

**RESCUE MISSION OF TRENTON, NEW JERSEY  
FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**RESCUE MISSION OF TRENTON, NEW JERSEY**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

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INDEPENDENT AUDITORS' REPORT

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

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

***Opinion***

We have audited the accompanying financial statements of the Rescue Mission of Trenton, New Jersey (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Rescue Mission of Trenton, New Jersey as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

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

***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Rescue Mission of Trenton, New Jersey's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rescue Mission of Trenton, New Jersey's ability to continue as a going concern for a reasonable period of time.

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal and state and local awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and 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 schedules of expenditures of federal and state and local awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022, 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 the Rescue Mission of Trenton, New Jersey's internal control over financial reporting and compliance.

*Harshey, Budziner & Heffler, LLP*

October 31, 2022

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RESCUE MISSION OF TRENTON, NEW JERSEY  
STATEMENTS OF FINANCIAL POSITION

	<b>JUNE 30,</b>	
	<b>2022</b>	<b>2021</b>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,520,642	\$ 1,256,445
Grants and Contributions Receivable	964,461	872,129
Accounts Receivable	14,647	19,857
Medicaid Payments Receivable	124,638	45,437
Prepaid Expenses	9,206	8,701
Inventory	17,614	1,841
Total Current Assets	<u>2,651,208</u>	<u>2,204,410</u>
Property and Equipment, net of Accumulated Depreciation and Amortization of \$3,943,734 and \$3,525,655, respectively	<u>6,324,125</u>	<u>6,170,280</u>
<b>OTHER ASSETS</b>		
Investments	6,214,151	6,967,091
Escrow Accounts - NJHMFA	251,350	252,857
Total Other Assets	<u>6,465,501</u>	<u>7,219,948</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 15,440,834</u></u>	<u><u>\$ 15,594,638</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 108,391	\$ 33,849
Accrued Expenses	64,914	56,142
Resident Funds	20,205	20,223
Security Deposits	17,400	16,786
Deferred revenue and refundable advances	719,488	-
Retainage Payable	143,976	143,976
Current Portion of Mortgages Payable	112,103	107,906
Total Current Liabilities	<u>1,186,477</u>	<u>378,882</u>
Long Term Debt - Paycheck Protection Program	-	-
Mortgages Payable, Net of Current Portion	<u>4,063,297</u>	<u>4,184,358</u>
<b>TOTAL LIABILITIES</b>	<u>5,249,774</u>	<u>4,563,240</u>
<b>Net Assets</b>		
Net Assets Without Donor Restrictions	10,189,960	11,030,298
Net Assets With Donor Restrictions	1,100	1,100
<b>TOTAL NET ASSETS</b>	<u>10,191,060</u>	<u>11,031,398</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 15,440,834</u></u>	<u><u>\$ 15,594,638</u></u>

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

RESCUE MISSION OF TRENTON, NEW JERSEY  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30,

	<u>2022</u>			<u>2021</u>		
	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT REVENUE</b>						
Grants and Contracts	\$ 3,847,808	\$ -	\$ 3,847,808	\$ 3,202,350	\$ -	\$ 3,202,350
Program Revenue	1,691,805	-	1,691,805	2,301,737	-	2,301,737
Donations	1,328,616	-	1,328,616	1,215,461	-	1,215,461
Store Sales and Industrial Salvage - Revenue of \$302,541 and \$279,075, respectively						
Store Sales and Industrial Salvage - Cost of Direct Expense of \$0 and \$0, respectively						
Net Revenue from Store Sales and Industrial Salvage	302,541	-	302,541	279,075	-	279,075
Net Investment (Loss) Gain	(733,495)	-	(733,495)	1,492,103	-	1,492,103
Miscellaneous Income	66,811	-	66,811	143,973	-	143,973
Net Revenue from Special Events	3,000	-	3,000	40,603	-	40,603
Other Income - PPP Loan/Grant	-	-	-	819,700	-	819,700
<b>TOTAL SUPPORT REVENUE</b>	<u>\$ 6,507,086</u>	<u>\$ -</u>	<u>\$ 6,507,086</u>	<u>\$ 9,495,002</u>	<u>\$ -</u>	<u>\$ 9,495,002</u>
<b>EXPENSES</b>						
Residential Addiction	\$ 3,524,538	\$ -	\$ 3,524,538	\$ 3,339,000	\$ -	\$ 3,339,000
Emergency Services	1,959,232	-	1,959,232	1,817,298	-	1,817,298
Outpatient	286,399	-	286,399	470,379	-	470,379
Permanent Housing	331,122	-	331,122	432,532	-	432,532
Community Education	878	-	878	57	-	57
Entrepreneurial Operations and Store Supporting Services:	344,364	-	344,364	368,477	-	368,477
Management and General	695,971	-	695,971	847,369	-	847,369
Fundraising Expenses	204,920	-	204,920	92,648	-	92,648
<b>TOTAL EXPENSES</b>	<u>\$ 7,347,424</u>	<u>\$ -</u>	<u>\$ 7,347,424</u>	<u>\$ 7,367,760</u>	<u>\$ -</u>	<u>\$ 7,367,760</u>
Change in Net Assets	(840,338)	-	(840,338)	2,127,242	-	2,127,242
Net Assets, beginning of year	11,030,298	1,100	11,031,398	8,903,056	1,100	8,904,156
Net Assets, end of year	<u>\$ 10,189,960</u>	<u>\$ 1,100</u>	<u>\$ 10,191,060</u>	<u>\$ 11,030,298</u>	<u>\$ 1,100</u>	<u>\$ 11,031,398</u>

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

RESCUE MISSION OF TRENTON, NEW JERSEY  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2022

	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
<b>Personnel</b>										
Salaries	\$ 1,696,581	1,118,587	\$ 124,209	\$ 97,331	\$ 795	\$ 97,546	\$ 3,135,049	\$ 344,795	\$ 69,540	\$ 3,549,384
Payroll Taxes and Employee Benefits	459,651	287,133	46,689	33,452	83	28,748	855,756	87,630	32,611	975,997
<b>Total Personnel</b>	<b>2,156,232</b>	<b>1,405,720</b>	<b>170,898</b>	<b>130,783</b>	<b>878</b>	<b>126,294</b>	<b>3,990,805</b>	<b>432,425</b>	<b>102,151</b>	<b>4,525,381</b>
<b>Operating Expenses</b>										
Automobile	18,044	5	2	1	-	13,456	31,508	3,647	-	35,155
Automobile Insurance	16,704	906	378	266	-	16,846	35,100	(6,673)	36	28,463
Business and Property Insurance	93,892	55,143	10,929	7,949	-	5,961	173,874	16,891	7,949	198,714
Client Expenses	33,315	-	-	-	-	6,877	40,192	-	-	40,192
Depreciation	188,135	100,339	41,808	29,266	-	12,542	372,090	41,808	4,181	418,079
Educational Materials	-	14	-	-	-	-	14	-	-	14
Facility Cost	68,656	31,115	1,073	12,647	-	27,439	140,930	5,016	1,999	147,945
Food Expense	208,551	139,632	(20)	(14)	-	(6)	348,143	911	(3)	349,051
Licenses and Inspections	4,477	2,405	191	9,336	-	-	16,409	6,815	-	23,224
Miscellaneous	9,598	5,840	18,173	525	-	1,165	35,301	23,442	2,648	61,391
Medical Supplies	11,777	-	-	302	-	-	12,079	-	-	12,079
Postage and Shipping	372	102	177	218	-	128	997	1,326	22,865	25,188
Printing and Advertising	660	4,541	353	327	-	26	5,907	23,463	47,340	76,710
Professional Fees	485,098	47,136	27,841	14,639	-	5,205	579,919	95,902	9,038	684,859
Real Estate Taxes	-	-	-	10,074	-	-	10,074	-	-	10,074
Rent	2,700	-	-	8,259	-	-	10,959	-	-	10,959
Residential Services	33,381	15,556	-	1,390	-	96,300	146,627	11	-	146,638
Special Events	-	-	-	-	-	-	-	-	180	180
Supplies	97,206	65,343	7,523	9,566	-	10,631	190,269	19,338	5,670	215,277
Store Expenses	-	-	-	-	-	3,600	3,600	-	-	3,600
Telephone	13,139	8,398	1,214	11,811	-	629	35,191	1,801	797	37,789
Travel & Meeting	5,815	325	-	-	-	573	6,713	1,626	69	8,408
Utilities	76,786	76,712	5,859	83,777	-	16,698	259,832	28,222	-	288,054
<b>Total Operating Expenses</b>	<b>1,368,306</b>	<b>553,512</b>	<b>115,501</b>	<b>200,339</b>	<b>-</b>	<b>218,070</b>	<b>2,455,728</b>	<b>263,546</b>	<b>102,769</b>	<b>2,822,043</b>
<b>Total Expenses</b>	<b>\$ 3,524,538</b>	<b>\$ 1,959,232</b>	<b>\$ 286,399</b>	<b>\$ 331,122</b>	<b>\$ 878</b>	<b>\$ 344,364</b>	<b>\$ 6,446,533</b>	<b>\$ 695,971</b>	<b>\$ 204,920</b>	<b>\$ 7,347,424</b>

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

**RESCUE MISSION OF TRENTON, NEW JERSEY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	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
<b><u>Personnel</u></b>										
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
<b>Total Personnel</b>	<b>2,105,031</b>	<b>1,236,846</b>	<b>357,306</b>	<b>179,258</b>	<b>3</b>	<b>152,079</b>	<b>4,030,524</b>	<b>470,152</b>	<b>20,849</b>	<b>4,521,525</b>
<b><u>Operating Expenses</u></b>										
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
<b>Total Operating Expenses</b>	<b>1,233,969</b>	<b>580,451</b>	<b>113,073</b>	<b>253,274</b>	<b>54</b>	<b>216,956</b>	<b>2,397,778</b>	<b>377,043</b>	<b>71,799</b>	<b>2,846,620</b>
<b>Total Expenses</b>	<b>3,339,000</b>	<b>1,817,298</b>	<b>470,379</b>	<b>432,532</b>	<b>57</b>	<b>369,035</b>	<b>6,428,301</b>	<b>847,195</b>	<b>92,648</b>	<b>7,368,145</b>
Less Expenses Included with Revenues on the Statement of Activities:										
Cost of Goods Sold	-	-	-	-	-	(559)	(559)	174	-	(385)
<b>Total Expenses Included in the Expense Section on the statement of Activities</b>	<b>\$ 3,339,000</b>	<b>\$ 1,817,298</b>	<b>\$ 470,379</b>	<b>\$ 432,532</b>	<b>\$ 57</b>	<b>\$ 368,476</b>	<b>\$ 6,427,742</b>	<b>\$ 847,369</b>	<b>\$ 92,648</b>	<b>\$ 7,367,760</b>

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



RESCUE MISSION OF TRENTON, NEW JERSEY  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30,

	<b>2022</b>	<b>2021</b>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	(840,338)	2,127,242
Adjustments to Reconcile change in Net Assets to		
Net Cash Provided By/(Used In) Operating Activities:		
Unrealized Loss/(Gain) on Investments	1,210,084	(1,003,474)
Realized (Gain) on Investments	(383,023)	(410,333)
Depreciation and Amortization	418,079	406,159
Net Dividends Reinvested and Securities Fees	(93,566)	(80,536)
PPP Loan Forgiveness Income	-	(819,700)
Loan Forgiveness Income	(54,019)	(52,119)
Change in Operating Assets:		
Grants, Contributions, Accounts & Medicaid Receivable	(166,323)	(268,644)
Prepaid Expenses	(505)	15,534
Inventory	(15,773)	174
Escrow Accounts	1,507	(3,036)
Change in Operating Liabilities:		
Accounts Payable and Accrued Expenses	83,314	(206,976)
Refundable advances	719,488	-
Resident Funds	596	(3,036)
	<b>879,521</b>	<b>(298,745)</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of Investments	19,445	(396,158)
Proceeds from Sales of Investments	-	100,467
Purchase of Fixed Assets	(571,924)	(256,546)
	<b>(552,479)</b>	<b>(552,237)</b>
<b>Cash Flows from Financing Activities</b>		
Borrowings Under Line of Credit	-	-
Repayments Under Line of Credit	-	-
Borrowings Under Paycheck Protection Program	-	-
Principal Payments on Long Term Debt	(62,845)	(1,771)
	<b>(62,845)</b>	<b>(1,771)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>264,197</b>	<b>(852,753)</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>1,256,445</b>	<b>2,109,198</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 1,520,642</b>	<b>1,256,445</b>

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, 2022 AND 2021**

**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 72% and 56% of its revenue from federal, state, and city agencies for the years ended June 30, 2022 and 2021, 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.

**Functional Cost Categories:**

The Organization’s expenses 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.

**RESCUE MISSION OF TRENTON, NEW JERSEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

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

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

- 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.
- 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:**

The Organization previously 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, 2022 and 2021.

**RESCUE MISSION OF TRENTON, NEW JERSEY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 2. Summary of Significant Accounting Policies (Cont'd)**

**Revenue and Support Recognition (Cont'd):**

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 \$1,233,172 and \$690,085 that have not been recognized at June 30, 2022 and June 30, 2021, 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 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.

**RESCUE MISSION OF TRENTON, NEW JERSEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

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

**Revenue and Support Recognition (Cont'd):**

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.

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 debts for the years ended June 30, 2022 and 2021 were \$0 and \$42,068, 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, 2022 and 2021 totaled \$0 and \$325, 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 debts for the years ended June 30, 2022 and 2021 were \$0 and \$27,207, respectively.

**Inventory:**

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

**RESCUE MISSION OF TRENTON, NEW JERSEY**  
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**Note 2. Summary of Significant Accounting Policies (Cont'd)**

**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. Interest and dividend (investment) income is recognized when earned and is reported as revenue in the statement of activities.

**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.

**Deferred Revenue and Refundable Advances:**

In accordance with FASB No. 2016-10, *Revenue from Contracts with Customers (Topic 606)*, the Organization is required to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. Deferred revenue and refundable advances consist of amounts received from a state funder in support of the Organization's Emergency Services (shelter) program for future periods. These amounts will be recognized as support revenue in the statement of activities once the performance obligation has been satisfied.

**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, 2022 and 2021.

**RESCUE MISSION OF TRENTON, NEW JERSEY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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 2019.

**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.

**Advertising Costs:**

Advertising costs are charged to operations when incurred. Advertising costs for the years ended June 30, 2022 and 2021 were \$28,539 and \$46,137, respectively.

**RESCUE MISSION OF TRENTON, NEW JERSEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**Note 3. Available Resources and Liquidity**

The following represents the Organization’s financial assets at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash and cash equivalents .....	\$1,520,642	\$ 1,256,445
Grants and contributions receivable.....	964,461	872,129
Accounts receivable .....	14,647	19,857
Medicaid payments receivable.....	124,638	45,437
Investments .....	<u>6,214,151</u>	<u>6,967,091</u>
Total financial assets.....	8,838,539	9,160,959
Less amounts not available to be used within one year:		
Investments held for long-term purposes.....	<u>(6,214,151)</u>	<u>(6,967,091)</u>
Financial assets available to meet cash needs for general expenditures within one year .....	<u>\$2,624,388</u>	<u>\$2,193,868</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, in addition to, a \$600,000 line-of-credit, which was also available to assist with temporary cash flow needs. As of June 30, 2022 and 2021, \$3,000,000 remained available, for both fiscal years.

**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:

	Accounts receivable	
	2022	2021
Beginning of year	\$ 19,857	\$ 84,389
End of year	\$ 14,647	\$ 19,857
	Medicaid payments receivable	
	2022	2021
Beginning of year	\$ 45,437	\$ 59,796
End of year	\$ 124,638	\$ 45,437



**RESCUE MISSION OF TRENTON, NEW JERSEY**  
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**Note 5. Property and Equipment**

Property and equipment includes the following:

	<b><u>Estimated useful lives in years</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>
Land .....	-	\$ 183,437	\$ 153,437
Building .....	20-40	1,990,913	1,844,127
Leasehold improvements .....	10-30	2,343,213	1,998,635
Furniture and equipment .....	3-10	1,388,385	1,337,825
Vehicles .....	5	168,673	168,673
Perry Street Project.....	40	<u>4,193,238</u>	<u>4,193,238</u>
		10,267,859	9,685,935
Accumulated depreciation and amortization .....		<u>3,943,734</u>	<u>3,525,655</u>
		<u>\$6,324,125</u>	<u>\$6,170,280</u>

Depreciation and amortization expense charged to operations was \$418,079 and \$406,160 for the years ended June 30, 2022 and 2021, 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, 2022, investments are comprised of the following:

	<b><u>Cost</u></b>	<b><u>Fair value</u></b>
Certificates of deposit, maturing between July 2022 and August 2024.....	\$ 504,875	\$ 500,677
U.S. Treasury notes, maturing Aug 2023.....	13,592	13,549
Corporate bonds .....	896,073	820,850
Corporate stocks .....	4,153,571	4,621,487
Mutual funds .....	248,581	203,277
Government securities .....	<u>63,853</u>	<u>54,311</u>
Total long-term investments .....	<u>\$ 5,880,545</u>	<u>\$ 6,214,151</u>

**RESCUE MISSION OF TRENTON, NEW JERSEY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 6. Investments (Cont'd)**

At June 30, 2021, investments are comprised of the following:

	<b><u>Cost</u></b>	<b><u>Fair value</u></b>
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>

The components of net investment return for the years ended June 30, 2022 and 2021 were as follows:

	<b><u>2022</u></b>	<b><u>2021</u></b>
Dividends and interest.....	\$ 151,042	\$ 125,569
Unrealized (loss) gain .....	(1,210,084)	1,003,474
Realized gain.....	383,023	410,334
Bank fees.....	<u>(57,476)</u>	<u>(47,274)</u>
	 <u>\$ (733,495)</u>	 <u>\$ 1,492,103</u>

**RESCUE MISSION OF TRENTON, NEW JERSEY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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:

<b><u>June 30, 2022</u></b>	<b><u>Total</u></b>	<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>
Cash & Cash Equivalents.....	\$ 1,520,642	\$ 1,520,642	\$ -	\$ -
U.S. Treasury notes.....	13,549	-	13,549	-
Certificates of deposit .....	500,677	-	500,677	-
Corporate bonds .....	820,850	-	820,850	-
Corporate stocks.....	4,621,487	4,621,487	-	-
Mutual funds.....	203,277	203,277	-	-
Government securities .....	<u>54,311</u>	<u>-</u>	<u>54,311</u>	<u>-</u>
Total.....	<u>\$ 7,734,793</u>	<u>\$ 6,345,406</u>	<u>\$ 1,389,387</u>	<u>\$ -</u>

<b><u>June 30, 2021</u></b>	<b><u>Total</u></b>	<b>Quoted prices in active markets for identical assets (Level 1)</b>	<b>Significant other observable inputs (Level 2)</b>	<b>Significant unobservable inputs (Level 3)</b>
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>

**RESCUE MISSION OF TRENTON, NEW JERSEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**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, 2022 and 2021, this rate was 3.199% and 2.662%, respectively. The total amount of available credit on all lines at June 30, 2022 and 2021 was \$3,000,000 and \$3,000,000, respectively. There was no outstanding balance on the lines-of-credit as of June 30, 2022 and 2021, respectively. The \$3,000,000 line of credit held at June 30, 2022 and 2021 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.

**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. 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, 2022 and 2021, \$15,170 and \$15,170, respectively, was amortized as income.

**RESCUE MISSION OF TRENTON, NEW JERSEY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 11. Mortgages Payable – DCA (98 Carroll Street) (Cont’d)**

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 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, 2022 and 2021, \$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, 2022 and 2021, \$4,469 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 year ended June 30, 2022, \$13,800 was amortized as income and in 2021, no amounts were amortized as income.

Annual maturities of mortgages payable at June 30, 2022 consist of the following:

	<b>Loan 1 (Forgiven)</b>	<b>Loan 2</b>	<b>Loan 3</b>	<b>Loan 4</b>	<b>Loan 5</b>	<b>Total</b>
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	-	-	-	44,686	-	44,686
2028 and thereafter	-	-	-	84,907	-	84,907
Total	-	15,170	129,920	308,337	27,600	481,027
Less: current portion	-	15,170	32,480	44,686	13,800	106,136
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 97,440</u>	<u>\$ 263,651</u>	<u>\$ 13,800</u>	<u>\$ 374,891</u>

**RESCUE MISSION OF TRENTON, NEW JERSEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

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

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

	<b>Loan 1 (Forgiven)</b>	<b>Loan 2</b>	<b>Loan 3</b>	<b>Loan 4</b>	<b>Loan 5</b>	<b>Total</b>
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
<b>Total</b>	<b>-</b>	<b>30,340</b>	<b>162,400</b>	<b>312,802</b>	<b>41,400</b>	<b>546,942</b>
Less: current portion	-	15,170	32,480	44,686	13,800	106,136
<b>Noncurrent portion</b>	<b>\$ -</b>	<b>\$ 15,170</b>	<b>\$ 129,920</b>	<b>\$ 268,116</b>	<b>\$ 27,600</b>	<b>\$ 440,806</b>

**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, 2022 and 2021 was \$0 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:

	<b><u>2022</u></b>	<b><u>2021</u></b>
City of Trenton.....	\$ 70,000	\$ 70,000
NJHMFA .....	<u>289,112</u>	<u>289,112</u>
<b>Total.....</b>	<b>359,112</b>	<b>359,112</b>
Less: current portion .....	<u>-</u>	<u>1,014</u>
<b>Noncurrent portion</b>	<b><u>\$ 359,112</u></b>	<b><u>\$358,098</u></b>

**RESCUE MISSION OF TRENTON, NEW JERSEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**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, 2022 and 2021 was \$5,967 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 and were 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**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**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>2022</u>	<u>2021</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>2,335,261</u>	<u>2,345,987</u>
 Total .....	 3,335,261	 3,341,987
Less: current portion .....	<u>5,967</u>	<u>756</u>
 Noncurrent portion.....	 <u>\$ 3,329,294</u>	 <u>\$3,341,231</u>

These mortgages are nonamortizable mortgages.

**Note 14. Restrictions on Net Assets**

Net assets with donor restrictions at June 30, 2022 and 2021 are available for the following purposes:

	<u>2022</u>	<u>2021</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, 2022 and 2021.

**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, 2022 and 2021 was \$120,042 and \$131,628, respectively.



**RESCUE MISSION OF TRENTON, NEW JERSEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**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 was 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. 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.

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**

A property was leased on Genesee Street on a month-to-month basis. Payments under this lease were \$1,700 per month plus utilities. This lease terminated on September 30, 2021.

There were no minimum future rental payments under non-cancellable leases having remaining terms in excess of one year as of June 30, 2022 and 2021, respectively.

Rental expense under all operating leases aggregated \$8,259 and \$23,800 for the years ended June 30, 2022 and 2021, respectively.

**RESCUE MISSION OF TRENTON, NEW JERSEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**Note 20. Risks and Uncertainties**

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 2021 financial statements have been reclassified to conform to the 2022 presentation. Such reclassifications have no effect on the previously reported change in net assets.

**Note 22. Subsequent Events**

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AND LOCAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022 AND 2021**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Grant Award	Grant Period	Fiscal Year Federal Expenditures
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>					
Passed Through State of New Jersey, City of Trenton:					
Continuum of Care Program - Perry Street	14.267	NJ0310L2F142006	\$ 165,996	12/1/21-11/30/22	\$ 71,734
Continuum of Care Program - Perry Street	14.267	NJ0310L2F141905	\$ 147,096	12/1/20-11/30/21	\$ 44,239
Continuum of Care Program - Clinton Avenue	14.267	NJ0464L2F142006	\$ 30,438	10/1/20-9/30/22	\$ 13,242
Continuum of Care Program - Clinton Avenue	14.267	NJ0464L2F141905	\$ 28,458	10/1/20-9/30/21	\$ 3,456
<b>SUBTOTAL ALN 14.267</b>					<b>\$ 132,671</b>
<b>SUBTOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>					<b>\$ 132,671</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES; HEALTH RESOURCES AND SERVICES ADMINISTRATION</b>					
Coronavirus Provider Relief Fund Phase 1	21.019	CR-20633252961	\$ 2,785	3/1/21-7/31/21	\$ 2,785
Passed Through State of New Jersey, Department of Human Services, Division of Mental Health and Addiction Agencies:					
Coronavirus Relief Fund	21.019		\$ -	1/1/22-6/30/22	\$ 51,592
Passed Through State of New Jersey, Department of Human Services, Division of Family Development:					
Coronavirus Relief Fund	21.019		\$ -	3/12/20-11/13/20	\$ -
<b>SUBTOTAL ALN 21.019</b>					<b>\$ 54,377</b>
<b>SUBTOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					<b>\$ 54,377</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>					<b>\$ 187,048</b>

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AND LOCAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022 AND 2021**

State Grantor or Local Grantor/ Pass Through Grantor/ Program Title	State/ Local Grant Number	Grant Award	Grant Period	Fiscal Year State/ Local Expenditures	Total Grant Expenditures To Date
<b>STATE OF NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS</b>					
Homelessness Prevention - Another Chance	2019-11112-0335-02	\$ 204,533	10/1/18-7/31/22	\$ 24,304	\$ 176,156
Shelter Support	2020-02140-0420-04	940,322	12/1/19-6/30/23	196,830	303,134
<b>SUBTOTAL STATE OF NEW JERSEY DEPARTMENT OF COMMUNITY AFFAIRS</b>				<b>221,134</b>	<b>479,290</b>
<b>STATE OF NEW JERSEY DEPARTMENT OF HUMAN SERVICES DIVISION OF MENTAL HEALTH AND ADDICTION SERVICES</b>					
Fee for Service Network Re-Enrollment	19-1025-F	N/A	7/1/18-6/30/22	-	7,500,436
Homeless Assessment Referral	20-2490-ADA-0	123,000	7/1/19-6/30/22	41,004	118,479
<b>SUBTOTAL STATE OF NEW JERSEY DEPARTMENT OF HUMAN SERVICES</b>				<b>41,004</b>	<b>7,618,915</b>
<b>NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY</b>					
Sustain and Serve	00258139	200,000	7/1/20-6/30/22	200,000	200,000
<b>SUBTOTAL STATE OF NEW JERSEY EXPENDITURES</b>				<b>462,138</b>	<b>8,298,205</b>
<b>CITY OF TRENTON, DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
Emergency Shelter for Homeless Individuals	19-521	837,633	10/4/19-10/3/22	285,417	765,757
Coronavirus Aid, Relief and Economic Security					
Community Development Block Grant - Emergency Shelter	21-04480	60,000	7/1/21-9/30/22	57,515	57,515
Community Development Block Grant - Emergency Shelter		30,000	7/1/21-6/30/22	30,000	30,000
<b>SUBTOTAL CITY OF TRENTON DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				<b>372,932</b>	<b>853,272</b>
<b>COUNTY OF MERCER BOARD OF CHOSEN FREEHOLDERS</b>					
Social Services to the Homeless	2020-371	63,937	1/1/21-12/31/21	44,068	71,745
Social Services to the Homeless	2022-95	127,874	1/1/22-12/31/22	63,937	63,937
Shelter Services to the Homeless	2020-370	232,658	1/1/21-12/31/21	68,376	264,024
Shelter Services to the Homeless	2022-130	388,160	1/1/22-12/31/22	269,260	269,260
Shelter Services to the Homeless - Warming Center	2022-130	130,000	1/1/21-12/31/21	124,544	254,544
Shelter Services to the Homeless - Day Center	2020-369	50,000	7/1/21-12/31/21	50,000	50,000
Support Services for Homeless Individuals	2020-665	52,040	1/1/21-12/31/21	25,738	50,216
Support Services for Homeless Individuals	2022-25	52,040	1/1/22-12/31/22	25,785	25,785
Halfway House Services	2021-45	118,300	1/1/21-12/31/21	16,100	37,163
Halfway House Services	2021-689	60,000	1/1/22-12/31/22	18,388	6,775
Team Care Coordinator	2021-44	132,000	1/1/21-12/31/21	52,410	127,493
Team Care Coordinator	2021-687	132,000	1/1/22-12/31/22	58,505	58,505
Inmate Community Re-Entry Program	2021-46	111,500	1/1/21-12/31/21	67,415	127,364
Returning Citizens Community Program	2022-265	220,400	1/1/22-12/31/22	62,966	62,966
<b>SUBTOTAL COUNTY OF MERCER BOARD OF CHOSEN FREEHOLDERS</b>				<b>947,492</b>	<b>1,469,777</b>
<b>TOTAL EXPENDITURES OF STATE AND LOCAL AWARDS</b>				<b>\$ 1,782,562</b>	<b>\$ 10,621,254</b>

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AND LOCAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022 AND 2021**

**Note 1. Basis of Presentation**

The accompanying schedules of expenditures of federal and state and local awards (the Schedules) include the federal award and state and local grant and contract activity of the Rescue Mission of Trenton, New Jersey, under programs of the federal, state and local governments for the year ended June 30, 2022. The information in the Schedules 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 Schedules present only a selected portion of the operations of Rescue Mission of Trenton, New Jersey, they are not intended to and do 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 AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 31, 2022.

**Report on 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.

**Report on 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.

Harsey, Buckner & Heffler, LLP

October 31, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

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

We have audited the Rescue Mission of Trenton, New Jersey's compliance with the types of compliance requirements identified as subject to audit 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, 2022. Rescue Mission of Trenton, New Jersey's major government program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Rescue Mission of Trenton, New Jersey complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major government program for the year ended June 30, 2022.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Rescue Mission of Trenton, New Jersey's government programs.

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

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Rescue Mission of Trenton, New Jersey's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting



material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Rescue Mission of Trenton, New Jersey's compliance with the requirements of the major program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Rescue Mission of Trenton, New Jersey's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Rescue Mission of Trenton, New Jersey's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the New Jersey Circular Letter 15-08-OMB, but not for the purpose of expressing an opinion on the effectiveness of Rescue Mission of Trenton, New Jersey's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

*Horsey, Buckner & Heffler, LLP*

October 31, 2022

**RESCUE MISSION OF TRENTON, NEW JERSEY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

**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 major programs 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

8. The threshold used for distinguishing between type A and B programs was \$750,000.
9. Rescue Mission of Trenton, New Jersey did 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, 2022**

A. **Status of Prior Year Findings**

There were no audit findings for the year ended June 30, 2021.