

**RESCUE MISSION OF TRENTON, NEW JERSEY
FINANCIAL STATEMENTS
AND SINGLE AUDIT REPORT
YEARS ENDED JUNE 30, 2020 AND 2019**

RESCUE MISSION OF TRENTON, NEW JERSEY

YEARS ENDED JUNE 30, 2020 AND 2019

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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, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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, 2020 and 2019, 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 audits were 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 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 February 24, 2021, 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_{LLP}

Hamilton, New Jersey
February 24, 2021

RESCUE MISSION OF TRENTON, NEW JERSEY

STATEMENTS OF FINANCIAL POSITION

	June 30,	
	<u>2020</u>	<u>2019</u>
ASSETS		
<u>Current Assets</u>		
Cash and Cash Equivalents.....	\$ 1,597,685	\$ 574,446
Temporary Cash Investments.....	511,513	483,188
Grants and Contributions Receivable.....	530,788	545,782
Accounts Receivable.....	84,389	131,620
Medicaid Payments Receivable.....	59,796	44,683
Prepaid Expenses.....	24,236	22,367
Inventory.....	<u>2,015</u>	<u>3,449</u>
Total Current Assets.....	<u>2,810,422</u>	<u>1,805,535</u>
Property and Equipment Net of Accumulated		
Depreciation of \$3,105,803 and \$2,752,024.....	<u>6,277,390</u>	<u>6,345,887</u>
<u>Other Assets</u>		
Investments.....	5,111,949	4,915,152
Escrow Accounts - NJHMFA.....	249,821	247,280
Electronic Health Records, Net of Accumulated Amortization of \$13,692 and \$10,799.....	<u>1,808</u>	<u>4,701</u>
Total Other Assets.....	<u>5,363,578</u>	<u>5,167,133</u>
TOTAL ASSETS.....	<u>\$ 14,451,390</u>	<u>\$ 13,318,555</u>

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

RESCUE MISSION OF TRENTON, NEW JERSEY

STATEMENTS OF FINANCIAL POSITION

	June 30,	
	<u>2020</u>	<u>2019</u>
LIABILITIES AND NET ASSETS		
<u>Current Liabilities</u>		
Accounts Payable.....	\$ 43,537	\$ 97,201
Accrued Expenses.....	203,431	154,764
Resident Funds.....	16,821	10,296
Security Deposits.....	16,786	16,786
Retainage Payable.....	143,976	143,976
Current Portion of Mortgages Payable.....	<u>94,107</u>	<u>102,986</u>
Total Current Liabilities.....	518,658	526,009
Long Term Debt - Paycheck Protection Program.....	819,700	-
Mortgages Payable, Net of Current Portion.....	<u>4,208,876</u>	<u>4,294,104</u>
Total Liabilities.....	<u>5,547,234</u>	<u>4,820,113</u>
<u>Net Assets</u>		
Without Donor Restrictions.....	8,903,056	8,497,342
With Donor Restrictions.....	<u>1,100</u>	<u>1,100</u>
Total Net Assets.....	<u>8,904,156</u>	<u>8,498,442</u>
TOTAL LIABILITIES AND NET ASSETS.....	<u>\$ 14,451,390</u>	<u>\$ 13,318,555</u>

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

RESCUE MISSION OF TRENTON, NEW JERSEY

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Support and Revenues</u>			
Grants and Contracts.....	\$ 3,732,045	\$ -	\$ 3,732,045
Program Revenue.....	1,005,546	-	1,005,546
Donations.....	1,724,951	-	1,724,951
Store Sales and Industrial Salvage - Revenue of \$350,156			
Store Sales and Industrial Salvage - Cost of Direct Expenses of \$14,854			
Net Revenues from Store Sales and Industrial Salvage.....	335,302	-	335,302
Net Investment Return.....	225,122	-	225,122
Miscellaneous Income.....	169,631	-	169,631
Special Events - Contributions and Revenue of \$60,915			
Special Events - Cost of Direct Benefits to Donors of \$1,138			
Net Revenues from Special Events.....	59,777	-	59,777
Net Assets Released from Restrictions.....	-	-	-
Total Support and Revenues.....	<u>7,252,374</u>	<u>-</u>	<u>7,252,374</u>
<u>Expenses</u>			
Program Services:			
Residential Addiction.....	2,919,283	-	2,919,283
Emergency Services.....	1,855,884	-	1,855,884
Outpatient.....	423,075	-	423,075
Permanent Housing.....	376,651	-	376,651
Community Education.....	5,707	-	5,707
Entrepreneurial Operations and Store.....	305,187	-	305,187
Supporting Services:			
Management and General.....	890,120	-	890,120
Fundraising Expenses.....	70,753	-	70,753
Total Expenses.....	<u>6,846,660</u>	<u>-</u>	<u>6,846,660</u>
Change in Net Assets.....	405,714	-	405,714
Net Assets, Beginning of Year.....	<u>8,497,342</u>	<u>1,100</u>	<u>8,498,442</u>
Net Assets, End of Year.....	<u>\$ 8,903,056</u>	<u>\$ 1,100</u>	<u>\$ 8,904,156</u>

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Support and Revenues</u>			
Grants and Contracts.....	\$ 4,564,479	\$ -	\$ 4,564,479
Program Revenue.....	1,115,550	-	1,115,550
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.....	-	-	-
Total Support and Revenues.....	<u>7,625,366</u>	<u>-</u>	<u>7,625,366</u>
<u>Expenses</u>			
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
Total Expenses.....	<u>6,698,077</u>	<u>-</u>	<u>6,698,077</u>
Change in Net Assets.....	927,289	-	927,289
Net Assets, Beginning of Year.....	<u>7,570,053</u>	<u>1,100</u>	<u>7,571,153</u>
Net Assets, End of Year.....	<u>\$ 8,497,342</u>	<u>\$ 1,100</u>	<u>\$ 8,498,442</u>

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, 2020

	Residential Addiction Program (Vince's Place)	Emergency Services	Outpatient	Permanent Housing	Community Education	Entrepreneurial Operations and Store	Total Program Services	Management and General	Fund Raising	Total
Personnel										
Salaries.....	\$ 1,496,767	\$ 1,053,872	\$ 227,253	\$ 124,097	\$ 963	\$ 149,804	\$ 3,052,756	\$ 527,385	\$ 7,166	\$ 3,587,307
Payroll Taxes and Employee Benefits.....	435,007	267,007	84,747	58,115	1,598	32,896	879,370	180,372	5,962	1,065,704
Total Personnel.....	1,931,774	1,320,879	312,000	182,212	2,561	182,700	3,932,126	707,757	13,128	4,653,011
Operating Expenses										
Amortization.....	-	-	-	-	-	-	-	2,893	-	2,893
Automobile.....	22,110	915	381	267	8	16,160	39,841	853	31	40,725
Automobile Insurance.....	10,862	1,134	473	335	5	16,251	29,060	471	37	29,568
Business and Property Insurance.....	73,315	39,401	16,292	11,526	326	4,888	145,748	16,292	1,303	163,343
Client Expenses.....	75,992	-	-	-	-	20,902	96,894	-	-	96,894
Program Expense - Cost of Goods Sold.....	-	-	-	-	-	14,854	14,854	-	-	14,854
Depreciation.....	160,502	85,601	35,667	24,967	713	10,700	318,150	32,776	2,853	353,779
Educational Materials.....	-	450	-	-	-	-	450	875	-	1,325
Facility Cost.....	50,492	40,151	7,568	18,116	127	23,715	140,169	7,245	509	147,923
Food Expense.....	125,226	111,981	1,007	16,224	1,201	302	255,941	1,677	81	257,699
Licenses and Inspections.....	3,737	666	191	2,749	-	-	7,343	3,272	-	10,615
Miscellaneous.....	17,949	13,119	17,284	2,087	46	3,193	53,678	16,984	4,807	75,469
Medical Supplies.....	28,454	802	334	224	7	100	29,921	275	27	30,223
Postage and Shipping.....	784	434	219	432	-	-	1,869	2,310	19,137	23,316
Printing and Advertising.....	6,251	4,167	2,102	4,149	-	-	16,669	23,324	19,026	59,019
Professional Fees.....	182,355	22,443	14,273	7,678	539	2,311	229,599	40,243	9,118	278,960
Real Estate Taxes.....	-	-	-	2,443	-	-	2,443	-	-	2,443
Rent.....	-	-	-	18,800	-	-	18,800	-	-	18,800
Residential Services.....	71,521	88,508	-	1,190	-	-	161,219	-	-	161,219
Special Events.....	-	-	-	-	-	-	-	-	1,138	1,138
Supplies.....	71,409	46,339	6,329	4,693	118	4,310	133,198	3,247	473	136,918
Store Expenses.....	-	-	-	-	-	4,000	4,000	-	-	4,000
Telephone.....	13,531	9,855	2,787	12,242	56	836	39,307	2,755	223	42,285
Travel and Meetings.....	172	1,514	-	326	-	88	2,100	4,803	-	6,903
Utilities.....	72,847	67,525	6,168	65,991	-	14,731	227,262	22,068	-	249,330
Total Operating Expenses.....	987,509	535,005	111,075	194,439	3,146	137,341	1,968,515	182,363	58,763	2,209,641
Total Expenses.....	2,919,283	1,855,884	423,075	376,651	5,707	320,041	5,900,641	890,120	71,891	6,862,652
Less Expenses Included with Revenues on the Statement of Activities:										
Cost of Goods Sold.....	-	-	-	-	-	(14,854)	(14,854)	-	-	(14,854)
Cost of Direct Benefits to Donors.....	-	-	-	-	-	-	-	-	(1,138)	(1,138)
Total Expenses Included in the Expense Section on the Statement of Activities.....	\$ 2,919,283	\$ 1,855,884	\$ 423,075	\$ 376,651	\$ 5,707	\$ 305,187	\$ 5,885,787	\$ 890,120	\$ 70,753	\$ 6,846,660

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

	Residential Addiction Program (Vince's Place)	Emergency Services	Outpatient	Permanent Housing	Community Education	Entrepreneurial Operations and Store	Total Program Services	Management and General	Fund Raising	Total
Personnel										
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.....	<u>539,926</u>	<u>246,058</u>	<u>89,842</u>	<u>32,372</u>	<u>68</u>	<u>40,949</u>	<u>949,215</u>	<u>143,751</u>	<u>20,999</u>	<u>1,113,965</u>
Total Personnel.....	<u>2,149,393</u>	<u>993,477</u>	<u>364,487</u>	<u>128,793</u>	<u>714</u>	<u>168,019</u>	<u>3,804,883</u>	<u>533,373</u>	<u>78,328</u>	<u>4,416,584</u>
Operating Expenses										
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.....	<u>87,321</u>	<u>67,385</u>	<u>7,232</u>	<u>66,321</u>	<u>-</u>	<u>11,092</u>	<u>239,351</u>	<u>16,768</u>	<u>-</u>	<u>256,119</u>
Total Operating Expenses.....	<u>1,033,483</u>	<u>452,702</u>	<u>104,371</u>	<u>309,106</u>	<u>2,254</u>	<u>181,424</u>	<u>2,083,340</u>	<u>156,113</u>	<u>73,999</u>	<u>2,313,452</u>
Total Expenses.....	3,182,876	1,446,179	468,858	437,899	2,968	349,443	5,888,223	689,486	152,327	6,730,036
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)
Total Expenses Included in the Expense Section on the Statement of Activities.....	<u>\$ 3,182,876</u>	<u>\$ 1,446,179</u>	<u>\$ 468,858</u>	<u>\$ 437,899</u>	<u>\$ 2,968</u>	<u>\$ 331,277</u>	<u>\$ 5,870,057</u>	<u>\$ 689,486</u>	<u>\$ 138,534</u>	<u>\$ 6,698,077</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>2020</u>	<u>2019</u>
Increase (Decrease) in Cash and Cash Equivalents		
Cash Flows from Operating Activities:		
Cash Received from Grantors, Donors, and Customers.....	\$ 6,983,585	\$ 7,035,929
Cash Paid to Vendors and Employees.....	(6,495,420)	(6,317,915)
Interest and Dividends Received.....	2,426	2,767
Interest Paid.....	-	-
Income Taxes Paid.....	-	-
	<u>490,591</u>	<u>720,781</u>
Net Cash Provided by (Used in) Operating Activities.....	<u>490,591</u>	<u>720,781</u>
Cash Flows from Investing Activities:		
Purchases of Property and Equipment.....	(285,282)	(1,168,942)
Purchases of Investments.....	-	(583,560)
Proceeds from Sale and Maturities of Investments.....	-	500,000
	<u>(285,282)</u>	<u>(1,252,502)</u>
Net Cash Provided by (Used in) Investing Activities.....	<u>(285,282)</u>	<u>(1,252,502)</u>
Cash Flows from Financing Activities:		
Borrowings Under Line-of-Credit Agreement.....	400,000	-
Repayments Under Line-of-Credit Agreement.....	(400,000)	-
Borrowings Under Paycheck Protection Program.....	819,700	-
Principal Payments on Long Term Debt.....	(1,770)	(10,650)
	<u>817,930</u>	<u>(10,650)</u>
Net Cash Provided by (Used in) Financing Activities.....	<u>817,930</u>	<u>(10,650)</u>
Net Increase (Decrease) in Cash and Cash Equivalents.....	1,023,239	(542,371)
Cash and Cash Equivalents, Beginning of Year.....	<u>574,446</u>	<u>1,116,817</u>
Cash and Cash Equivalents, End of Year.....	<u>\$ 1,597,685</u>	<u>\$ 574,446</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>2020</u>	<u>2019</u>
Reconciliation of Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Change in Net Assets.....	\$ 405,714	\$ 927,289
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation.....	353,779	360,719
Amortization Expense.....	2,893	3,100
Unrealized (Gain) Loss on Investments.....	644,694	(177,806)
Realized (Gain) Loss on Investments.....	(773,755)	(124,922)
Net Dividends Reinvested and Securities Fees.....	(96,061)	(76,598)
Loan Forgiveness Income.....	(92,337)	(111,937)
(Increase) Decrease in Operating Assets:		
Grants, Contributions, Accounts, and Medicaid Receivable.....	47,112	(95,786)
Interest Receivable.....	-	8,000
Prepaid Expenses.....	(1,869)	(20,667)
Inventory.....	1,434	930
Escrow Accounts.....	(2,541)	(3,322)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable.....	(53,664)	56,317
Accrued Expenses.....	48,667	(20,237)
Resident Funds.....	<u>6,525</u>	<u>(4,299)</u>
Net Cash Provided by (Used in) Operating Activities.....	<u>\$ 490,591</u>	<u>\$ 720,781</u>
Supplemental Schedule of Noncash Investing and Financing Transactions:		
Rebalance of Investment Portfolio		
Proceeds.....	\$ 6,026,398	\$ 2,926,942
Cost.....	<u>(5,252,643)</u>	<u>(2,836,564)</u>
Realized Gain.....	<u>\$ 773,755</u>	<u>\$ 90,378</u>
Disposition of Property and Equipment:		
Cost.....	\$ -	\$ 573,981
Accumulated Depreciation.....	<u>-</u>	<u>(573,981)</u>
Net Book Value.....	<u>\$ -</u>	<u>\$ -</u>
Forgiveness of Mortgages Payable Recognized as Income.....	<u>\$ 92,337</u>	<u>\$ 111,937</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, 2020 AND 2019

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, and experience love, responsibility, and hope.

The Organization received approximately 62% and 68% of its revenue from federal, state, and city agencies for the years ended June 30, 2020 and 2019, 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.

RESCUE MISSION OF TRENTON, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED JUNE 30, 2020 AND 2019

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

Functional Cost Categories:

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

- A. Residential Addiction Program (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.
- 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 areas 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.

RESCUE MISSION OF TRENTON, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED JUNE 30, 2020 AND 2019

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

Functional Cost Categories (Cont'd):

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

Revenue and Support Recognition:

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using low risk interest rates applicable to the years in which promises are received to discount the amounts. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are recognized when the conditions on which they are dependent are substantially satisfied.

A portion of the Organization's revenue is derived from cost-reimbursable state and county grants, and federal grants passed through the state and local municipalities, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions and/or achieved the specified performance requirements. Amounts received prior to incurring qualifying expenditures or meeting the specified performance requirements are reported as refundable advances in the Statements of Financial Position. The Organization received conditional grants of \$705,966 and \$928,358 that have not been recognized at June 30, 2020 and June 30, 2019, respectively, because qualifying expenditures have not yet been incurred or performance requirements have not yet been met.

Contributions received with donor-imposed conditions and/or restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the 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, 2020 AND 2019

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

Revenue and Support Recognition (Cont'd):

Contributions of donated non-cash assets, such as property and equipment, are recorded at their fair values in the periods received. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Donated goods received for charitable distribution and resale are not recorded in the accompanying financial statements.

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the periods received. The Organization also receives donated services from unpaid volunteers who assist in special projects. No amounts have been recorded in the accompanying financial statements because the criteria for recognition under U.S. GAAP have not been satisfied.

Residential and outpatient service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing patient services. Residential and outpatient service revenue represents amounts earned under funding arrangements with the New Jersey Department of Human Services, Division of Mental Health and Addiction Services (NJDMHAS) and Medicaid. NJDMHAS payments are cost-reimbursable grants, and revenue is recognized in accordance with policies as previously described for cost-reimbursable grants. Medicaid payments are considered a third-party funding arrangement of transactions between the Organization and the individual service recipient. Generally, the Organization bills Medicaid several days after the services are provided. Revenue is recognized when the services are billed, which approximates when the performance obligations are satisfied.

Residents of permanent housing contribute rent payments and funds for food and other incidental expenses. Rent and incidental expenses are paid on a monthly basis. Revenue from residents is recognized on the date that payment is received and it is reported as part of program revenue.

Revenue from store sales and industrial salvage is recognized on the date of sale. Sales tax is collected at the point of sale when an item sold is subject to tax.

Revenue from fundraising events is recognized when the event occurs. The amount of revenue in the Statements of Activities is shown net of the cost of direct benefits to donors.

RESCUE MISSION OF TRENTON, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED JUNE 30, 2020 AND 2019

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

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.

Grants and Contributions Receivable:

Grants and contributions receivable consist of receivables from government agencies that are both conditional and unconditional contributions. The Organization considers all grants and contributions receivable to be fully collectible within one year; accordingly, no allowance for doubtful amounts has been recorded. If amounts become uncollectible, they will be charged to the change in net assets when that determination is made.

Accounts Receivable:

Accounts receivable consist primarily of noninterest-bearing amounts due under fee for service arrangements. Amounts are mainly due from organizations and corporations located in New Jersey. The Organization considers all accounts receivable to be fully collectible within one year; accordingly, no allowance for doubtful amounts has been recorded. If amounts become uncollectible, they will be charged to the change in net assets when that determination is made. There were no amounts written off for the years ended June 30, 2020 or 2019.

Medicaid Payments Receivable:

Medicaid payments receivable consist of receivables for services reimbursed under fee for service arrangements with Medicaid. The Organization considers Medicaid payments receivable to be fully collectible within one year; accordingly, no allowance for doubtful amounts has been recorded. There were no amounts written off for the years ended June 30, 2020 or 2019.

Inventory:

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

Investments:

Under U.S. GAAP, 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, 2020 AND 2019

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. The Organization is also exempt from state income taxes and is registered with the State of New Jersey under the New Jersey Charitable Registration and Investigation Act (CRI) of 1994.

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, 2020 and 2019.

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 2016.

RESCUE MISSION OF TRENTON, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED JUNE 30, 2020 AND 2019

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. Expenses that can be identified with a specific program or supporting service are reported accordingly. Other costs that are common to several functions 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 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.

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, 2020 and 2019 were \$10,682 and \$11,455, respectively.

RESCUE MISSION OF TRENTON, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED JUNE 30, 2020 AND 2019

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

Adoption of New Accounting Pronouncements:

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.

For the year ended June 30, 2020, the Organization has adopted FASB ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). The Organization has also adopted ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. Management believes the standards improve the usefulness and understandability of the Organization's financial reporting. An analysis of various provisions of the revenue standards resulted in no significant changes in the way the Organization recognizes revenue. Certain amounts were reclassified in the Statement of Financial Position and the Statement of Activities for the year ended June 30, 2019 to conform with the current year presentation. As a result of the reclassifications, grants and contributions receivable decreased and Medicaid payments receivable increased by \$44,683. Also due to the reclassifications, revenue from grants and contracts increased and program revenue decreased by \$142,878. The presentation and disclosures of revenue have been enhanced in accordance with the standards. The Organization has elected to omit the disclosures that are optional for nonpublic entities.

Recent Accounting Pronouncements:

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. As a nonpublic entity and as allowed by FASB ASU 2020-05 issued June 3, 2020, the Organization has elected its option to defer adoption of the revised lease standard until its fiscal year beginning after December 15, 2021. 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 February 24, 2021, the date on which the financial statements were available to be issued.

RESCUE MISSION OF TRENTON, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED JUNE 30, 2020 AND 2019

Note 3. Available Resources and Liquidity

The following represents the Organization's financial assets at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents.....	\$1,597,685	\$ 574,446
Temporary cash investments.....	511,513	483,188
Grants and contributions receivable	530,788	545,782
Accounts receivable	84,389	131,620
Medicaid payments receivable	59,796	44,683
Investments.....	<u>5,111,949</u>	<u>4,915,152</u>
 Total financial assets	 7,896,120	 6,694,871
 Less amounts not available to be used within one year:		
Investments held for long-term purposes.....	<u>(5,111,949)</u>	<u>(4,915,152)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$2,784,171</u>	 <u>\$1,779,719</u>

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 has funds on deposit with NJHMFA in escrow. These funds were not included in this analysis. The Organization maintains a \$3,000,000 line-of-credit and a \$600,000 line-of-credit available to assist with temporary cash flow needs. As of June 30, 2020, \$3,600,000 remained available.

RESCUE MISSION OF TRENTON, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED JUNE 30, 2020 AND 2019

Note 4. Contract Balances

The timing of revenue recognition, invoicing, and cash collections results in accounts receivable and Medicaid payments receivable on the Statements of Financial Position.

The beginning and ending contract balances were as follows:

	<u>Accounts receivable</u>	
	<u>2020</u>	<u>2019</u>
Beginning of year.....	\$ 131,620	\$100,507
End of year.....	\$ 84,389	\$ 131,620

	<u>Medicaid payments receivable</u>	
	<u>2020</u>	<u>2019</u>
Beginning of year.....	\$ 44,683	\$ -
End of year.....	\$ 59,796	\$ 44,683

Note 5. Property and Equipment

Property and equipment includes the following:

	<u>Estimated useful lives in years</u>	<u>2020</u>	<u>2019</u>
Land	-	\$ 93,437	\$ 63,437
Building.....	20-40	1,904,127	1,082,202
Leasehold improvements	10-30	1,844,315	1,783,662
Furniture and equipment	3-10	1,220,002	1,168,524
Vehicles.....	5	128,074	128,074
Perry Street Project.....	40	4,193,238	4,193,238
Construction in progress.....	-	-	678,774
		9,383,193	9,097,911
Accumulated depreciation		<u>3,105,803</u>	<u>2,752,024</u>
		<u>\$6,277,390</u>	<u>\$6,345,887</u>

Depreciation expense charged to operations was \$353,779 and \$360,719 for the years ended June 30, 2020 and 2019, respectively.

RESCUE MISSION OF TRENTON, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED JUNE 30, 2020 AND 2019

Note 6. Investments

The Organization carries investments in marketable securities with readily determinable fair values at their fair values 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, 2020, investments are comprised of the following:

	<u>Cost</u>	<u>Fair value</u>	<u>Unrealized gains (losses)</u>
Temporary cash investments:			
Money market funds	\$411,046	\$411,046	\$ -
Certificates of deposit, maturing between August 2020 and October 2020	<u>99,741</u>	<u>100,467</u>	<u>726</u>
Total temporary cash investments	<u>\$510,787</u>	<u>\$511,513</u>	<u>\$ 726</u>
Long term investments:			
Certificates of deposit, maturing between August 2021 and August 2024.....	\$ 449,191	\$ 475,907	\$ 26,716
U.S. Treasury notes, maturing between April 2025 and February 2050	68,371	67,714	(657)
Accrued interest	6,896	6,896	-
Corporate bonds.....	638,870	649,027	10,157
Corporate stocks	3,179,019	3,667,444	488,425
Mutual funds.....	186,579	192,521	5,942
Government securities.....	<u>52,983</u>	<u>52,440</u>	<u>(543)</u>
Total long term investments	<u>\$4,581,909</u>	<u>\$5,111,949</u>	<u>\$530,040</u>

RESCUE MISSION OF TRENTON, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED JUNE 30, 2020 AND 2019

Note 6. Investments (Cont'd)

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

	<u>Cost</u>	<u>Fair value</u>	<u>Unrealized gains (losses)</u>
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>

The components of net investment return for the years ended June 30, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Dividends and interest	\$126,639	\$110,281
Unrealized gain (loss).....	(644,694)	177,806
Realized gain (loss)	773,755	124,922
Bank fees	<u>(30,578)</u>	<u>(33,683)</u>
	<u>\$225,122</u>	<u>\$379,326</u>

RESCUE MISSION OF TRENTON, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED JUNE 30, 2020 AND 2019

Note 7. 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:

<u>June 30, 2020</u>	<u>Total</u>	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Money market funds	\$ 411,046	\$ 411,046	\$ -	\$ -
U.S. Treasury notes	67,714	-	67,714	-
Certificates of deposit.....	576,374	-	576,374	-
Corporate bonds	649,027	-	649,027	-
Corporate stocks.....	3,667,444	3,667,444	-	-
Mutual funds	192,521	192,521	-	-
Accrued interest.....	6,896	-	6,896	-
Government securities	<u>52,440</u>	<u>-</u>	<u>52,440</u>	<u>-</u>
Total	<u>\$5,623,462</u>	<u>\$4,271,011</u>	<u>\$1,352,451</u>	<u>\$ -</u>

<u>June 30, 2019</u>	<u>Total</u>	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
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>

RESCUE MISSION OF TRENTON, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED JUNE 30, 2020 AND 2019

Note 8. 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:

	<u>2020</u>	<u>2019</u>
Cost.....	\$15,500	\$ 15,500
Accumulated amortization	<u>13,692</u>	<u>10,799</u>
	<u>\$ 1,808</u>	<u>\$ 4,701</u>

Amortization expense for the years ended June 30, 2020 and 2019 was \$2,893 and \$3,100, respectively.

Note 9. 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 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 10. Lines-of-Credit

The Organization established a line-of-credit agreement with a local bank in the amount of \$600,000. Interest on advances is payable monthly at a rate of 5.25%. The line expires October 26, 2020. A new line-of-credit was established in May 2020 with a financial institution in the amount of \$3,000,000. The interest rate is variable and based on a 30-day LIBOR rate and predetermined loan spread. At June 30, 2020, this rate was 2.662%. The total available line-of-credit at June 30, 2020 was \$3,600,000. There was no outstanding balance on the lines-of-credit as of June 30, 2020 and 2019. The lines-of-credit are unsecured.

RESCUE MISSION OF TRENTON, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED JUNE 30, 2020 AND 2019

Note 11. Long Term Debt - Paycheck Protection Program

On April 20, 2020, the Organization received a \$819,700 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The Organization has elected to account for the loan as debt pursuant to the guidance in FASB ASC 470, *Debt*. Under such guidance, the loan is recognized as a financial liability of the Organization on the Statements of Financial Position and receipt of the loan proceeds is treated as a cash inflow from financing activities on the Statements of Cash Flows. The loan accrues interest at 1%, but payments are not required to begin until ten months after the covered period ends. The Organization is eligible for loan forgiveness of up to 100% of the loan upon meeting certain requirements. Any unforgiven part of the loan will be due in 14 monthly installments after the ten-month deferment period. The loan is uncollateralized and is fully guaranteed by the Federal government. It is the Organization's intention to apply for forgiveness within the next fiscal year. As the loan was disbursed on April 20, 2020 and the fiscal year ends on June 30, 2020, the accrued interest during this period is considered immaterial and has not been recorded.

Long term debt related to the Paycheck Protection Program consists of the following:

	<u>2020</u>	<u>2019</u>
Total long term debt.....	<u>\$ 819,700</u>	<u>\$ -</u>

Annual maturities of long term debt for each of the next five years are as follows:

<u>Year ended June 30,</u>	<u>Amount</u>
2021	\$ -
2022	\$819,700
2023	\$ -
2024	\$ -
2025	\$ -

RESCUE MISSION OF TRENTON, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED JUNE 30, 2020 AND 2019

Note 12. Mortgages Payable - DCA

During 2008, the Organization was awarded a grant from the New Jersey State Department of Community Affairs (DCA). The grant, in the amount of \$196,000, was used to renovate the 4th floor of 98 Carroll Street, Trenton, New Jersey, 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 year ended June 30, 2019, \$19,600 was amortized as income. As of June 30, 2019, the full amount of this mortgage has been forgiven.

During October 2011, the Organization was awarded a grant from the DCA. 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, 2020 and 2019, \$15,170 and \$15,170, respectively, was amortized as income.

During October 2012, the Organization was awarded a grant from the DCA. 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, 2020 and 2019, \$32,480 and \$32,480, respectively, was amortized as income.

During December 2015, the Organization was awarded a grant from the DCA. 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, 2020 and 2019, \$44,686 and \$44,686, respectively, was amortized as income.

RESCUE MISSION OF TRENTON, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED JUNE 30, 2020 AND 2019

Note 12. Mortgages Payable - DCA (Cont'd)

Annual maturities of mortgages payable at June 30, 2020 consist of the following:

	<u>Loan 1</u>	<u>Loan 2</u>	<u>Loan 3</u>	<u>Loan 4</u>	<u>Totals</u>
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.....	-	-	32,480	44,686	77,166
2026 and thereafter.....	-	-	<u>32,484</u>	<u>134,061</u>	<u>166,545</u>
Total.....	-	45,510	194,884	357,491	597,885
Less: current portion	-	<u>15,170</u>	<u>32,480</u>	<u>44,686</u>	<u>92,336</u>
Noncurrent portion	<u>\$ -</u>	<u>\$30,340</u>	<u>\$162,404</u>	<u>\$312,805</u>	<u>\$505,549</u>

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

	<u>Loan 1</u>	<u>Loan 2</u>	<u>Loan 3</u>	<u>Loan 4</u>	<u>Totals</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>

RESCUE MISSION OF TRENTON, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED JUNE 30, 2020 AND 2019

Note 13. 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 project's net cash flow. Repayment due to NJHMFA for the years ended June 30, 2020 and 2019 was \$1,014 and \$-0-, respectively. 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.

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 was 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:

	<u>2020</u>	<u>2019</u>
City of Trenton.....	\$ 70,000	\$ 70,000
NJHMFA.....	<u>289,112</u>	<u>290,126</u>
Total	359,112	360,126
Less: current portion.....	<u>1,014</u>	<u>-</u>
Noncurrent portion.....	<u>\$358,098</u>	<u>\$360,126</u>

RESCUE MISSION OF TRENTON, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED JUNE 30, 2020 AND 2019

Note 14. 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, 2020 and 2019 was \$756 and \$10,650, 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)

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, the FHLB-NY is required to monitor rental projects for a period of fifteen (15) years from the date the construction or rehabilitation of the project is fully operational, which was June 30, 2014. 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.

RESCUE MISSION OF TRENTON, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED JUNE 30, 2020 AND 2019

Note 14. Mortgage Payable on Perry Street Project (Cont'd)

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:

	<u>2020</u>	<u>2019</u>
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>2,345,987</u>	<u>2,346,743</u>
Total	3,345,987	3,346,743
Less: current portion.....	<u>756</u>	<u>10,650</u>
Noncurrent portion.....	<u>\$3,345,231</u>	<u>\$3,336,093</u>

These mortgages are nonamortizable mortgages.

Note 15. Restrictions on Net Assets

Net assets with donor restrictions at June 30, 2020 and 2019 are available for the following purposes:

	<u>2020</u>	<u>2019</u>
Purpose restrictions:		
Rogers Memorial Fund	<u>\$ 1,100</u>	<u>\$ 1,100</u>

There were no net assets released from net assets with donor restrictions during the years ended June 30, 2020 and 2019.

RESCUE MISSION OF TRENTON, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED JUNE 30, 2020 AND 2019

Note 16. 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, 2020 and 2019 was \$93,921 and \$112,393, respectively.

Note 17. 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 18. Related Party Transactions

During 2020, 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 19. 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, 2020 AND 2019

Note 19. Contingency - Contract Revenue (Cont'd)

The Organization received Regional Contribution Agreement Funds and Mercer County Homeless Trust Funds to construct rental dwelling units for low or moderate income households on a property located at 300 South Clinton Avenue, Trenton, New Jersey. Pursuant to the terms of the funding agreements, the property must be maintained and operated as affordable housing units.

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 U.S. GAAP.

Note 20. Operating Lease Agreements and Commitments

The Organization leased three housing units as part of its permanent housing program. The first property is on 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. This property was purchased on March 20, 2020.

A property was leased on South Walter Avenue for a one-year period from June 1, 2018 through May 31, 2019. Payments under this lease were \$1,500 per month. This property was purchased on September 30, 2019.

A property is leased on Genesee Street 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, 2020. Rental expense under all operating leases aggregated \$18,800 and \$54,700 for the years ended June 30, 2020 and 2019, respectively.

Note 21. Risks and Uncertainties

The COVID-19 outbreak in the United States in March 2020 has caused business disruption through mandated and voluntary closure of businesses, schools, churches, and other public facilities. The Organization has continued to provide services, with safety measures in place, since the onset of the pandemic. The Organization's donations increased in the final quarter of the fiscal year as donations were received for COVID-19 relief. Also, special events which were planned for spring 2020 were either cancelled, postponed, or moved to a virtual format. Considerable uncertainty remains about the duration of the pandemic and long-term implications on funding from government agencies and other sources. Accordingly, the extent to which COVID-19 may impact the Organization's future financial position, changes in net assets, and cash flows is uncertain and the accompanying financial statements include no adjustments related to the effects of the pandemic.

RESCUE MISSION OF TRENTON, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

YEARS ENDED JUNE 30, 2020 AND 2019

Note 21. Risks and Uncertainties (Cont'd)

The Organization invests in various securities. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the uncertainty related to changes in the value of investment securities, it is reasonably possible that changes in risks in the near term would materially affect the investments and the amounts reported in the Statements of Financial Position. Users of these financial statements should be aware that the financial markets' volatility may significantly impact the subsequent valuation of the Organization's investments. Accordingly, the valuation of investments may not necessarily be indicative of amounts that could be realized in a current market exchange.

Note 22. Financial Statement Presentation

Certain amounts in the 2019 financial statements have been reclassified to conform to the 2020 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, 2020

<u>Federal Grantor/ Pass Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Award</u>	<u>Grant Period</u>	<u>Fiscal Year Federal Expenditures</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Passed Through State of New Jersey, City of Trenton:					
Emergency Solutions Grant Program.....	14.231	#E-19-MC-34-0007	\$ 30,000	7/1/19-6/30/20	\$ <u>30,000</u>
Continuum of Care Program.....	14.267	NJ0310L2F141804	\$ 153,846	12/1/19-11/30/20	63,742
Continuum of Care Program.....	14.267	NJ0310L2F141703	\$ 164,092	12/1/18-11/30/19	47,482
Continuum of Care Program.....	14.267	NJ0464L2F14804	\$ 28,986	11/1/19-10/31/20	8,955
Continuum of Care Program.....	14.267	NJ0464L2F141602	\$ 28,986	10/1/18-9/30/19	<u>2,985</u>
SUBTOTAL CFDA 14.267.....					<u>123,164</u>
SUBTOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.....					<u>153,164</u>
TOTAL EXPENDITURES OF FEDERAL ASSISTANCE.....					\$ <u>153,164</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, 2020

<u>State Grantor or Other Grantor/ Pass Through Grantor/ Program Title</u>	<u>State Grant Number</u>	<u>Grant Award</u>	<u>Grant Period</u>	<u>Fiscal Year State/County Expenditures</u>	<u>Total Grant Expenditures To Date</u>
STATE OF NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS					
Homelessness Prevention - Another Chance.....	2019-11112-0335-00	\$ 137,137	10/1/18-7/31/21	\$ 51,352	\$ 51,352
Homelessness Prevention - Another Chance.....	2019-11112-0335-00	\$ 67,396	10/1/18-9/30/19	10,024	58,100
Shelter Support.....	2020-02149-0063-00	\$ 103,238	12/1/19-6/30/21	<u>17,093</u>	<u>17,093</u>
SUBTOTAL STATE OF NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS.....				<u>78,469</u>	<u>126,545</u>
STATE OF NEW JERSEY DEPARTMENT OF HUMAN SERVICES					
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	2,186,461	4,809,122
Homeless Assessment Referral.....	20-2490-ADA-0	\$ 41,000	7/1/19-6/30/20	<u>39,400</u>	<u>39,400</u>
SUBTOTAL STATE OF NEW JERSEY DEPARTMENT OF HUMAN SERVICES.....				<u>2,225,861</u>	<u>4,848,522</u>
SUBTOTAL STATE OF NEW JERSEY EXPENDITURES.....				<u>2,304,330</u>	<u>4,975,067</u>
CITY OF TRENTON, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Emergency Shelter for Homeless Individuals.....	N/A	\$ 271,000	10/4/19-10/3/20	<u>195,000</u>	<u>195,000</u>
COUNTY OF MERCER BOARD OF CHOSEN FREEHOLDERS					
Social Services to the Homeless.....	2018-580	\$ 127,874	1/1/19-12/31/20	62,208	94,787
Halfway House Services.....	2019-558	\$ 119,000	1/1/20-12/31/20	42,754	42,754
Halfway House Services.....	2019-39	\$ 119,000	1/1/19-12/31/19	24,515	35,459
Emergency Shelter Services.....	2018-579	\$ 465,316	1/1/19-12/31/20	<u>232,372</u>	<u>349,800</u>
SUBTOTAL COUNTY OF MERCER BOARD OF CHOSEN FREEHOLDERS.....				<u>361,849</u>	<u>522,800</u>
TOTAL EXPENDITURES OF STATE ASSISTANCE.....				<u>\$ 2,861,179</u>	<u>\$ 5,692,867</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, 2020

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 statement of financial position as of June 30, 2020, 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 February 24, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Klatzkin & Company, LLP

KLATZKIN & COMPANY_{LLP}

Hamilton, New Jersey
February 24, 2021

**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, 2020. 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, 2020.

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_{LLP}

Hamilton, New Jersey
February 24, 2021

RESCUE MISSION OF TRENTON, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

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 program for Rescue Mission of Trenton, New Jersey are reported in this schedule.
5. The auditors' report on compliance for the major awards program 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 program tested as a major program included:

<u>Program</u>	<u>State Grant Number</u>
State of New Jersey Department of Human Services, Division of Mental Health and Addiction Services, Addictions Fee for Service	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 Program Audit

No matters were reported.

RESCUE MISSION OF TRENTON, NEW JERSEY

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2020

Status of Prior Year Findings

There were no audit findings for the year ended June 30, 2019.