1,041,720	1,041,720	-	21,260	21,260	-
TOTAL REVENUE	6,264,533	6,264,533	-	6,159,630	6,159,630	-	104,903	104,903	-
EXPENSES:									
OCD Share of Direct Costs									
Personnel	3,026,249	3,040,122	(13,873)	2,981,672	2,997,999	(16,327)	44,577	42,123	2,454
Fringe Benefits	1,146,605	1,029,624	116,981	1,128,634	1,015,209	113,425	17,971	14,415	3,556
Travel	8,200	4,653	3,547	-	-	-	8,200	4,653	3,547
Equipment	-	-	-	-	-	-	-	-	-
Consumable Supplies	103,529	122,239	(18,710)	98,966	117,397	(18,431)	4,563	4,842	(279)
Contractual	304,337	320,922	(16,585)	304,337	320,922	(16,585)	-	-	-
Facilities/Construction	-	-	-	-	-	-	-	-	-
Other	575,261	646,621	(71,360)	566,929	629,011	(62,082)	8,332	17,610	(9,278)
Indirect Cost	37,372	37,372	-	37,372	37,372	-	-	-	-
TOTAL EXPENSES	5,201,553	5,201,553	-	5,117,910	5,117,910	-	83,643	83,643	-
In-kind	1,062,980	1,062,980	-	1,041,720	1,041,720	-	21,260	21,260	-
TOTAL COSTS	\$ 6,264,533	\$ 6,264,533	\$ -	\$ 6,159,630	\$ 6,159,630	\$ -	\$ 104,903	\$ 104,903	\$ -

**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: DFHS20WIC004				
Grant period: 10/1/19 - 9/30/20 Report Period: 10/1/19 - 8/31/20				
Category				
A. Personnel				
Salaries/Wages	\$ 575,827	\$ 526,110	\$ 526,110	\$ -
Fringe Benefits	215,427	185,659	185,659	-
B. Consultants				
	-	-	-	-
C. Other Cost Categories				
Office Expense and Related Cost	112,706	93,430	93,430	-
Program Expense and Related Cost	-	-	-	-
Staff Training and Education Costs	-	-	-	-
Travel, Conferences, and Meetings	9,153	8,485	8,485	-
Equipment and Other Capital Expenditures	-	-	-	-
Facility Costs	57,828	51,690	51,690	-
DFP/OA	-	-	-	-
Sub-grants	-	-	-	-
Reserve	-	-	-	-
Other	-	-	-	-
TOTAL DIRECT COST	970,941	865,374	865,374	-
INDIRECT COST	-	-	-	-
TOTAL COST	970,941	865,374	865,374	-
LESS PROGRAM INCOME	-	-	-	-
NET TOTAL COST	\$ 970,941	\$ 865,374	\$ 865,374	\$ -
II. WIC Grant Number: DFHS19WIC010				
Grant period: 10/1/18 - 9/30/19 Report Period: 9/1/19 - 9/30/19				
Category				
A. Personnel				
Salaries/Wages	\$ 583,455	\$ 49,246	\$ 49,246	\$ -
Fringe Benefits	210,739	15,263	15,263	-
B. Consultants				
	-	-	-	-
C. Other Cost Categories				
Office Expense and Related Cost	88,196	17,402	17,402	-
Program Expense and Related Cost	-	-	-	-
Staff Training and Education Costs	-	-	-	-
Travel, Conferences, and Meetings	17,138	2,301	2,301	-
Equipment and Other Capital Expenditures	-	-	-	-
Facility Costs	65,863	3,194	3,194	-
DFP/OA	-	-	-	-
Sub-grants	-	-	-	-
Reserve	-	-	-	-
Other	-	-	-	-
TOTAL DIRECT COST	965,391	87,406	87,406	-
INDIRECT COST	-	-	-	-
TOTAL COST	965,391	87,406	87,406	-
LESS PROGRAM INCOME	-	-	-	-
NET TOTAL COST	\$ 965,391	\$ 87,406	\$ 87,406	\$ -

**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: DOAS20SHF011				
Grant period: 4/1/20 - 3/31/21 Report Period: 4/1/20 - 8/31/20				
Category				
A. Personnel				
Salaries/Wages	\$ 10,500	\$ 4,142	\$ 4,142	\$ -
Fringe Benefits	1,838	636	636	-
B. Consultants	146	61	61	-
C. Other Cost Categories				
Office Expense and Related Cost	1,310	965	965	-
Program Expense and Related Cost	7,972	1,852	1,852	-
Staff Training and Education Costs	250	-	-	-
Travel, Conferences, and Meetings	144	-	-	-
Equipment and Other Capital Expenditures	-	-	-	-
Facility Costs	7,000	2,798	2,798	-
DFP/OA	-	-	-	-
Sub-grants	-	-	-	-
Reserve	-	-	-	-
Other	-	-	-	-
TOTAL DIRECT COST	29,160	10,454	10,454	-
INDIRECT COST	-	-	-	-
TOTAL COST	29,160	10,454	10,454	-
LESS PROGRAM INCOME	-	-	-	-
NET TOTAL COST	\$ 29,160	\$ 10,454	\$ 10,454	\$ -
II. SHIP, Grant Number: DOAS19SHF018				
Grant period: 4/1/19 - 3/31/20 Report Period: 9/1/19 - 3/31/20				
Category				
A. Personnel				
Salaries/Wages	\$ 10,500	\$ 6,766	\$ 6,766	\$ -
Fringe Benefits	1,838	970	970	-
B. Consultants	135	135	135	-
C. Other Cost Categories				
Office Expense and Related Cost	902	(187)	(187)	-
Program Expense and Related Cost	5,810	4,178	4,178	-
Staff Training and Education Costs	250	271	271	-
Travel, Conferences, and Meetings	288	94	94	-
Equipment and Other Capital Expenditures	-	-	-	-
Facility Costs	7,277	4,514	4,514	-
DFP/OA	-	-	-	-
Sub-grants	-	-	-	-
Reserve	-	-	-	-
Other	-	-	-	-
TOTAL DIRECT COST	27,000	16,741	16,741	-
INDIRECT COST	-	-	-	-
TOTAL COST	27,000	16,741	16,741	-
LESS PROGRAM INCOME	-	-	-	-
NET TOTAL COST	\$ 27,000	\$ 16,741	\$ 16,741	\$ -

**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: DCHS20CED014				
Grant Period: 7/1/19-6/30/20 Report Period: 9/1/19-6/30/20				
Category				
Personnel Costs				
Salaries/Wages	\$ 39,986	\$ 30,427	\$ 30,427	\$ -
Fringe Benefits	9,996	8,393	8,393	-
Other Direct Costs				
Facility Costs	2,790	1,798	1,798	-
Professional Service Agreements	95,380	95,856	95,856	-
Supplies	650	649	649	-
Travel	1,016	807	807	-
Other	1,095	1,003	1,003	-
TOTAL DIRECT COST	150,913	138,933	138,933	-
INDIRECT COST	8,053	6,711	6,711	-
TOTAL COST	158,966	145,644	145,644	-
LESS PROGRAM INCOME	-	-	-	-
NET TOTAL COST	\$ 158,966	\$ 145,644	\$ 145,644	\$ -
II. CEED, Grant Number: DCHS21CED010				
Grant Period: 7/1/20-6/30/21 Report Period: 7/1/20-8/31/20				
Category				
Personnel Costs				
Salaries/Wages	\$ 45,012	\$ 8,224	\$ 8,224	\$ -
Fringe Benefits	18,406	2,110	2,110	-
Other Direct Costs				
Facility Costs	5,645	747	747	-
Professional Service Agreements	123,803	-	-	-
Supplies	4,650	216	216	-
Travel	500	-	-	-
Other	21,353	94	94	-
TOTAL DIRECT COST	219,369	11,391	11,391	-
INDIRECT COST	3,178	-	-	-
TOTAL COST	222,547	11,391	11,391	-
LESS PROGRAM INCOME	-	-	-	-
NET TOTAL COST	\$ 222,547	\$ 11,391	\$ 11,391	\$ -