

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

BAYONNE ECONOMIC OPPORTUNITY
FOUNDATION

January 31, 2021 and 2020



BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

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July 14, 2021

Board of Trustees
Bayonne Economic Opportunity Foundation
Bayonne, New Jersey

Independent Auditor's Report

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, 2021 and 2020, 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.

Auditor's 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 auditor's 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, 2021 and 2020, 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

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 July 14, 2021, 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 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 Bayonne Economic Opportunity Foundation'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 Bayonne Economic Opportunity Foundation's internal control over financial reporting and compliance.



Certified Public Accountants

BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

Statements of Financial Position
January 31, 2021 and 2020

	2021	2020
Assets		
Cash	\$ 158,726	\$ 67,829
Investments	55,419	16,619
Grants receivable	143,664	205,245
Prepaid expenses	25,464	6,968
Property and equipment - net	<u>513,506</u>	<u>545,956</u>
Total Assets	<u>\$ 896,779</u>	<u>\$ 842,617</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 132,705	\$ 187,836
Deferred revenue	26,546	48,679
457B plan deferred compensation liability	55,419	-
Line of credit	<u>83,925</u>	<u>-</u>
Total Liabilities	<u>298,595</u>	<u>236,515</u>
Net Assets		
Without donor restrictions	320,869	380,958
With donor restrictions	<u>277,315</u>	<u>225,144</u>
Total Net Assets	<u>598,184</u>	<u>606,102</u>
Total Liabilities and Net Assets	<u>\$ 896,779</u>	<u>\$ 842,617</u>

See accompanying notes to financial statements

BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

Statements of Activities

Years Ended January 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues						
Grant income	\$ -	\$ 3,475,801	\$ 3,475,801	\$ -	\$ 3,142,086	\$ 3,142,086
Contributions	112,560	80,000	192,560	66,512	10,000	76,512
In-kind income	-	1,152,103	1,152,103	-	1,368,324	1,368,324
Program income	264,187	-	264,187	286,856	-	286,856
Sponsorship income	-	-	-	9,400	-	9,400
Special event revenue	40	-	40	3,600	-	3,600
Less: Direct benefit cost	(2,201)	-	(2,201)	(13,067)	-	(13,067)
Other income	53,681	-	53,681	37,710	-	37,710
Net assets released from restrictions - satisfaction of program restrictions	4,655,733	(4,655,733)	-	4,361,323	(4,361,323)	-
Total Revenues	5,084,000	52,171	5,136,171	4,752,334	159,087	4,911,421
Expenses						
Program services						
Head Start	2,221,787	-	2,221,787	2,092,562	-	2,092,562
Weatherization/Energy Assistance	186,106	-	186,106	139,415	-	139,415
Community Service	1,628,421	-	1,628,421	1,613,279	-	1,613,279
Total Program Services	4,036,314	-	4,036,314	3,845,256	-	3,845,256
Supporting services						
Management and general	1,091,019	-	1,091,019	1,022,772	-	1,022,772
Fundraising	16,756	-	16,756	31,123	-	31,123
Total Supporting Services	1,107,775	-	1,107,775	1,053,895	-	1,053,895
Total Expenses	5,144,089	-	5,144,089	4,899,151	-	4,899,151
Changes in Net Assets	(60,089)	52,171	(7,918)	(146,817)	159,087	12,270
Net Assets - Beginning of Year	380,958	225,144	606,102	527,775	66,057	593,832
Net Assets - End of Year	\$ 320,869	\$ 277,315	\$ 598,184	\$ 380,958	\$ 225,144	\$ 606,102

See accompanying notes to financial statements

BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

Statements of Functional Expenses
Year Ended January 31, 2021

	Program Services				Supporting Services				Total Expenses	
	Weatherization/									
	<u>Head Start</u>	<u>Energy Assistance</u>	<u>Community Service</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>			
Salaries and wages	\$ 1,018,978	\$ 107,429	\$ 319,832	\$ 1,446,239	\$ 771,967	\$ 3,940	\$ 775,907	\$ 2,222,146		
Fringe benefits and payroll taxes	300,076	53,098	119,531	472,705	168,701	756	169,457	642,162		
Materials, supplies and consumables	72,940	1,000	128,565	202,505	30,065	-	30,065	232,570		
Subcontracted labor	337	-	-	337	-	-	-	337		
Occupancy	55,219	586	4,137	59,942	9,950	-	9,950	69,892		
In-kind costs	300,864	-	829,799	1,130,663	21,440	-	21,440	1,152,103		
Other	281,050	12,535	160,892	454,477	16,800	12,060	28,860	483,337		
Insurance	45,581	1,501	28,772	75,854	1,483	-	1,483	77,337		
Consultants and professional fees	137,025	9,957	16,365	163,347	64,867	-	64,867	228,214		
Travel	139	-	3,137	3,276	265	-	265	3,541		
Depreciation	9,578	-	17,391	26,969	5,481	-	5,481	32,450		
Subtotal	2,221,787	186,106	1,628,421	4,036,314	1,091,019	16,756	1,107,775	5,144,089		
Special event expenses	-	-	-	-	-	2,201	2,201	2,201		
Total Functional Expenses	\$ 2,221,787	\$ 186,106	\$ 1,628,421	\$ 4,036,314	\$ 1,091,019	\$ 18,957	\$ 1,109,976	\$ 5,146,290		

See accompanying notes to financial statements

BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

Statements of Functional Expenses (Continued)

Year Ended January 31, 2020

	Program Services				Supporting Services				Total Expenses	
	Weatherization/									
	Head Start	Energy Assistance	Community Service	Total	Management and General	Fundraising	Total			
Salaries and wages	\$ 868,976	\$ 92,731	\$ 272,626	\$ 1,234,333	\$ 660,427	\$ 22,780	\$ 683,207	\$ 1,917,540		
Fringe benefits and payroll taxes	254,524	28,539	71,643	354,706	197,799	8,343	206,142	560,848		
Materials, supplies and consumables	117,940	3,380	147,720	269,040	3,823	-	3,823	272,863		
Occupancy	68,891	761	3,439	73,091	15,176	-	15,176	88,267		
In-kind costs	490,658	-	846,708	1,337,366	30,958	-	30,958	1,368,324		
Other	87,501	2,880	212,933	303,314	25,556	-	25,556	328,870		
Insurance	23,824	1,502	15,868	41,194	4,425	-	4,425	45,619		
Consultants and professional fees	162,795	9,079	26,257	198,131	62,813	-	62,813	260,944		
Travel	1,110	543	487	2,140	15,091	-	15,091	17,231		
Depreciation	16,343	-	15,598	31,941	6,704	-	6,704	38,645		
Subtotal	2,092,562	139,415	1,613,279	3,845,256	1,022,772	31,123	1,053,895	4,899,151		
Special event expenses	-	-	-	-	-	13,067	13,067	13,067		
Total Functional Expenses	\$ 2,092,562	\$ 139,415	\$ 1,613,279	\$ 3,845,256	\$ 1,022,772	\$ 44,190	\$ 1,066,962	\$ 4,912,218		

See accompanying notes to financial statements

BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

Statements of Cash Flows
Years Ended January 31, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities		
Changes in net assets	\$ (7,918)	\$ 12,270
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	32,450	38,645
Unrealized gain on investments	(8,800)	(1,619)
(AIncrease) Decrease in Assets		
Grants receivable	61,581	(42,026)
Prepaid expenses	(18,496)	11,610
Increase (Decrease) in Liabilities		
Accounts payable and accrued expenses	(55,131)	20,038
Deferred revenue	(22,133)	48,679
457B plan deferred compensation liability	55,419	-
Net Cash Provided by Operating Activities	36,972	87,597
Cash Flows From Investing Activities		
Purchase of fixed assets	-	(27,349)
Purchase of investments	(30,000)	(15,000)
Net Cash Used in Investing Activities	(30,000)	(42,349)
Cash Flows From Financing Activities		
Proceeds from line of credit	249,925	-
Payments on line of credit	(166,000)	-
Net Cash Provided by Financing Activities	83,925	-
Net Increase in Cash	90,897	45,248
Cash - Beginning of Year	67,829	22,581
Cash - End of Year	\$ 158,726	\$ 67,829
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year of:		
Interest	\$ 249	\$ -

See accompanying notes to financial statements

BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

Notes to Financial Statements January 31, 2021 and 2020

Note 1 – 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. B.E.O.F. was established to assist low income individuals in the Bayonne, New Jersey area. B.E.O.F. 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.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of B.E.O.F. 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.

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires or is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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 and disclosures. Actual results could differ from those estimates.

Income Taxes

B.E.O.F. 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.

Public Support and Revenue

Grants and other contributions of cash and other assets are reported as net assets with or without donor restrictions depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions with no restrictions are recorded as net assets without donor restrictions when received. Contributions of securities or real property are recorded at fair market value at the date of contribution.

BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

Notes to Financial Statements (Continued)

January 31, 2021 and 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Federal, State and Other Financial Assistance

B.E.O.F. records grant revenues over the period of the award and the provisions of the grant determine the timing of revenue recognition. B.E.O.F. accounts for grant revenue as exchange transactions. Accordingly, revenue is not recognized until conditions on which they depend have been met and expenses are recognized as incurred.

Donated Services and In-Kind Contributions

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, B.E.O.F. has many individuals who volunteer their time and perform a variety of tasks that assist B.E.O.F. in their community service programs but do not meet the criteria for recognition as contributed services. For the years ended January 31, 2021 and 2020, B.E.O.F. received 14,182 and 12,794 volunteer hours, with a fair market value of \$124,049 and \$110,762, respectively.

Deferred Revenue

Deferred revenue is recognized when cash advances exceed revenues earned against such advances. A portion of B.E.O.F.'s revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when B.E.O.F. has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. At January 31, 2021 and 2020, B.E.O.F. received a portion of the Preschool Education Aid program that had not been recognized as revenue because qualifying expenditures were not yet been incurred. This resulted in advance payments of \$26,546 and \$48,679 recognized in the statement of financial position as deferred revenue for both years respectively.

Functional Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statements of activities. The statements of functional expense present the natural classification detail of expense by function. Accordingly, certain costs are allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, travel, depreciation, insurance, materials, supplies and other, which are allocated on the basis of estimates of time and effort.

Fair Value of Financial Instruments

Financial instruments include cash, investments, 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.

Note 2 – Summary of Significant Accounting Policies (Continued)

Property and Equipment and Depreciation

Property and equipment, including those under the Head Start program, are capitalized at cost if purchased, fair value if donated, individually or in the aggregate of \$5,000. B.E.O.F. reports gifts of land, buildings and equipment as net assets without donor restrictions 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 is provided on a straight-line basis over the estimated useful lives of assets as follows:

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

Depreciation expense for the years ended January 31, 2021 and 2020 was \$32,450 and \$38,645, respectively.

Reclassifications

The financial statements for 2020 have been reclassified to conform with the 2021 presentation. Such reclassifications had no effect on changes in net assets.

Note 3 – Investments

The following summarizes the relationship between the market value and cost of investments in the 457(b) plan at January 31, 2021 and 2020:

	2021		2020	
	Cost	Market	Cost	Market
Separate investment accounts	\$ 45,000	\$ 55,419	\$ 15,000	\$ 16,619

Note 4 – Grants Receivable

Grants receivable by program at January 31, 2021 and 2020 consisted of the following:

	2021	2020
Head Start	\$ 378	\$ 14,751
Weatherization / energy assistance		
Weatherization Assistance - LIHEAP	11,878	49,132
Universal service fund	4,224	6,469
Community service		
Homeless food and shelter	-	3,006
Fair housing	5,960	7,914
Nutrition program	47,391	47,931
COVID-19 consulting service	10,594	-
COVID-19 rental	10,933	-
Homelessness prevention and rapid re-housing	4,400	10,093
Transportation	5,843	3,404
Security	-	2,899
Management and general		
Community services block grant	<u>42,063</u>	<u>59,646</u>
Totals	<u>\$ 143,664</u>	<u>\$ 205,245</u>

Note 5 – Property and Equipment

Property and equipment at January 31, 2021 and 2020 consisted of the following:

	2021	2020
Land	\$ 15,119	\$ 15,119
Building and improvements	574,934	574,934
Machinery and equipment	836,801	836,801
Office equipment and computers	86,935	86,935
Vehicles	354,078	354,078
Construction in progress	<u>184,200</u>	<u>184,200</u>
	2,052,067	2,052,067
Less accumulated depreciation	<u>1,538,561</u>	<u>1,506,111</u>
Net property and equipment	<u>\$ 513,506</u>	<u>\$ 545,956</u>

Note 6 – In-Kind Contributions

B.E.O.F. received donated space, professional and education services, and other miscellaneous items utilized in the Head Start and community service programs. The in-kind contributions are recorded at the estimated fair value. Total in-kind contributions for the years ended January 31, 2021 and 2020 are as follows:

	2021	2020
Rent	\$ 620,083	\$ 667,000
Education and professional services	44,439	178,931
Gifts, clothes and other items	<u>487,581</u>	<u>522,393</u>
 Totals	 <u>\$ 1,152,103</u>	 <u>\$ 1,368,324</u>

Note 7 – Line of Credit

B.E.O.F. has a line of credit in the amount of \$300,000 expiring November 1, 2022. The line of credit has an interest rate of 3.25%. The outstanding balance on the line of credit was \$83,925 and \$0 for the year ended January 31, 2021 and 2020.

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. B.E.O.F. had no uninsured bank balances at January 31, 2021 and 2020.

Note 9 – Retirement Plans

B.E.O.F. 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 B.E.O.F. 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, 2021 and 2020.

Note 10 – Deferred Compensation

B.E.O.F. has one nonqualified deferred compensation plan for a certain key employee. Amounts accrued under the plan are \$30,000 and \$15,000 as of January 31, 2021 and 2020, respectively, and are included in the accompanying statements of financial position as a component of accounts payable.

Note 11 – Fair Value Measurement

For financial assets and liabilities measured at fair value on a recurring basis, fair value is the price B.E.O.F. would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date.

Observable inputs reflect market data obtained from independent sources, while observable inputs reflect our market assumptions. Preference is given to observable inputs. These three types of inputs create the following fair value hierarchy:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement dates.

Level 2 – unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.

Level 3 – unobservable inputs which reflect the reporting entity's own assumptions on what assumptions the market participants would use in pricing the asset or liability based on the best available information.

The following tables present the assets and liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy.

	2021	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
Separate investment accounts	\$ 55,419	\$ -	\$ 55,419	\$ -

	2020	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
Separate investment accounts	\$ 16,619	\$ -	\$ 16,619	\$ -

Note 12 – Related Party Transactions

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 B.E.O.F. This lease can be terminated upon six months written notice to the landlord, or in the event B.E.O.F. no longer legally exists. This transaction was not consummated on terms equivalent to those that prevail in arm's-length transactions. The estimated fair market value of the use of the facilities is approximately \$303,000 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 B.E.O.F. for vehicles, the estimated fair market value of the shared service agreement is \$15,000.

B.E.O.F. has an agreement with the City of Bayonne to provide administrative services in connection with administering the City's CDBG program. Revenues in the amount of \$220,000 and \$238,333 were recorded for the years ended January 31, 2021 and 2020, respectively. There was no receivable for the agreement at January 31, 2021 and 2020. During the year ended January 31, 2021, there were additional agreements as a result of the COVID-19 pandemic. Revenues in the amount of \$172,608 and \$-0- were recorded for the years ended January 31, 2021 and 2020, respectively. Receivables for the agreements were \$21,527 and \$-0- at January 31, 2021 and 2020, respectively.

On March 15, 2017, the City of Bayonne purchased property at 15-17 Howard Place and 237-249 Avenue for use by B.E.O.F. The cost of the purchase of the property will be offset by the purchase, sale and redevelopment of three properties currently in use by B.E.O.F. Plans for renovation and grants to cover the cost of the renovation are in the process.

Note 13 – Tax Filing Compliance

B.E.O.F. was in compliance with applicable federal and state regulations as of January 31, 2021 and 2020 relative to the remitting of employee withholding taxes and filing of payroll tax returns and all other annual regulatory information filings.

Note 14 – Commitments and Contingencies

B.E.O.F. 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 B.E.O.F.'s 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 B.E.O.F. 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.

B.E.O.F. is involved in various litigation in the normal course of business. B.E.O.F.'s legal advisors are defending B.E.O.F.'s positions. In the opinion of management, any losses that may occur would not be material to the financial statements.

Note 15 – Liquidity and Availability

The following table reflects B.E.O.F.’s financial assets at January 31, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor restrictions. All the net assets with donor restrictions are expected to be used for general expenditure within one year.

	2021	2020
Cash	\$ 158,726	\$ 67,829
Investments	55,419	16,619
Grants receivable	<u>143,664</u>	<u>205,245</u>
	357,809	289,693
Net assets with donor restrictions	<u>(277,315)</u>	<u>(225,144)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 80,494</u>	<u>\$ 64,549</u>

Note 16 – Net Assets

Components of net assets at January 31 are as follows:

	2021	2020
Without donor restrictions – Available for general operation of the Organization	<u>\$ 320,869</u>	<u>\$ 380,958</u>
With donor restrictions:		
Renovations to Holy Family Facility	\$ 265,369	\$ 200,000
Temporary Shelter Assistance	11,946	15,195
To be used for Nutrition Services	<u>-</u>	<u>9,949</u>
Total Net Assets with Donor Restrictions	<u>\$ 277,315</u>	<u>\$ 225,144</u>

Note 17 – Risks and Uncertainties

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risk to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. This pandemic has adversely affected global economic activity and greatly contributed to significant deterioration and instability in financial markets. As a result, the related financial impact and duration cannot be reasonably estimated at this time.

Note 18 – Subsequent Events

Subsequent events have been evaluated by management through July 14, 2021, the date these financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

**SCHEDULES OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JANUARY 31, 2021**

BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

Schedule of Expenditures of Federal Awards

Year Ended January 31, 2021

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through ID Number	Grant Period	Expenditures
US Department of Agriculture				
Child and Adult Care Food Program	10.558	17-106	10/1/19 - 9/30/20	\$ 22,882
Child and Adult Care Food Program	10.558	17-106	10/1/20 - 9/30/21	3,443
Total US Department of Agriculture				26,325
US Department of Health and Human Services				
Head Start Program	93.600	02CH010323-05-02	2/1/19 - 1/31/20	1,642,390
Head Start Program(COVID-19)	93.600	02CH010323-05-02	2/1/19 - 1/31/20	137,094
				1,779,484
Passed-through State of NJ Department of Community Affairs				
Low-Income Home Energy Assistance (LIHEAP)	93.568	2020-05131-0202-01	10/1/19 - 9/30/20	103,220
Low-Income Home Energy Assistance (LIHEAP)	93.568	2020-05141-0289-00	10/1/19 - 9/30/20	66,581
Low-Income Home Energy Assistance (LIHEAP)	93.568	2021-05131-0028-00	10/1/20 - 9/30/21	5,615
				175,416
CSBG - Non-Discretionary	93.569	2020-05235-0146-04	10/1/19 - 9/30/20	116,122
CSBG - Non-Discretionary	93.569	2020-05205-0313-01	10/1/19 - 9/30/20	30,377
CSBG - Non-Discretionary	93.569	2019-05136-0634-02	5/1/20 - 9/30/20	51,850
CSBG - Non-Discretionary	93.569	2021-052350-0089-00	10/1/20 - 9/30/2021	75,818
				274,167
Subtotal Passed-through State of NJ Department of Community Affairs				449,583
Passed-through County of Hudson Department of Health and Human Services				
City of Bayonne, New Jersey				
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	CY20-052	1/1/20 - 12/31/20	427,167
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	CY20-000	1/1/21 - 12/31/21	37,931
Subtotal Passed-through County of Hudson Dept of Health and Human Services				465,098
Total US Department of Health and Human Services				2,694,165

See notes to schedules of expenditures of federal awards and state financial assistance

BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

Schedule of Expenditures of Federal Awards (Continued)

Year Ended January 31, 2021

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through ID Number	Grant Period	Expenditures
US Department of Homeland Security				
Passed-through United Way of Hudson County, New Jersey				
Emergency Food and Shelter National Program	97.024	Phase 37	3/1/20 - 2/28/21	\$ 685
Emergency Food and Shelter National Program	97.024	Phase COVID	1/1/20 - 12/31/20	1,750
Total US Department of Homeland Security				<u><u>2,435</u></u>
US Department of Housing and Urban Development				
Passed-through State of NJ Department of Community Affairs				
Homelessness Prevention & Rapid Re-Housing 2 (HPRP)	14.231	2019-02156-0359-03	12/1/18 - 6/30/22	118,025
Homelessness Prevention & Rapid Re-Housing 2 (HPRP)	14.231	2019-02156-0359-05	9/1/20 - 6/30/21	26,400
				<u><u>144,425</u></u>
Passed-through City of Bayonne, New Jersey				
Community Development Block Grant (CDBG)				
Senior Citizen Transportation Program				
Insurance Costs	14.220	CY19-075	9/1/19 - 8/31/20	3,361
Insurance Costs	14.220	CY20-061	9/1/20 - 8/31/21	2,340
Community Development Block Grant (CDBG)	14.220	CY20-000	9/1/20 - 8/31/21	2,807
Community Development Block Grant (CDBG)	14.220	CY20-090	7/1/20 - 8/31/21	5,909
Community Development Block Grant (CDBG)	14.220	CY20-081	9/1/20 - 8/31/21	121,516
				<u><u>135,933</u></u>
Salaries and Fringe Benefits of Bus Drivers	14.219	CY18-072	9/1/18 - 4/30/20	4,149
Salaries and Fringe Benefits of Bus Drivers	14.219	CY20-063	9/1/18 - 4/30/20	18,569
Security Guards	14.219	CY19-076	9/1/19 - 8/31/20	4,556
				<u><u>27,274</u></u>
Fair Housing Counseling Services	14.218	CY19-072	9/1/19 - 8/31/20	41,484
Fair Housing Counseling Services	14.218	CY20-058	9/1/20 - 8/31/21	34,545
				<u><u>76,029</u></u>
Total US Department of Housing and Urban Development				<u><u>383,661</u></u>
Total Federal Awards				<u><u>\$ 3,106,586</u></u>

See notes to schedules of expenditures of federal awards and state financial assistance

BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

Schedule of Expenditures of State Financial Assistance

Year Ended January 31, 2021

<u>State Grantor/Pass-through Grantor/Program Title</u>	<u>Grant or State Project Number</u>	<u>Grant Period</u>	<u>Expenditures</u>	<u>Cumulative Expenditures</u>
County of Hudson Department of Health and Human Services				
Social Services Block Grant				
Social Services for the Homeless - Prevention	SH19009	1/1/20 - 12/31/20	\$ 54,560	\$ 55,000
Social Services for the Homeless - Prevention	SH19009-BE	1/1/20 - 12/31/20	5,000	5,000
Total County of Hudson Department of Health and Human Services			59,560	60,000
State of New Jersey Department of Community Affairs				
Universal Service Fund (USF)	2020-05133-0030	7/1/19 - 6/30/20	28,769	64,923
Universal Service Fund (USF)	2021-05133-0002-00	7/1/20 - 6/30/21	43,432	43,432
			72,201	108,355
Homelessness Prevention & Rapid Re-Housing 2 (HPRP)	2019-02156-0359-03	12/1/18 - 6/30/22	4,102	17,535
Total State of New Jersey Department of Community Affairs			76,303	125,890
State of New Jersey Department of Education				
Passed-through Bayonne Board of Education				
Preschool Education Aid (PEA)	Resolution B14	8/1/19 - 7/31/20	119,964	237,572
Preschool Education Aid (PEA)	Resolution B14	8/1/20 - 7/31/21	95,021	95,021
			214,985	332,593
Total State Financial Assistance			\$ 350,848	\$ 518,483

See notes to schedules of expenditures of federal awards and state financial assistance

BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

Notes to Schedules of Federal Awards and State Financial Assistance January 31, 2021

Note 1 – General

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all federal and state awards programs of 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 expenditures of federal awards and state financial assistance are presented using the accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08-OMB *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Bayonne Economic Opportunity Foundation has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 – Relationship to the Financial Statements

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

Note 4 – Relationship to Federal and State Financial Reports

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

Note 5 – Subrecipients

There were no subrecipients for any grant during the fiscal year 2021.



July 14, 2021

Board of Trustees
Bayonne Economic Opportunity Foundation
Bayonne, New Jersey

Independent Auditor's 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

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 Bayonne Economic Opportunity Foundation (a nonprofit organization), which comprise the statement of financial position as of January 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 14, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bayonne Economic Opportunity Foundation's internal control over financial reporting (internal control) as a basis for designing 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 Bayonne Economic Opportunity Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of Bayonne Economic Opportunity Foundation'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 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.

Hill, Barth & King LLC

Certified Public Accountants



July 14, 2021

Board of Trustees
Bayonne Economic Opportunity Foundation
Bayonne, New Jersey

Independent Auditor's Report on Compliance for Each Major Program and
on Internal Control over Compliance Required by the Uniform Guidance

Report on Compliance for Each Major Federal Program

We have audited Bayonne Economic Opportunity Foundation's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Bayonne Economic Opportunity Foundation's major federal program for the year ended January 31, 2021. Bayonne Economic Opportunity Foundation's major federal program is 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Bayonne Economic Opportunity Foundation's major federal program 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 the major federal program. However, our audit does not provide a legal determination of Bayonne Economic Opportunity Foundation's compliance.

Opinion on Major Federal Program

In our opinion, Bayonne Economic Opportunity Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended January 31, 2021.

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 a 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.

Hill, Barth & King LLC

Certified Public Accountants

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JANUARY 31, 2021**

BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

Schedule of Findings and Questioned Costs Year Ended January 31, 2021

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued	<u>Unmodified</u>	
Internal control over financial reporting:		
• Material weakness (es) identified?	<u>Yes</u>	<u>X</u> No
• Significant deficiencies identified?	<u>Yes</u>	<u>X</u> No
Noncompliance material to financial statements noted?	<u>Yes</u>	<u>X</u> No

Federal Awards

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

Internal control over compliance:

• Material weakness (es) identified?	<u>Yes</u>	<u>X</u> No
• Significant deficiencies identified?	<u>Yes</u>	<u>X</u> 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:

CFDA Number (s)

93.600

Name of Federal Program

U.S. Department of Health and Human Services:

Head Start

BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

Schedule of Findings and Questioned Costs (Continued)

Year Ended January 31, 2021

Section II – Schedule of Financial Statement Findings

This section identified the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse related to the financial statements that are required to be reported in accordance with 2 CFR section 200.515(d)(2) of Uniform Guidance and Chapter 4 of *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

Year Ended January 31, 2021

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

NONE