

RESCUE MISSION OF TRENTON, NEW JERSEY
FINANCIAL STATEMENTS
AND SINGLE AUDIT REPORT
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

RESCUE MISSION OF TRENTON, NEW JERSEY
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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HORSEYBUCKNER & HEFFLER

Accountants & Advisors

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Rescue Mission of Trenton, New Jersey (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the Rescue Mission of Trenton, New Jersey as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of the Rescue Mission of Trenton, New Jersey as of and for the year ended June 30, 2020 were audited by other auditors whose report dated February 24, 2021, expressed an unmodified opinion on those statements.

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 January 31, 2022, on our consideration of the 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 the 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.

Horsey, Buckner & Heffler, LLP

January 31, 2022

**RESCUE MISSION OF TRENTON NJ
STATEMENTS OF FINANCIAL POSITION**

	JUNE 30,	
	2021	2020
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,256,445	\$ 2,109,198
Grants and Contributions Receivable	872,129	530,788
Accounts Receivable	19,857	84,389
Medicaid Payments Receivable	45,437	59,796
Prepaid Expenses	8,701	24,236
Inventory	1,841	2,015
Total Current Assets	<u>2,204,410</u>	<u>2,810,422</u>
Property and Equipment, net of Accumulated Depreciation and Amortization of \$3,525,655 and \$3,119,495	<u>6,170,280</u>	<u>6,279,198</u>
OTHER ASSETS		
Investments	6,967,091	5,111,949
Escrow Accounts - NJHMFA	252,857	249,821
Total Other Assets	<u>7,219,948</u>	<u>5,361,770</u>
TOTAL ASSETS	<u><u>15,594,638</u></u>	<u><u>14,451,390</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts Payable	\$ 33,849	\$ 43,537
Accrued Expenses	56,142	203,431
Resident Funds	20,223	16,821
Security Deposits	16,786	16,786
Retainage Payable	143,976	143,976
Current Portion of Mortgages Payable	107,906	94,107
Total Current Liabilities	<u>378,882</u>	<u>518,658</u>
Long Term Debt - Paycheck Protection Program	-	819,700
Mortgages Payable, Net of Current Portion	<u>4,184,358</u>	<u>4,208,876</u>
TOTAL LIABILITIES	<u>4,563,240</u>	<u>5,547,235</u>
Net Assets		
Net Assets Without Donor Restrictions	11,030,298	8,903,056
Net Assets With Donor Restrictions	<u>1,100</u>	<u>1,100</u>
TOTAL NET ASSETS	<u>11,031,398</u>	<u>8,904,156</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 15,594,638</u></u>	<u><u>\$ 14,451,390</u></u>

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

**RESCUE MISSION OF TRENTON NJ
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30,**

	2021			2020		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT REVENUE						
Grants and Contracts	\$ 3,202,350	\$ -	\$ 3,202,350	\$ 3,732,045	\$ -	\$ 3,732,045
Program Revenue	2,301,737	-	2,301,737	1,005,546	-	1,005,546
Donations	1,215,461	-	1,215,461	1,724,951	-	1,724,951
Store Sales and Industrial Salvage - Revenue of \$279,075 and \$350,156						
Store Sales and Industrial Salvage - Cost of Direct Expense of \$0 and \$14,854						
Net Revenue from store Sales and Industrial Salvage	279,075	-	279,075	335,302	-	335,302
Net Investment Return	1,492,103	-	1,492,103	225,122	-	225,122
Miscellaneous Income	143,973	-	143,973	169,630	-	169,630
Net Revenue from Special Events	40,603	-	40,603	59,777	-	59,777
Other Income - PPP Loan/Grant	819,700	-	819,700	-	-	-
TOTAL SUPPORT REVENUE	\$ 9,495,002	\$ -	\$ 9,495,002	\$ 7,252,374	\$ -	\$ 7,252,374
EXPENSES						
Residential Addiction	\$ 3,339,000	\$ -	\$ 3,339,000	\$ 2,919,283	\$ -	\$ 2,919,283
Emergency Services	1,817,298	-	1,817,298	1,855,884	-	1,855,884
Outpatient	470,379	-	470,379	423,075	-	423,075
Permanent Housing	432,532	-	432,532	376,651	-	376,651
Community Education	57	-	57	5,707	-	5,707
Entrepreneurial Operations and Store Supporting Services:	368,476	-	368,476	305,187	-	305,187
Management and General	847,369	-	847,369	890,120	-	890,120
Fundraising Expenses	92,648	-	92,648	70,753	-	70,753
TOTAL EXPENSES	\$ 7,367,760	\$ -	\$ 7,367,760	\$ 6,846,660	\$ -	\$ 6,846,660
 Increase in Net Assets	 2,127,242	 -	 2,127,242	 405,714	 -	 405,714
Net Assets, beginning of year	8,903,056	1,100	8,904,156	8,497,342	1,100	8,498,442
Net Assets, end of year	<u>\$ 11,030,298</u>	<u>\$ 1,100</u>	<u>\$ 11,031,398</u>	<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 NJ
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

	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	\$ 1,642,446	975,845	\$ 264,253	\$ 118,248	\$ -	\$ 121,427	\$ 3,122,220	\$ 342,339	\$ 12,403	\$ 3,476,962
Payroll Taxes and Employee Benefits	462,585	261,001	93,053	61,010	3	30,652	908,304	127,813	8,446	1,044,563
Total Personnel	2,105,031	1,236,846	357,306	179,258	3	152,079	4,030,524	470,152	20,849	4,521,525
Operating Expenses										
Amortization	-	-	-	-	-	-	-	-	-	-
Automobile	11,397	-	-	198	-	10,454	22,049	480	-	22,529
Automobile Insurance	11,974	717	299	216	-	19,686	32,892	2,079	23	34,995
Business and property Insurance	79,577	42,441	17,684	12,378	-	5,305	157,385	17,569	1,768	176,722
Client Expenses	49,649	-	-	-	-	17,735	67,384	1,109	-	68,493
Program Expenses - Cost of Goods Sold	-	-	-	-	-	-	-	-	-	-
Depreciation	194,957	117,786	16,246	12,185	-	12,185	353,359	32,493	20,308	406,160
Educational Materials	-	-	-	-	-	-	-	-	-	-
Facility Cost	62,580	64,394	8,174	24,420	-	25,475	185,043	10,364	793	196,200
Food Expense	214,839	142,474	-	6,097	-	49	363,459	(1,415)	(594)	361,450
Licenses and Inspections	5,070	1,041	191	4,028	-	-	10,330	3,874	-	14,204
Miscellaneous	8,398	7,640	16,263	49,000	-	1,861	83,162	89,972	6,800	179,934
Medical Supplies	-	-	-	-	-	-	-	13,559	-	13,559
Postage and Shipping	957	356	180	354	-	-	1,847	2,024	16,334	20,205
Printing and Advertising	7,148	5,385	2,407	4,741	-	340	20,021	57,437	18,371	95,829
Professional Fees	323,425	53,408	33,069	11,584	-	4,409	425,895	58,828	5,322	490,045
Real Estate Taxes	-	-	-	-	-	-	-	47,618	-	47,618
Rent	-	-	-	23,800	-	-	23,800	-	-	23,800
Residential Services	22,757	15,934	-	1,229	-	96,300	136,220	204	-	136,424
Special Events	-	-	-	-	-	-	-	-	1,138	1,138
Supplies	154,132	48,875	10,453	10,117	-	4,691	228,268	16,993	1,293	246,554
Store Expenses	-	-	-	-	-	3,600	3,600	-	-	3,600
Telephone	12,781	10,337	2,466	14,586	54	907	41,131	2,289	242	43,662
Travel & Meeting	306	-	-	-	-	164	470	215	-	685
Utilities	74,022	69,663	5,641	78,341	-	13,795	241,462	21,351	-	262,813
Total Operating Expenses	1,233,969	580,451	113,073	253,274	54	216,956	2,397,778	377,043	71,799	2,846,620
Total Expenses	3,339,000	1,817,298	470,379	432,532	57	369,035	6,428,301	847,195	92,648	7,368,145
Less Expenses Included with Revenues on the Statement of Activities:										
Cost of Goods Sold	-	-	-	-	-	(559)	(559)	174	-	(385)
Total Expenses Included in the Expense Section on the statement of Activities	3,339,000	1,817,298	470,379	432,532	57	368,476	6,427,742	847,369	92,648	7,367,760

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

**RESCUE MISSION OF TRENTON NJ
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE 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 Expenses - 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 & Meeting	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 Benefit 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 NJ
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30,

	2021	2020
Cash Flows from Operating Activities		
Change in Net Assets	2,127,242	405,714
Adjustments to Reconcile change in Net Assets to		
Net Cash (Used In)/Provided By Operating Activities:		
Unrealized (Gain)/Loss on Investments	(1,003,474)	644,694
Realized (Gain) on Investments	(410,333)	(773,755)
Depreciation and Amortization	406,159	356,672
Net Dividends Reinvested and Securities Fees	(80,536)	(96,061)
PPP Loan Forgiveness Income	(819,700)	-
Loan Forgiveness Income	(52,119)	(92,337)
Change in Operating Assets:		
Grants, Contributions, Accounts & Medicaid Receiva	(268,644)	47,112
Prepaid Expenses	15,534	(1,869)
Inventory	174	1,434
Escrow Accounts	(3,036)	(2,541)
Change in Operating Liabilities:		
Accounts Payable and Accrued Expenses	(206,976)	(4,997)
Resident Funds	(3,036)	6,525
Net Cash (Used In)/Provided By Operating Activities	(298,745)	490,591
Cash Flows from Investing Activities		
Purchases of Investments	(396,158)	(285,282)
Proceeds from Sales of Investments	100,467	511,513
Purchase of Fixed Assets	(256,546)	-
Net Cash (Used in)/Provided By Investing Activities	(552,237)	226,231
Cash Flows from Financing Activities		
Borrowings Under Line of Credit	-	400,000
Repayments Under Line of Credit	-	(400,000)
Borrowings Under Paycheck Protection Program	-	819,700
Principal Payments on Long Term Debt	(1,771)	(1,770)
Net Cash (Used In)/Provided By Financing Activities	(1,771)	817,930
Net (Decrease)/ Increase in Cash and Cash Equivalents	(852,753)	1,534,752
Cash and Cash Equivalents, beginning of year	2,109,198	574,446
Cash and Cash Equivalents, end of year	\$ 1,256,445	\$ 2,109,198
Supplemental Disclosure of Cash Flow Information		
Forgiveness of Debt	\$ 819,700	\$ -
Forgiveness of Mortgages Payable Recognized as Income	\$ 52,119	\$ 92,337
Rebalance of Investment Portfolio		
Proceeds	\$ -	\$ 6,026,398
Cost	-	(5,252,643)
Realized Gain	\$ -	\$ 773,755

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

RESCUE MISSION OF TRENTON, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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 56% and 62% of its revenue from federal, state, and city agencies for the years ended June 30, 2021 and 2020, 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)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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 Behavioral Health Program - A New Jersey Department of Health licensed residential addictions treatment program providing long-term and halfway house level of service. The Residential Behavioral Health Program 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, 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 single adult men and women experiencing homelessness. Related services include a day center, weekend soup kitchen, free clothing, case management and support services.

A new food pantry serves single adults and families.

- C. Ambulatory Program - Licensed by the State of New Jersey Department of Health, the Organization's program provides substance abuse treatment for men and women, including individual assessment, group counseling sessions, and addiction education.
- D. Permanent Housing - The Organization operates six specialty supportive housing units: Brimmer House, a free-standing 5-unit house; Perry Street, a 15-unit housing building; and Clinton Avenue, 5 units for women. They include supportive services designed to assist individuals in maintaining housing and developing their quality of life. Two of the supportive housing units are sober living residences with 4 units per location. The Organization also owns a home that houses 5 residents.
- E. Community Education - Outreach into the community at large to help educate and inform the public on the needs, issues, and accomplishments of returning citizens and individuals experiencing homelessness, hunger, and addiction. It also consists of activities and efforts to address the needs and quality of life for the community.
- 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)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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:

For the year ended June 30, 2020, the Organization 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 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. The presentation and disclosures of revenue have been enhanced in accordance with the standards.

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. The Organization did not recognize any unconditional promises to give for the years ended June 30, 2021 and 2020.

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 and contracts of \$690,085 and \$705,966 that have not been recognized at June 30, 2021 and June 30, 2020, respectively, because qualifying expenditures have not yet been incurred or performance requirements have not yet been met.

RESCUE MISSION OF TRENTON, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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

Revenue and Support Recognition (Cont'd):

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 an increase in 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.

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 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.

RESCUE MISSION OF TRENTON, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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

Revenue and Support Recognition (Cont'd):

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.

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 classified as cash and cash equivalents.

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. Amounts written off as bad debt for the years ended June 30, 2021 and 2020 were \$42,068 and \$0, respectively.

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. Amounts written off for the years ended June 30, 2021 and 2020 totaled \$325 and \$0, respectively.

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. Amounts written off as bad debt for the years ended June 30, 2021 and 2020 were \$27,207 and \$0, respectively.

RESCUE MISSION OF TRENTON, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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.

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, 2021 and 2020.

RESCUE MISSION OF TRENTON, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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

Income Taxes (Cont'd):

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 2018.

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.

RESCUE MISSION OF TRENTON, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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

Advertising Costs:

Advertising costs are charged to operations when incurred. Advertising costs for the years ended June 30, 2021 and 2020 were \$46,137 and \$10,682, respectively.

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.

Note 3. Available Resources and Liquidity

The following represents the Organization's financial assets at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$1,256,445	\$ 2,109,198
Grants and contributions receivable	872,129	530,788
Accounts receivable	19,857	84,389
Medicaid payments receivable	45,437	59,796
Investments	<u>6,967,091</u>	<u>5,111,949</u>
Total financial assets	9,160,959	7,896,120
Less amounts not available to be used within one year:		
Investments held for long-term purposes	<u>(6,967,091)</u>	<u>(5,111,949)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$2,193,868</u>	<u>\$2,784,171</u>

RESCUE MISSION OF TRENTON, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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 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. For the year ended June 30, 2020, the Organization maintained an additional \$600,000 line-of-credit, which was also available to assist with temporary cash flow needs. As of June 30, 2021 and 2020, \$3,000,000 and \$3,600,000 remained available, respectively.

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>2021</u>	<u>2020</u>
Beginning of year.....	\$ 84,389	\$131,620
End of year.....	\$ 19,857	\$ 84,389
	<u>Medicaid payments receivable</u>	
	<u>2021</u>	<u>2020</u>
Beginning of year.....	\$ 59,796	\$ 44,683
End of year.....	\$ 45,437	\$ 59,796

RESCUE MISSION OF TRENTON, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Note 5. Property and Equipment

Property and equipment includes the following:

	<u>Estimated useful lives in years</u>	<u>2021</u>	<u>2020</u>
Land.....	-	\$ 153,437	\$ 93,437
Building.....	20-40	1,844,127	1,904,127
Leasehold improvements.....	10-30	1,998,635	1,844,315
Furniture and equipment.....	3-10	1,337,825	1,220,002
Vehicles.....	5	168,673	128,074
Perry Street Project.....	40	<u>4,193,238</u>	<u>4,193,238</u>
		9,685,935	9,383,193
Accumulated depreciation and amortization		<u>3,525,655</u>	<u>3,119,495</u>
		<u>\$6,170,280</u>	<u>\$6,279,198</u>

Depreciation and amortization expense charged to operations was \$406,160 and \$356,672 for the years ended June 30, 2021 and 2020, respectively.

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, 2021, investments are comprised of the following:

	<u>Cost</u>	<u>Fair value</u>
Certificates of deposit, maturing between July 2022 and August 2024.....	\$ 449,191	\$467,295
U.S. Treasury notes, maturing between July 2041 and December 2050	29,336	29,153
Corporate bonds	427,561	436,536
Corporate stocks	3,841,452	5,602,165
Mutual funds.....	274,381	288,238
Government securities	<u>149,379</u>	<u>143,704</u>
Total long-term investments	<u>\$5,171,300</u>	<u>\$6,967,091</u>

RESCUE MISSION OF TRENTON, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Note 6. Investments (Cont'd)

At June 30, 2020, investments are comprised of the following:

	<u>Cost</u>	<u>Fair value</u>
Certificates of deposit, maturing between August 2021 and August 2024	\$ 449,191	\$ 475,907
U.S. Treasury notes, maturing between April 2025 and February 2050	68,371	67,714
Accrued interest	6,896	6,896
Corporate bonds	638,870	649,027
Corporate stocks	3,179,019	3,667,444
Mutual funds	186,579	192,521
Government securities	<u>52,983</u>	<u>52,440</u>
Total long-term investments	<u>\$4,581,909</u>	<u>\$5,111,949</u>

The components of net investment return for the years ended June 30, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Dividends and interest	\$125,569	\$126,639
Unrealized gain (loss)	1,003,474	(644,694)
Realized gain	410,334	773,755
Bank fees	<u>(47,274)</u>	<u>(30,578)</u>
	<u>\$1,492,103</u>	<u>\$225,122</u>

RESCUE MISSION OF TRENTON, NEW JERSEY

NOTES TO FINANCIAL STATEMENTS (CONT'D)

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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, 2021</u>	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Cash & Cash Equivalents ..	\$ 1,256,445	\$ 1,256,445	\$ -	\$ -
Money market funds	-	-	-	-
U.S. Treasury notes	29,153	-	29,153	-
Certificates of deposit	467,295	-	467,295	-
Corporate bonds	436,536	-	436,536	-
Corporate stocks.....	5,602,165	5,602,165	-	-
Mutual funds	288,238	288,238	-	-
Accrued interest	-	-	-	-
Government securities	<u>143,704</u>	<u>-</u>	<u>143,704</u>	<u>-</u>
Total	<u>\$8,223,536</u>	<u>\$7,146,848</u>	<u>\$1,076,688</u>	<u>\$ -</u>

<u>June 30, 2020</u>	<u>Total</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Cash & Cash Equivalents ..	\$ 2,109,108	\$ 2,109,108	\$ -	\$ -
U.S. Treasury notes	67,714	-	67,714	-
Certificates of deposit	576,374	-	576,374	-
Corporate bonds	649,027	-	649,027	-
Corporate stocks.....	3,567,067	3,567,067	-	-
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>\$7,221,147</u>	<u>\$5,868,696</u>	<u>\$1,352,451</u>	<u>\$ -</u>

RESCUE MISSION OF TRENTON, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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 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. Lines-of-Credit

The Organization has maintained lines of credit for working capital purposes. Previously, the Organization established a line-of-credit agreement with a local bank in the amount of \$600,000. Interest on advances was payable monthly at a rate of 5.25%. The line expired on October 26, 2020 and was not renewed. 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, 2021 and 2020, this rate was 2.662% and 2.601%, respectively. The total amount of available credit on all lines at June 30, 2021 and 2020 was \$3,000,000 and \$3,600,000, respectively. There was no outstanding balance on the lines-of-credit as of June 30, 2021 and 2020, respectively. The \$600,000 line of credit held at June 30, 2020 was unsecured. The \$3,000,000 line of credit held at June 30, 2021 and 2020 is secured by assets held in the investment portfolio.

Note 10. 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 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. The loan was forgiven during the year ended June 30, 2021 and was accordingly recorded as other revenue.

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

	<u>2021</u>	<u>2020</u>
Total long-term debt	\$ <u>-</u>	<u>\$819,700</u>

RESCUE MISSION OF TRENTON, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Note 11. Mortgages Payable – DCA (98 Carroll Street)

During 2008, the Organization was awarded a mortgage 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 mortgage 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, 2021 and 2020, \$15,170 and \$15,170, respectively, was amortized as income.

During October 2012, the Organization was awarded a mortgage grant from the DCA. The grant, in the amount of \$238,500, was used to renovate and repoint 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, 2021 and 2020, \$32,480 and \$32,480, respectively, was amortized as income.

During December 2015, the Organization was awarded a mortgage 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, 2021 and 2020, \$44,686 and \$44,686, respectively, was amortized as income.

During July 2019, the Organization was awarded a mortgage grant from the DCA. The grant, in the amount of \$89,164, was used for new flooring at the shelter and the purchase of a passenger van. The funds had to be expended during the period December 1, 2019 to June 30, 2021. The facilities must be maintained as an approved facility. If the facility is sold or not maintained as a shelter, the balance of the grant used for flooring in the amount of \$41,400 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 33.33% of the original principal. The certificate of occupancy was issued in June 2021. During the years ended June 30, 2021 and 2020, no amounts were amortized as income.

RESCUE MISSION OF TRENTON, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Note 11. Mortgages Payable - DCA (98 Carroll St) (Cont'd)

Annual maturities of mortgages payable at June 30, 2021 consist of the following:

	<u>Loan 1</u> <u>(Forgiven)</u>	<u>Loan 2</u>	<u>Loan 3</u>	<u>Loan 4</u>	<u>Loan 5</u>	<u>Totals</u>
2022.....	\$ -	\$ 15,170	\$ 32,480	\$ 44,686	\$ 13,800	\$ 106,136
2023.....	-	15,170	32,480	44,686	13,800	106,136
2024.....	-	-	32,480	44,686	13,800	90,966
2025.....	-	-	32,480	44,686	-	77,166
2026.....	-	-	32,480	44,686	-	77,166
2027 and thereafter.....	-	-	-	89,372	-	89,372
Total	-	30,340	162,400	312,802	41,400	546,942
Less: current portion	-	15,170	32,480	44,686	13,800	106,136
Noncurrent portion.....	<u>\$ -</u>	<u>\$ 15,170</u>	<u>\$ 129,920</u>	<u>\$ 268,116</u>	<u>\$ 27,600</u>	<u>\$ 440,806</u>

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

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

RESCUE MISSION OF TRENTON, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Note 12. 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, 2021 and 2020 was \$1,014 and \$1,014, 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>2021</u>	<u>2020</u>
City of Trenton.....	\$ 70,000	\$ 70,000
NJHMFA.....	<u>289,112</u>	<u>289,112</u>
Total	359,112	359,112
Less: current portion	<u>1,014</u>	<u>1,014</u>
Noncurrent portion	<u>\$358,098</u>	<u>\$358,098</u>

RESCUE MISSION OF TRENTON, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Note 13. 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, 2021 and 2020 was \$756 and \$756, 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.

The 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 (Regional Contribution Agreement) 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 the 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. 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 term, 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)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Note 13. 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>2021</u>	<u>2020</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	3,341,517	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 14. Restrictions on Net Assets

Net assets with donor restrictions at June 30, 2021 and 2020 are available for the following purposes:

	<u>2021</u>	<u>2020</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, 2021 and 2020.

RESCUE MISSION OF TRENTON, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Note 15. 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, 2021 and 2020 was \$131,628 and \$93,921, respectively.

Note 16. 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 17. 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. During the 2021 fiscal year the aforementioned board member relinquished ownership in the insurance company.

Note 18. Contingency - Contract Revenue

Under contracts with the State of New Jersey and County of Mercer 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 or County, respectively. Reimbursements in excess of allowed expenditures must be returned to the State or County 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)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Note 18. 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 19. 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 plus utilities.

There were no minimum future rental payments under non-cancellable leases having remaining terms in excess of one year as of June 30, 2021.

Rental expense under all operating leases aggregated \$23,800 and \$18,800 for the years ended June 30, 2021 and 2020, respectively.

RESCUE MISSION OF TRENTON, NEW JERSEY
NOTES TO FINANCIAL STATEMENTS (CONT'D)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Note 20. 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. 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.

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 21. Financial Statement Presentation

Certain amounts in the 2020 financial statements have been reclassified to conform to the 2021 presentation. Such reclassifications have no effect on the previously reported change in net assets.

Note 22. Subsequent Events

Management has evaluated subsequent events through January 31, 2022, the date on which the financial statements were available to be issued.

Effective August 20, 2021, the Organization's credit line was increased to \$5,000,000. As of the date of this report, the full amount of the line was available for use.

On October 1, 2021, the Organization purchased a property located at 406 Rutherford Avenue, Trenton, New Jersey in the amount of \$175,000. The property will be used for the Organization's programs.

**RESCUE MISSION OF TRENTON NEW JERSEY
SCHEDULE OF EXPENDITURES OF FEDERAL FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2021**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through/ Grantor's Number	Grant Award	Grant Period	Fiscal Year Federal Expenditures
U.S. DEPARTMENT OF HOUSING					
Passed Through State of New Jersey, City of Trenton:					
Continuum of Care Program	14.267	NJ0310L2F141905	\$ 147,096	12/1/20-11/30/21	\$ 66,975
Continuum of Care Program	14.267	NJ0310L2F141804	\$ 153,846	12/1/19-11/30/20	\$ 45,647
Continuum of Care Program	14.267	NJ0464L2F141905	\$ 28,458	10/1/20-9/30/21	\$ 9,254
Continuum of Care Program	14.267	NJ0464L2F141804	\$ 28,266	11/1/19-10/31/20	\$ 2,985
SUBTOTAL CFDA 14.267					\$ 124,861
SUBTOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					\$ 124,861
U.S. DEPARTMENT OF HEALTH AND					
Coronavirus Provider Relief Fund Phase	21.019	CR-20633252961	\$ 71,711	7/1/20-12/31/20	\$ 71,711
Passed Through State of New Jersey, Department of					
Coronavirus Relief Fund	21.019		\$ 64,086	3/12/20-12/7/20	\$ 64,086
Passed Through State of New Jersey, Department of					
Coronavirus Relief Fund	21.019		\$ 51,014	3/12/20-11/13/20	\$ 51,014
SUBTOTAL CFDA 21.019					\$ 186,811
SUBTOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					\$ 186,811
TOTAL EXPENDITURES OF FEDERAL ASSISTANCE					\$ 311,672

RESCUE MISSION OF TRENTON NEW JERSEY
SCHEDULE OF EXPENDITURES OF STATE AND LOCAL FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2021

State Grantor or Local Grrantor/ Pass Through Grantor/ Program Title	State/ Local Grant Number	Grant Award	Grant Period	Fiscal Year State/ Local Expenditures	Total Grant Expenditures To Date
STATE OF NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS					
Homelessness Prevention - Another Chance	2019-11112-0335-02	\$ 204,533	10/1/18-7/31/21	\$ 41,264	\$ 150,716
Shelter Support	2020-02149-0063-00	\$ 103,238	12/1/19-6/30/21	\$ 89,214	\$ 106,307
SUBTOTAL STATE OF NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS				\$ 130,478	\$ 257,023
STATE OF NEW JERSEY DEPARTMENT OF HUMAN SERVICES DIVISION OF MENTAL HEALTH AND ADDICTION SERVICES					
Fee for Service Network Re-Enrollment	19-1025-F	N/A	7/1/18-6/30/21	\$ 2,691,314	\$ 7,500,436
Homeless Assessment Referral	20-2490-ADA-0	\$ 82,000	7/1/19-6/30/21	\$ 36,475	\$ 77,475
SUBTOTAL STATE OF NEW JERSEY DEPARTMENT OF HUMAN SERVICES				\$ 2,727,789	\$ 7,577,911
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY					
Sustain and Serve	00258139	\$ 100,000	7/1/20-6/30/21	\$ 100,000	\$ 100,000
SUBTOTAL STATE OF NEW JERSEY EXPENDITURES				\$ 2,958,267	\$ 7,934,934
CITY OF TRENTON, DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Emergency Shelter for Homeless Individuals	19-521	\$ 837,633	10/4/19-10/3/22	\$ 209,340	\$ 480,340
Coronavirus Aid, Relief and Economic Security					
Community Development Block Grant - Emergency Shelter	21-04480	\$ 175,000	7/1/20-6/30/21	\$ 175,000	\$ 175,000
SUBTOTAL CITY OF TRENTON DEPARTMENT OF HEALTH AND HUMAN SERVICES				\$ 384,340	\$ 655,340
COUNTY OF MERCER BOARD OF CHOSEN FREEHOLDERS					
Social Services to the Homeless	2018-580	\$ 127,874	1/1/19-12/31/20	\$ 33,087	\$ 127,874
Social Services to the Homeless	2020-371	\$ 63,937	1/1/21-12/31/21	\$ 27,677	\$ 27,677
Shelter Services to the Homeless	2018-579	\$ 465,316	1/1/19-12/31/20	\$ 79,680	\$ 429,726
Shelter Services to the Homeless	2020-370	\$ 232,658	1/1/21-12/31/21	\$ 195,648	\$ 195,648
Shelter Services to the Homeless - Warming Center	2021-93	\$ 130,000	1/1/21-6/30/21	\$ 130,000	\$ 130,000
Shelter Services to the Homeless - Day Center	2020-369	\$ 50,000	7/1/20-12/31/20	\$ 50,000	\$ 50,000
Halfway House Services	2019-558	\$ 118,300	1/1/20-12/31/20	\$ 15,078	\$ 53,081
Halfway House Services	2021-45	\$ 118,300	1/1/21-12/31/21	\$ 21,063	\$ 21,063
Team Care Coordinator	2019-557	\$ 132,000	1/1/20-12/31/20	\$ 55,917	\$ 132,000
Team Care Coordinator	2021-44	\$ 132,000	1/1/21-12/31/21	\$ 75,083	\$ 75,083
Inmate Community Re-Entry Program	2019-559	\$ 111,500	1/1/20-12/31/20	\$ 47,847	\$ 105,967
Inmate Community Re-Entry Program	2021-46	\$ 111,500	1/1/21-12/31/21	\$ 59,949	\$ 59,949
SUBTOTAL COUNTY OF MERCER BOARD OF CHOSEN FREEHOLDERS				\$ 791,029	\$ 1,408,068
TOTAL EXPENDITURES OF STATE AND LOCAL ASSISTANCE				\$ 4,133,636	\$ 9,998,342

RESCUE MISSION OF TRENTON, NEW JERSEY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE
FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2021

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and state financial assistance (the Schedule) includes the federal award and state grant and contract activity of the Rescue Mission of Trenton, New Jersey, under programs of the federal and state governments for the year ended June 30, 2021. 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*. 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 and changes in net assets of the 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. Certain expenditures shown reflect fee for service contracts, which have total expenses in excess of the revenues recognized under the awards.

Note 3. Indirect Cost Rate

Rescue Mission of Trenton, New Jersey has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**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

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 the Rescue Mission of Trenton, New Jersey (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 31, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the Rescue Mission of Trenton, New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 the 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.

Horsey, Buckner & Heffler, LLP

January 31, 2022

**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

Report on Compliance for Each Major Government Program

We have audited the 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, 2021. 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 the 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 the 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, 2021.

Report on Internal Control Over Compliance

Management of the 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 the 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.

Horsely, Buckner & Heffler, LLP

RESCUE MISSION OF TRENTON, NEW JERSEY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

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. No material weakness(es) were identified in internal control over financial reporting.
3. No material weaknesses were identified in internal control over major programs.
4. No significant deficiencies relating to the audit of the major programs for Rescue Mission of Trenton, New Jersey are reported in this schedule.
5. The auditors' report on compliance for the major award programs of Rescue Mission of Trenton, New Jersey expresses an unmodified opinion on all major 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 a major program included:

<u>Program</u>	<u>State Grant/Contract Number</u>
State of New Jersey Department of Human Services, Division of Mental Health and Addiction Services, Addictions Fee for Service	19-1025F
State of New Jersey, County of Mercer – Board of Chosen Freeholders Social Services to the Homeless	2018-580, 2020-371

8. The threshold used for distinguishing between type A and B programs was \$750,000.
9. Rescue Mission of Trenton, New Jersey did not qualify 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
FOR THE YEAR ENDED JUNE 30, 2021

A. **Status of Prior Year Findings**

There were no audit findings for the year ended June 30, 2020.