

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

BAYONNE ECONOMIC OPPORTUNITY  
FOUNDATION

January 31, 2022 and 2021



# BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

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June 21, 2022

Board of Trustees  
Bayonne Economic Opportunity Foundation  
Bayonne, New Jersey

Independent Auditor's Report

**Report on the Audit of the Financial Statements**

**Opinion**

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, 2022 and 2021 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Bayonne Economic Opportunity Foundation as of January 31, 2022 and 2021, 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.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bayonne Economic Opportunity Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bayonne Economic Opportunity Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtaining an understanding of internal control relevant to the audit 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 Bayonne Economic Opportunity Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bayonne Economic Opportunity Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and State of New Jersey OMB Circular 15-08-OMB* is presented for additional analysis, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the 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 schedule of expenditure of federal awards and state financial assistance 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 21, 2022, 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 the 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.

*Hill, Barth & King LLC*

Certified Public Accountants

**BAYONNE ECONOMIC OPPORTUNITY FOUNDATION****Statements of Financial Position  
January 31, 2022 and 2021**

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	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Cash	\$ 1,373,933	\$ 158,726
Investments	82,168	55,419
Grants receivable	179,242	143,664
Prepaid expenses	18,662	25,464
Property and equipment - net	<u>731,968</u>	<u>513,506</u>
<b>Total Assets</b>	<u>\$ 2,385,973</u>	<u>\$ 896,779</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Line of credit	\$ 152,925	\$ 83,925
Accounts payable	63,102	88,338
Accrued expenses	60,592	44,367
Deferred revenue	1,110,879	26,546
457B plan deferred compensation liability	<u>82,168</u>	<u>55,419</u>
<b>Total Liabilities</b>	<u>1,469,666</u>	<u>298,595</u>
<b>Net Assets</b>		
Without donor restrictions	525,938	320,869
With donor restrictions	<u>390,369</u>	<u>277,315</u>
<b>Total Net Assets</b>	<u>916,307</u>	<u>598,184</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 2,385,973</u>	<u>\$ 896,779</u>

See accompanying notes to financial statements

**BAYONNE ECONOMIC OPPORTUNITY FOUNDATION**

**Statements of Activities  
Years Ended January 31, 2022 and 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues</b>						
Grant income	\$ -	\$ 3,829,614	\$ 3,829,614	\$ -	\$ 3,475,801	\$ 3,475,801
Contributions	11,674	125,000	136,674	112,560	80,000	192,560
In-kind income	-	1,106,418	1,106,418	-	1,152,103	1,152,103
Program income	262,555	-	262,555	264,187	-	264,187
Special event revenue	10,385	-	10,385	40	-	40
Less: Direct benefit cost	-	-	-	(2,201)	-	(2,201)
Other income	151,199	-	151,199	53,681	-	53,681
Net assets released from restrictions - satisfaction of program restrictions	4,947,978	(4,947,978)	-	4,655,733	(4,655,733)	-
<b>Total Revenues</b>	<b>5,383,791</b>	<b>113,054</b>	<b>5,496,845</b>	<b>5,084,000</b>	<b>52,171</b>	<b>5,136,171</b>
<b>Expenses</b>						
Program services:						
Head Start	2,127,151	-	2,127,151	2,221,787	-	2,221,787
Weatherization/Energy Assistance	136,039	-	136,039	186,106	-	186,106
Community Service	1,764,068	-	1,764,068	1,628,421	-	1,628,421
<b>Total Program Services</b>	<b>4,027,258</b>	<b>-</b>	<b>4,027,258</b>	<b>4,036,314</b>	<b>-</b>	<b>4,036,314</b>
Supporting services:						
Management and general	1,143,886	-	1,143,886	1,091,019	-	1,091,019
Fundraising	7,578	-	7,578	16,756	-	16,756
<b>Total Supporting Services</b>	<b>1,151,464</b>	<b>-</b>	<b>1,151,464</b>	<b>1,107,775</b>	<b>-</b>	<b>1,107,775</b>
<b>Total Expenses</b>	<b>5,178,722</b>	<b>-</b>	<b>5,178,722</b>	<b>5,144,089</b>	<b>-</b>	<b>5,144,089</b>
Changes in Net Assets	205,069	113,054	318,123	(60,089)	52,171	(7,918)
<b>Net Assets - Beginning of Year</b>	<b>320,869</b>	<b>277,315</b>	<b>598,184</b>	<b>380,958</b>	<b>225,144</b>	<b>606,102</b>
<b>Net Assets - End of Year</b>	<b>\$ 525,938</b>	<b>\$ 390,369</b>	<b>\$ 916,307</b>	<b>\$ 320,869</b>	<b>\$ 277,315</b>	<b>\$ 598,184</b>

See accompanying notes to financial statements

**BAYONNE ECONOMIC OPPORTUNITY FOUNDATION**

**Statements of Functional Expenses  
Year Ended January 31, 2022**

	<u>Program Services</u>				<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>Head Start</u>	<u>Weatherization/ Energy Assistance</u>	<u>Community Service</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	
Salaries and wages	\$ 1,077,618	\$ 91,867	\$ 377,573	\$ 1,547,058	\$ 784,342	\$ 1,634	\$ 785,976	\$ 2,333,034
Fringe benefits and payroll taxes	335,879	37,473	118,249	491,601	199,506	354	199,860	691,461
Materials, supplies and consumables	98,123	1,839	135,926	235,888	16,763	205	16,968	252,856
Occupancy	127,443	556	4,541	132,540	10,979	-	10,979	143,519
In-kind costs	259,010	-	799,669	1,058,679	47,738	-	47,738	1,106,417
Other	89,899	3,168	157,882	250,949	30,754	5,385	36,139	287,088
Insurance	39,365	1,136	34,903	75,404	7,382	-	7,382	82,786
Consultants and professional fees	90,236	-	113,273	203,509	40,909	-	40,909	244,418
Travel	-	-	4,661	4,661	63	-	63	4,724
Depreciation	9,578	-	17,391	26,969	5,450	-	5,450	32,419
<b>Total Functional Expenses</b>	<b>\$ 2,127,151</b>	<b>\$ 136,039</b>	<b>\$ 1,764,068</b>	<b>\$ 4,027,258</b>	<b>\$ 1,143,886</b>	<b>\$ 7,578</b>	<b>\$ 1,151,464</b>	<b>\$ 5,178,722</b>

See accompanying notes to financial statements

**BAYONNE ECONOMIC OPPORTUNITY FOUNDATION**

**Statements of Functional Expenses (Continued)**  
**Year Ended January 31, 2021**

	<b>Program Services</b>				<b>Supporting Services</b>			<b>Total Expenses</b>
	<b>Head Start</b>	<b>Weatherization/ Energy</b>	<b>Community Service</b>	<b>Total</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>	
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
	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
<b>Total Functional Expenses</b>	<b>\$ 2,221,787</b>	<b>\$ 186,106</b>	<b>\$ 1,628,421</b>	<b>\$ 4,036,314</b>	<b>\$ 1,091,019</b>	<b>\$ 18,957</b>	<b>\$ 1,109,976</b>	<b>\$ 5,146,290</b>

See accompanying notes to financial statements

**BAYONNE ECONOMIC OPPORTUNITY FOUNDATION****Statements of Cash Flows  
Years Ended January 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Cash Flows From Operating Activities</b>		
Changes in net assets	\$ 318,123	\$ (7,918)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	32,419	32,450
Unrealized gain on investments	(11,749)	(8,800)
(Increase) decrease in assets:		
Grants receivable	(35,578)	61,581
Prepaid expenses	6,801	(18,496)
Increase (decrease) in liabilities:		
Accounts payable	(25,236)	(55,154)
Accrued expenses	16,225	23
Deferred revenue	1,084,333	(22,133)
457B plan deferred compensation liability	26,749	55,419
<b>Net Cash Provided by Operating Activities</b>	<u>1,412,087</u>	<u>36,972</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of fixed assets	(250,880)	-
Purchase of investments	(15,000)	(30,000)
<b>Net Cash Used in Investing Activities</b>	<u>(265,880)</u>	<u>(30,000)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from line of credit	317,000	249,925
Payments on line of credit	(248,000)	(166,000)
<b>Net Cash Provided by Financing Activities</b>	<u>69,000</u>	<u>83,925</u>
<b>Net Increase in Cash</b>	1,215,207	90,897
<b>Cash - Beginning of Year</b>	<u>158,726</u>	<u>67,829</u>
<b>Cash - End of Year</b>	<u>\$ 1,373,933</u>	<u>\$ 158,726</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid during the year for:		
Interest	<u>\$ 4,994</u>	<u>\$ 249</u>

See accompanying notes to financial statements

# **BAYONNE ECONOMIC OPPORTUNITY FOUNDATION**

## **Notes to Financial Statements January 31, 2022 and 2021**

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### **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, 2022 and 2021**

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### **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, 2022 and 2021, B.E.O.F. received 22,841 and 14,182 volunteer hours, with a fair market value of \$357,941 and \$124,049, 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, 2022 and 2021, 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. In addition, at January 31, 2022, B.E.O.F. received a portion of the Head Start funding for its building renovations that had not been recognized as revenues because qualifying expenditures were not yet incurred. This resulted in total advance payments of \$1,110,879 and \$26,546 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.

## BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

### Notes to Financial Statements (Continued) January 31, 2022 and 2021

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#### Note 2 – Summary of Significant Accounting Policies (Continued)

##### Property and Equipment

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
Vehicles	5 – 7 years

Depreciation expense for the years ended January 31, 2022 and 2021 was \$32,419 and \$32,450, respectively.

#### Note 3 – Investments

The following summarizes the relationship between the market value and cost of investments in the 457(b) plan at January 31, 2022 and 2021:

	2022		2021	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Separate investment accounts	\$ <u>60,000</u>	\$ <u>82,168</u>	\$ <u>45,000</u>	\$ <u>55,419</u>

## BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

### Notes to Financial Statements (Continued) January 31, 2022 and 2021

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#### Note 4 – Grants Receivable

Grants receivable by program at January 31, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Head Start	\$ -	\$ 378
Weatherization / energy assistance:		
Weatherization Assistance - LIHEAP	16,433	11,878
Universal service fund	5,783	4,224
Community service:		
Homeless food and shelter	14,824	-
Fair housing	6,283	5,960
Nutrition program	47,391	47,391
COVID-19 consulting service	6,276	10,594
COVID-19 rental	-	10,933
Homelessness prevention and rapid re-housing	-	4,400
Transportation	4,026	5,843
Security	863	-
Management and general:		
Community services block grant	<u>77,363</u>	<u>42,063</u>
Totals	<u>\$ 179,242</u>	<u>\$ 143,664</u>

#### Note 5 – Property and Equipment

Property and equipment at January 31, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
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>435,080</u>	<u>184,200</u>
	2,302,947	2,052,067
Less accumulated depreciation	<u>1,570,979</u>	<u>1,538,561</u>
Net property and equipment	<u>\$ 731,968</u>	<u>\$ 513,506</u>

## BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

### Notes to Financial Statements (Continued) January 31, 2022 and 2021

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#### 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, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Rent	\$ 558,599	\$ 620,083
Education and professional services	47,595	44,439
Gifts, clothes and other items	<u>500,224</u>	<u>487,581</u>
Totals	<u>\$ 1,106,418</u>	<u>\$ 1,152,103</u>

#### Note 7 – Line of Credit

B.E.O.F. has an unsecured 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 \$153,389 and \$83,925 for the years ended January 31, 2022 and 2021.

#### 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 uninsured bank balances of \$1,165,787 and \$ 0 at January 31, 2022 and 2021, respectively.

#### 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. The discretionary contributions charged to operations under the plan for the years ended January 31, 2022 and 2021 were \$15,000 and \$-0-, respectively.

#### 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 \$15,000 and \$30,000 as of January 31, 2022 and 2021, respectively, and are included in the accompanying statements of financial position as a component of accounts payable.

**BAYONNE ECONOMIC OPPORTUNITY FOUNDATION**

**Notes to Financial Statements (Continued)**  
**January 31, 2022 and 2021**

**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.

	<u>2022</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(level 3)</u>
Separate investment accounts	\$ <u>82,168</u>	\$ <u>-</u>	\$ <u>82,168</u>	\$ <u>-</u>

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

## **BAYONNE ECONOMIC OPPORTUNITY FOUNDATION**

### **Notes to Financial Statements (Continued) January 31, 2022 and 2021**

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#### **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 8<sup>th</sup> 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 at January 31, 2022 and 2021.

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 were recorded each year for the years ended January 31, 2022 and 2021, respectively. There was no receivable for the agreement at January 31, 2022 and 2021. During the year ended January 31, 2022, there were additional agreements as a result of the COVID-19 pandemic. Revenues in the amount of \$93,642 and \$172,608 were recorded for the years ended January 31, 2022 and 2021, respectively. Receivables for the agreements were \$6,276 and \$21,527 at January 31, 2022 and 2021, 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, 2022 and 2021 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.

## BAYONNE ECONOMIC OPPORTUNITY FOUNDATION

### Notes to Financial Statements (Continued) January 31, 2022 and 2021

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#### Note 15 – Liquidity and Availability

The following table reflects B.E.O.F.’s financial assets at January 31, 2022 and 2021, 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.

	<u>2022</u>	<u>2021</u>
Cash	\$ 1,373,933	\$ 158,726
Investments	82,168	55,419
Grants receivable	<u>179,242</u>	<u>143,664</u>
	1,635,343	357,809
Net assets with donor restrictions	<u>(390,369)</u>	<u>(277,315)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,244,974</u>	<u>\$ 80,494</u>

#### Note 16 – Net Assets

Components of net assets at January 31 are as follows:

	<u>2022</u>	<u>2021</u>
Without donor restrictions – Available for general operation of the Organization	<u>\$ 525,938</u>	<u>\$ 320,869</u>
With donor restrictions:		
Renovations to Holy Family Facility	\$ 390,369	\$ 265,369
Temporary Shelter Assistance	<u>-</u>	<u>11,946</u>
Total Net Assets with Donor Restrictions	<u>\$ 390,369</u>	<u>\$ 277,315</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.

**BAYONNE ECONOMIC OPPORTUNITY FOUNDATION**

**Notes to Financial Statements (Continued)**  
**January 31, 2022 and 2021**

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**Note 18 – Subsequent Events**

Management has evaluated all activity of Bayonne Economic Opportunity Foundation through June 21, 2022, 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 or notes.

**BAYONNE ECONOMIC OPPORTUNITY FOUNDATION**

**Schedule of Expenditures of Federal Awards  
Year Ended January 31, 2022**

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Pass-through ID Number	Grant Period	Expenditures
<b>US Department of Agriculture</b>				
Child and Adult Care Food Program	10.558	17-106	10/1/20 - 9/30/21	\$ 30,378
Child and Adult Care Food Program	10.558	17-106	10/1/21 - 9/30/22	34,523
<b>Total US Department of Agriculture</b>				64,901
<b>US Department of Health and Human Services</b>				
Head Start Program	93.600	02CH010323-05-03	9/1/20-6/30/21	258,055
Head Start Program	93.600	02CH011900-01-02	2/1/21-1/31/22	1,662,195
Head Start Program	93.600	02HE000078-01-00	5/1/21-3/31/23	19,022
Head Start Program (COVID-19)	93.600	02HE000078-01-01	5/1/21-3/31/23	66,404
				2,005,676
Passed-through State of NJ Department of Community Affairs				
Low-Income Home Energy Assistance (LIHEAP)	93.568	2020-05141-0289-00	10/1/19 - 9/30/20	17,238
Low-Income Home Energy Assistance (LIHEAP)	93.568	2022-05131-0149-00	10/1/21 - 9/30/22	54,115
Low-Income Home Energy Assistance (LIHEAP)	93.568	2021-05131-0028-00	10/1/20 - 9/30/21	98,248
				169,601
CSBG - Non-Discretionary	93.569	2020-05205-0313-01	10/1/19 - 9/30/20	56,925
CSBG - Non-Discretionary	93.569	2022-05235-0186-00	10/1/21 - 9/30/22	77,363
CSBG - Non-Discretionary	93.569	2021-052350-0089-02	10/1/20 - 9/30/2021	97,307
				231,595
Subtotal Passed-through State of NJ Department of Community Affairs				
				401,196
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	CY21-060	1/1/21 - 12/31/21	427,239
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	CY22-000	1/1/22 - 12/31/22	37,931
Subtotal Passed-through County of Hudson Department of Health and Human Services				
				465,170
<b>Total US Department of Health and Human Services</b>				2,872,042

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, 2022**

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Pass-through ID Number	Grant Period	Expenditures
<b>US Department of Homeland Security</b>				
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	\$ 2,799
Emergency Food and Shelter National Program	97.024	Phase 38	2/1/21 - 10/31/21	20,233
Emergency Food and Shelter National Program	97.024	Phase COVID	1/1/20 - 12/31/20	6,514
<b>Total US Department of Homeland Security</b>				29,546
<b>US Department of Housing and Urban Development</b>				
Passed-through State of NJ Department of Community Affairs				
Homelessness Prevention & Rapid Re-Housing 2 (HPRP)	14.231	2019-02156-0359-06	9/1/20 - 6/30/21	165,327
				165,327
Passed-through City of Bayonne, New Jersey				
Community Development Block Grant (CDBG)				
Senior Citizen Transportation Program				
Insurance Costs	14.220	CY20-061	9/1/20 - 8/31/21	2,543
Community Development Block Grant (CDBG)	14.220	CY20-081	9/1/20 - 8/31/21	71,146
Community Development Block Grant (CDBG)	14.220	CY20-090	7/1/20 - 8/31/21	4,091
Community Development Block Grant (CDBG)	14.220	CY20-083	9/1/20 - 8/31/21	22,496
				100,276
Salaries and Fringe Benefits of Bus Drivers	14.219	CY20-063	9/1/20 - 8/31/21	5,431
Security Guards	14.219	CY21-076	9/1/21 - 8/31/22	6,661
Senior Transportation Insurance	14.219	CY21-079	9/1/21 - 8/31/22	1,653
Senior Transportation Salary	14.219	CY21-080	9/1/21 - 8/31/22	7,526
				21,271
Fair Housing Counseling Services	14.218	CY20-059	9/1/20 - 8/31/21	45,237
Fair Housing Counseling Services	14.218	CY21-081	9/1/21 - 8/31/22	28,305
				73,542
<b>Total US Department of Housing and Urban Development</b>				360,416
<b>Total Federal Awards</b>				\$ 3,326,905

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, 2022**

<b>State Grantor/Pass-through Grantor/Program Title</b>	<b>Grant or State Project Number</b>	<b>Grant Period</b>	<b>Expenditures</b>	<b>Cumulative Expenditures</b>
<b>State of New Jersey Department of Community Affairs</b>				
Universal Service Fund (USF)	2022-05133-0007-00	7/1/21 - 6/30/22	\$ 26,532	\$ 26,532
Universal Service Fund (USF)	2021-05133-0002-00	7/1/20 - 6/30/21	9,014	52,496
			35,546	79,028
<b>Total State of New Jersey Department of Community Affairs</b>			35,546	79,028
<b>State of New Jersey Department of Education</b>				
Passed-through Bayonne Board of Education				
Preschool Education Aid (PEA)	Resolution B14	8/1/21 - 7/31/22	197,393	197,393
Preschool Education Aid (PEA)	Resolution B14	8/1/20 - 7/31/21	142,531	237,552
			339,924	434,945
<b>Total State Financial Assistance</b>			\$ 375,470	\$ 513,973

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 Year Ended January 31, 2022**

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#### **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 expenditures of federal awards. All state awards received directly from state agencies including awards passed through other government agencies, are included on the schedule of expenditures 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*. The schedule presents only a selected portion of the operations of the Bayonne Economic Opportunity Foundation and therefore, it is not intended to, and does not, present the financial position, changes in net assets or cash flows of Bayonne Economic Opportunity Foundation. 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 2022.



June 21, 2022

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 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, 2022, 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 June 21, 2022.

**Report on 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 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 the 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 or significant deficiencies may exist that were not identified.

**Report on 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 financial statements. 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 black ink that reads "Hill, Barth & King LLC". The signature is written in a cursive, flowing style.

Certified Public Accountants



June 21, 2022

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 and the State of New Jersey OMB Circular 15-08-OMB

**Report on Compliance for Each Major Federal and State Program**

**Opinion on Each Major Federal and State Program**

We have audited Bayonne Economic Opportunity Foundation's compliance with the types of compliance requirements identified as subject to audit in the Federal and State *OMB Compliance Supplements* that could have a direct and material effect on each of Bayonne Economic Opportunity Foundation's major federal and state programs for the year ended January 31, 2022. Bayonne Economic Opportunity Foundation's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 each of its major federal and state programs for the year ended January 31, 2022.

**Basis for Opinion on Each Major Federal Program**

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Bayonne Economic Opportunity Foundation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Bayonne Economic Opportunity Foundation's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Bayonne Economic Opportunity Foundation's federal and state programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Bayonne Economic Opportunity Foundation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Bayonne Economic Opportunity Foundation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain profession skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Bayonne Economic Opportunity Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Bayonne Economic Opportunity Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Bayonne Economic Opportunity Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the New Jersey OMB Circular 15-08-OMB. Accordingly, this report is not suitable for any other purpose.

*Hill, Barth & King LLC*

Certified Public Accountants



**BAYONNE ECONOMIC OPPORTUNITY FOUNDATION**

**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended January 31, 2022**

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**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, 2022**

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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**