

Women Aware, Inc.

Financial Statements and
New Jersey OMB Circular Letter 15-08 Schedules
Together With Independent Auditors' Reports

December 31, 2018 and 2017

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Independent Auditors' Report

**Board of Directors
Women Aware, Inc.**

Report on the Financial Statements

We have audited the accompanying financial statements of Women Aware, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audits. We conducted our audits 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial statements referred to above present fairly, in all material respects, the financial position of Women Aware, Inc. as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in note 2 to the financial statements, during the year ended December 31, 2018 Women Aware, Inc. adopted new accounting guidance resulting in a change in the manner in which it presents net assets and reports certain aspects of its financial statements. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Supplementary Schedule of Public Support and Revenues on page 18 and the Schedule of Expenditures of Federal Awards on page 19 are presented for purposes of additional analysis and are not a required part of the financial statements. The Schedule of Expenditures of State Financial Assistance on page 20 as required by New Jersey OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2019 on our consideration of Women Aware, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Women Aware, Inc.'s 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 Women Aware, Inc.'s internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

June 26, 2019

Women Aware, Inc.

Statements of Financial Position

	December 31,	
	2018	2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,088,198	\$ 1,134,915
Investments	308,373	321,940
Grants receivable, net of allowance for doubtful accounts of \$19,530 and \$41,159	139,418	103,803
Prepaid expenses and other	68,362	30,158
Total Current Assets	1,604,351	1,590,816
Land, buildings and equipment, net of accumulated depreciation	1,456,536	1,466,646
	\$ 3,060,887	\$ 3,057,462
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 48,319	\$ 127,369
Current portion of mortgages payable	38,650	38,197
Other liabilities	144,273	66,458
Total Current Liabilities	231,242	232,024
Mortgages payable, net of current portion	797,942	836,592
Total Liabilities	1,029,184	1,068,616
Net Assets		
Without donor restrictions	1,892,285	1,885,043
With donor restrictions	139,418	103,803
Total Net Assets	2,031,703	1,988,846
	\$ 3,060,887	\$ 3,057,462

See notes to financial statements

Women Aware, Inc.

Statements of Activities

	Year Ended December 31, 2018			Year Ended December 31, 2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT						
Contributions	\$ 83,884	\$ -	\$ 83,884	\$ 60,471	\$ -	\$ 60,471
Government grants and contracts	1,830,807	139,418	1,970,225	1,804,855	103,803	1,908,658
Other grants and contracts	173,095	-	173,095	209,353	-	209,353
Fundraising events, net expenses of \$9,161 and \$8,704	<u>36,703</u>	<u>-</u>	<u>36,703</u>	<u>37,935</u>	<u>-</u>	<u>37,935</u>
Total Public Support	2,124,489	139,418	2,263,907	2,112,614	103,803	2,216,417
REVENUE						
Program service revenue	1,050	-	1,050	16,250	-	16,250
Rental income	64,820	-	64,820	30,443	-	30,443
Investment return	(9,597)	-	(9,597)	25,286	-	25,286
Loss on disposal of asset	-	-	-	(6,581)	-	(6,581)
Miscellaneous income	45,778	-	45,778	59,593	-	59,593
Net assets released from restrictions	<u>103,803</u>	<u>(103,803)</u>	<u>-</u>	<u>139,291</u>	<u>(139,291)</u>	<u>-</u>
Total Public Support and Revenue	2,330,343	35,615	2,365,958	2,376,896	(35,488)	2,341,408
EXPENSES						
Program services	2,084,513	-	2,084,513	1,699,925	-	1,699,925
Supporting Services						
Management and general	142,205	-	142,205	403,622	-	403,622
Development and fundraising	<u>96,383</u>	<u>-</u>	<u>96,383</u>	<u>134,879</u>	<u>-</u>	<u>134,879</u>
Total Expenses	2,323,101	-	2,323,101	2,238,426	-	2,238,426
Change in Net Assets	7,242	35,615	42,857	138,470	(35,488)	102,982
NET ASSETS						
Beginning of year	<u>1,885,043</u>	<u>103,803</u>	<u>1,988,846</u>	<u>1,746,573</u>	<u>139,291</u>	<u>1,885,864</u>
End of year	<u>\$ 1,892,285</u>	<u>\$ 139,418</u>	<u>\$ 2,031,703</u>	<u>\$ 1,885,043</u>	<u>\$ 103,803</u>	<u>\$ 1,988,846</u>

See notes to financial statements

Women Aware, Inc.

Statement of Functional Expenses
Year Ended December 31, 2018

	Program Services	Supporting Services			Total Expenses
		Management and General	Development and Fundraising	Total Supporting Services	
Salaries	\$ 1,167,116	\$ 52,965	\$ 54,052	\$ 107,017	\$ 1,274,133
Employee health and retirement benefits	145,122	5,072	5,997	11,069	156,191
Payroll taxes	<u>111,261</u>	<u>5,179</u>	<u>5,241</u>	<u>10,420</u>	<u>121,681</u>
Total Salaries and Related Expenses	1,423,499	63,216	65,290	128,506	1,552,005
Professional fees	244,020	60,885	9,763	70,648	314,668
Facility costs	91,965	1,019	900	1,919	93,884
Operation costs	62,682	3,054	14,121	17,175	79,857
Interest expense	9,216	-	-	-	9,216
Insurance	61,534	2,646	2,271	4,917	66,451
Conference and meetings	5,730	702	856	1,558	7,288
Program supplies	61,690	241	66	307	61,997
Vehicle expense	668	-	-	-	668
Travel expense	9,373	1,110	232	1,342	10,715
Bad debts	-	188	-	188	188
Client assistance	27,011	-	-	-	27,011
Miscellaneous expense	<u>10,785</u>	<u>8,076</u>	<u>1,859</u>	<u>9,935</u>	<u>20,720</u>
Total Expenses before Depreciation	2,008,173	141,137	95,358	236,495	2,244,668
Depreciation	<u>76,340</u>	<u>1,068</u>	<u>1,025</u>	<u>2,093</u>	<u>78,433</u>
Total Expenses	<u>\$ 2,084,513</u>	<u>\$ 142,205</u>	<u>\$ 96,383</u>	<u>\$ 238,588</u>	<u>\$ 2,323,101</u>

See notes to financial statements

Women Aware, Inc.

Statement of Functional Expenses
Year Ended December 31, 2017

	Program Services	Supporting Services			Total Expenses
		Management and General	Development and Fundraising	Total Supporting Services	
Salaries	\$ 1,037,154	\$ 119,894	\$ 86,648	\$ 206,542	\$ 1,243,696
Employee health and retirement benefits	120,732	23,463	5,843	29,306	150,038
Payroll taxes	103,608	11,227	7,293	18,520	122,128
Total Salaries and Related Expenses	1,261,494	154,584	99,784	254,368	1,515,862
Professional fees	29,181	96,305	3,117	99,422	128,603
Facility costs	126,983	38,536	27,752	66,288	193,271
Operation costs	76,320	38,986	-	38,986	115,306
Interest expense	10,449	-	-	-	10,449
Insurance	45,115	9,856	1,547	11,403	56,518
Conference and meetings	1,522	5,437	1,363	6,800	8,322
Program supplies	28,021	3,227	190	3,417	31,438
Vehicle expense	3,350	-	-	-	3,350
Travel expense	4,943	5,320	183	5,503	10,446
Bad debts	-	-	-	-	-
Client assistance	30,489	-	-	-	30,489
Miscellaneous expense	797	16,227	943	17,170	17,967
Total Expenses before Depreciation	1,618,664	368,478	134,879	503,357	2,122,021
Depreciation	81,261	35,144	-	35,144	116,405
Total Expenses	<u>\$ 1,699,925</u>	<u>\$ 403,622</u>	<u>\$ 134,879</u>	<u>\$ 538,501</u>	<u>\$ 2,238,426</u>

See notes to financial statements

Women Aware, Inc.

Statements of Cash Flows

	Year Ended December 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 42,857	\$ 102,982
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	78,433	116,405
Loss on disposal of asset	-	6,581
Mortgage forgiveness	(38,197)	(37,758)
Bad debt expense	188	-
Unrealized (gain) loss on investments	22,558	(16,730)
Changes in operating assets and liabilities		
Grants receivable	(35,803)	35,488
Prepaid expenses and other	(38,204)	3,688
Accounts payable and accrued expenses	(79,050)	53,323
Other liabilities	77,815	(9,500)
Net Cash from Operating Activities	30,597	254,479
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(68,323)	(7,200)
Purchases of investments	(8,991)	(5,148)
Net Cash from Investing Activities	(77,314)	(12,348)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of mortgage payable	-	(1,079)
Net Change in Cash and Cash Equivalents	(46,717)	241,052
CASH AND CASH EQUIVALENTS		
Beginning of year	1,134,915	893,863
End of year	\$ 1,088,198	\$ 1,134,915

Women Aware, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

1. Organizational Status

Women Aware, Inc. (the "Organization") is a not-for-profit organization incorporated in the State of New Jersey on April 24, 1981. Women Aware, Inc. provides protection services to adult women and children who have been physically or emotionally abused. The service is comprehensive in nature with the initial provision of safety, personal needs, counseling and numerous other related services.

As a not-for-profit organization, Women Aware, Inc. is exempt from income tax under Section 501(c)(3) of the United States Internal Revenue Code.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires the Organization to make estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

Change in Accounting Principle

The Organization adopted new guidance regarding the Presentation of Financial Statements for Not-for-Profit Entities. This guidance requires the Organization to collapse the three-category (unrestricted, temporarily restricted, and permanently restricted) classification of net assets into two categories: with donor restrictions and without donor restrictions. In addition, the new guidance requires the Organization to make certain expanded disclosures relating to (1) the liquidity of financial assets, and (2) expenses by both their natural and functional classification in one location in the financial statements. As a result of implementing this standard prior year amounts for temporarily restricted and permanently restricted net assets were combined as net assets with donor restrictions.

Net Asset Presentation

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

- *Without donor restrictions* – net assets not subject to donor-imposed stipulations, and therefore are expendable for operating purposes.

Women Aware, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (continued)

Net Asset Presentation (continued)

- *With donor restrictions* – net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or by the passage of time or net assets 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 related investments for general or donor-specified purposes.

Cash and Cash Equivalents

All highly liquid debt instruments with a maturity of three months or less at the time of purchase are considered to be cash equivalents for the purpose of the statement of cash flows.

Allowance for Uncollectible Receivables

An allowance for uncollectible receivables is estimated based on a combination of write-off history, aging analysis and any specifically known troubled accounts.

Fair Value Measurements

The Organization follows U.S. GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Investment Valuation and Income Recognition

Investments are carried at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Land, Buildings and Equipment

Land, buildings, and equipment are stated at cost or, if acquired by gift, at the fair value at the date of the gift. The Organization follows the practice of capitalizing all expenditures for land, buildings and equipment in excess of \$5,000. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets which range from 3 to 40 years.

Women Aware, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies (continued)

Impairment of Long-Lived Assets

U.S. GAAP guidance, *Accounting for the Impairment or Disposal of Long-lived Assets*, requires long-lived assets and certain identifiable intangible assets to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived assets is measured by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. If such assets are considered to be impaired, impairment would then be measured as the difference between the fair value of the asset and its carrying value to determine the amount of the impairment. The Organization generally determines fair value by using the undiscounted cash flow method.

There were no impairment losses recorded in 2018 and 2017.

Revenue Recognition

Revenue is derived principally from grants from government agencies, corporations, and foundations supporting the programs and services of the Organization. Grants are treated as exchange contracts and, accordingly, are reported as revenue without donor restrictions when the expenses related to the grants are incurred in accordance with contractual terms.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Total salaries and related expenses are allocated based on a time and cost study of where efforts are made. All other expenses are allocated based on the benefit received.

Donated Goods and Services

Donated goods and services are recorded at their estimated fair value at the date of donation. Contributions of services are recognized when they are received, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. The compensation equivalent for donated services would be valued using management's estimates, if there were any.

Reclassification

Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations.

Women Aware, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

2. Summary of Significant Accounting Policies *(continued)*

Accounting for Uncertainty in Income Taxes

The Organization recognizes the effect of income tax positions only when they are more likely than not to be sustained. Management has determined that the Organization had no uncertain tax positions that require financial statement recognition or disclosure. The Organization is no longer subject to examination by the applicable taxing jurisdictions for periods prior to 2015.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is June 26, 2019.

3. Liquidity and Availability

The Organization monitors the availability of resources to meet its operating needs and contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing mission related activities, as well as services undertaken to support these activities, to be general expenditures.

As of December 31, 2018, the following financial assets could be made available within one year of the balance sheet date to meet general expenditures:

Cash and cash equivalents	\$ 1,088,198
Investments	308,373
Grant receivables due in one year or less	<u>139,418</u>
Financial assets available to meet general expenditures within the year	<u>\$ 1,535,989</u>

Women Aware, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

4. Land, Buildings, and Equipment

At December 31, land, buildings and equipment consists of the following:

	<u>2018</u>	<u>2017</u>	<u>Depreciable Life</u>
Land and land improvements	\$ 217,253	\$ 217,253	
Buildings and improvements	1,715,258	1,666,224	10-40 years
Furniture and equipment	<u>335,918</u>	<u>316,629</u>	3-10 years
	2,268,429	2,200,106	
Accumulated depreciation	<u>(811,893)</u>	<u>(733,460)</u>	
	<u>\$ 1,456,536</u>	<u>\$ 1,466,646</u>	

5. Investments

The following are major categories of investments at December 31, grouped by the fair value hierarchy, for those investments subject to categorization within such hierarchy:

	<u>2018</u>		<u>Total</u>
	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	
Money market funds	\$ 8,130	\$ -	\$ 8,130
Equities			
Domestic equities	83,106	-	83,106
International equities	<u>17,589</u>	<u>-</u>	<u>17,589</u>
Total Equities	100,695	-	100,695
Fixed income securities	<u>-</u>	<u>199,548</u>	<u>199,548</u>
Total Investments	<u>\$ 108,825</u>	<u>\$ 199,548</u>	<u>\$ 308,373</u>

Women Aware, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

5. Investments (continued)

	2017		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Money market funds	\$ 11,109	\$ -	\$ 11,109
Equities			
Domestic equities	91,470	-	91,470
International equities	20,231	-	20,231
Total Equities	111,701	-	111,701
Fixed income securities	-	199,130	199,130
Total Investments	\$ 122,810	\$ 199,130	\$ 321,940

Investment return in the statements of activities for the years ended December 31, 2018 and 2017 is as follows:

	2018	2017
Interest and dividends, net	\$ 12,961	\$ 8,556
Unrealized gain (loss) on investments	(22,558)	16,730
	\$ (9,597)	\$ 25,286

Women Aware, Inc.

Notes to Financial Statements December 31, 2018 and 2017

6. Mortgages Payable

Mortgages payable is comprised of the following at December 31:

	<u>2018</u>	<u>2017</u>
<p>In February 2011, the Organization purchased property and a building for \$325,000. In September 2012, the mortgage was paid with proceeds from a new mortgage note from the Special Needs Housing Trust Fund in the amount of \$594,161 for the construction and permanent financing of a supportive housing project (the "Project") from New Jersey Housing and Mortgage Finance Agency ("NJHMFA"). According to the Project agreement with NJHMFA, the Organization will own, maintain and operate this property and building and construct and/or rehabilitate the building to provide permanent supportive housing for victims of domestic violence. The new mortgage note, which matures September 24, 2042 and is secured by the building, includes a 0% interest rate and an annual principal repayment to be determined at the close of each year. Principal repayment is calculated as 25% of the Project's available cash flows after the payment of operating expenses and the funding of all escrows. To the extent that principal payments are not covered by the Project's cash flow, the payment of principal shall be deferred until the end of the mortgage term, which has been included in "thereafter" of the future maturities of the mortgages payable on page 16.</p>	\$ 593,082	\$ 593,082
<p>In January 2012, the Organization entered into a grant agreement and mortgage note for \$159,000 with the New Jersey Department of Community Affairs Division of Housing (the "NJDC") for renovations to their emergency shelter facility. The portion of the award to be recorded as a mortgage is \$129,900. The remaining balance of \$29,100 was recorded as grant revenue in the statement of activities. Renovations began in late 2012 and were completed in 2013. According to the agreement, the mortgage balance will not be amortized, nor will a monthly payment against the principal balance be due as there is a forgiveness of the loan if certain conditions are met. On the anniversary date of the issuance of the certificate of occupancy, which is March 1, 2013, for the shelter facility, and on each successive anniversary for ten years thereafter, 10% of the original principal will be forgiven by the NJDC upon submission of a certification that the property is being utilized as an emergency shelter facility. The mortgage balance will be due and payable to the NJDC upon default, cessation of the use of the property as an emergency shelter facility or termination or sale of the property. Since the mortgage commitment has no stated interest rate, a rate of 3.25% (prime rate as of March 2013) was used to calculate interest expense. The note reduction and calculated interest will be treated as grant revenue. The mortgage is secured by the building.</p>	64,950	77,940

Women Aware, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

6. Mortgages Payable (continued)

	2018	2017
<p>In January 2013, the Organization entered into a mortgage note for \$114,601 with the City of New Brunswick for building renovations. According to the agreement, the mortgage balance will not be amortized, nor will a monthly payment against the principal balance be due as there is a forgiveness of the loan if certain conditions are met. On the anniversary of the issuance of the certificate of occupancy, which is November 13, 2013, for the shelter, and on each successive anniversary for ten years thereafter, 10% of the original principal balance will be forgiven by the City of New Brunswick. The mortgage balance will be due and payable to the City of New Brunswick if the project is sold, transferred or if HOME-assisted units are rented to non-income qualified tenants during the term of the note or any other event pursuant to the HOME contract. Since the mortgage commitment has no stated interest rate, a rate of 3.25% (prime rate as of November 2013), will be used to calculate interest expense. The note reduction and calculated interest will be treated as grant revenue. The mortgage is secured by the building.</p>	\$ 68,761	\$ 80,221
<p>In January 2014, the Organization entered into a mortgage note for \$149,737 with the New Jersey Department of Community Affairs for renovations to its emergency shelter facility. According to the agreement, the mortgage balance will not be amortized, nor will a monthly payment against the principal balance be due as there is a forgiveness of the loan if certain conditions are met. On the anniversary of the issuance of the certificate of occupancy, which is June 3, 2015, for the shelter, and on each successive anniversary for ten years thereafter, 10% of the original principal balance will be forgiven by the New Jersey Department of Community Affairs. The mortgage balance will be due and payable to the New Jersey Department of Community Affairs if the project is sold, transferred or if units are rented to non-income qualified tenants during the term of the note or any other event pursuant to the contract. Since the mortgage commitment has no stated interest rate, a rate of 3.25% (prime rate as of June 2015), was used to calculate interest expense. The note reduction and calculated interest is treated as grant revenue. The mortgage is secured by the building.</p>	109,799	123,546
Total	836,592	874,789
Current portion	(38,650)	(38,197)
Mortgages Payable, net	\$ 797,942	\$ 836,592

Women Aware, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

6. Mortgages Payable (continued)

Future maturities of the mortgages payable for the next five years and thereafter are as follows at December 31:

2019	\$ 38,650
2020	39,119
2021	39,603
2022	40,103
2023	40,619
Thereafter	<u>638,498</u>
	<u>\$ 836,592</u>

As of December 31, 2018, mortgages that are to be forgiven amount to \$243,510. Interest expense recognized for the years ended December 31, 2018 and 2017 was \$9,216 and \$10,449.

7. Retirement Plan

The Organization established a plan qualifying under Section 401(k) of the Internal Revenue Code, which covers substantially all employees. Eligible employees can defer up to the maximum rate allowed by the Internal Revenue Code from their compensation. The Organization has a voluntary matching contribution to the plan, which is 100% of the first 3% of compensation and 50% of the next 3% of compensation. The employer match on the 401(k) plan was \$26,032 and \$30,320 for the years ended December 31, 2018 and 2017. The Organization's prior Section 403(b) plan was frozen.

8. Net Assets

Net assets at December 31, 2018 and 2017 include:

	<u>2018</u>	<u>2017</u>
Without Donor Restrictions:		
Undesignated	\$ 1,892,285	\$ 1,885,043
With Donor Restrictions:		
Time restrictions	<u>139,418</u>	<u>103,803</u>
Total net assets	<u>\$ 2,031,703</u>	<u>\$ 1,988,846</u>

Women Aware, Inc.

Notes to Financial Statements
December 31, 2018 and 2017

8. Net Assets (continued)

Net assets were released from donor restrictions as follows:

	<u>2018</u>	<u>2017</u>
Release of Time restrictions	<u>\$ 103,803</u>	<u>\$ 139,291</u>

9. Risk Concentrations

Demand Deposits

The Organization occasionally maintains deposits in excess of federally insured limits. At December 31, 2018, amounts exceeding federally insured limits are minimal.

Funding Concentration

The Organization administers programs funded primarily by the New Jersey State Department of Children and Families (“DCF”). A significant reduction in this level of support would impact the Organization’s programs and activities. The Organization does receive funding from other state agencies, contributions and service recipients.

* * * * *

SUPPLEMENTARY SCHEDULES

The Supplementary Schedule of Public Support and Revenue and the Supplementary Schedule of Expenditures of Federal Awards contained on pages 18 and 19 are presented for analysis purposes only.

Public support and other revenue have been arranged to facilitate the presentation of key operating ratios for Women Aware, Inc.

Women Aware, Inc.

Supplementary Schedule of Public Support and Revenue

	Year Ended	
	December 31,	
	2018	2017
Contributions	\$ 83,884	\$ 60,471
Federal Grants		
Emergency Food and Shelter Program (FEMA)	21,537	49,062
Violence Against Women Formula Grant (VAWA)	95,408	98,955
Victims of Crime Act Grant (VAG)	201,318	120,000
Child and Adult Care Food Program	7,776	17,722
Department of Children and Families Domestic Violence Lead Agency Contract - Federal Share	84,000	84,000
Department of Community Affairs - Federal Share	19,639	58,361
Education for Homeless Children and Youth	34,136	-
Total Federal Grants	<u>463,814</u>	<u>428,100</u>
State Grants		
Department of Children and Families Domestic Violence Lead Agency Contract	1,170,642	1,110,899
Department of Children and Families - Facility Improvement Grant	10,000	-
Mortgage forgiveness	47,413	48,207
Department of Human Services - Temporary Assistance for the Needy Program	-	36,315
Title IVA - State Share	153,267	186,237
Total State Grants	<u>1,381,322</u>	<u>1,381,658</u>
County Grants		
Freeholders	96,278	98,900
SSH	28,811	-
Total County Grants	<u>125,089</u>	<u>98,900</u>
Total Government Grants and Contracts	<u>1,970,225</u>	<u>1,908,658</u>
Foundations and Trusts		
Sharon Karmazin Family DAF	-	5,000
IOLTA	11,400	11,400
Robert Wood Johnson Foundation	56,060	62,500
Johnson & Johnson Community Foundation	-	5,000
United Way	51,784	82,024
Mary Bradoff Foundation	2,500	5,000
Mary Kay Ash Foundation	20,000	-
NJ Coalition for Battered Women	851	1,429
Nora Roberts Foundation	3,000	-
Bristol Myers Squibb	5,000	5,000
Merck Foundation	12,500	12,500
Magyar Bank Foundation	-	2,000
TD Bank Charitable Foundation	-	7,500
TJX Foundation	-	5,000
PNC Bank	10,000	5,000
Total Foundations and Trusts	<u>173,095</u>	<u>209,353</u>
Fundraising Events		
Year-end Appeal	-	3,190
Other	27,542	26,041
Fundraising expenses	9,161	8,704
Total Fundraising Events	<u>36,703</u>	<u>37,935</u>
Program Service Revenue		
Family Violence Option	-	16,250
Training Fees	1,050	-
Total Program Service Revenue	<u>1,050</u>	<u>16,250</u>
Other Revenues		
Rental income	64,820	30,443
Investment return	(9,597)	25,286
Loss on disposal of asset	-	(6,581)
Other income	3,209	-
Donations in kind	42,569	59,593
Total Other Revenues	<u>101,001</u>	<u>108,741</u>
Total Public Support and Revenue	<u>\$ 2,365,958</u>	<u>\$ 2,341,408</u>

Women Aware, Inc.

Schedule of Expenditures of
State Financial Assistance
Year Ended December 31, 2018

Women Aware, Inc.

Supplementary Schedule of Expenditures of Federal Awards
Year Ended December 31, 2018

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through To Subrecipients	Total Federal Expenditures
U.S. Department of Justice				
Passed-Through NJ State Department of Law and Public Safety				
Division of Criminal Justice				
Violence Against Women Formula Grants	16.588	VAWA-33-16	\$ -	\$ 28,069
Violence Against Women Formula Grants	16.588	VAWA-28-17	-	35,610
Violence Against Women Formula Grants	16.588	VAWA-23-16	-	20,457
Violence Against Women Formula Grants	16.588	VAWA-69-17	-	11,272
Victims of Crime Act Grant				
Passed-Through NJ State Department of Law and Public Safety				
Division of Criminal Justice				
Crime Victim Assistance	16.575	VAG-116-16	-	105,517
Crime Victim Assistance	16.575	VAG-117-16	-	94,801
Recovery Act-VOCA Crime Victim Assistance Discretionary Grant Program	16.807	161689.4.007.02.002	-	1,000
Total U.S. Department of Justice			-	296,726
U.S. Department of Homeland Security				
Passed-Through The United Way of Central Jersey				
Emergency Food and Shelter National Board Program	97.024	34-5994-00 003	-	4,437
Emergency Food and Shelter National Board Program	97.024	35-5994-00 003	-	17,100
			-	21,537
U.S. Department of Agriculture				
Passed-Through NJ State Department of Agriculture				
Division of Food and Nutrition Services				
Child and Adult Care Food Program	10.558	17-23-1180	-	7,776
U.S. Department of Health and Human Services				
Passed-Through N.J. State Department of Children and Families				
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services				
	93.671	1630-026	-	84,000
U.S. Department of Housing and Urban Development				
Passed-Through N.J. State Department of Community Affairs				
Division of Housing and Community Resources				
Emergency Solutions Grant Program	14.231	2017-02149-0072-04	-	19,639
U.S. Department of Education				
Passed-Through N.J. Department of Education				
Education for Homeless Children and Youth	84.196	17-BR23-H02	-	15,449
Education for Homeless Children and Youth	84.196	19-BR23-H02	-	18,687
			-	34,136
Total Expenditures of Federal Awards			\$ -	\$ 463,814

Note - Not-for-profit organizations that expend \$750,000 or more of federal funds are required to have an audit in accordance with the Single Audit, Subpart F of the Uniform Guidance. The Organization did not meet that threshold, but had an audit performed in accordance with government auditing standards and New Jersey OMB Circular Letter 15-08 for State Financial Assistance. Please refer to pages 22-25 where the reports *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* and *Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance Required by the New Jersey OMB Circular Letter 15-08 for State Financial Assistance* are located.

Women Aware, Inc.

Schedule of Expenditures of State Financial Assistance
Year Ended December 31, 2018

<u>State of New Jersey Grantor/ Pass-through Grantor/Program or Project Title</u>	<u>Grant/Account or other I.D. number</u>	<u>Grant period</u>	<u>Grant amount</u>	<u>Expenditures to Date</u>	<u>State Expenditures</u>
N.J. State Department of Children and Families					
Division on Women					
Domestic Violence Lead Agency	18AOMW	1/1/18 - 12/31/18	\$ 1,208,899	\$ 1,170,642	\$ 1,170,642
Facility Improvement Grant	unavailable	1/1/18 - 12/31/18	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
			<u>1,218,899</u>	<u>1,180,642</u>	<u>1,180,642</u>
N.J. State Department of Human Services					
Title IVA					
Passed-through Middlesex County Board of Social Services	42552	1/1/18 - 12/31/18	<u>153,267</u>	<u>153,267</u>	<u>153,267</u>
Total State Financial Assistance			<u>\$ 1,372,166</u>	<u>\$ 1,333,909</u>	<u>\$ 1,333,909</u>

Women Aware, Inc.

Notes to Schedule of Expenditures of State Financial Assistance Year Ended December 31, 2018

1. Basis of Presentation

The accompanying Schedule of Expenditures of State Financial Assistance (the "Schedule") includes the state awards activity of Women Aware, Inc. (the "Organization") under programs of the state governments for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of New Jersey OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the Schedule present only a selected portion of the operations of the Organization, it is not intended to and do not present the financial position, changes in net assets or cash flows of the Organization.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the New Jersey OMB Circular Letter 15-08, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The Organization has elected to use the 10-percent de minimis indirect cost rate as allowed under the New Jersey OMB Circular Letter 15-08.



**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***

Independent Auditors' Report

**Board of Directors
Women Aware, Inc.**

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, the financial statements of Women Aware, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statement, and have issued our report thereon dated June 26, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Women Aware, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Women Aware, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Women Aware, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the 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 Women Aware, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

June 26, 2019



Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance Required by the New Jersey OMB Circular Letter 15-08 for State Financial Assistance

Independent Auditors' Report

**Board of Directors
Women Aware, Inc.**

Report on Compliance for Each Major State Program

We have audited Women Aware, Inc.'s compliance with the types of compliance requirements described in the *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of Women Aware, Inc.'s major state programs for the year ended December 31, 2018. Women Aware, Inc.'s major state 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 state statutes, regulations, and the terms and conditions of its state financial assistance applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Women Aware, Inc.'s major state 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 and the audit requirements of New Jersey OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB 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 state program occurred. An audit includes examining, on a test basis, evidence about Women Aware, Inc.'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 state program. However, our audit does not provide a legal determination of Women Aware, Inc.'s compliance.

Opinion on Each Major State Program

In our opinion, Women Aware, Inc. 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 state programs for the year ended December 31, 2018.

Report on Internal Control over Compliance

Management of Women Aware, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Women Aware, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the New Jersey OMB 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 Women Aware, Inc.'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 state 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 state 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 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 material weaknesses or 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 New Jersey OMB Circular Letter 15-08. Accordingly, this report is not suitable for any other purpose.

PKF O'Connor Davies, LLP

June 26, 2019

Women Aware, Inc.

Schedule of Findings and Questioned Costs
Year Ended December 31, 2018

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?

___ Yes No

- Significant deficiency(ies) identified?

___ Yes None reported

Noncompliance material to financial statements noted?

___ Yes No

State Financial Assistance

Internal control over major state programs:

- Material weakness(es) identified?

___ Yes No

- Significant deficiency(ies) identified?

___ Yes None reported

Type of auditors' report issued on compliance for major state programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with New Jersey OMB Circular Letter 15-08?

___ Yes No

Identification of Major State Programs:

Grant/Contract Number

Name of State Program

18AOMW

Domestic Violence Lead Agency

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?

Yes ___ No

Section II – Financial Statement Findings

During our audit we noted no material findings for the year ended December 31, 2018.

Section III – State Financial Assistance Findings and Questioned Costs

During our audit we noted no material instances of noncompliance and none of the costs reported in the State assisted programs are questioned or recommended to be disallowed.

Section IV – Prior Year Audit Findings

There were no prior year audit findings.