

RESCUE MISSION OF TRENTON, NEW JERSEY
Financial Statements and Supplementary Information
For the Years Ended June 30, 2023 and 2022
With Independent Auditor's Report

HORSEYBUCKNER & HEFFLER

Accountants & Advisors

RESCUE MISSION OF TRENTON, NEW JERSEY
Financial Statements and Supplementary Information
For the Years Ended June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S 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 Rescue Mission of Trenton, New Jersey (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, the related statements of activities, functional expenses, and cash flows for the years 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 Rescue Mission of Trenton, New Jersey as of June 30, 2023 and 2022, 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 audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 auditing standards generally accepted in the United States of America 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal, 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 schedule of expenditures of federal, state and local awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2023, on our consideration of Rescue Mission of Trenton, New Jersey's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rescue Mission of Trenton, New Jersey's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rescue Mission of Trenton, New Jersey's internal control over financial reporting and compliance.

Horsey, Buckner & Heffler, LLP

October 31, 2023

RESCUE MISSION OF TRENTON, NEW JERSEY
Statements of Financial Position
As of June 30, 2023 and 2022

	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 625,855	\$ 1,520,642
Grants and contributions receivable	1,561,583	964,461
Employee Retention Tax Credit receivable	1,060,637	-
Accounts receivable	1,139	14,647
Medicaid payments receivable	61,756	124,638
Prepaid expenses	-	9,206
Inventory	-	17,614
Total current assets	3,310,970	2,651,208
Property and equipment, net of accumulated depreciation and amortization of \$4,403,616 and \$3,943,734, respectively	6,956,048	6,037,760
Construction in Progress	647,940	286,365
OTHER ASSETS		
Investments, net	6,312,448	6,214,151
Escrow accounts - NJHMFA	252,234	251,350
Total other assets	6,564,682	6,465,501
Total assets	\$ 17,479,640	\$ 15,440,834
LIABILITIES AND NET ASSETS		
<i>Liabilities</i>		
Accounts payable	\$ 124,506	\$ 108,391
Accrued expenses	143,136	64,914
Resident funds	19,881	20,205
Security deposits	17,400	17,400
Deferred revenue and refundable advances	-	719,488
Retainage payable	143,976	143,976
Current portion of mortgages payable	133,383	112,103
Current portion of notes payable	75,515	-
Total current liabilities	657,797	1,186,477
Mortgages payable, net of current portion	3,935,881	4,063,297
Notes payable, net of current portion	276,252	-
Total liabilities	4,869,930	5,249,774
<i>Net assets</i>		
Net assets without donor restrictions	12,608,610	10,189,960
Net assets with donor restrictions	1,100	1,100
Total net assets	12,609,710	10,191,060
Total liabilities and net assets	\$ 17,479,640	\$ 15,440,834

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, 2023 and 2022

	2023			2022		
	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	\$ 5,928,699	\$ -	\$ 5,928,699	\$ 3,847,808	\$ -	\$ 3,847,808
Program revenue	1,837,241	-	1,837,241	1,691,805	-	1,691,805
Donations	1,150,770	-	1,150,770	1,328,616	-	1,328,616
Store sales and industrial salvage - revenue of \$325,383 and \$302,541, respectively						
Store sales and industrial salvage - cost of direct expense of \$17,614 and \$0, respectively						
Net revenue from store sales and industrial salvage	307,769	-	307,769	302,541	-	302,541
Net investment gain (loss)	698,298	-	698,298	(733,495)	-	(733,495)
Miscellaneous income	99,884	-	99,884	66,811	-	66,811
Net revenue from special events	66,966	-	66,966	3,000	-	3,000
Other income - Employee Retention Tax Credit	1,060,637	-	1,060,637	-	-	-
Total support revenue	<u>11,150,264</u>	<u>-</u>	<u>11,150,264</u>	<u>6,507,086</u>	<u>-</u>	<u>6,507,086</u>
EXPENSES						
Residential addiction	4,140,490	-	4,140,490	3,524,538	-	3,524,538
Emergency services	2,443,471	-	2,443,471	1,959,232	-	1,959,232
Outpatient	451,441	-	451,441	286,399	-	286,399
Permanent housing	378,061	-	378,061	331,122	-	331,122
Community education	41,574	-	41,574	878	-	878
Entrepreneurial operations and store <i>Supporting services</i>	205,102	-	205,102	344,364	-	344,364
Management and general	793,700	-	793,700	695,971	-	695,971
Fundraising expenses	277,775	-	277,775	204,920	-	204,920
Total expenses	<u>8,731,614</u>	<u>-</u>	<u>8,731,614</u>	<u>7,347,424</u>	<u>-</u>	<u>7,347,424</u>
Change in net assets	2,418,650	-	2,418,650	(840,338)	-	(840,338)
Net assets, beginning 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>
Net assets, end of year	<u>\$ 12,608,610</u>	<u>\$ 1,100</u>	<u>\$ 12,609,710</u>	<u>\$ 10,189,960</u>	<u>\$ 1,100</u>	<u>\$ 10,191,060</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, 2023

	Residential Addiction Program	Emergency Services	Outpatient	Permanent Housing	Community Education	Entrepreneurial Operations and Store	Total Program Services	Management and General	Fund Raising	Total
PERSONNEL										
Salaries	\$ 2,234,043	\$ 1,392,348	\$ 148,946	\$ 92,335	\$ 37,830	\$ 34,742	\$ 3,940,244	\$ 348,463	\$ 133,972	\$ 4,422,679
Payroll taxes and employee benefits	497,345	289,893	84,477	58,021	3,744	24,687	958,167	158,147	15,976	1,132,290
Total personnel	<u>2,731,388</u>	<u>1,682,241</u>	<u>233,423</u>	<u>150,356</u>	<u>41,574</u>	<u>59,429</u>	<u>4,898,411</u>	<u>506,610</u>	<u>149,948</u>	<u>5,554,969</u>
OPERATING EXPENSES										
Automobile	21,148	737	886	79	-	24,387	47,237	1,771	-	49,008
Automobile insurance	12,095	421	507	45	-	13,947	27,015	1,013	-	28,028
Business and property insurance	97,306	51,896	21,624	15,136	-	6,487	192,449	21,624	2,162	216,235
Client expenses	26,478	-	-	-	-	13,994	40,472	-	-	40,472
Depreciation	206,947	110,372	45,988	32,192	-	13,796	409,295	45,988	4,599	459,882
Facility cost	68,571	52,219	6,027	18,729	-	38,427	183,973	14,085	563	198,621
Food expense	238,470	208,639	298	33	-	-	447,440	5,786	6,331	459,557
Licenses and inspections	5,677	3,905	17,863	6,590	-	51	34,086	4,081	17	38,184
Miscellaneous	12,966	7,527	2,014	1,674	-	2,870	27,050	22,735	1,319	51,104
Medical supplies	41,617	-	-	-	-	-	41,617	-	-	41,617
Postage and shipping	602	209	106	208	-	-	1,125	1,806	45,824	48,755
Printing and advertising	327	1,393	110	217	-	-	2,047	3,474	58,538	64,059
Professional fees	440,866	81,972	40,680	27,691	-	8,057	599,266	104,547	2,966	706,779
Real estate taxes	-	-	-	12,874	-	-	12,874	-	-	12,874
Rent	-	824	-	-	-	-	824	-	-	824
Residential services	55,615	81,037	66,397	2,225	-	-	205,274	-	-	205,274
Special events	-	-	-	-	-	-	-	-	4,502	4,502
Supplies	80,699	60,536	7,014	10,815	-	4,340	163,404	28,395	802	192,601
Store expenses	-	-	-	-	-	3,300	3,300	-	-	3,300
Telephone	13,126	8,337	2,032	12,337	-	610	36,442	2,419	204	39,065
Travel and meeting	7,247	26	-	-	-	100	7,373	2,581	-	9,954
Utilities	79,346	91,179	6,473	86,860	-	15,306	279,164	26,786	-	305,950
Total operating expenses	<u>1,409,102</u>	<u>761,230</u>	<u>218,018</u>	<u>227,705</u>	<u>-</u>	<u>145,673</u>	<u>2,761,728</u>	<u>287,090</u>	<u>127,827</u>	<u>3,176,645</u>
Total expenses	<u>\$ 4,140,490</u>	<u>\$ 2,443,471</u>	<u>\$ 451,441</u>	<u>\$ 378,061</u>	<u>\$ 41,574</u>	<u>\$ 205,102</u>	<u>\$ 7,660,139</u>	<u>\$ 793,700</u>	<u>\$ 277,775</u>	<u>\$ 8,731,614</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	Emergency Services	Outpatient	Permanent Housing	Community Education	Entrepreneurial Operations and Store	Total Program Services	Management and General	Fund Raising	Total
Personnel										
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
Total Personnel	<u>2,156,232</u>	<u>1,405,720</u>	<u>170,898</u>	<u>130,783</u>	<u>878</u>	<u>126,294</u>	<u>3,990,805</u>	<u>432,425</u>	<u>102,151</u>	<u>4,525,381</u>
Operating Expenses										
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
Total Operating Expenses	<u>1,368,306</u>	<u>553,512</u>	<u>115,501</u>	<u>200,339</u>	<u>-</u>	<u>218,070</u>	<u>2,455,728</u>	<u>263,546</u>	<u>102,769</u>	<u>2,822,043</u>
Total Expenses	<u>\$ 3,524,538</u>	<u>\$ 1,959,232</u>	<u>\$ 286,399</u>	<u>\$ 331,122</u>	<u>\$ 878</u>	<u>\$ 344,364</u>	<u>\$ 6,446,533</u>	<u>\$ 695,971</u>	<u>\$ 204,920</u>	<u>\$ 7,347,424</u>

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

RESCUE MISSION OF TRENTON, NEW JERSEY
 Statements of Cash Flows
 For the Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,418,650	\$ (840,338)
<i>Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities</i>		
Unrealized (gain) loss on investments	(577,034)	1,210,084
Realized gain on investments	(28,357)	(383,023)
Depreciation and amortization	459,882	418,079
Net dividends reinvested and securities fees	(92,907)	(93,566)
Loan forgiveness income	-	(54,019)
<i>Change in operating assets</i>		
Grants, contributions, accounts, Medicaid and Employee Retention Tax Credit receivable	(1,581,369)	(166,323)
Prepaid expenses	9,206	(505)
Inventory	17,614	(15,773)
Escrow accounts	(884)	1,507
<i>Change in operating liabilities</i>		
Accounts payable and accrued expenses	94,337	83,314
Deferred Revenue and Refundable advances	(719,488)	719,488
Resident funds	(324)	596
Net cash (used in) provided by operating activities	(674)	879,521
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	600,001	19,445
Purchase of fixed assets	(1,362,166)	(571,924)
Net cash used in investing activities	(762,165)	(552,479)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(131,948)	(62,845)
Net cash (used in) financing activities	(131,948)	(62,845)
Net (decrease) increase in cash and cash equivalents	(894,787)	264,197
Cash and cash equivalents, beginning of year	1,520,642	1,256,445
Cash and cash equivalents, end of year	\$ 625,855	\$ 1,520,642
<u>Supplemental Cashflow Disclosure - Non Cash Transactions</u>		
Purchase of Fixed Assets with Notes Payable	\$ 351,767	\$ -
Contributed Fixed Assets	\$ 246,733	\$ -

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, 2023 and 2022

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 70% and 72% of its revenue from federal, state, and city agencies for the years ended June 30, 2023 and 2022, respectively. Other revenue and support are 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 accounting principles generally accepted in the United States (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
For the Years Ended June 30, 2023 and 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.
- 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 five-unit house; Perry Street, a 15-unit housing building; and Clinton Avenue, five 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 four units per location. The Organization also owns a home that houses five 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
For the Years Ended June 30, 2023 and 2022

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Functional Cost Categories *(continued)*

- 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 Financial Accounting Standards Board (FASB) Accounting Standards Update (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 recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and 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, 2023 and 2022.

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 \$823,763 and \$1,233,172 that have not been recognized at June 30, 2023 and 2022, 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
For the Years Ended June 30, 2023 and 2022

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Revenue and Support Recognition *(continued)*

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, 2023 and 2022

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Revenue and Support Recognition *(continued)*

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 & Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with an initial maturity of 90 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. There were no amounts written off as bad debts for the years ended June 30, 2023 and 2022.

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, 2023 and 2022 totaled \$3,460 and \$0, respectively.

RESCUE MISSION OF TRENTON, NEW JERSEY
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Medicaid Payments Receivable

Medicaid payments receivable consist of receivables for services reimbursed under fee for service arrangements with Medicaid. The Organization considers Medicaid payments receivable to be fully collectible within one year; accordingly, no allowance for doubtful amounts has been recorded. There were no amounts written off as bad debts for the years ended June 30, 2023 and 2022.

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. Interest and dividend (investment) income are recognized when earned and are reported as revenue in the statements 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 are 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.

RESCUE MISSION OF TRENTON, NEW JERSEY
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

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.

U.S. GAAP requires 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 the 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, 2023 and 2022.

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 2020.

RESCUE MISSION OF TRENTON, NEW JERSEY
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

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 revenue 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, 2023 and 2022 were \$11,042 and \$28,539, respectively.

RESCUE MISSION OF TRENTON, NEW JERSEY
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

NOTE 3 AVAILABLE RESOURCES AND LIQUIDITY

The following represents the Organization's financial assets at June 30, 2023 and 2022:

	2023	2022
<i>Financial assets at year end</i>		
Cash and cash equivalents	\$ 625,855	\$ 1,520,642
Grants and contributions receivable	1,561,583	964,461
Accounts receivable	1,139	14,647
Medicaid payments receivable	61,756	124,638
Investments, net	6,312,448	6,214,151
Total financial assets	8,562,781	8,838,539
 <i>Less: Amounts not available to be used within one year</i>		
Investments held for long-term purposes	(6,312,448)	(6,214,151)
 Financial assets available to meet cash needs for general expenditures within one year	 \$ 2,250,333	 \$ 2,624,388

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 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 \$5,000,000 line of credit which is available to assist with temporary cash flow needs. As of June 30, 2023 and 2022, \$4,698,206 and \$3,000,000 remained available on the line of credit, 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.

RESCUE MISSION OF TRENTON, NEW JERSEY
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

NOTE 4 CONTRACT BALANCES *(continued)*

The beginning and ending contract balances were as follows:

	Accounts Receivable	
	2023	2022
Beginning of year	\$ 14,647	\$ 19,857
End of year	\$ 1,139	\$ 14,647
	Medicaid Payments Receivable	
	2023	2022
Beginning of year	\$ 124,638	\$ 45,437
End of year	\$ 61,756	\$ 124,638

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment include the following:

	Estimated Useful Lives In Years	2023	2022
Land	0	\$ 213,437	\$ 183,437
Building	20-40	2,154,032	1,990,913
Leasehold improvements	10-30	3,802,519	2,343,213
Furniture and equipment	3-10	1,475,704	1,388,385
Vehicles	5	168,673	168,673
Perry Street Project	40	3,545,299	3,906,873
		11,359,664	9,981,494
Accumulated depreciation and amortization		(4,403,616)	(3,943,734)
		\$ 6,956,048	\$ 6,037,760

Depreciation and amortization expense charged to operations was \$459,882 and \$418,079 for the years ended June 30, 2023 and 2022, respectively. Construction in Progress as of June 30, 2023 and 2022 of \$647,940 and \$286,365, respectively, consists of ongoing renovations of the Organization's shelter facility, in addition to the deposit for a custom mobile outreach van.

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.

RESCUE MISSION OF TRENTON, NEW JERSEY
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

NOTE 6 INVESTMENTS *(continued)*

At June 30, 2023, investments were comprised of the following:

	<u>Cost</u>	<u>Fair Value</u>
Certificates of deposit, maturing between July 2023 and August 2025	\$ 988	\$ 1,866
U.S. Treasury notes, maturing August 2024	151,847	165,732
Corporate bonds	429,784	392,850
Corporate stocks	3,787,622	5,505,170
Mutual funds	259,863	208,686
U.S. Government securities	43,861	38,144
Total long-term investments	<u>\$ 4,673,964</u>	<u>\$ 6,312,448</u>

At June 30, 2022, investments were comprised of the following:

	<u>Cost</u>	<u>Fair Value</u>
Certificates of deposit, maturing between July 2022 and August 2024	\$ 504,875	\$ 500,677
U.S. Treasury notes, maturing August 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
U.S. Government securities	63,853	54,311
Total long-term investments	<u>\$ 5,880,545</u>	<u>\$ 6,214,151</u>

The components of net investment return for the years ended June 30, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Dividends and interest	\$ 141,238	\$ 151,042
Unrealized gain (loss)	577,034	(1,210,084)
Realized gain	28,357	383,023
Bank fees	(48,331)	(57,476)
	<u>\$ 698,298</u>	<u>\$ (733,495)</u>

RESCUE MISSION OF TRENTON, NEW JERSEY
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

NOTE 7 FAIR VALUE MEASUREMENT

U.S. GAAP establishes 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 was as follows:

	2023			
Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Cash and cash equivalents	\$ 625,855	\$ 625,855	\$ -	\$ -
U.S. Treasury notes	165,732	-	165,732	-
Certificates of deposit	1,866	-	1,866	-
Corporate bonds	392,850	-	392,850	-
Corporate stocks	5,505,170	5,505,170	-	-
Mutual funds	208,686	208,686	-	-
U.S. Government securities	38,144	-	38,144	-
Total	\$ 6,938,303	\$ 6,339,711	\$ 598,592	\$ -

	2022			
Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Cash and 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	-	-
U.S. Government securities	54,311	-	54,311	-
Total	\$ 7,734,793	\$ 6,345,406	\$ 1,389,387	\$ -

RESCUE MISSION OF TRENTON, NEW JERSEY
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

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 LINE OF CREDIT

The Organization currently maintains a loan account (line of credit) for working capital purposes within the investment portfolio in the amount of \$5,000,000. The line of credit cannot be drawn down unless authorized and approved by the financial institution after review of the collateral (investment portfolio). The interest rate on the line of credit is variable and is based on the UBS Variable Rate and a predetermined loan spread. At June 30, 2023 and 2022, this rate was 7.275% and 3.199%, respectively. The total amount of available credit on the line at June 30, 2023 and 2022 was \$4,698,206 and \$3,000,000, respectively. The \$5,000,000 and \$3,000,000 line of credit held at June 30, 2023 and 2022, respectively is secured by assets held in the investment portfolio and as such the outstanding amount borrowed of \$301,794 at June 30, 2023 is shown as a liability offset against the investment account balance at June 30, 2023.

NOTE 10 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 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 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 January 2013. During the years ended June 30, 2023 and 2022, \$15,170 and \$15,170, respectively, was amortized as income.

RESCUE MISSION OF TRENTON, NEW JERSEY
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

NOTE 10 MORTGAGES PAYABLE – DCA (98 CARROLL STREET) (continued)

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 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. 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, 2023 and 2022, \$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 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 January 2018. During the years ended June 30, 2023 and 2022, \$44,686 and \$4,469, 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 facility 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, 2023 and 2022, \$13,800 was amortized as income, each year respectively.

Annual maturities of mortgages payable at June 30, 2023, consisted of the following:

Year Ending	Loan 1 (Forgiven)	Loan 2	Loan 3	Loan 4	Loan 5	Total
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	-	-	-	44,686	-	44,686
2029 and thereafter	-	-	-	40,221	-	40,221
Total	-	-	97,440	263,651	13,800	374,891
Less: Current portion	-	-	32,480	44,686	13,800	90,966
Noncurrent portion	\$ -	\$ -	\$ 64,960	\$ 218,965	\$ -	\$ 283,925

RESCUE MISSION OF TRENTON, NEW JERSEY
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

NOTE 10 MORTGAGES PAYABLE – DCA (98 CARROLL STREET) (continued)

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

Year Ending	Loan 1 (Forgiven)	Loan 2	Loan 3	Loan 4	Loan 5	Total
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	\$ -	\$ -	\$ 97,440	\$ 263,651	\$ 13,800	\$ 374,891

NOTE 11 MORTGAGES PAYABLE - NJHMFA (BRIMMER HOUSE)

A property located at 12 Carroll Street providing affordable, service-enriched, rental housing units was purchased with various assistance funds. Partial funding was received from the City of Trenton in the amount of \$70,000. Funds of \$305,344 for the purchase and operation of the property were passed through the New Jersey Housing and Mortgage Finance Agency in February 2009. The mortgage has a 15-year term. The Organization is required to make repayments based on 25% of the project's net cash flow. There was no repayment due to NJHMFA for the years ended June 30, 2023 and 2022. 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.

RESCUE MISSION OF TRENTON, NEW JERSEY
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NOTE 11 MORTGAGES PAYABLE - NJHMFA (BRIMMER HOUSE) (continued)

The mortgages payable balances are as follows:

	2023	2022
City of Trenton	\$ 70,000	\$ 70,000
NJHMFA	289,112	289,112
Total	359,112	359,112
Less: Current portion	-	-
Noncurrent portion	\$ 359,112	\$ 359,112

NOTE 12 MORTGAGE PAYABLE ON PERRY STREET PROJECT

A property located at 501-507 Perry Street was purchased for the construction of 15 housing units in the City of Trenton. The funds of \$2,471,884 were funded by NJHMFA for the purchase and operation of the property. The Organization is required to maintain an escrow account with NJHMFA. The account is credited with interest. Funds can only be utilized with NJHMFA approval. The mortgage has a 30-year term. The Organization is required to make payments based on 25% of the project's net cash flow. Repayment due to NJHMFA for the years ended June 30, 2023 and 2022 was \$36,450 and \$5,967, 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 10 years after the

RESCUE MISSION OF TRENTON, NEW JERSEY
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NOTE 12 MORTGAGE PAYABLE ON PERRY STREET PROJECT *(continued)*

project is placed in service, the Organization would be obligated to repay HUD 100% of any assistance received for acquisition, rehabilitating, and new construction. However, if the project is used as supportive housing for more than 10 years, HUD will reduce the percentage of the amount required to be repaid by 10% points for each year in excess of 10 years that the project is used as supportive housing. The Organization shall operate the supportive housing project supportive services throughout a period of 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 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.

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:

	2023	2022
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 - FHLB NY	300,000	300,000
NJHMFA	2,335,261	2,335,261
Total	3,335,261	3,335,261
Less: Current portion	42,417	5,967
Noncurrent portion	\$ 3,292,844	\$ 3,329,294

These mortgages are nonamortizable mortgages.

RESCUE MISSION OF TRENTON, NEW JERSEY
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

NOTE 13 NOTES PAYABLE – PSE&G CLEAN ENERGY FUTURE

The Organization entered into agreements with PSE&G under the Clean Energy Future Energy Efficiency Program (the “Program”) to install energy efficiency measures at several of its facilities. Under the terms of the Program, the Organization may pay for its cost share of the energy efficiency measures at its facilities in equal monthly installments over a period of five years starting with the month in which the project is complete at each respective facility. During the year ended June 30, 2023, a total of \$598,500 in upgrades were completed at each of the respective facilities and repayment under the terms of the Program commenced. PSE&G contributed approximately 50% of the project upgrades for a total in kind contribution of \$246,733.

Annual maturities of notes payable pertaining to the Program by location are as follows:

Year Ending	72 Ewing St	12 Carroll St Fl2	98 Carroll St.	100 Carroll St.	100 Carroll St.	Total
2024	\$ 5,926	\$ 1,848	\$ 18,812	\$ 18,169	\$ 30,760	\$ 75,515
2025	5,926	1,848	18,812	18,169	30,760	75,515
2026	5,926	1,848	18,812	18,169	30,760	75,515
2027	5,928	1,848	18,812	18,169	30,760	75,517
2028	-	309	17,243	9,083	23,070	49,705
Total	23,706	7,701	92,491	81,759	146,110	351,767
Less: Current portion	5,926	1,848	18,812	18,169	30,760	75,515
Noncurrent portion	17,780	5,853	73,680	63,590	115,350	276,252

NOTE 14 RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions at June 30, 2023 and 2022, were available for the following purposes:

	<u>2023</u>	<u>2022</u>
<i>Purpose restrictions</i>		
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, 2023 and 2022.

NOTE 15 RETIREMENT PLAN

The Organization maintains a Safe Harbor 401(k) plan that 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, 2023 and 2022 was \$141,874 and \$120,042, respectively.

RESCUE MISSION OF TRENTON, NEW JERSEY
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

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 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 the 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 18 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, 2023 and 2022, respectively.

Rental expense under all operating leases aggregated was \$824 and \$8,259 for the years ended June 30, 2023 and 2022, respectively.

RESCUE MISSION OF TRENTON, NEW JERSEY
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

NOTE 19 RISKS AND UNCERTAINTIES

The Organization invests in several securities that 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 20 FINANCIAL STATEMENT PRESENTATION

Certain amounts in the 2022 financial statements have been reclassified to conform to the 2023 presentation. Such reclassifications have no effect on the previously reported change in net assets.

NOTE 21 SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 31, 2023, the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

RESCUE MISSION OF TRENTON, NEW JERSEY
Schedule of Expenditures of Federal, State and Local Awards
For the Year Ended June 30, 2023

<u>Federal Grantor/Pass- Through Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Grant Award</u>	<u>Grant Period</u>	<u>Fiscal Year Federal Expenditures</u>
U.S. Department of Housing and Urban Development					
<i>Passed Through State of New Jersey, City of Trenton</i>					
Continuum of Care Program - Perry Street	14.267	NJ0310L2F142006	\$ 165,996	12/1/21-11/30/22	\$ 51,861
Continuum of Care Program - Perry Street	14.267	NJ0531L2F142107	155,306	12/1/22-11/30/23	80,670
Continuum of Care Program - Clinton Avenue	14.267	NJ0464L2F142006	30,438	10/1/21-9/30/22	6,051
Continuum of Care Program - Clinton Avenue	14.267	NJ0464L2F142107	29,502	10/1/22-9/30/23	15,481
Subtotal ALN 14.267					<u>154,063</u>
Subtotal U.S. Department of Housing and Urban Development					<u>154,063</u>
U.S. Department of Health and Human Services; Health Resources and Services Administration					
<i>Passed Through State of New Jersey, Department of Human Services, Division of Mental Health and Addiction Agencies</i>					
Coronavirus Relief Fund	21.019	none	20,000	1/1/22-12/31/22	5,453
Subtotal ALN 21.019					<u>5,453</u>
Subtotal U.S. Department of Health and Human Services					<u>5,453</u>
Total expenditures of federal awards					<u>\$ 159,516</u>

See notes to the Schedule.

RESCUE MISSION OF TRENTON, NEW JERSEY
Schedule of Expenditures of Federal, State and Local Awards
For the Year Ended June 30, 2023

<u>State Grantor or Local Grantor/ Pass Through Grantor/Program Title</u>	<u>State/ Local Grant Number</u>	<u>Grant Award</u>	<u>Grant Period</u>	<u>Fiscal Year State/ Local Expenditures</u>	<u>Total Grant Expenditures to Date</u>
State of New Jersey Department of Community Affairs					
Homelessness Prevention - Another Chance	2019-11112-0335-02	\$ 314,533	10/1/18-7/31/23	\$ 110,140	\$ 286,296
Shelter Support	2020-02140-0420-04	940,322	12/1/19-6/30/23	807,753	1,110,887
Subtotal State of New Jersey Department of Community Affairs				<u>917,893</u>	<u>1,397,183</u>
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	7/1/18-6/30/23	3,989,194	14,177,777
Homeless Assessment Referral	20-2490-ADA-0	164,000	7/1/19-6/30/23	41,000	159,479
Subtotal State of New Jersey Department of Human Services				<u>4,030,194</u>	<u>14,337,256</u>
New Jersey Economic Development Authority					
Sustain and Serve	00258139	385,569	7/1/20-1/31/23	168,843	368,843
Subtotal State of New Jersey Expenditures				<u>5,116,930</u>	<u>16,103,282</u>
City of Trenton, Department of Health and Human Services					
Emergency Shelter for Homeless Individuals	19-521	837,633	10/4/19-10/3/22	147,086	912,843
Coronavirus Aid, Relief and Economic Security					
Community Development Block Grant - Emergency Shelter	21-04480	60,000	7/1/21-9/30/22	2,485	60,000
Community Development Block Grant - Emergency Shelter	23-175	75,000	7/1/22-6/30/23	75,000	75,000
Subtotal City of Trenton, Department of Health and Human Services				<u>224,571</u>	<u>1,047,843</u>

See notes to the Schedule.

RESCUE MISSION OF TRENTON, NEW JERSEY
Schedule of Expenditures of Federal, State and Local Awards (*continued*)
For the Year Ended June 30, 2023

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
County of Mercer Board of Chosen Freeholders					
Social Services to the Homeless	2022-95	\$ 75,834	1/1/23-12/31/23	\$ 50,175	\$ 50,175
Shelter Services to the Homeless	2022-428	465,316	1/1/23-12/31/23	180,986	180,986
Shelter Services to the Homeless	2022-130	462,442	1/1/22-12/31/22	193,182	462,442
Shelter Services to the Homeless - Warming Center	2022-130	60,000	1/1/22-12/31/23	59,846	59,846
Shelter Services to the Homeless - Day Center	2022-94	100,000	7/1/22-12/31/23	50,000	50,000
Support Services for Homeless Individuals	2022-95	75,834	1/1/23-12/31/23	29,833	29,833
Support Services for Homeless Individuals	2022-25	52,040	1/1/22-12/31/22	26,255	52,040
Halfway House Services	2022-25	52,040	1/1/23-12/31/23	7,162	7,162
Halfway House Services	2021-689	60,000	1/1/22-12/31/22	13,037	31,426
Team Care Coordinator	2022-833	132,000	1/1/23-12/31/23	67,168	67,168
Team Care Coordinator	2021-687	132,000	1/1/22-12/31/22	70,201	128,706
Returning Citizens Community Program	2023-46	111,000	1/1/23-12/31/23	98,308	98,308
Returning Citizens Community Program	2022-265	220,400	1/1/22-12/31/22	160,834	223,800
Mobile Recovery Unit	2022-517	343,701	1/1/22-12/31/22	130,642	130,642
Mobile Recovery Unit	2022-904	290,000	1/1/23-12/31/23	111,678	111,678
Subtotal County of Mercer Board of Chosen Freeholders				<u>1,249,307</u>	<u>1,684,212</u>
Total expenditures of state and local awards				<u>\$ 6,590,808</u>	<u>\$ 18,835,337</u>

See notes to the Schedule.

RESCUE MISSION OF TRENTON, NEW JERSEY

Notes to Schedule of Expenditures of Federal,
State and Local Awards
For the Year Ended June 30, 2023

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal, state and local awards (the Schedule) includes the federal awards and state and local grant and contract activity of the Organization under programs of the federal, state and local governments for the year ended June 30, 2023. The information in the 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 the Organization. It is not intended to and does not present the financial position and changes in net assets of the Organization.

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 the New Jersey Department of Human Services and Department of Community Affairs Contract Reimbursement Manual, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Certain expenditures shown reflect fees for service contracts, which have total expenses in excess of the revenue recognized under the awards.

NOTE 3 INDIRECT COST RATE

The Organization 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 Rescue Mission of Trenton, New Jersey (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, 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, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rescue Mission of Trenton, New Jersey's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rescue Mission of Trenton, New Jersey's internal control. Accordingly, we do not express an opinion on the effectiveness of Rescue Mission of Trenton, New Jersey's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rescue Mission of Trenton, New Jersey's internal control or on compliance. This 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 and compliance. Accordingly, this communication is not suitable for any other purpose.



October 31, 2023

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

Opinion on Each Major Government Program

We have audited 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, 2023. 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.

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 programs for the year ended June 30, 2023.

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 programs. 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 government 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, 2023

RESCUE MISSION OF TRENTON, NEW JERSEY
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2023

SECTION I—SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued (unmodified, qualified, adverse, or disclaimer):

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes x No
- Significant deficiency(ies) identified? _____ Yes x None Reported
- Noncompliance material to financial statements noted? _____ Yes x No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes x No
- Significant deficiency(ies) identified? _____ Yes x None Reported

Type of auditor's report issued on compliance for major programs (unmodified, qualified, adverse, or disclaimer):

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes x No

Identification of major programs:

The programs tested as major programs included:

<u>Program</u>	<u>State Grant/Contract Number</u>
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State of New Jersey Department of Human Services, Division of Mental Health and Addiction Services, Addictions Fee for Service Network Reenrollment	19-1025F
State of New Jersey Department of Community Affairs Shelter Support	2020-02140-0420-04

Dollar threshold used to distinguish between Type A and Type B programs: _____ \$750,000

Auditee qualified as low-risk auditee? x Yes _____ No

RESCUE MISSION OF TRENTON, NEW JERSEY
Schedule of Findings and Questioned Costs (*continued*)
For the Year Ended June 30, 2023

SECTION II—FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III—MAJOR GOVERNMENT AWARDS PROGRAM AUDIT FINDINGS AND QUESTIONED COSTS

No matters were reported.

Status of Prior-Year Findings

There were no audit findings for the year ended June 30, 2022.