

**RESCUE MISSION OF TRENTON, NEW JERSEY  
FINANCIAL STATEMENTS  
AND SINGLE AUDIT REPORT  
YEARS ENDED JUNE 30, 2019 AND 2018**

**RESCUE MISSION OF TRENTON, NEW JERSEY**

**YEARS ENDED JUNE 30, 2019 AND 2018**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Rescue Mission of Trenton, New Jersey  
Trenton, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying financial statements of RESCUE MISSION OF TRENTON, NEW JERSEY (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of Rescue Mission of Trenton, New Jersey as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey Circular Letter 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, is also presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2019, on our consideration of Rescue Mission of Trenton, New Jersey'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 Rescue Mission of Trenton, New Jersey'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 Rescue Mission of Trenton, New Jersey's internal control over financial reporting and compliance.

*Klatzkin & Company, LLP*

KLATZKIN & COMPANY<sub>LLP</sub>

Hamilton, New Jersey  
October 23, 2019

**RESCUE MISSION OF TRENTON, NEW JERSEY**

**STATEMENTS OF FINANCIAL POSITION**

	June 30,	
	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
<b><u>Current Assets</u></b>		
Cash and Cash Equivalents.....	\$ 574,446	\$ 1,116,817
Temporary Cash Investments.....	483,188	328,640
Contract Funds Receivable.....	590,465	525,792
Contributions and Other Receivables.....	131,620	100,507
Interest Receivable.....	-	8,000
Prepaid Expenses.....	22,367	1,700
Inventory.....	<u>3,449</u>	<u>4,379</u>
<b>Total Current Assets.....</b>	<b><u>1,805,535</u></b>	<b><u>2,085,835</u></b>
<b>Property and Equipment Net of Accumulated</b>		
Depreciation of \$2,752,024 and \$2,965,286.....	<u>6,345,887</u>	<u>5,537,664</u>
<b><u>Other Assets</u></b>		
Investments.....	4,915,152	4,606,814
Escrow Accounts - NJHMFA.....	247,280	243,958
Electronic Health Records, Net of Accumulated Amortization of \$10,799 and \$7,699.....	<u>4,701</u>	<u>7,801</u>
<b>Total Other Assets.....</b>	<b><u>5,167,133</u></b>	<b><u>4,858,573</u></b>
<b>TOTAL ASSETS.....</b>	<b><u>\$ 13,318,555</u></b>	<b><u>\$ 12,482,072</u></b>

The accompanying notes are an integral part of these financial statements.

**RESCUE MISSION OF TRENTON, NEW JERSEY**

**STATEMENTS OF FINANCIAL POSITION**

	June 30,	
	<u>2019</u>	<u>2018</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b><u>Current Liabilities</u></b>		
Accounts Payable.....	\$ 97,201	\$ 40,884
Accrued Expenses.....	154,764	175,001
Resident Funds.....	10,296	14,595
Security Deposits.....	16,786	16,786
Retainage Payable.....	143,976	143,976
Current Portion of Mortgages Payable.....	<u>102,986</u>	<u>190,927</u>
<b>Total Current Liabilities.....</b>	<b>526,009</b>	<b>582,169</b>
<b>Mortgages Payable, Net of Current Portion.....</b>	<b><u>4,294,104</u></b>	<b><u>4,328,750</u></b>
<b>Total Liabilities.....</b>	<b><u>4,820,113</u></b>	<b><u>4,910,919</u></b>
<b><u>Net Assets</u></b>		
Without Donor Restrictions.....	8,497,342	7,570,053
With Donor Restrictions.....	<u>1,100</u>	<u>1,100</u>
<b>Total Net Assets.....</b>	<b><u>8,498,442</u></b>	<b><u>7,571,153</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS.....</b>	<b><u>\$ 13,318,555</u></b>	<b><u>\$ 12,482,072</u></b>

The accompanying notes are an integral part of these financial statements.

**RESCUE MISSION OF TRENTON, NEW JERSEY**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2019**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b><u>Support and Revenues</u></b>			
Grants and Contracts.....	\$ 4,421,601	\$ -	\$ 4,421,601
Program Revenue.....	1,258,428	-	1,258,428
Donations.....	829,475	-	829,475
Store Sales and Industrial Salvage - Revenue of \$550,654			
Store Sales and Industrial Salvage - Cost of Direct Expenses of \$18,166			
Net Revenues from Store Sales and Industrial Salvage.....	532,488	-	532,488
Net Investment Return.....	379,326	-	379,326
Miscellaneous Income.....	153,515	-	153,515
Special Events - Contributions and Revenue of \$64,326			
Special Events - Cost of Direct Benefits to Donors of \$13,793			
Net Revenues from Special Events.....	50,533	-	50,533
Net Assets Released from Restrictions.....	-	-	-
<b>Total Support and Revenues.....</b>	<b><u>7,625,366</u></b>	<b><u>-</u></b>	<b><u>7,625,366</u></b>
<b><u>Expenses</u></b>			
Program Services:			
Residential Addiction.....	3,182,876	-	3,182,876
Emergency Services.....	1,446,179	-	1,446,179
Outpatient.....	468,858	-	468,858
Permanent Housing.....	437,899	-	437,899
Community Education.....	2,968	-	2,968
Entrepreneurial Operations and Store.....	331,277	-	331,277
Supporting Services:			
Management and General.....	689,486	-	689,486
Fundraising Expenses.....	138,534	-	138,534
<b>Total Expenses.....</b>	<b><u>6,698,077</u></b>	<b><u>-</u></b>	<b><u>6,698,077</u></b>
<b>Change in Net Assets.....</b>	<b>927,289</b>	<b>-</b>	<b>927,289</b>
<b>Net Assets, Beginning of Year.....</b>	<b><u>7,570,053</u></b>	<b><u>1,100</u></b>	<b><u>7,571,153</u></b>
<b>Net Assets, End of Year.....</b>	<b><u>\$ 8,497,342</u></b>	<b><u>\$ 1,100</u></b>	<b><u>\$ 8,498,442</u></b>

The accompanying notes are an integral part of these financial statements.



**RESCUE MISSION OF TRENTON, NEW JERSEY**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2018**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b><u>Support and Revenues</u></b>			
Grants and Contracts.....	\$ 3,809,461	\$ -	\$ 3,809,461
Program Revenue.....	612,477	-	612,477
Donations.....	1,065,500	-	1,065,500
Store Sales and Industrial Salvage - Revenue of \$516,662			
Store Sales and Industrial Salvage - Cost of Direct Expenses of \$28,750			
Net Revenues from Store Sales and Industrial Salvage.....	487,912	-	487,912
Net Investment Return.....	287,795	-	287,795
Miscellaneous Income.....	300,626	-	300,626
Special Events - Contributions and Revenue of \$79,513			
Special Events - Cost of Direct Benefits to Donors of \$13,928			
Net Revenues from Special Events.....	65,585	-	65,585
Net Assets Released from Restrictions.....	-	-	-
<b>Total Support and Revenues.....</b>	<b><u>6,629,356</u></b>	<b><u>-</u></b>	<b><u>6,629,356</u></b>
<b><u>Expenses</u></b>			
Program Services:			
Residential Addiction.....	2,694,354	-	2,694,354
Emergency Services.....	1,247,501	-	1,247,501
Outpatient.....	639,239	-	639,239
Permanent Housing.....	345,895	-	345,895
Community Education.....	23,260	-	23,260
Entrepreneurial Operations and Store.....	275,557	-	275,557
Production.....	8,285	-	8,285
Supporting Services:			
Management and General.....	533,893	-	533,893
Fundraising Expenses.....	96,744	-	96,744
<b>Total Expenses.....</b>	<b><u>5,864,728</u></b>	<b><u>-</u></b>	<b><u>5,864,728</u></b>
<b>Change in Net Assets.....</b>	<b>764,628</b>	<b>-</b>	<b>764,628</b>
<b>Net Assets, Beginning of Year.....</b>	<b>6,974,699</b>	<b>1,100</b>	<b>6,975,799</b>
<b>Prior Period Adjustments.....</b>	<b><u>(169,274)</u></b>	<b><u>-</u></b>	<b><u>(169,274)</u></b>
<b>Net Assets, End of Year.....</b>	<b><u>\$ 7,570,053</u></b>	<b><u>\$ 1,100</u></b>	<b><u>\$ 7,571,153</u></b>

The accompanying notes are an integral part of these financial statements.

**RESCUE MISSION OF TRENTON, NEW JERSEY**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED JUNE 30, 2019**

	<b>Residential Addiction Program (Vince's Place)</b>	<b>Emergency Services</b>	<b>Outpatient</b>	<b>Permanent Housing</b>	<b>Community Education</b>	<b>Entrepreneurial Operations and Store</b>	<b>Total Program Services</b>	<b>Management and General</b>	<b>Fund Raising</b>	<b>Total</b>
<b>Personnel</b>										
Salaries.....	\$ 1,609,467	\$ 747,419	\$ 274,645	\$ 96,421	\$ 646	\$ 127,070	\$ 2,855,668	\$ 389,622	\$ 57,329	\$ 3,302,619
Payroll Taxes and Employee Benefits.....	539,926	246,058	89,842	32,372	68	40,949	949,215	143,751	20,999	1,113,965
<b>Total Personnel.....</b>	<b>2,149,393</b>	<b>993,477</b>	<b>364,487</b>	<b>128,793</b>	<b>714</b>	<b>168,019</b>	<b>3,804,883</b>	<b>533,373</b>	<b>78,328</b>	<b>4,416,584</b>
<b>Operating Expenses</b>										
Amortization.....	-	-	-	-	-	-	-	3,100	-	3,100
Automobile.....	20,089	315	124	67	-	25,237	45,832	531	15	46,378
Automobile Insurance.....	7,495	408	156	106	-	15,665	23,830	168	24	24,022
Business and Property Insurance.....	80,360	36,508	14,851	7,934	-	6,042	145,695	5,837	3,066	154,598
Client Expenses.....	30,007	-	-	-	-	46,985	76,992	-	-	76,992
Program Expense - Cost of Goods Sold.....	-	-	-	-	-	18,166	18,166	-	-	18,166
Depreciation.....	134,558	84,606	15,783	115,636	-	4,735	355,318	3,823	1,578	360,719
Educational Materials.....	5,874	-	-	-	-	-	5,874	510	-	6,384
Facility Cost.....	50,954	31,908	6,100	14,833	-	26,871	130,666	2,429	1,281	134,376
Food Expense.....	106,850	88,314	-	5,680	-	157	201,001	614	-	201,615
Licenses and Inspections.....	5,212	70	216	4,172	-	12	9,682	4,045	7	13,734
Miscellaneous.....	28,590	5,660	17,691	869	-	6,669	59,479	12,394	4,774	76,647
Medical Supplies.....	14,015	238	349	27	-	31	14,660	(846)	15	13,829
Postage and Shipping.....	826	559	271	534	-	100	2,290	3,555	17,201	23,046
Printing and Advertising.....	6,596	5,037	2,178	4,357	220	47	18,435	23,685	17,229	59,349
Professional Fees.....	307,421	22,955	27,924	6,190	2,034	4,698	371,222	58,338	12,934	442,494
Real Estate Taxes.....	-	-	-	2,832	-	-	2,832	-	-	2,832
Rent.....	-	-	-	54,700	-	-	54,700	-	-	54,700
Residential Services.....	74,026	74,276	-	1,001	-	-	149,303	-	-	149,303
Special Events.....	-	-	-	-	-	-	-	-	13,793	13,793
Supplies.....	57,979	22,702	9,016	11,430	-	7,930	109,057	10,982	1,570	121,609
Store Expenses.....	-	-	-	-	-	6,000	6,000	-	-	6,000
Telephone.....	13,707	9,259	2,480	12,192	-	985	38,623	1,438	512	40,573
Travel and Meetings.....	1,603	2,502	-	225	-	2	4,332	8,742	-	13,074
Utilities.....	87,321	67,385	7,232	66,321	-	11,092	239,351	16,768	-	256,119
<b>Total Operating Expenses.....</b>	<b>1,033,483</b>	<b>452,702</b>	<b>104,371</b>	<b>309,106</b>	<b>2,254</b>	<b>181,424</b>	<b>2,083,340</b>	<b>156,113</b>	<b>73,999</b>	<b>2,313,452</b>
<b>Total Expenses.....</b>	<b>3,182,876</b>	<b>1,446,179</b>	<b>468,858</b>	<b>437,899</b>	<b>2,968</b>	<b>349,443</b>	<b>5,888,223</b>	<b>689,486</b>	<b>152,327</b>	<b>6,730,036</b>
Less Expenses Included with Revenues on the Statement of Activities:										
Cost of Goods Sold.....	-	-	-	-	-	(18,166)	(18,166)	-	-	(18,166)
Cost of Direct Benefits to Donors.....	-	-	-	-	-	-	-	-	(13,793)	(13,793)
<b>Total Expenses Included in the Expense Section on the Statement of Activities.....</b>	<b>\$ 3,182,876</b>	<b>\$ 1,446,179</b>	<b>\$ 468,858</b>	<b>\$ 437,899</b>	<b>\$ 2,968</b>	<b>\$ 331,277</b>	<b>\$ 5,870,057</b>	<b>\$ 689,486</b>	<b>\$ 138,534</b>	<b>\$ 6,698,077</b>

The accompanying notes are an integral part of these financial statements.

**RESCUE MISSION OF TRENTON, NEW JERSEY**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED JUNE 30, 2018**

	<b>Residential Addition Program (Vince's Place)</b>	<b>Emergency Services</b>	<b>Outpatient</b>	<b>Permanent Housing</b>	<b>Community Education</b>	<b>Entrepreneurial Operations and Store</b>	<b>Production</b>	<b>Total Program Services</b>	<b>Management and General</b>	<b>Fund Raising</b>	<b>Total</b>
<b>Personnel</b>											
Salaries.....	\$ 1,336,459	\$ 633,123	\$ 348,088	\$ 66,371	\$ -	\$ 100,933	\$ -	\$ 2,484,974	\$ 271,782	\$ 36,348	\$ 2,793,104
Payroll Taxes and Employee Benefits.....	469,806	228,607	120,383	27,803	-	40,265	-	886,864	109,624	11,275	1,007,763
<b>Total Personnel.....</b>	<b>1,806,265</b>	<b>861,730</b>	<b>468,471</b>	<b>94,174</b>	<b>-</b>	<b>141,198</b>	<b>-</b>	<b>3,371,838</b>	<b>381,406</b>	<b>47,623</b>	<b>3,800,867</b>
<b>Operating Expenses</b>											
Amortization.....	-	-	-	-	-	-	-	-	3,100	-	3,100
Automobile.....	22,188	-	-	-	-	23,061	-	45,249	496	128	45,873
Automobile Insurance.....	9,449	-	-	-	-	26,746	-	36,195	-	-	36,195
Business and Property Insurance.....	63,464	33,367	18,360	13,209	-	7,062	-	135,462	4,470	1,961	141,893
Client Expenses.....	44,480	-	-	-	-	-	7,379	51,859	-	-	51,859
Program Expense - Cost of Goods Sold.....	-	-	-	-	-	28,750	-	28,750	-	-	28,750
Depreciation.....	161,658	29,187	66,136	67,396	-	4,378	-	328,755	1,824	1,095	331,674
Educational Materials.....	1,243	3,000	-	-	-	-	-	4,243	2,628	-	6,871
Facility Cost.....	40,927	22,148	1,507	20,535	-	26,806	-	111,923	7,925	-	119,848
Food Expense.....	106,641	82,018	-	13,745	-	-	-	202,404	-	-	202,404
Licenses and Inspections.....	2,482	845	1,028	1,676	-	29	-	6,060	2,959	12	9,031
Miscellaneous.....	8,731	3,489	1,646	884	-	6,681	-	21,431	33,800	4,114	59,345
Medical Supplies.....	6,484	-	1,275	-	-	-	-	7,759	-	-	7,759
Postage and Shipping.....	903	719	706	706	2,585	58	-	5,677	10,839	2,720	19,236
Printing and Advertising.....	7,057	4,292	4,292	4,292	17,185	4,113	-	41,231	4,901	23,020	69,152
Professional Fees.....	214,253	44,333	60,627	9,357	3,490	6,491	-	338,551	24,248	14,697	377,496
Real Estate Taxes.....	-	-	-	4,433	-	-	-	4,433	-	-	4,433
Rent.....	-	-	-	26,400	-	-	-	26,400	-	-	26,400
Residential Services.....	74,738	55,422	-	-	-	-	-	130,160	1,995	31	132,186
Special Events.....	-	-	-	-	-	-	-	-	320	13,608	13,928
Supplies.....	37,316	29,334	5,240	15,118	-	8,496	906	96,410	29,331	443	126,184
Store Expenses.....	-	-	-	-	-	5,640	-	5,640	-	-	5,640
Telephone.....	6,989	7,352	1,046	12,295	-	930	-	28,612	2,138	5	30,755
Travel and Meetings.....	(12)	611	208	60	-	124	-	991	3,696	895	5,582
Utilities.....	79,098	69,654	8,697	61,615	-	13,744	-	232,808	18,137	-	250,945
<b>Total Operating Expenses.....</b>	<b>888,089</b>	<b>385,771</b>	<b>170,768</b>	<b>251,721</b>	<b>23,260</b>	<b>163,109</b>	<b>8,285</b>	<b>1,891,003</b>	<b>152,807</b>	<b>62,729</b>	<b>2,106,539</b>
<b>Total Expenses.....</b>	<b>2,694,354</b>	<b>1,247,501</b>	<b>639,239</b>	<b>345,895</b>	<b>23,260</b>	<b>304,307</b>	<b>8,285</b>	<b>5,262,841</b>	<b>534,213</b>	<b>110,352</b>	<b>5,907,406</b>
Less Expenses Included with Revenues on the Statement of Activities:											
Cost of Goods Sold.....	-	-	-	-	-	(28,750)	-	(28,750)	-	-	(28,750)
Cost of Direct Benefits to Donors.....	-	-	-	-	-	-	-	-	(320)	(13,608)	(13,928)
<b>Total Expenses Included in the Expense Section on the Statement of Activities.....</b>	<b>\$ 2,694,354</b>	<b>\$ 1,247,501</b>	<b>\$ 639,239</b>	<b>\$ 345,895</b>	<b>\$ 23,260</b>	<b>\$ 275,557</b>	<b>\$ 8,285</b>	<b>\$ 5,234,091</b>	<b>\$ 533,893</b>	<b>\$ 96,744</b>	<b>\$ 5,864,728</b>

The accompanying notes are an integral part of these financial statements.

**RESCUE MISSION OF TRENTON, NEW JERSEY**

**STATEMENTS OF CASH FLOWS**

	Years Ended June 30,	
	<u>2019</u>	<u>2018</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>		
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Grantors, Donors, and Customers.....	\$ 7,035,929	\$ 6,658,888
Cash Paid to Vendors and Employees.....	(6,317,915)	(5,599,818)
Interest and Dividends Received.....	2,767	5,078
Interest Paid.....	-	-
Income Taxes Paid.....	-	-
	<u>720,781</u>	<u>1,064,148</u>
<b>Net Cash Provided by (Used in) Operating Activities.....</b>	<u>720,781</u>	<u>1,064,148</u>
<b>Cash Flows from Investing Activities:</b>		
Purchases of Property and Equipment.....	(1,168,942)	(289,046)
Purchases of Investments.....	(583,560)	-
Proceeds from Sale and Maturities of Investments.....	<u>500,000</u>	<u>-</u>
	<u>(1,252,502)</u>	<u>(289,046)</u>
<b>Net Cash Provided by (Used in) Investing Activities.....</b>	<u>(1,252,502)</u>	<u>(289,046)</u>
<b>Cash Flows from Financing Activities:</b>		
Principal Payments on Long Term Debt.....	<u>(10,650)</u>	<u>(7,498)</u>
	<u>(10,650)</u>	<u>(7,498)</u>
<b>Net Cash Provided by (Used in) Financing Activities.....</b>	<u>(10,650)</u>	<u>(7,498)</u>
<b>Net (Decrease) Increase in Cash and Cash Equivalents.....</b>	(542,371)	767,604
<b>Cash and Cash Equivalents, Beginning of Year.....</b>	<u>1,116,817</u>	<u>349,213</u>
<b>Cash and Cash Equivalents, End of Year.....</b>	<u>\$ 574,446</u>	<u>\$ 1,116,817</u>

The accompanying notes are an integral part of these financial statements.

**RESCUE MISSION OF TRENTON, NEW JERSEY**

**STATEMENTS OF CASH FLOWS**

	Years Ended June 30,	
	<u>2019</u>	<u>2018</u>
<b>Reconciliation of Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:</b>		
Change in Net Assets.....	\$ 927,289	\$ 764,628
<b>Adjustment to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:</b>		
Depreciation.....	360,719	331,674
Amortization Expense.....	3,100	3,100
Unrealized (Gain) Loss on Investments.....	(177,806)	(234,647)
Realized (Gain) Loss on Investments.....	(124,922)	-
Net Dividends Reinvested and Securities Fees.....	(76,598)	(53,147)
Loan Forgiveness Income.....	(111,937)	(67,251)
(Increase) Decrease in Operating Assets:		
Contract Funds and Contributions Receivable.....	(95,786)	366,311
Interest Receivable.....	8,000	(1,698)
Prepaid Expenses.....	(20,667)	-
Inventory.....	930	(1,139)
Escrow Accounts.....	(3,322)	(750)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable.....	56,317	(40,592)
Accrued Expenses.....	(20,237)	14,545
Resident Funds.....	(4,299)	(16,886)
<b>Net Cash Provided by (Used in) Operating Activities.....</b>	<b><u>\$ 720,781</u></b>	<b><u>\$ 1,064,148</u></b>
<b>Supplemental Schedule of Noncash Investing and Financing Transactions:</b>		
Disposition of Property and Equipment:		
Cost.....	\$ 573,981	\$ 528,492
Accumulated Depreciation.....	<u>(573,981)</u>	<u>(528,492)</u>
Net Book Value.....	<u>\$ -</u>	<u>\$ -</u>
Forgiveness of Mortgages Payable Recognized as Income.....	<u>\$ 111,937</u>	<u>\$ 67,251</u>

The accompanying notes are an integral part of these financial statements.

# **RESCUE MISSION OF TRENTON, NEW JERSEY**

## **NOTES TO FINANCIAL STATEMENTS**

### **YEARS ENDED JUNE 30, 2019 AND 2018**

#### **Note 1. Organization and Operations**

Rescue Mission of Trenton, New Jersey (the "Organization") is a nonprofit organization located in the city of Trenton, New Jersey that serves the truly needy men and women who have no place to turn for shelter, food, and clothing. The Organization provides a safe, clean, and warm refuge for the homeless, the hungry, the transient, and the addicted.

The Organization provides services and counseling to encourage individuals to reach their greatest potential. The Organization creates an environment where one can live with dignity, build self-esteem, experience love, responsibility, and hope.

The Organization received approximately 68% and 61% of its revenue from federal, state, and city agencies for the years ended June 30, 2019 and 2018, respectively. Other revenue and support is provided by contributions from individuals and foundations, program services, store sales, and investment income.

#### **Note 2. Summary of Significant Accounting Policies**

##### **Basis of Presentation:**

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization had \$1,100 of net assets with donor restrictions as of June 30, 2019 and 2018. The funds are restricted for the purpose of a Rogers Memorial Fund.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

**RESCUE MISSION OF TRENTON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**YEARS ENDED JUNE 30, 2019 AND 2018**

**Note 2. Summary of Significant Accounting Policies (Cont'd)**

**Functional Cost Categories:**

The Organization's expenditures are charged to one of nine functional cost categories, defined as follows:

- A. Vince's Place - A New Jersey Department of Human Services licensed residential addictions treatment program providing long term and halfway house level of service. Vince's Place offers a full range of addictions treatment and life skills treatment including individual, group, medical evaluation and referral, vocational experience, work therapy, job skills development, TEACH, education, life skills and job readiness training.
- B. Emergency Services - Licensed by the State of New Jersey Department of Community Affairs, the Organization's Emergency Shelter serves adult single males and females. Related services include a day center, weekend soup kitchen, free clothing and furniture to homeless clients, and case management and support services (such as the For My Baby and Me program, an interagency collaborative providing services to pregnant women and new mothers with substance use disorder).
- C. Outpatient Program - Licensed by the State of New Jersey Department of Human Services, the Organization's outpatient program provides substance abuse treatment for men and women including individual assessment, group counseling sessions, and addiction education.
- D. Permanent Housing - The Organization operates four specialty supportive housing units - Robinson Place, a licensed rooming and boarding house; Brimmer House, a free standing 2 unit house; Perry Street, a 15 unit housing building; and Clinton Avenue, 3 units for women. It includes supportive services designed to assist individuals in maintaining housing and developing their quality of life.
- E. Community Education - Outreach into the community at large to help educate and inform the public on the needs, issues, and accomplishments of those served primarily in the area of homelessness, hunger, addiction, and ex-offenders. It also consists of activities and efforts to address the needs and quality of life for the immediate community including, but not limited to, organizing and participating in neighborhood meetings, public education on programs, and community opportunities.
- F. Entrepreneurial Operations and Store - The Organization accepts donations, primarily clothing and furniture, from the surrounding communities which are then charitably distributed or resold. The Carroll Street store serves as a resource to the community by providing goods that are affordably priced, while at the same time giving the Organization's residents valuable vocational experience.
- G. Production - The Organization partners with local businesses to provide on-site production operations.

**RESCUE MISSION OF TRENTON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**YEARS ENDED JUNE 30, 2019 AND 2018**

**Note 2. Summary of Significant Accounting Policies (Cont'd)**

**Functional Cost Categories (Cont'd):**

- H. Administration Costs - Activities related to policy development, planning, design and implementation of agency programs and services; these activities include administrative, financial and personnel management functions.
- I. Fundraising - Activities related to agency efforts to attract and increase financial support.

**Revenue Recognition:**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction is met in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions.

The Organization recognizes contract revenue (up to the contract ceiling) from its contracts on a pro-rata basis over the contract period, on a service unit basis for fee for service contracts, or as costs are incurred for cost reimbursement grants.

Contract funds receivable and contributions and other receivables are primarily due from donors and government agencies and are expected to be collected in full.

**Cash Equivalents:**

For purposes of the Statements of Cash Flows, the Organization considers all highly liquid debt instruments purchased with an initial maturity of ninety days or less to be cash equivalents. Money market funds, short-term certificates of deposit, and U.S. Treasury bills held for investment purposes are excluded from cash and cash equivalents and are classified as temporary cash investments.

**Inventory:**

Inventory is comprised of mattresses purchased for resale. The goods are valued at average cost.

**Investments:**

Under accounting principles generally accepted in the United States of America, investments in marketable equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statements of Financial Position. The Organization uses quoted market prices to determine fair value. Unrealized gains and losses are included in the change in net assets. The Organization uses specific identification of basis to determine realized gains or losses on sales.



**RESCUE MISSION OF TRENTON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**YEARS ENDED JUNE 30, 2019 AND 2018**

**Note 2. Summary of Significant Accounting Policies (Cont'd)**

**Property and Equipment:**

Property and equipment are stated at cost. The cost of property and equipment is depreciated utilizing the straight-line method over the estimated useful lives of the related assets. Property and equipment purchases, betterments and renewals greater than \$5,000, and with a useful life greater than one year, are capitalized. Maintenance and repairs are charged to operations when incurred. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation accounts are relieved, and any gain or loss is included in operations. Funding sources retain a vested interest in fixed assets purchased with grant funds.

**Retainage Payable - Perry Street Project:**

Retainage payable consists of final amounts owed on the Perry Street project. Upon completion of the project and final reconciliation with all funders, the retainage will be released.

**Income Taxes:**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; therefore no income tax was paid during the year.

Accounting principles generally accepted in the United States of America require that a liability be recorded for uncertain tax positions taken, if it is determined that the tax position would more-likely-than-not be denied upon examination by taxing authorities. Management of the Organization has analyzed the tax positions taken in its filings with the Federal Government and State of New Jersey, and concluded that no tax positions have been taken that would not be sustained upon examination. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties, for uncertain tax positions at June 30, 2019 and 2018.

The Organization's policy is to classify income tax related interest and penalties, if incurred, in interest expense and miscellaneous expense, respectively.

The Organization is subject to routine audits by taxing jurisdictions. There are currently no such audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2015.

**RESCUE MISSION OF TRENTON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**YEARS ENDED JUNE 30, 2019 AND 2018**

**Note 2. Summary of Significant Accounting Policies (Cont'd)**

**Functional Allocation of Expenses:**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The salaries of direct staff are charged to the program for which they work. The salaries of support staff are allocated based on estimates of time from an informal time study, and also budgeted amounts. Benefits, professional fees, insurance, licenses, and office supplies are allocated based on the support salary allocation. Postage and printing are allocated based on actual usage in prior years. Facility costs and utilities are directly charged by address and by program within each address. Food expense is allocated based upon the projected number of clients and number of meals served. Automobile insurance and expenses are allocated based on vehicle usage. All other expenses not noted are charged directly to the specific program for which the expense is incurred.

**Donated Goods, Services, and Other Assets:**

Goods, services, and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt. Donated goods received for charitable distribution and resale are not recorded in the accompanying financial statements.

**Use of Estimates:**

Management uses estimates and assumptions in preparing its financial statements in accordance with U.S. GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

**Compensated Absences:**

Employees of the Organization are entitled to paid vacations, paid sick days, and personal days off, depending on job classification, length of service, and other factors. It is impractical to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the cost of compensated absences when actually paid to employees.

**Advertising Costs:**

Advertising costs are charged to operations when incurred. Advertising costs for the years ended June 30, 2019 and 2018 were \$11,455 and \$9,775, respectively.

**RESCUE MISSION OF TRENTON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**YEARS ENDED JUNE 30, 2019 AND 2018**

**Note 2. Summary of Significant Accounting Policies (Cont'd)**

**Adoption of New Accounting Pronouncement:**

For the year ended June 30, 2019, the Organization adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities* (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these financial statements accordingly. The ASU has been applied retrospectively to all periods presented. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

**Recent Accounting Pronouncements:**

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This standard outlines a single comprehensive model for organizations to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that revenue is recognized when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. Transfer of control is not the same as transfer of risks and rewards, as it is considered in current guidance. The Organization will also need to apply the new guidance to determine whether revenue should be recognized over time or at a point in time. The standard will be effective for annual reporting periods beginning after December 15, 2018.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard is intended to address questions stemming from ASU 2014-09 regarding its implications on the grants and contracts of not-for-profit organizations. ASU 2018-08 provides guidance to determine if a grant or contract is a contribution or exchange transaction. The standard also provides guidance to help in determining if a contribution is conditional. ASU 2018-08 is effective for fiscal years that start after December 15, 2018. The Organization is currently evaluating the impact of the pending adoption of ASU 2014-09 and ASU 2018-08 on its financial statements.

**RESCUE MISSION OF TRENTON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**YEARS ENDED JUNE 30, 2019 AND 2018**

**Note 2. Summary of Significant Accounting Policies (Cont'd)**

**Recent Accounting Pronouncements (Cont'd):**

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the Statements of Financial Position for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the Statements of Activities. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Organization is currently evaluating the impact of the pending adoption of the new standard on its financial statements.

**Date of Management Evaluation of Subsequent Events:**

Management has evaluated subsequent events through October 23, 2019, the date on which the financial statements were available to be issued.

**Note 3. Available Resources and Liquidity**

The following represents the Organization's financial assets at June 30, 2019 and 2018:

	<b><u>2019</u></b>	<b><u>2018</u></b>
Financial assets at year-end:		
Cash and cash equivalents .....	\$ 574,446	\$1,116,817
Temporary cash investments .....	483,188	328,640
Contract funds receivable .....	590,465	525,792
Contributions and other receivables .....	131,620	100,507
Investments .....	<u>4,915,152</u>	<u>4,606,814</u>
Total financial assets .....	6,694,871	6,678,570
Less amounts not available to be used within one year:		
Investments held for long-term purposes .....	<u>(4,915,152)</u>	<u>(4,606,814)</u>
Financial assets available to meet cash needs for general expenditures within one year.....	<u>\$1,779,719</u>	<u>\$2,071,756</u>

**RESCUE MISSION OF TRENTON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**YEARS ENDED JUNE 30, 2019 AND 2018**

**Note 3. Available Resources and Liquidity (Cont'd)**

The Organization considers significant grants, contracts, and program revenue, which are central to its annual operations, to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves to maintain adequate liquid assets to fund near-term operating needs and to maintain sufficient reserves to provide reasonable assurance that long-term obligations will be paid in accordance with the terms. This goal is achieved through the Organization's budgeting process and expenditure policies. The Organization maintains investments with the goal of long-term growth so that income from the investments will provide another source of operating funds. Accordingly, these investments are not available for general expenditures within the next year; however, the board could make them available, if necessary. The Organization maintains a \$600,000 line-of-credit available to assist with temporary cash flow needs. As of June 30, 2019, \$600,000 remained available.

**Note 4. Property and Equipment**

Property and equipment includes the following:

	<b><u>Estimated useful lives in years</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Land .....	-	\$ 63,437	\$ 63,437
Building .....	20-40	1,082,202	1,082,202
Leasehold improvements .....	10-30	1,783,662	1,864,315
Furniture and equipment .....	3-10	1,168,524	1,140,259
Vehicles .....	5	128,074	128,074
Perry Street Project .....	40	4,193,238	4,193,475
Construction in progress .....	-	<u>678,774</u>	<u>31,188</u>
		9,097,911	8,502,950
Accumulated depreciation .....		<u>2,752,024</u>	<u>2,965,286</u>
		<b><u>\$6,345,887</u></b>	<b><u>\$5,537,664</u></b>

Depreciation expense charged to operations was \$360,719 and \$331,674 for the years ended June 30, 2019 and 2018, respectively.

**RESCUE MISSION OF TRENTON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**YEARS ENDED JUNE 30, 2019 AND 2018**

**Note 5. Investments**

The Organization carries investments in marketable securities with readily determinable fair values at their fair values, based on quoted prices in active markets, in the Statements of Financial Position. Unrealized gains and losses for the year are included in the change in net assets in the Statements of Activities.

At June 30, 2019, investments are comprised of the following:

	<b><u>Cost</u></b>	<b><u>Fair value</u></b>	<b><u>Unrealized gains (losses)</u></b>
Temporary cash investments:			
Money market funds .....	\$ 233,589	\$ 233,589	\$ -
Certificates of deposit, maturing between October 2019 and February 2020 .....	149,597	149,983	386
U.S. Treasury bills.....	<u>99,601</u>	<u>99,616</u>	<u>15</u>
Total temporary cash investments .....	<u>\$ 482,787</u>	<u>\$ 483,188</u>	<u>\$ 401</u>
Long term investments:			
Certificates of deposit, maturing between October 2020 and June 2024.....	\$ 399,097	\$ 402,492	\$ 3,395
Corporate bonds .....	402,912	409,179	6,267
Corporate stocks.....	1,122,143	1,849,800	727,657
Mutual funds .....	921,345	1,452,329	530,984
Government securities .....	<u>734,097</u>	<u>801,352</u>	<u>67,255</u>
Total long term investments .....	<u>\$3,579,594</u>	<u>\$4,915,152</u>	<u>\$1,335,558</u>

**RESCUE MISSION OF TRENTON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**YEARS ENDED JUNE 30, 2019 AND 2018**

**Note 5 Investments (Cont'd)**

At June 30, 2018, investments are comprised of the following:

	<b><u>Cost</u></b>	<b><u>Fair value</u></b>	<b><u>Unrealized gains (losses)</u></b>
Temporary cash investments:			
Money market funds .....	\$ 131,492	\$ 131,492	\$ -
U.S. Treasury bills.....	<u>196,076</u>	<u>197,148</u>	<u>1,072</u>
Total temporary cash investments.....	<u>\$ 327,568</u>	<u>\$ 328,640</u>	<u>\$ 1,072</u>
Long term investments:			
Certificates of deposit, maturing between October 2019 and December 2022 .....	\$ 344,845	\$ 344,845	\$ -
Corporate bonds .....	490,120	479,354	(10,766)
Corporate stocks.....	1,035,359	1,578,662	543,303
Mutual funds .....	931,412	1,504,869	573,457
Government securities .....	<u>644,946</u>	<u>699,084</u>	<u>54,138</u>
Total long term investments .....	<u>\$3,446,682</u>	<u>\$4,606,814</u>	<u>\$1,160,132</u>

The components of net investment return for the years ended June 30, 2019 and 2018 were as follows:

	<b><u>2019</u></b>	<b><u>2018</u></b>
Dividends and interest .....	\$110,281	\$ 85,570
Unrealized gain (loss) .....	177,806	234,647
Realized gain (loss) .....	124,922	-
Bank fees.....	<u>(33,683)</u>	<u>(32,422)</u>
	<u>\$379,326</u>	<u>\$287,795</u>

**RESCUE MISSION OF TRENTON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**YEARS ENDED JUNE 30, 2019 AND 2018**

**Note 6. Fair Value Measurement**

Accounting principles generally accepted in the United States of America establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of quoted prices in active or non-active markets for similar assets, and Level 3 inputs consist of significant unobservable inputs. When available, the Organization measures fair value using Level 1 inputs, because they generally provide the most reliable evidence of fair value.

Fair value of assets measured on a recurring basis at June 30 is as follows:

<b><u>June 30, 2019</u></b>	<b><u>Total</u></b>	<b><u>Quoted prices in active markets for identical assets (Level 1)</u></b>	<b><u>Significant other observable inputs (Level 2)</u></b>	<b><u>Significant unobservable inputs (Level 3)</u></b>
Money market funds .....	\$ 233,589	\$ 233,589	\$ -	\$ -
U.S. Treasury bills .....	99,616	-	99,616	-
Certificates of deposit .....	552,475	-	552,475	-
Corporate bonds.....	409,179	-	409,179	-
Corporate stocks .....	1,849,800	1,849,800	-	-
Mutual funds.....	1,452,329	1,452,329	-	-
Government securities.....	<u>801,352</u>	<u>-</u>	<u>801,352</u>	<u>-</u>
Total .....	<u>\$5,398,340</u>	<u>\$3,535,718</u>	<u>\$1,862,622</u>	<u>\$ -</u>

<b><u>June 30, 2018</u></b>	<b><u>Total</u></b>	<b><u>Quoted prices in active markets for identical assets (Level 1)</u></b>	<b><u>Significant other observable inputs (Level 2)</u></b>	<b><u>Significant unobservable inputs (Level 3)</u></b>
Money market funds .....	\$ 131,492	\$ 131,492	\$ -	\$ -
U.S. Treasury bills .....	197,148	-	197,148	-
Certificates of deposit .....	344,845	-	344,845	-
Corporate bonds.....	479,354	-	479,354	-
Corporate stocks .....	1,578,662	1,578,662	-	-
Mutual funds.....	1,504,869	1,504,869	-	-
Government securities.....	<u>699,084</u>	<u>-</u>	<u>699,084</u>	<u>-</u>
Total .....	<u>\$4,935,454</u>	<u>\$3,215,023</u>	<u>\$1,720,431</u>	<u>\$ -</u>



**RESCUE MISSION OF TRENTON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**YEARS ENDED JUNE 30, 2019 AND 2018**

**Note 7. Intangible Asset**

The Organization has capitalized the cost of software for electronic health records. The asset is being amortized on a straight-line basis over a period of sixty months. The composition is:

	<b><u>2019</u></b>	<b><u>2018</u></b>
Cost.....	\$ 15,500	\$ 15,500
Accumulated amortization.....	<u>10,799</u>	<u>7,699</u>
	<b><u>\$ 4,701</u></b>	<b><u>\$ 7,801</u></b>

Amortization expense for the years ended June 30, 2019 and 2018 was \$3,100 and \$3,100, respectively.

**Note 8. Escrow Accounts - NJHMFA**

In conjunction with the loan from New Jersey Housing Mortgage Finance Agency (NJHMFA) for the purchase of 12 Carroll Street and 501-507 Perry Street, the Organization is required to maintain two escrow accounts with NJHMFA. The initial funding came from the loan proceeds. Interest is being credited to this account. Neither the principal nor the interest earnings are available for use by the Organization, unless approved by NJHMFA. Upon completion of the project and final reconciliation with all funders, these funds will be released.

**Note 9. Line-of-Credit**

The Organization established a line-of-credit agreement with a local bank in the amount of \$600,000. Interest on advances was payable monthly and was at a rate of 4.75%. The line expired April 1, 2019. A new line-of-credit was established with a local bank in the amount of \$600,000. Interest on advances is payable monthly and is payable at a rate of 5.25%. The line expires October 26, 2020. There was no outstanding balance on this line-of-credit as of June 30, 2019 and 2018. The line-of-credit is unsecured.

**RESCUE MISSION OF TRENTON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**YEARS ENDED JUNE 30, 2019 AND 2018**

**Note 10. Mortgages Payable - DCA**

During 2008, the Organization was awarded a grant from the New Jersey State Department of Community Affairs. The grant, in the amount of \$196,000, was used to renovate the 4th floor, for "transitional" housing space for homeless adult single men. The facility must be maintained as an approved facility. If the facility is sold or not maintained as a shelter, the balance must be repaid to the State of New Jersey. On each anniversary date of the issuance of the certificate of occupancy, the State will forgive 10% of the original principal. The certificate of occupancy was issued in June of 2009. During the years ended June 30, 2019 and 2018, \$19,600 and \$19,600, respectively, was amortized as income.

During October 2011, the Organization was awarded a grant from the New Jersey State Department of Community Affairs. The grant, in the amount of \$151,700, was used to renovate and add a handicapped-accessible restroom facility related to the shelter. The facilities must be maintained as an approved facility. If the facility is sold or not maintained as a shelter, the balance must be repaid to the State of New Jersey. On each anniversary date of the issuance of the certificate of occupancy, the State will forgive 10% of the original principal. The certificate of occupancy was issued in January of 2013. During the years ended June 30, 2019 and 2018, \$15,170 and \$15,170, respectively, was amortized as income.

During October 2012, the Organization was awarded a grant from the New Jersey State Department of Community Affairs. The grant, in the amount of \$238,500, was used to renovate and repaint exterior brick related to the shelter. The funds had to be expended during the period October 1, 2012 to September 30, 2014. The facilities must be maintained as an approved facility. If the facility is sold or not maintained as a shelter, the balance must be repaid to the State of New Jersey. Annually, the State will forgive 10% of the original principal. In 2014, an additional grant was awarded in the amount of \$86,306 for new equipment and furniture, for a total of \$324,806. During the years ended June 30, 2019 and 2018, \$32,480 and \$32,480, respectively, was amortized as income.

During December 2015, the Organization was awarded a grant from the New Jersey State Department of Community Affairs. The grant, in the amount of \$446,863, was used for the installation of an elevator at the shelter. The funds had to be expended during the period November 1, 2015 to June 30, 2017. The facilities must be maintained as an approved facility. If the facility is sold or not maintained as a shelter, the balance must be repaid to the State of New Jersey. On each anniversary date of the issuance of the certificate of occupancy, the State will forgive 10% of the original principal. The certificate of occupancy was issued in January 2018. During the years ended June 30, 2019 and 2018, \$44,686 and \$-0-, respectively, was amortized as income.

**RESCUE MISSION OF TRENTON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**YEARS ENDED JUNE 30, 2019 AND 2018**

**Note 10. Mortgages Payable - DCA (Cont'd)**

Annual maturities of mortgages payable at June 30, 2019 consist of the following:

	<b><u>Loan 1</u></b>	<b><u>Loan 2</u></b>	<b><u>Loan 3</u></b>	<b><u>Loan 4</u></b>	<b><u>Totals</u></b>
2020 .....	\$ -	\$ 15,170	\$ 32,480	\$ 44,686	\$ 92,336
2021 .....	-	15,170	32,480	44,686	92,336
2022 .....	-	15,170	32,480	44,686	92,336
2023 .....	-	15,170	32,480	44,686	92,336
2024 .....	-	-	32,480	44,686	77,166
2025 and thereafter .....	-	-	<u>64,964</u>	<u>178,747</u>	<u>243,711</u>
Total .....	-	60,680	227,364	402,177	690,221
Less: current portion .....	-	<u>15,170</u>	<u>32,480</u>	<u>44,686</u>	<u>92,336</u>
Noncurrent portion .....	<u>\$ -</u>	<u>\$ 45,510</u>	<u>\$194,884</u>	<u>\$357,491</u>	<u>\$597,885</u>

Annual maturities of mortgages payable at June 30, 2018 consist of the following:

	<b><u>Loan 1</u></b>	<b><u>Loan 2</u></b>	<b><u>Loan 3</u></b>	<b><u>Loan 4</u></b>	<b><u>Totals</u></b>
Total .....	\$ 19,600	\$ 75,850	\$259,845	\$446,863	\$802,158
Less: current portion .....	<u>19,600</u>	<u>15,170</u>	<u>32,480</u>	<u>44,686</u>	<u>111,936</u>
Noncurrent portion .....	<u>\$ -</u>	<u>\$ 60,680</u>	<u>\$227,365</u>	<u>\$402,177</u>	<u>\$690,222</u>

**Note 11. Mortgages Payable - NJHMFA (Brimmer House)**

A property located at 12 Carroll Street providing affordable, service-enriched, rental housing units was purchased with various assistance funds. Partial funding was received from the City of Trenton in the amount of \$70,000. Funds of \$305,344 for the purchase and operation of the property were passed through the New Jersey Housing and Mortgage Finance Agency in February 2009. The mortgage has a 15-year term. The Organization is required to make repayments based on 25% of the net cash flow. There was no repayment due to NJHMFA for the years ended June 30, 2019 and 2018. As part of the loan, NJHMFA deposited \$85,607 to three escrow accounts maintained by NJHMFA. The account is credited with interest. Additionally, periodic deposits are required. Funds can only be used with NJHMFA approval. The mortgage matures on January 26, 2024.

**RESCUE MISSION OF TRENTON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**YEARS ENDED JUNE 30, 2019 AND 2018**

**Note 11. Mortgages Payable - NJHMFA (Brimmer House) (Cont'd)**

The City of Trenton provided funding to the Organization in the amount of \$70,000 to assist in purchasing a house at 12 Carroll Street to use in the permanent housing program. This is a nonamortizable loan. The City will make a determination at the end of the loan period as to whether to forgive the loan. Should the Organization be unable to fulfill its part of the agreement, at any time during the mortgage term, the Organization would be considered in default and the total amount of the loan would be payable on demand to the City of Trenton. The maturity date of the loan is June 30, 2019. No determination has been made as to whether the loan will be forgiven as of the date the financial statements were available to be issued.

The mortgages payable balances are as follows:

	<b><u>2019</u></b>	<b><u>2018</u></b>
City of Trenton .....	\$ 70,000	\$ 70,000
NJHMFA .....	<u>290,126</u>	<u>290,126</u>
Total .....	360,126	360,126
Less: current portion .....	<u>        -</u>	<u>70,000</u>
Noncurrent portion .....	<u>\$360,126</u>	<u>\$290,126</u>

**Note 12. Mortgage Payable on Perry Street Project**

A property located at 501-507 Perry Street was purchased for the construction of 15 housing units in the City of Trenton. The funds of \$2,471,884 were funded by NJHMFA for the purchase and operation of the property. The Organization is required to maintain an escrow account with NJHMFA. The account is credited with interest. Funds can only be utilized with NJHMFA approval. The mortgage has a 30-year term. The Organization is required to make payments based on 25% of the project's net cash flow. Repayment due to NJHMFA for the years ended June 30, 2019 and 2018 was \$10,650 and \$8,991, respectively. The mortgage matures on July 23, 2042. As of June 30, 2014, the property was completed and funds advanced were \$2,369,884 and \$102,000 was undisbursed. At maturity, NJHMFA will either renew or forgive the mortgage.

A property at 501-507 Perry Street was purchased using various funds as follows:

1. \$2,369,884 financing from New Jersey Housing and Mortgage Finance Agency (NJHMFA)
2. \$400,000 financing from Department of Housing and Urban Development (HUD)
3. \$300,000 financing from Federal Home Loan Bank of New York (FHLB-NY)
4. \$300,000 financing from City of Trenton RCA funds
5. \$3,000 contribution from Hopewell Valley Community Bank (INCB)

**RESCUE MISSION OF TRENTON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**YEARS ENDED JUNE 30, 2019 AND 2018**

**Note 12. Mortgage Payable on Perry Street Project (Cont'd)**

The Organization received a Supportive Housing Grant to construct and operate a supportive housing project on a property located at 501-507 Perry Street. The funds of \$400,000 were passed through the City of Trenton from the U.S. Department of Housing and Urban Development (HUD) in May 2011. Should the Organization cease to be used as supportive housing within ten (10) years after the project is placed in service, the Organization would be obligated to repay HUD one hundred percent (100%) of any assistance received for acquisition, rehabilitating, and new construction under the Agreement. However, if the project is used as supportive housing for more than ten (10) years, HUD will reduce the percentage of the amount required to be repaid by ten percentage (10%) points for each year in excess of ten (10) years that the project is used as supportive housing. The Organization shall operate the supportive housing project supportive services throughout a period of twenty (20) years commencing from the date of initial occupancy.

The Organization received \$300,000 from the Federal Home Loan Bank of New York (FHLB-NY) through the Affordable Housing Program (AHP) for the Perry Street Supportive Housing Project. Under the AHP regulation, it requires the FHLB-NY to monitor rental projects for a period fifteen (15) years from the date the construction or rehabilitation of the project is fully operational. The Organization is required to submit a certification to FHLB-NY on an annual basis, beginning on the second anniversary date of the project completion (i.e., issuance of final certificate of occupancy). The tenant's rents and incomes are in compliance with the rent and income commitments and the project continues to be operated as an affordable housing initiative. Should the Organization be unable to fulfill its part of the agreement at any time during the mortgage terms, the Organization would be considered in default of the mortgage and liable for principal repayment in the full amount of \$300,000.

Additional funding from the Department of Housing and Urban Development Continuum of Care Homeless Assistance Program has passed through the City of Trenton RCA funds in the amount \$300,000.

The mortgages payable balances are as follows:

	<b><u>2019</u></b>	<b><u>2018</u></b>
City of Trenton .....	\$ 300,000	\$ 300,000
U.S. Department of Housing and Urban Development .....	400,000	400,000
Federal Home Loan Bank of New York - FHLBNY .....	300,000	300,000
NJHMFA .....	<u>2,346,743</u>	<u>2,357,393</u>
Total .....	3,346,743	3,357,393
Less: current portion .....	<u>10,650</u>	<u>8,991</u>
Noncurrent portion .....	<u>\$3,336,093</u>	<u>\$3,348,402</u>

These mortgages are nonamortizable mortgages.

**RESCUE MISSION OF TRENTON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**YEARS ENDED JUNE 30, 2019 AND 2018**

**Note 13. Retirement Plan**

The Organization maintains a Safe Harbor 401(k) plan which covers substantially all full-time employees. An employee becomes eligible for the plan to make elective salary deferrals after the completion of one year of service and attainment of age 21. This is a deferred compensation plan and the salary deferrals can range from 1% to 95%, in increments of 1%, subject to certain limits based on federal tax laws. Employer contributions to the plan are based on three percent (3%) of eligible employee compensation. Retirement plan expense shown as part of employee benefits for the years ended June 30, 2019 and 2018 was \$112,393 and \$89,159, respectively..

**Note 14. Concentration of Credit Risk Involving Cash**

The Organization's cash and cash equivalent accounts and interest bearing deposits in banks and other financial institutions may at times exceed the federally insured limits. The Organization has not experienced any losses in these accounts. Management believes that the Organization is not exposed to any significant risk on these deposits.

**Note 15. Related Party Transactions**

During 2019, the Organization purchased insurance from a company which is owned in part by a member of the Board of Directors. According to board policy, this matter was handled in an arm's length transaction. Board members with a relationship with the insurance company abstained from voting on this transaction.

**Note 16. Contingency - Contract Revenue**

Under contracts with the State of New Jersey social service programs, funds are received on the basis of an initial advance and/or reimbursements for monthly expenditures as submitted to the grantor. Grant transactions are subject to audit by appointees of the State. Reimbursements in excess of allowed expenditures must be returned to the State when requested. The financial statements do not reflect any provisions for any potential excess expense reimbursements. As of the date of the financial statements, no such requests have been received. In addition, some grants require that interest earned on grant deposits be refunded to the grantor agency.

Vested interests in grant funded fixed assets and ultimate disposition of the same are in accordance with requirements of the grantor for the specific grant under which the assets were acquired. All buildings and equipment are subject to the grantor's reversionary interest requirements at the termination of the grant or disposition of the assets.

**RESCUE MISSION OF TRENTON, NEW JERSEY**

**NOTES TO FINANCIAL STATEMENTS (CONT'D)**

**YEARS ENDED JUNE 30, 2019 AND 2018**

**Note 16. Contingency - Contract Revenue (Cont'd)**

For purposes of the Statements of Functional Expenses, certain costs have been reclassified from the amounts reported to funding agencies. Such costs, while valid expenses under approved government contracts, are not appropriate program costs of financial statements prepared under accounting principles generally accepted in the United States of America.

**Note 17. Operating Lease Agreements and Commitments**

The Organization leases three housing units as part of its permanent housing program. The first property is Boudinot Street, which was leased for a one-year period from June 1, 2018 through May 31, 2019. Payments under this lease were \$1,500 per month.

A property is leased on South Walter Avenue. The term of the lease is for a one-year period from June 1, 2018 through May 31, 2019. Payments under this lease were \$1,500 per month.

A property is leased on Genesee Street. The property is leased on a month-to-month basis. Payments under this lease are \$1,700 per month.

There were no minimum future rental payments under non-cancellable leases having remaining terms in excess of one year as of June 30, 2019. Rental expense under all operating leases aggregated \$54,700 and \$26,400 for the years ended June 30, 2019 and 2018, respectively.

**Note 18. Financial Statement Presentation**

Certain amounts in the 2018 financial statements have been reclassified to conform to the 2019 presentation. Such reclassifications have no effect on the previously reported change in net assets.

**RESCUE MISSION OF TRENTON, NEW JERSEY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL ASSISTANCE**

**YEAR ENDED JUNE 30, 2019**

<b>Federal Grantor/ Pass Through Grantor/ Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Grant Award</b>	<b>Grant Period</b>	<b>Fiscal Year Federal Expenditures</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>					
Passed Through State of New Jersey, City of Trenton:					
Shelter Support.....	14.231	2018-02149-0128	\$ 116,853	12/1/17-8/31/19	\$ 105,955
Emergency Solutions Grant Program.....	14.231	N/A	\$ 10,000	7/1/17-6/30/19	<u>21,732</u>
<b>SUBTOTAL CFDA 14.231.....</b>					<u>127,687</u>
Continuum of Care Program.....	14.267	NJ0310L2F141703	\$ 164,092	12/1/18-11/30/19	67,207
Continuum of Care Program.....	14.267	NJ0310L2F1602	\$ 161,212	12/1/17-11/30/18	46,338
Continuum of Care Program.....	14.267	NJ0464L2F141602	\$ 28,986	10/1/18-9/30/19	6,946
Continuum of Care Program.....	14.267	NJ0464L2F141602	\$ 28,422	10/1/17-9/30/18	<u>4,969</u>
<b>SUBTOTAL CFDA 14.267.....</b>					<u>125,460</u>
<b>SUBTOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.....</b>					<u>253,147</u>
<b>TOTAL EXPENDITURES OF FEDERAL ASSISTANCE.....</b>					<u>\$ 253,147</u>

See independent auditors' report and accompanying notes to this schedule.



**RESCUE MISSION OF TRENTON, NEW JERSEY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE FINANCIAL ASSISTANCE**

**YEAR ENDED JUNE 30, 2019**

<b>State Grantor or Other Grantor/ Pass Through Grantor/ Program Title</b>	<b>State Grant Number</b>	<b>Grant Award</b>	<b>Grant Period</b>	<b>Fiscal Year State/County Expenditures</b>	<b>Total Grant Expenditures To Date</b>
<b>STATE OF NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS</b>					
Homelessness Prevention - Another Chance.....	2019-11112-0335-00	\$ 95,200	10/1/18-9/30/19	\$ 48,076	\$ 48,076
Homelessness Prevention - Another Chance.....	2016-11112-0208-00	\$ 130,676	1/1/16-7/31/18	15,288	133,336
Shelter Support.....	2018-02149-0128-00	\$ 116,853	12/1/17-8/31/19	105,955	105,955
<b>STATE OF NEW JERSEY DEPARTMENT OF HUMAN SERVICES</b>					
Passed Through Division of Mental Health and Addiction Services:					
Fee for Service Network Re-enrollment.....	19-1025F	N/A	7/1/18-6/30/20	2,622,661	2,622,661
Homeless Assessment Referral.....	19-2490-ADA-0	\$ 41,000	7/1/18-6/30/19	41,000	41,000
Sober Living.....	19-2492-ADA-0	\$ 32,120	7/1/18-6/30/19	<u>17,418</u>	<u>17,418</u>
<b>SUBTOTAL STATE OF NEW JERSEY EXPENDITURES.....</b>				<u>2,850,398</u>	<u>2,968,446</u>
<b>CITY OF TRENTON, DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
Emergency Shelter for Homeless Individuals.....	N/A	\$ 260,000	7/1/18-6/30/19	<u>260,000</u>	<u>260,000</u>
<b>COUNTY OF MERCER BOARD OF CHOSEN FREEHOLDERS</b>					
Social Services to the Homeless.....	2018-580	\$ 63,937	1/1/19-12/31/20	32,579	32,579
Social Services to the Homeless.....	2018-214	\$ 31,969	7/1/18-12/31/18	31,969	31,969
Halfway House Services.....	2019-39	\$ 119,000	1/1/19-12/31/19	10,944	10,944
Halfway House Services.....	2017-464	\$ 170,910	1/1/17-12/31/18	55,575	151,848
Emergency Shelter Services.....	2018-579	\$ 232,658	1/1/19-12/31/20	117,428	117,428
Emergency Shelter Services.....	2018-216	\$ 116,329	7/1/18-12/31/18	<u>116,329</u>	<u>116,329</u>
<b>SUBTOTAL COUNTY OF MERCER BOARD OF CHOSEN FREEHOLDERS.....</b>				<u>364,824</u>	<u>461,097</u>
<b>TOTAL EXPENDITURES OF STATE ASSISTANCE.....</b>				<u>\$ 3,475,222</u>	<u>\$ 3,689,543</u>

Note: There were no awards passed through to subrecipients.

See independent auditors' report and accompanying notes to this schedule.

**RESCUE MISSION OF TRENTON, NEW JERSEY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE**  
**FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal and state financial assistance (the Schedule) includes the federal and state grant activity of Rescue Mission of Trenton, New Jersey. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and New Jersey Circular Letter 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Because the Schedule presents only a selected portion of the operations of Rescue Mission of Trenton, New Jersey, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Rescue Mission of Trenton, New Jersey.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and New Jersey Department of Human Services Contract Reimbursement Manual, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**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**

To the Board of Directors of  
Rescue Mission of Trenton, New Jersey  
Trenton, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of RESCUE MISSION OF TRENTON, NEW JERSEY (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 23, 2019.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Rescue Mission of Trenton, New Jersey's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rescue Mission of Trenton, New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of Rescue Mission of Trenton, New Jersey'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 Organization's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Rescue Mission of Trenton, New Jersey's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

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

*Klatzkin & Company, LLP*

KLATZKIN & COMPANY<sub>LLP</sub>

Hamilton, New Jersey  
October 23, 2019

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE  
AND NEW JERSEY CIRCULAR LETTER 15-08-OMB**

To the Board of Directors of  
Rescue Mission of Trenton, New Jersey  
Trenton, New Jersey

**Report on Compliance for Each Major Government Program**

We have audited RESCUE MISSION OF TRENTON, NEW JERSEY's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of Rescue Mission of Trenton, New Jersey's major government programs for the year ended June 30, 2019. Rescue Mission of Trenton, New Jersey's major government programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with government statutes, regulations, and the terms and conditions of its government awards applicable to its government programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Rescue Mission of Trenton, New Jersey's major government programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of New Jersey Circular Letter 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards, New Jersey Circular Letter 15-08-OMB, and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major government program occurred. An audit includes examining, on a test basis, evidence about Rescue Mission of Trenton, New Jersey's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major government program. However, our audit does not provide a legal determination of Rescue Mission of Trenton, New Jersey's compliance.

## **Opinion on Each Major Government Program**

In our opinion, Rescue Mission of Trenton, New Jersey complied, in all material respects, with the types of compliance requirements referred to previously that could have a direct and material effect on each of its major government programs for the year ended June 30, 2019.

## **Report on Internal Control Over Compliance**

Management of Rescue Mission of Trenton, New Jersey is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Rescue Mission of Trenton, New Jersey's internal control over compliance with the types of requirements that could have a direct and material effect on each major government program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major government program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey Circular Letter 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Rescue Mission of Trenton, New Jersey's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a government program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a government 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 government program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Klatzkin & Company, LLP*

KLATZKIN & COMPANY<sub>LLP</sub>

Hamilton, New Jersey  
October 23, 2019

**RESCUE MISSION OF TRENTON, NEW JERSEY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2019**

**A. Summary of Auditors' Results**

1. The auditors' report expresses an unmodified opinion on whether the financial statements of Rescue Mission of Trenton, New Jersey were prepared in accordance with GAAP.
2. No significant deficiencies related to the audit of the financial statements are reported in this schedule.
3. No instances of noncompliance material to the financial statements of Rescue Mission of Trenton, New Jersey, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major awards programs for Rescue Mission of Trenton, New Jersey are reported in this schedule.
5. The auditors' report on compliance for the major awards programs of Rescue Mission of Trenton, New Jersey expresses an unmodified opinion on all major government programs.
6. There are no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major programs included:

<u>Program</u>	<u>State Grant Number</u>
State of New Jersey Department of Human Services, Division of Mental Health and Addiction Services	19-1025F

8. The threshold used for distinguishing between type A and B programs was \$750,000.
9. Rescue Mission of Trenton, New Jersey qualified as a low-risk auditee.

**B. Findings - Financial Statement Audit**

No matters were reported.

**C. Findings and Questioned Costs - Major Government Awards Programs Audit**

No matters were reported.

**RESCUE MISSION OF TRENTON, NEW JERSEY**

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

**YEAR ENDED JUNE 30, 2019**

**Status of Prior Year Findings**

There were no audit findings for the year ended June 30, 2018.