

Please note: this is a combination of the financial statements of several different entities. It is to be used for discussion purposes only.

ABC Organization, Inc.

September 30, 2024

ABC Organization, Inc.
For the Year Ended September 30, 2024

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Independent Auditors' Report

Board of Directors
ABC Organization, Inc.
Flemington, New Jersey

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of ABC Organization, Inc. (a non-profit organization) which comprise the Statement of Financial Position as of September 30, 2024, and the related Statements of Activities and Changes in Net Assets, Cash Flows and Functional Expenses for the year then ended and the related Notes to the Financial Statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ABC Organization, Inc. as of September 30, 2024, and the changes in its net assets and its cash flows for the year then ended in conformity 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 ABC Organization, Inc. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, which include 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 ABC Organization, Inc. 's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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.
- Obtain 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 ABC Organization, Inc. '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 ABC Organization, Inc. '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 performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedules of Expenditures of Federal Awards and State and County Financial Assistance as required by Title 2 U.S. Code of Federal Regulation (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for the purpose of additional analysis, and are not a required part of the basic financial statements. Such information is the responsibility of Management and 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 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 Schedules of Expenditures of Federal awards and State and County Assistance are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated XXXX XX, XXX, on our consideration of ABC Organization, Inc. 's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering ABC Organization, Inc. 's internal control over financial reporting and compliance.



BKC, CPAs, PC

DATE

Woodstown, New Jersey

ABC Organization, Inc.
Statements of Financial Position
December 31, 2024

ASSETS

	2024	2023
Current assets		
Cash and cash equivalents	\$ 500,375	\$ 1,764,373
Certificate of deposit	-	107,932
Grants and contracts receivable	540,573	386,406
Prepaid expenses and prepaid insurance	8,817	37,998
Investments	37,566	33,658
Total current assets	1,087,330	2,330,367
Property and equipment, net of accumulated depreciation of \$776,120 and \$701,965, respectively	8,570,516	6,214,577
Other Non-current assets		
Other assets	20,466	32,679
Total Non-current assets	20,466	32,679
Total assets	\$ 9,678,313	\$ 8,577,623

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued liabilities	\$ 291,817	\$ 341,084
Accrued payroll	96,713	83,279
Current portion of long-term debt	624,993	846,260
Total liabilities	1,013,522	1,270,623
Net assets		
Without donor restrictions	8,594,838	7,112,659
With donor restrictions	69,953	194,340
Total net assets	8,664,791	7,306,999
Total liabilities and net assets	\$ 9,678,313	\$ 8,577,623

Current Ratio = 1.07:1

Current assets - \$1,087,330
Current liabilities - \$1,013,522

See accompanying notes to the financial statements.

ABC Organization, Inc.
Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2024

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total 2024	Without Donor Restrictions	With Donor Restrictions	Total 2023
Support and revenue						
Government grants and contracts	\$ 3,947,740	\$ -	\$ 3,947,740	\$ 3,854,715	\$ -	\$ 3,854,715
Donations and contributions	461,929	-	461,929	420,966	40,000	460,966
Contributions of non-financial assets	11,593	-	11,593	55,989	-	55,989
Program service fees	121,964	-	121,964	2,610	-	2,610
Special events, net of expenses	69,698	-	69,698	1,474	-	1,474
Net assets released from restrictions	124,387	(124,387)	-	71,473	(71,473)	-
Total support and revenue	4,737,312	(124,387)	4,612,925	4,407,226	(31,473)	4,375,753
Expenses						
Program services	3,417,414	-	3,417,414	3,384,135	-	3,384,135
Management and general	66,295	-	66,295	345,069	-	345,069
Fundraising	99,661	-	99,661	34,166	-	34,166
Total expenses	3,583,370	-	3,583,370	3,763,370	-	3,763,370
Other income (expenses)						
Proceeds from casualty loss	304,002	-	304,002	16,718	-	16,718
Investment (loss) income	24,235	-	24,235	53,685	-	53,685
Other income	1,689	-	1,689	-	-	-
Total other income (expenses)	328,237	-	328,237	70,403	-	70,403
Increase (decrease) in net assets	1,482,179	(124,387)	1,357,792	714,259	(31,473)	682,786
Net assets - beginning of year	7,112,659	194,340	7,306,999	6,398,400	225,813	6,624,213
Net assets - end of year	<u>\$ 8,594,838</u>	<u>\$ 69,953</u>	<u>\$ 8,664,791</u>	<u>\$ 7,112,659</u>	<u>\$ 194,340</u>	<u>\$ 7,306,999</u>

See accompanying notes to the financial statements.

ABC Organization, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2024

	Program Services	Management and General	Fundraising	Totals
Salaries and wages	\$ 1,989,515	\$ 12,916	\$ 2,153	\$ 2,004,584
Payroll taxes	171,381	1,898	316	173,595
Health benefits	150,381	27,989	4,664	183,034
Pension and workers compensation insurance	60,593	3,935	656	65,184
Rent	104,209	998	166	105,373
Utilities	49,969	282	47	50,298
Services and supplies	4,659	-	-	4,659
Insurance general liability	61,696	659	528	62,883
Repairs and maintenance	10,080	100	17	10,197
Equipment rental	5,856	-	-	5,856
Professional fees	498,543	13,258	85,414	597,215
Telephone	15,676	17	3	15,696
Advertising and printing	8,383	642	3,940	12,965
Training and development fees	6,480	62	91	6,633
Bank and investment fees	3,136	438	80	3,654
Dues and subscriptions	23,119	2,252	793	26,164
Vehicle expense	3,269	10	2	3,281
Direct support to clients	9,970	1,391	232	11,593
Insurance	11,085	288	128	11,501
Travel	5,685	(869)	155	4,971
Office supplies and equipment	7,615	2	-	7,617
Supplies	10,017	-	150	10,167
Client assistance	128,496	-	-	128,496
Miscellaneous	3,441	27	126	3,594
Depreciation	74,155	-	-	74,155
Total functional expenses	<u>\$ 3,417,414</u>	<u>\$ 66,295</u>	<u>\$ 99,661</u>	<u>\$ 3,583,370</u>
	95%	2%	3%	100%

See accompanying notes to the financial statements.

ABC Organization, Inc.
Statement of Functional Expenses (continued)
For the Year Ended December 31, 2023

	Program Services	Management and General	Fundraising	Totals
Salaries and wages	\$ 1,930,499	\$ 21,803	\$ 16,527	\$ 1,968,829
Payroll taxes	169,020	3,075	1,715	173,810
Health benefits	212,592	2,924	478	215,994
Pension and workers compensation insurance	62,703	4,259	969	67,931
Rent	167,813	3,531	589	171,933
Utilities	31,712	253	39	32,004
Services and supplies	27,549	69	12	27,630
Insurance general liability	79,276	3,552	592	83,420
Repairs and maintenance	30,626	1,319	220	32,165
Equipment rental	5,324	-	-	5,324
Professional fees	325,208	292,920	-	618,128
Telephone	18,711	212	35	18,958
Advertising and printing	17,210	1,748	10,832	29,790
Training and development fees	1,381	59	10	1,450
Bank and investment fees	2,023	282	290	2,595
Dues and subscriptions	37,326	2,484	338	40,148
Vehicle expense	1,077	8	1	1,086
Direct support to clients	55,989	-	-	55,989
Insurance	13,188	274	46	13,508
Travel	9,982	1,244	231	11,457
Office supplies and equipment	53,593	2,716	648	56,957
Program supplies	8,769	298	204	9,271
Client assistance	26,056	1,032	222	27,310
Miscellaneous	7,429	1,007	168	8,604
Depreciation and amortization	89,081	-	-	89,081
Total functional expenses	<u>\$ 3,384,135</u>	<u>\$ 345,069</u>	<u>\$ 34,166</u>	<u>\$ 3,763,370</u>
	90%	9%	1%	100%

See accompanying notes to the financial statements.

ABC Organization, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2024

	2024	2023
Cash flows from operating activities		
Change in net assets	\$ 1,357,792	\$ 682,786
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Interest income on certificate of deposit	107,932	(803)
Depreciation	74,155	89,081
Investment income (expenses), net	(542)	(4,391)
Realized and unrealized gain (loss) on investments	(3,366)	(36,378)
(Increase) decrease in assets		
Grants and contracts receivable	(154,167)	224,109
Pledges receivable	-	4,000
Prepaid expenses and prepaid insurance	29,181	(22,599)
Other assets	12,213	(368)
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	(49,269)	266,926
Accrued payroll	13,433	10,895
Net cash provided by operating activities	1,387,364	1,213,258
Cash flows from investing activities:		
Acquisition of property and equipment	(2,495,095)	(2,451,110)
Proceeds from sale of investments	65,000	344,036
Net cash used in investing activities	(2,430,095)	(2,107,074)
Cash flows from financing activities:		
Principal payments on long-term debt	(221,267)	-
Proceeds from long-term debt	-	521,261
Net cash (used in) provided by financing activities	(221,267)	521,261
Net (decrease) increase in cash and cash equivalents	(1,263,998)	(372,555)
Cash and cash equivalents - beginning of year	1,764,373	2,136,928
Cash and cash equivalents - end of year	\$ 500,375	\$ 1,764,373
Supplemental disclosure of cash flow information		
Net cash paid for interest	\$ 59,834	\$ 43,064

See accompanying notes to the financial statements.

ABC Organization, Inc.
Notes to the Financial Statements

Note 1 - Organization and summary of significant accounting policies

Nature of organization

ABC Organization, Inc. (ABC), located in Flemington, New Jersey, is a non-profit organization established on June 21, 2002, that presents the finest national and international performing artists to residents of central New Jersey and beyond. In addition, the ABC provides arts education to inform and build future audiences and to encourage members of the community to have a life-long association with the performing arts.

Basis of accounting

The financial statements of ABC have been prepared on the accrual basis of accounting.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the reserves for uncollectible contributions, grants and accounts receivables, the present value of multi-year contributions receivables, and the allocation of functional expenses. Management reviews the assumptions each year to determine the reasonableness of these estimates.

Income taxes

The ABC has been notified by the Internal Revenue Service that they are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. ABC is further classified as an organization that is not a private organization under Section 509(a)(3) of the Code. The most significant tax positions of the ABC are its assertions that it is exempt from income taxes and its determination that no amounts are subject to unrelated business income tax (UBIT). Income generated by activities that would be considered unrelated to ABC mission would be subject to income tax.

The ABC follows the guidance of Accounting Standards Codification (ASC) Topic 740, *Accounting for Income Taxes*, related to uncertain income tax provisions, which prescribes a threshold of more likely than not, for recognition and derecognition of tax positions taken or expected to be taken in a tax return. Management has determined that it is more likely than not, that all tax positions would be sustained upon examination by taxing authorities. Accordingly, no provision for income taxes has been recorded.

ABC files a Form 990 Return of Organization Exempt from Income Tax, annually with the Internal Revenue Service, as well as a State equivalent filing. Both filings are subject to audit by the appropriate authority. ABC returns prior to 2019 are no longer subject to examination by Federal or State authorities due to the statute of limitations.

ABC Organization, Inc.
Notes to the Financial Statements

Note 7 - Retirement plan (continued)

Unless otherwise noted, the most recent Pension Protection Act zone status available in 2023 is for the Plan's year-end at December 31, 2022. The zone status is based on information from the Plan. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The FIP/RP Status Pending/Implemented column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. Information for significant multi-employer pension plan in which the ABC participates is included in the following table:

Pension Fund	EIN/Plan Number	Pension Zone Status 2022	FIP/RP Status Pending or Implemented	Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
International Alliance of Theatrical Stage Employees Local 21	13-1849172/001	Green	N/A	No	8/31/2024

ABC contributed \$124,105 and \$124,396 for the years ended June 30, 2023 and 2022, respectively. ABC 's contributions to this Plan were less than 5% of such plan's total contributions.

Note 8 - Commitments

ABC operates under a collective bargaining agreement with the International Alliance of Theatrical Stage Employees Local 21. This agreement establishes the standards of wages, hours and working conditions of these employees. In September 2021, the agreement was renewed, and the agreement is effective until August 31, 2024, and requires annual wage increases identified in the agreement.

Note 9 - Contingencies

From time to time, ABC is subject to litigation that arises in the ordinary course of conducting activities. In Management's opinion, the resolution of litigation matters, if any, would not have a material effect on the financial position of ABC as of June 30, 2023 and 2022.

Note 10 - Concentration of risk and uncertainties

Credit risk

ABC maintains its cash and cash equivalents in bank deposit accounts and financial institutions which are insured by the Federal Deposit Insurance Corporation. At June 30, 2023 and 2022, ABC had uninsured cash totaling approximately \$369,000 and \$79,000, respectively.

ABC Organization, Inc.
Notes to the Financial Statements

Note 15 - Supplemental disclosure of cash flow information
Cash paid during the years ended June 30 was as follows:

	2023	2022
Interest	\$ 77,478	\$ 104,677

Note 16 - Contributed non-financial assets
The Organization also receives donated materials and services to support fundraising and other efforts. Donated services are reflected as contributions with a corresponding expense in the accompanying statements at their estimated values at the date of service. Contributed non-financial assets as of June 30 were as follows:

	2023	2022
Advertising	\$ 290,058	\$ 162,819
Meals and entertainment	12,575	-
Lodging	20,773	11,471
Travel - Tessitura and other conferences	15,575	2,450
Auction items received	16,631	-
Other	453	1,140
Total	\$ 356,065	\$ 177,880

Note 17 - Subsequent events
In July 2023, the Organization was awarded a \$XXX,XXX grant from the Jurisdiction Council, of which \$XXX,000 was received in January 2024. The grant will cover capital expenditures related to continued improvements to ABC, including the complete replacement of the roof of the building, 110-ton HVAC unit and replacement of the dimming systems.

ABC's Management has determined that no other material events or transactions occurred subsequent to June 30, 2023 and February 27, 2024, the date of ABC's financial statement issuance, which require additional disclosure in ABC's financial statements.

ABC Organization, Inc.
Schedule of Expenditures of Federal Awards
December 31, 2024

Federal Agency	Pass-Through Entity	Program Title	CFDA Number	Pass-through Award Number	Grant Period	Award Amount	Total Expenditures
U.S. Department of Housing, Urban and Workforce Development	Union County	Supportive Housing Program	14.267	24-CoC-109	10/01/24 - 09/30/25	\$ 294,181	\$ 22,029
		HES Grant Program	14.231	23-HES-108 24-HES-108	08/01/23 - 07/31/24 08/01/24 - 07/31/25	13,619 13,515	3,671 7,393
	City of Elizabeth	Community Development Block Grant	14.218	CDBG 49 CDBG 50	07/01/23 - 06/30/24	20,000	11,675
					07/01/24 - 06/30/25	20,408	10,204
	United Way	Community Development Block Grant	14.218	CDBG YR 50	09/01/24 - 06/30/25	<u>8,307</u>	<u>5,934</u>
Total U.S. Department of Housing, Urban and Workforce Development						370,030	60,906
U.S Department of Agriculture	State of New Jersey Department of Agriculture	Child and Adult Care Food Program	10.558	39-0873 39-0873	10/01/23 - 9/30/24 10/01/24 - 9/30/25	24,000 <u>24,000</u>	16,889 <u>4,285</u>
Total U.S. Department of Agriculture						<u>\$ 48,000</u>	<u>\$ 21,174</u>

See independent auditors' report.

ABC Organization, Inc.
Schedule of Expenditures of Federal Awards (continued)
December 31, 2024

Federal Agency	Pass-Through Entity	Program Title	CFDA Number	Pass-through Award Number	Grant Period	Award Amount	Total Expenditures		
U.S. Department of Justice	Trinitas Hospital	TRAC Trinitas Hospital	16.575	HVP-08-19	04/01/23 - 09/30/24	\$ 163,363	\$ 88,043		
				HVP-08-19	10/01/24 - 12/31/24	25,612	21,471		
	State of NJ Office of Attorney General	Court Advocate Program	16.588	VAWA-70-22	07/01/23 - 06/30/24	45,000	20,411		
				VAWA-77-23	07/01/24 - 06/30/25	45,000	22,035		
				Bilingual Case Manager	VAWA-71-22	07/01/23 - 06/30/24	45,000	22,950	
					VAWA-78-23	07/01/24 - 06/30/25	45,000	13,346	
				DVRT-VAWA	16.588	VAWA-30-23	05/01/24 - 04/30/25	52,500	25,653
				Child Advocate	16.588	VAWA-69-22	07/01/23 - 06/30/24	45,000	27,201
					VAWA-79-23	07/01/24 - 06/30/25	45,000	25,145	
				DV Bilingual Counseling	16.575	VAG-134-22	09/01/23 - 08/31/25	275,000	117,807
DV Residential Program	16.575	VAG-132-22	09/01/23 - 08/31/25	275,000	140,306				
Workforce Development	16.575	VAG-133-22	09/01/23 - 08/31/25	275,000	146,739				
Total U.S. Department of Justice						1,336,475	671,107		
Total expenditures of federal awards							<u>\$ 753,187</u>		

See independent auditors' report.

ABC Organization, Inc.
Schedule of Expenditures of State Financial Assistance
December 31, 2024

State Agency	Pass-Through Entity	Grant Award Number	Grant Period	Award Amount	Grant Expenditures
State of New Jersey Department of Children and Families					
Division on Women		MW0008, MW0009, MW0010	07/01/23 - 06/30/24	\$1,602,515	\$ 832,220
		25MW008, 25MW0009, 25MW0010, 25MW0050	07/01/24 - 06/30/25	1,801,105	837,397
New Jersey Department of State					
NJ State Council on the Arts	County of Union	N/A	01/01/24 - 12/31/24	3,500	<u>3,500</u>
Total expenditures of state financial assistance					<u><u>\$ 1,673,117</u></u>

See independent auditors' report.



Certified Public Accountants, PC

www.bkc-cpa.com

**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with Government Auditing Standards**

Board of Directors
ABC Organization, Inc.
Flemington, New Jersey

We have audited, 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, the financial statements of The YWCA of Eastern Union County, Inc (the Organization), which comprise the statement of financial position as of December 31, 2024, and the related Statements of Activities, and Cash Flows for the year then ended, and the related Notes to the Financial Statements, and have issued our report thereon dated DATE.

Report Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow Management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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 the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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 the Report

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



BKC, CPAs, PC

DATE
Flemington, New Jersey



Certified Public Accountants, PC
www.bkc-cpa.com

**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance
and New Jersey OMB Circular 15-08-OMB**

To the Board of Directors
ABC Organization, Inc.
Flemington, New Jersey

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited ABC Organization, Inc. 's, (the Organization), compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* that could have a direct and material effect on each of the Organization's major federal, state, and county programs for the year ended December 31, 2024. The Organization's major federal and state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Organization complied, in all material respects, with the 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 December 31, 2024.

Basis for Opinion on Each Major Federal and State 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); and the audit requirements prescribed by New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization 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 program. Our audit does not provide a legal determination of the Organization'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 the Organization's federal and state programs.

Auditors' 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 the Organization'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*, the Uniform Guidance, and the New Jersey OMB's Circulars 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 the Organization's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, we:

- Exercise professional judgment and maintain professional 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 the Organization'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 the Organization'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 and the New Jersey OMB's Circulars 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 or state 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, state and county 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 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 Auditors' 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 New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

BKC, CPAS, PC

DATE
Flemington, New Jersey

ABC ORGANIZATION, INC.
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued

Unmodified

Internal Control Over Financial Reporting:

1. Were material weakness(es) identified?

Yes No

2. Were significant deficiencies identified?

Yes None reported

Noncompliance material to Basic
Financial Statements noted?

Yes No

Federal Awards

Not Applicable

Internal Control Over Major Programs:

1. Were material weakness(es) identified?

Yes No

2. Were significant deficiencies identified?

Yes None reported

What was the type of auditors' report issued on compliance for
major programs?

Were any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200 Section .516(a)?

Yes No

Identification of Major Programs:

<u>AL Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>Not Applicable</u>	<u>Not Applicable</u>	<u>Not Applicable</u>

What was the dollar threshold used to distinguish between Type
A and Type B programs?

Did the auditee qualify as a low-risk auditee?

Yes No

ABC ORGANIZATION, INC.
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

Section I - Summary of Auditors' Results (continued)

State Awards

What was the dollar threshold used to distinguish between Type A and Type B programs? \$750,000

Did the auditee qualify as a low-risk auditee? Yes X No

Internal Control Over Major Programs:

1. Were material weakness(es) identified? X Yes No

2. Were there significant deficiencies identified that are not considered to be material weaknesses? X Yes None reported

What was the type of auditors' report issued on compliance for major programs? Unmodified

Were any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08 as applicable? X Yes No

Identification of Major Programs:

State Grant/Project Numbers	Name of State Program
xxxxxxxxxx	xxxxxxxxxx
xxxxxxxxxx	xxxxxxxxxx
xxxxxxxxxx	xxxxxxxxxx
xxxxxxxxxx	xxxxxxxxxx
xxxxxxxxxx	xxxxxxxxxx

ABC ORGANIZATION, INC.
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards* and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

Finding 2024-001 (2023-001)

Criteria

Receiving signatures certifying goods or services should be evident for all applicable payments.

Condition

In some instances, ABC did not obtain receiving signatures certifying goods or services.

Context

An examination of claims paid during the period under review indicated discrepancies with respect to receiving signatures.

Cause

Unknown.

Effect

Receiving signatures certifying goods or services were received by ABC were at times not evident on payment forms.

Recommendation

Receiving signatures certifying goods or services are to be evident for all applicable payments.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

ABC ORGANIZATION, INC.
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

Section II - Financial Statement Findings (continued)

Finding 2024-002

Criteria

Records and processes for all recordkeeping should be performed and maintained in a complete and accurate manner.

Condition

ABC's records were not accurate in some instances.

Context

Recordkeeping was not maintained and performed in an accurate manner.

Cause

Unknown

Effect

Records were not accurate.

Recommendation

ABC ensure that records and process for all recordkeeping be performed and maintained in an accurate manner.

View of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

ABC ORGANIZATION, INC.
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

Section II - Financial Statement Findings (continued)

Finding 2024-003

Criteria

Bank accounts for ABC should be reconciled in a timely and accurate manner.

Condition

ABC's bank reconciliations were not completed in a timely and accurate manner.

Context

Cash balances reported in ABC financial statements should be supported by a bank reconciliation.

Cause

Unknown

Effect

Cash balances reported in ABC financial statements were not supported by a bank reconciliation.

Recommendation

ABC should ensure that reconciliations are prepared for all bank accounts in a timely and accurate manner.

View of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.