

**BAYONNE ECONOMIC OPPORTUNITY
FOUNDATION**

**Financial Statements
January 31, 2016 and 2015
(with reporting requirements for Uniform Guidance)**

The report accompanying these financial statements was issued by Spire Group, PC, a New Jersey Professional Corporation.

BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

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INDEPENDENT AUDITORS' REPORT

**To the Board of Trustees of
Bayonne Economic Opportunity Foundation
Bayonne, New Jersey**

Report on the Financial Statements

We have audited the accompanying financial statements of Bayonne Economic Opportunity Foundation (a nonprofit organization), which comprise the statements of financial position as of January 31, 2016 and 2015, 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 Bayonne Economic Opportunity Foundation as of January 31, 2016 and 2015, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of state financial assistance is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is also 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 audit 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 9, 2016, on our consideration of Bayonne Economic Opportunity Foundation'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 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 Bayonne Economic Opportunity Foundation's internal control over financial reporting and compliance.



Livingston, New Jersey
June 9, 2016

BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

Statements of Financial Position January 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash	\$ 97,578	\$ 224,234
Grants receivable	294,805	236,407
Other receivables	125,000	60,363
Prepaid expenses	17,686	20,626
Fixed assets	394,497	431,234
Total Assets	<u>\$ 929,566</u>	<u>\$ 972,864</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 175,607	\$ 170,884
Deferred income	8,465	101,313
Total Liabilities	<u>184,072</u>	<u>272,197</u>
Net Assets		
Unrestricted	745,494	700,667
Temporarily restricted	-	-
Total Net Assets	<u>745,494</u>	<u>700,667</u>
Total Liabilities and Net Assets	<u>\$ 929,566</u>	<u>\$ 972,864</u>

See accompanying notes.

BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

Statements of Activities

For The Years Ended January 31, 2016 and 2015

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues						
Grant income	\$ -	\$ 3,264,935	\$ 3,264,935	\$ -	\$ 3,852,751	\$ 3,852,751
Contributions	56,070	-	56,070	85,823	-	85,823
In-kind income	-	834,501	834,501	-	511,220	511,220
Program income	261,329	-	261,329	114,143	-	114,143
Special event revenue	42,122	-	42,122	-	-	-
Less: Direct benefit cost	(15,656)	-	(15,656)	-	-	-
Other income	155	-	155	480	-	480
Net assets released from restrictions - satisfaction of program restrictions	4,099,436	(4,099,436)	-	4,363,971	(4,363,971)	-
Total Revenues	4,443,456	-	4,443,456	4,564,417	-	4,564,417
Expenses						
Program services						
Head start	1,759,666	-	1,759,666	1,792,863	-	1,792,863
Weatherization / energy assistance	264,829	-	264,829	341,565	-	341,565
Hurricane Sandy support services	226,149	-	226,149	957,334	-	957,334
Community service	1,335,422	-	1,335,422	996,790	-	996,790
Total Program Services	3,586,066	-	3,586,066	4,088,552	-	4,088,552
Supporting services						
Management and general	802,311	-	802,311	426,253	-	426,253
Fundraising	10,252	-	10,252	23,521	-	23,521
Total Supporting Services	812,563	-	812,563	449,774	-	449,774
Total Expenses	4,398,629	-	4,398,629	4,538,326	-	4,538,326
Changes in Net Assets	44,827	-	44,827	26,091	-	26,091
Net Assets - Beginning of Year	700,667	-	700,667	674,576	-	674,576
Net Assets - End of Year	\$ 745,494	\$ -	\$ 745,494	\$ 700,667	\$ -	\$ 700,667

See accompanying notes.

BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

**Statement of Functional Expenses
For The Year Ended January 31, 2016**

	Program Services					Supporting Services			Total Expenses
	Head Start	Weatherization / Energy Assistance	Hurricane Sandy Support Services	Community Service	Total	Management & General	Fundraising	Total	
Salaries and wages	\$ 741,843	\$ 84,444	\$ 42,569	\$ 254,176	\$ 1,123,032	\$ 523,770	\$ 6,624	\$ 530,394	\$ 1,653,426
Fringe benefits and payroll taxes	229,788	18,388	7,679	62,464	318,319	135,678	830	136,508	454,827
Materials, supplies and consumables	121,239	84,809	73,805	259,401	539,254	13,725	610	14,335	553,589
Subcontracted labor	175	52,760	69,748	2,334	125,017	-	-	-	125,017
Occupancy	91,514	5,774	1,500	27,633	126,421	14,030	-	14,030	140,451
In-kind costs	419,206	-	-	395,695	814,901	19,600	-	19,600	834,501
Other	41,234	12,221	29,554	270,567	353,576	43,069	2,188	45,257	398,833
Insurance	22,435	2,345	1,267	26,165	52,212	560	-	560	52,772
Consultants and professional fees	54,297	3,910	-	31,441	89,648	37,655	-	37,655	127,303
Travel	8,432	178	27	5,546	14,183	1,940	-	1,940	16,123
Depreciation	29,503	-	-	-	29,503	12,284	-	12,284	41,787
Total Expenses	\$ 1,759,666	\$ 264,829	\$ 226,149	\$ 1,335,422	\$ 3,586,066	\$ 802,311	\$ 10,252	\$ 812,563	\$ 4,398,629

See accompanying notes.

BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

**Statement of Functional Expenses
For The Year Ended January 31, 2015**

	Program Services					Supporting Services			Total Expenses
	Head Start	Weatherization / Energy Assistance	Hurricane Sandy Support Services	Community Service	Total	Management & General	Fundraising	Total	
Salaries and wages	\$ 725,479	\$ 168,919	\$ 52,104	\$ 257,125	\$ 1,203,627	\$ 317,068	\$ 20,687	\$ 337,755	\$ 1,541,382
Fringe benefits and payroll taxes	243,996	43,804	7,084	59,477	354,361	56,148	2,834	58,982	413,343
Materials, supplies and consumables	133,946	55,173	92,392	259,678	541,189	9,130	-	9,130	550,319
Subcontracted labor	6,331	34,352	23,365	-	64,048	1,025	-	1,025	65,073
Occupancy	107,005	11,131	1,808	22,973	142,917	3,224	-	3,224	146,141
In-kind costs	363,100	-	-	145,295	508,395	2,825	-	2,825	511,220
Other	84,984	-	776,944	187,678	1,049,606	9,434	-	9,434	1,059,040
Insurance	14,418	3,226	2,993	19,841	40,478	9,178	-	9,178	49,656
Consultants and professional fees	81,111	17,726	68	31,423	130,328	8,871	-	8,871	139,199
Travel	3,587	1,213	576	13,300	18,676	2,827	-	2,827	21,503
Depreciation	28,906	6,021	-	-	34,927	6,523	-	6,523	41,450
Total Expenses	\$ 1,792,863	\$ 341,565	\$ 957,334	\$ 996,790	\$ 4,088,552	\$ 426,253	\$ 23,521	\$ 449,774	\$ 4,538,326

See accompanying notes.

BAYONNE ECONOMIC OPPORTUNITY FOUNDATION**Statements of Cash Flows
For The Years Ended January 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ 44,827	\$ 26,091
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities		
Depreciation	41,787	41,450
Decrease (Increase) in Operating Assets		
Grants receivables	(58,398)	225,754
Miscellaneous receivables	(64,637)	(60,363)
Prepaid expenses	2,940	(8,349)
Increase (Decrease) in Liabilities		
Accounts payable and accrued expenses	4,723	(109,523)
Deferred income	(92,848)	(48,176)
Net cash (used) provided by operating activities	<u>(121,606)</u>	<u>66,884</u>
Cash Flows From Investing Activities		
Capitalized improvements	<u>(5,050)</u>	<u>(15,415)</u>
Net Change in Cash	(126,656)	51,469
Cash - Beginning of Year	<u>224,234</u>	<u>172,765</u>
Cash - End of Year	<u>\$ 97,578</u>	<u>\$ 224,234</u>

See accompanying notes.

BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

Notes to Financial Statements January 31, 2016 and 2015

Note 1 – Summary of Significant Accounting Policies

Organization and Nature of Activities

Bayonne Economic Opportunity Foundation (“B.E.O.F.”), incorporated as a not-for-profit in 1965, under the laws of the State of New Jersey. The B.E.O.F. was established to assist low income individuals in the Bayonne, New Jersey area. The Organization provides many services for individuals in need, including a Head Start Program for preschool children, local transportation, meals for senior citizens, meals on wheels, counseling services, weatherization assistance, as well as other programs to serve the poor.

Basis of Accounting

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. Accordingly, these financial statements reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

All net assets not specifically restricted by donors are considered to be available for unrestricted use. Restricted net assets may only be utilized in accordance with the purpose established by their donors and grantors. Restrictions are considered satisfied when expenses are incurred which conform to grantor and donor specifications, rules or regulations. Net assets which have been earmarked for specific purposes by the governing board of the Organization are classified as unrestricted.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used for, but not limited to, depreciation expense, and contingencies. Actual results could differ from those estimates.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for federal or state income taxes is reflected in the accompanying financial statements.

The Organization accounts for uncertainty in income taxes using a recognition threshold of more-likely-than not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold for the year ended January 31, 2016. The Organization’s Forms 990, *Return of Organization Exempt from Income Tax*, for the fiscal years ended January 31, 2013, 2014, and 2015 are subject to examination by the IRS, generally for three years after they were filed.

Deferred Revenue

Deferred revenue is recognized when cash advances exceed revenues earned against such advances.

BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

Notes to Financial Statements January 31, 2016 and 2015

Note 1 – Summary of Significant Accounting Policies (Cont.)

Fixed Assets and Depreciation

Fixed assets are capitalized at cost if purchased, fair value if donated, for assets greater than \$5,000 under the Head Start program and assets greater than \$1,000 are capitalized for all other assets. The Organization reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used or disposed.

Expenditures for maintenance, repairs, and renewals of minor items are charged to earnings as incurred. Major renewals and improvements are capitalized. Depreciation of fixed assets is provided on a straight-line basis over the estimated useful lives of assets. Depreciation expense for the years ended January 31, 2016 and 2015 was \$41,787 and \$41,450, respectively.

Buildings and Improvements	40 years
Equipment	5 – 10 years
Furniture and Fixtures	7 – 10 years

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Temporarily restricted contributions whose restrictions are met during the year are recorded as temporarily restricted and are also included in restrictions satisfied by payments in the Statement of Activities. Contributions of securities or real property are recorded at fair market value at the date of contribution.

Public Support and Revenue

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions with no restrictions are recorded as unrestricted net assets when received.

Federal, State and Other Financial Assistance

The Organization records grant revenues over the period of the award and the provisions of the grant determine the timing of revenue recognition. The Organization accounts for grant revenue as exchange transactions. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Amounts that have been received but not earned are included in deferred revenue.

Contributed Services

The B.E.O.F. receives donated space, professional and education services, as well as miscellaneous items which are recorded at estimated fair value. In addition, the B.E.O.F. has many individuals who volunteer their time and perform a variety of tasks that assist the Organization in their community service programs but do not meet the criteria for recognition as contributed services. The Organization receives more than 22,750 volunteer hours per year, with a fair market value of approximately \$198,000.

Functional Expenses

The costs of providing the various programs and other activities are summarized in a statement of functional expenses. Accordingly, certain costs are allocated among the programs and supporting services benefited.

BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

Notes to Financial Statements January 31, 2016 and 2015

Note 1 – Summary of Significant Accounting Policies (Cont.)

Compensated Absences

Employees of the Organization are entitled to paid vacation and sick time, depending upon length of service. The Organization's policy is for the employees to use their vacation and sick time in the current year. If the vacation and sick time is not utilized then it cannot be carried into the following year, and it is forfeited. Only under certain circumstances does management allow for an employee to carry unused vacation to the following year.

Fair Value of Financial Instruments

Financial instruments include cash, grants receivable, accounts payable and accrued expenses. The amounts reported for financial instruments are considered to be reasonable approximations of their fair values. The fair value estimates presented herein were based on market information available to management. The use of different market assumptions and/or estimation methodologies could have a material effect on the estimated fair value amounts.

Advertising Costs

Advertising costs are expensed as incurred. For the years ended January 31, 2016 and 2015 the Organization incurred \$7,818 and \$1,567, respectively in advertising costs.

Reclassifications

Certain amounts for the year ended January 31, 2015 have been reclassified in these comparative financial statements. These reclassifications had no effect on net income for that year.

Note 2 – Grants Receivable

Grants receivable by program at January 31, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Head start	\$ 45,786	\$ 101,343
Weatherization / energy assistance		
Low-income home energy assistance	12,890	13,746
Universal service fund	-	5,341
Heating improvement program	-	5,848
Community service		
Homeless food and shelter	67,453	25,627
Fair housing	10,609	9,558
Nutrition program	38,012	60,884
Residential maintenance	7,791	1,483
Residential maintenance - Sandy relief	101,442	3,000
Transportation	10,822	-
Management & general		
Community services block grant	-	9,577
	<u>\$ 294,805</u>	<u>\$ 236,407</u>

BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

Notes to Financial Statements January 31, 2016 and 2015

Note 3 – Other Receivables

Other receivables at January 31, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
City of Bayonne - administrative contract	\$ 125,000	\$ -
Due from PACO for weatherization program	-	56,761
Miscellaneous receivables	-	3,602
	<u>\$ 125,000</u>	<u>\$ 60,363</u>

Note 4 – Fixed Assets

Fixed assets at January 31, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Land	\$ 15,119	\$ 15,119
Building and improvements	559,542	559,542
Machinery and equipment	824,843	824,843
Office equipment and computers	86,935	81,886
Vehicles	279,078	279,078
	1,765,517	1,760,468
Less: accumulated depreciation	<u>(1,371,020)</u>	<u>(1,329,234)</u>
	<u>\$ 394,497</u>	<u>\$ 431,234</u>

Note 5 – Deferred Revenue

Deferred revenue by program at January 31, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Hurricane Sandy support services		
NJ relief	\$ -	\$ 44,991
Sandy homeowners/renter assistance program	-	39,960
Community service		
Fair housing	-	15,394
Management & general		
Community service block grant	8,465	968
	<u>\$ 8,465</u>	<u>\$ 101,313</u>

BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

Notes to Financial Statements January 31, 2016 and 2015

Note 6 – Operating Leases

A 99 year lease with the City of Bayonne was executed on May 10, 1999 for use of the building and land of the former City Hall Annex located at 21 West 8th Street, Bayonne, New Jersey. Lease payments in the amount of \$1 are payable on June 1 of each year. These premises are occupied by the Head Start Program of the Organization. This lease can be terminated upon six months' written notice to the landlord, or in the event the Organization no longer legally exists.

Note 7 – In-Kind Contributions

The B.E.O.F. received donated space, professional and education services and other miscellaneous items utilized in the Head Start program. The in-kind contributions are recorded at the estimated fair value. Total in-kind donations for the year ended January 31, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Rent	\$ 513,000	\$ 316,001
Education and professional services	250,446	168,422
Gifts, clothes and other items	<u>71,055</u>	<u>26,797</u>
	<u>\$ 834,501</u>	<u>\$ 511,220</u>

Note 8 – Concentrations of Credit Risk

Financial instruments that potentially subject B.E.O.F. to concentrations of credit risk consist principally of temporary cash investments in banks in excess of the U. S. Federal Deposit Insurance Corporation (FDIC) insured \$250,000 limit and all investments in money market and government reserve funds. Periodically, the balance of cash maintained at the financial institution may be in excess of the FDIC insurance limit. As of January 31, 2016 and 2015, B.E.O.F. had an uninsured bank balance of \$-0-.

Note 9 – Retirement Plans

The Company maintains a 401(k) profit sharing plan for its employees under the provisions of the Internal Revenue Code Section 401(k). The employees may elect to defer amounts according to the maximum allowed under Federal guidelines. The plan allows the Organization to make discretionary contributions which are determined annually by the Board of Trustees. There were no discretionary contributions charged to operations under the plan for the years ended January 31, 2016 and 2015.

Note 10 – Related Party Transactions

As disclosed in Note 6, the Organization leases from the City of Bayonne ("City") facilities for its operations. This transaction was not consummated on terms equivalent to those that prevail in arm's-length transactions. The Organization pays the City of Bayonne \$1 per year for use of the facilities. The estimated fair market value of the use of the facilities is approximately \$196,000 and is included in the financial statements as an in-kind contribution. The City provided additional services for transportation Head Start programs, which are included in the financial statements as an in-kind contribution. The City has a shared service agreement with the Organization for vehicles, the estimated fair market value of the shared service agreement is \$15,000. During the year ended January 31, 2015, the City provided a soil and groundwater remediation study at the Head Start facilities through their CDBG funding in the amount of \$41,800.

BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

Notes to Financial Statements January 31, 2016 and 2015

Note 10 – Related Party Transactions (Cont.)

In addition, the Organization has entered into an agreement with the City of Bayonne to provide administrative services in connection with administering the City's CDBG program. Revenue in the amount of \$125,000 was recorded for the period from September 1, 2015 through January 31, 2016. The amount receivable at January 31, 2016 was \$125,000.

Note 11 – Tax Filing Compliance

B.E.O.F. was in compliance with applicable federal and state regulations as of January 31, 2016 and 2015 relative to the remitting of employee withholding taxes and filing of payroll tax returns and all other annual regulatory information filings.

Note 12 – Commitments and Contingencies

The Bayonne Economic Opportunity Foundation receives a substantial amount of its support from federal and state grants. A significant reduction in the level of this support may have an effect on the Bayonne Economic Opportunity Foundation programs.

Financial awards from federal, state, and local governmental entities in the form of grants are subject to special audits. Such audits could result in claims against the Organization for disallowed costs due to noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

Note 13 – Evaluation of Subsequent Events

The Organization has evaluated events subsequent to the balance sheet date for potential recognition or disclosure through June 9, 2016, the date which the financial statements were available to be issued.

**SCHEDULE OF EXPENDITURES OF FEDERAL
AND STATE OF NEW JERSEY AWARDS
FOR THE YEAR ENDED JANUARY 31, 2016**

BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

**Schedule of Expenditures of Federal Awards
For The Year Ended January 31, 2016**

Federal Grantor/Pass through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Expenditures
US Department of Agriculture					
Child and Adult Care Food Program	10.558	17-106	2/1/15 - 1/31/16	\$ 116,342	\$ <u>116,342</u>
Total US Department of Agriculture					<u>116,342</u>
U.S. Department of Health and Human Services					
Head Start Program	93.600	02CH1111/50	2/1/15 - 1/31/16	1,451,247	1,451,247
Pass through NJ Department of Community Affairs					
Low-Income Home Energy Assistance (LIHEAP)	93.568	2015-05131-0110	10/1/14 - 9/30/15	124,769	83,692
Low-Income Home Energy Assistance (LIHEAP)	93.568	2016-05131-0124	10/1/15 - 9/30/16	93,688	31,317
Heating Improvement Program	93.568	2011-05124-0530	10/1/11 - 3/31/16	383,215	<u>162,488</u>
Subtotal Pass through NJ Department of Community Affairs					277,497
Pass through NJ Department of Community Affairs					
Pass through City of Bayonne, NJ					
Special Programs for the Aging Title III	93.045	15-029	1/1/15 - 12/31/15	466,261	428,239
Special Programs for the Aging Title III	93.045	16-024	1/1/16 - 12/31/16	456,142	<u>38,012</u>
Subtotal Pass through City of Bayone, NJ					466,251
Pass through NJ Dept of Community Affairs					
CSBG - Special Initiatives	93.569	2014-05136-0383	3/16/15 - 9/30/15	34,569	34,569
CSBG - Non-Discretionary	93.569	2015-05235-0085	10/1/14 - 9/30/15	156,226	105,049
CSBG - Non-Discretionary	96.569	2016-05235-0192	10/1/15 - 9/30/16	90,530	<u>43,090</u>
Subtotal Pass through NJ Department of Community Affairs					182,708
Pass through NJ Department of Human Services					
Pass through County of Hudson, NJ					
Sandy Homeowner/Renter Assistance Program (SHRAP)	93.667	SH13009	10/1/13 - 9/30/15	1,102,394	68,189
Sandy Relief - Residential Maintenance	93.667	Project 841	10/1/13 - 9/30/17	297,157	113,515
Sandy Relief - Information & Assistance	93.667	Project 841	10/1/13 - 9/30/17	78,760	<u>19,552</u>
Subtotal Pass through County of Hudson, NJ					<u>201,256</u>
Total US Department of Health and Human Services					<u>2,578,959</u>

BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

**Schedule of Expenditures of Federal Awards
For The Year Ended January 31, 2016**

Federal Grantor/Pass through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Expenditures
U.S. Department of Homeland Security					
Pass through United Way of Hundson County, NJ					
Emergency Food and Shelter National Program	97.024	23-597800-001	4/1/14 - 11/30/15	\$ 5,173	\$ <u>5,173</u>
Total U.S. Department of Homeland Security					<u>5,173</u>
U.S. Department of Housing and Urban Development					
Pass through NJ Department of Community Affairs					
Homeless Prevention & Rapid Re-Housing Program	14.231	2015-02156-0188	2/1/15 - 6/30/16	144,583	93,655
Community Development Block Grant					
Pass through City of Bayonne, NJ					
Senior Citizen Transportation Program					
Insurance Costs	14.220	CY14-078	9/1/14 - 8/31/15	9,161	4,066
Insurance Costs	14.220	CY15-065	9/1/15 - 8/31/16	8,161	2,748
Senior Citizen Transportation Program	14.219	CY14-094	9/1/14 - 8/31/15	41,161	23,351
Senior Citizen Transportation Program	14.219	CY15-064	9/1/15 - 8/31/16	37,574	<u>16,795</u>
					46,960
Fair Housing Counseling Services	14.218	CY13-070	9/1/13 - 8/31/14	53,207	18,601
Fair Housing Counseling Services	14.218	CY14-079	9/1/14 - 8/31/15	53,207	30,175
Fair Housing Counseling Services	14.218	CY15-063	9/1/15 - 8/31/16	33,000	<u>13,219</u>
					<u>61,995</u>
Total US Department of Housing and Urban Development					<u>202,610</u>
Total Federal Awards				\$	<u><u>2,903,084</u></u>

BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

**Schedules of Expenditures of State Financial Assistance
For The Year Ended January 31, 2016**

State Grantor/Pass through Grantor Program Title	Grant or State Project Number	Grant Period	Award Amount	Expenditures	Cummulative Expenditures
New Jersey Department of Health and Senior Services					
Residential Maintenance	419	1/1/14 - 12/31/14	\$ 16,000	\$ 12,406	\$ 13,890
Residential Maintenance	419	1/1/15 - 12/31/15	16,000	540	540
Total New Jersey Department of Health and Senior Services				<u>12,946</u>	<u>14,430</u>
New Jersey Department of Health and Human Services					
Social Services for the Homeless	SH14009	7/1/15 -6/30/16	70,000	35,959	35,959
Social Services for the Homeless	SH15009	7/1/14 -6/30/15	58,223	23,260	29,924
Total New Jersey Department of Health and Human Services				<u>59,219</u>	<u>65,883</u>
New Jersey Department of Community Affairs					
Universal Service Fund	2016-05133-0060	7/1/15 - 6/30/16	57,422	41,469	41,469
Universal Service Fund	2015-05133-0060	7/1/14 - 6/30/15	67,184	40,892	67,184
				82,361	108,653
Homeless Prevention & Rapid Re-Housing	2015-02156-0188	02/1/15 - 6/30/16	129,531	102,332	102,332
Prevention of Homelessness	Various	2/1/13 - 3/30/15	302,000	43,872	301,250
Prevention of Homelessness	2015-100-022-8020	08/01/15 - 7/31/16	250,855	47,770	47,770
				91,642	349,020
Total New Jersey Department of Community Affairs				<u>276,335</u>	<u>560,005</u>
Total State Awards				<u>\$ 348,500</u>	<u>\$ 640,318</u>

BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

Notes to Schedules of Federal Awards and State Financial Assistance For The Year Ended January 31, 2016

Note 1 – General

The accompanying schedules of federal and state awards present the activity of all federal and state awards programs of the Bayonne Economic Opportunity Foundation. All federal financial awards received directly from federal agencies including awards passed through other government agencies, are included on the schedule of federal financial awards. All state awards received directly from state agencies including awards passed through other government agencies, are included on the schedule of state financial assistance.

Note 2 – Basis of Accounting

The accompanying schedules of federal awards and state financial assistance are presented using the basis of accounting as described in Note 1 to the Bayonne Economic Opportunity Foundation's financial statements.

Note 3 – Relationship to the Financial Statements

Accounts reported in the accompanying financial schedules agree with amounts reported in the Bayonne Economic Opportunity Foundation's financial statements.

Note 4 – Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.



**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**

**The Board of Trustees
Bayonne Economic Opportunity Foundation
Bayonne, 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, the financial statements of the Bayonne Economic Opportunity Foundation (a non-profit organization) which comprise the statement of financial position as, January 31, 2016 and 2015, and the related statements of activities, statements of functional expenses and cash flows for the years then ended, and have issued our report thereon dated June 9, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bayonne Economic Opportunity Foundation'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 the Bayonne Economic Opportunity Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 the Bayonne Economic Opportunity Foundation'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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Spire Group, PC".

Livingston, New Jersey
June 9, 2016



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE BY THE UNIFORM GUIDANCE

**The Board of Trustees
Bayonne Economic Opportunity Foundation
Bayonne, New Jersey**

Report on Compliance for Each Major Federal Program

We have audited Bayonne Economic Opportunity Foundation Organization's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Bayonne Economic Opportunity Foundation's major federal programs for the year ended January 31, 2016. Bayonne Economic Opportunity Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Bayonne Economic Opportunity Foundation's major federal 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 federal program occurred. An audit includes examining, on a test basis, evidence about Bayonne Economic Opportunity Foundation'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 federal program. However, our audit does not provide a legal determination of Bayonne Economic Opportunity Foundation's compliance.

Opinion on Each Major Federal Program

In our opinion, Bayonne Economic Opportunity Foundation's 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 federal programs for the year ended January 31, 2016.

Report on Internal Control Over Compliance

Management of Bayonne Economic Opportunity Foundation 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 Bayonne Economic Opportunity Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Bayonne Economic Opportunity Foundation'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 federal 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 federal 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 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Livingston, New Jersey
June 9, 2016

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JANUARY 31, 2016**

BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

**Schedule of Findings and Questioned Costs
For the Year Ended January 31, 2016**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? Yes X No
- Significant deficiencies identified? Yes X No

Noncompliance material to financial statements noted? Yes X No

Federal Awards

- Dollar threshold used to determine Type A programs \$750,000
- Auditee qualified as low-risk auditee? Yes X No
- Type of auditor’s report on compliance for major programs

Unmodified

Internal control over compliance:

- Material weakness (es) identified? Yes X No
- Significant deficiencies identified? Yes X No

Any audit findings that are required to be reported in accordance with CFR Section 200.516(a) of the Uniform Guidance? Yes X No

Identification of major programs:

<u>CFDA Number (s)</u>	<u>Name of Federal Program</u>
93.600	U.S. Department of Health and Human Services:
93.667	Head Start
	Social Services Block Grant
	Sandy Homeowners/Renters Assistance Program
	Residential/Maintenance – Sandy Relief

BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

**Schedule of Findings and Questioned Costs
For the Year Ended January 31, 2016**

Section II – Schedule of Financial Statement Findings

This section identified the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with 2 CFR section 200.515(d)(2) of the Uniform Guidance and Chapter 4 of the *Government Auditing Standards*.

NONE

Section III – Federal Awards Findings and Questioned Costs

This section identifies audit findings required to be reported by 2 CFR 200 Section 516(a) of Uniform Guidance.

NONE

BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

**Summary Schedule of Prior Audit Findings
For the Year Ended January 31, 2016**

This section identifies the status of prior year audit findings related to the financial statements and federal and state awards that are required to be reported in accordance with the Uniform Guidance at 2 CFR section 200.511(a) and Chapter 4 of the Government Auditing Standards.

Finding 2015-01

**US Department of Health and Human Services, NJ Department of Human Services,
County of Hudson, Residential Maintenance – Sandy Relief
CFDA# 93.667 - Eligibility**

Condition:

Sufficient records were not maintained to evidence permission given by landlords to perform work in tenant-occupied apartments.

Recommendation:

The Organization should implement procedures to ensure landlords' written signatures are obtained prior to commencing residential maintenance.

Current Status:

The Organization has implemented appropriate procedures and no similar findings were noted in the January 31, 2016 audit.