



RESCUE MISSION OF TRENTON, NEW JERSEY

FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Rescue Mission of Trenton, New Jersey
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June 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
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 not-for-profit organization), which comprise the statement of financial position as of June 30, 2024 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 Rescue Mission of Trenton, New Jersey as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 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 opinions.

Other Matter

The financial statements of Rescue Mission of Trenton, New Jersey for the year ended June 30, 2023 were audited by another auditor, who expressed an unmodified opinion on those statements on October 31, 2023.

Prior Period Adjustment

As described in Note 3 to the financial statements, mortgages payable and retainages payable were overstated in the Organization's previously issued financial statements. The cumulative effect of these corrections is a decrease in mortgages payable of \$149,864, a decrease in retainages payable of \$143,976 and an increase in net assets as of June 30, 2023 of \$293,840. Our opinion is not modified with respect to that matter.

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.

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Auditor's Responsibility 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 schedule of expenditures of federal, state and local awards, as required by the State of New Jersey Circular 15-08-OMB, 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 November 26, 2024, 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, 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.

Lear & Pannepacker, LLP

Princeton, New Jersey

November 26, 2024



Rescue Mission of Trenton, New Jersey
Statements of Financial Position
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Cash and cash equivalents	\$ 1,704,350	\$ 625,855
Escrow accounts on mortgages - NJHMFA	254,801	252,234
Investments	7,129,749	6,312,448
Grants and contributions receivable	1,333,485	1,561,583
Medicaid payments receivable, net	95,277	61,756
Accounts receivable, net	113,943	1,139
Payroll tax assistance - ERTC receivable	--	1,060,637
Prepaid expenses	28,566	--
Property and equipment, net	8,033,763	7,603,988
Operating lease right-of-use asset	<u>46,798</u>	<u>--</u>
Total assets	\$ <u>18,740,732</u>	\$ <u>17,479,640</u>
Liabilities and net assets		
Liabilities		
Accounts payable	\$ 126,500	\$ 124,506
Resident funds	--	19,881
Refundable advances	124,311	--
Accrued expenses	653,629	143,136
Security deposits	18,450	17,400
Mortgages payable	3,820,658	3,919,400
Notes payable (PSE&G)	276,252	351,767
Operating lease liability	<u>46,798</u>	<u>--</u>
Total liabilities	5,066,598	4,576,090
Net assets		
Without donor restrictions	13,674,134	12,902,450
With donor restrictions	<u>--</u>	<u>1,100</u>
Total net assets	<u>13,674,134</u>	<u>12,903,550</u>
Total liabilities and net assets	\$ <u>18,740,732</u>	\$ <u>17,479,640</u>

See notes to financial statements

Rescue Mission of Trenton, New Jersey
Statements of Activities
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Activities without donor restrictions		
Revenue, gains, and other support		
Fee-for-service contracts	\$ 4,282,273	\$ 3,881,792
Grant contracts	3,785,110	3,289,738
Financial contributions	1,342,730	929,849
Investment income, net	981,102	698,298
Housing program revenue	413,370	363,151
Other government revenue	299,019	193,838
Miscellaneous income	58,185	30,669
Store sales	172,065	211,468
Contributions of nonfinancial assets	96,300	317,221
Debt forgiveness, mortgages	90,967	106,137
Special events, net	35,192	62,965
Payroll tax assistance - CARES Act	--	1,060,637
	<u>11,556,313</u>	<u>11,145,763</u>
Net assets released from restrictions	<u>1,100</u>	<u>--</u>
Total revenue, gains, and other support	11,557,413	11,145,763
Expenses		
Program services	10,000,436	7,618,565
Management and general	561,638	793,701
Fundraising	<u>223,655</u>	<u>314,847</u>
Total expenses	<u>10,785,729</u>	<u>8,727,113</u>
Increase in net assets without donor restrictions	771,684	2,418,650
Activities with donor restrictions		
Net assets released from restrictions	(<u>1,100</u>)	<u>--</u>
Decrease in net assets with donor restrictions	(<u>1,100</u>)	<u>--</u>
Increase in net assets	770,584	2,418,650
Net assets, beginning of year (restated - Note 3)	<u>12,903,550</u>	<u>10,484,900</u>
Net assets, end of year (2023 restated - Note 3)	<u>\$ 13,674,134</u>	<u>\$ 12,903,550</u>

See notes to financial statements

Rescue Mission of Trenton, New Jersey
Statement of Functional Expenses
Year Ended June 30, 2024

	<u>Behavioral Health Program</u>	<u>Emergency Services</u>	<u>Permanent Housing</u>	<u>Entrepreneurial Operations and Store</u>	<u>Mission</u>	<u>Total Program Expenses</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 2,850,471	\$ 2,081,276	\$ 103,815	\$ 132,705	\$ 47,662	\$ 5,215,929	\$ 216,665	\$ 99,481	\$ 5,532,075
Payroll taxes and employee benefits	832,478	588,628	26,953	36,570	10,161	1,494,790	57,858	30,523	1,583,171
Professional fees	513,692	96,806	5,068	4,133	1,367	621,066	87,553	28,744	737,363
Depreciation	207,060	282,260	147,967	1,221	--	638,508	76,650	3,815	718,973
Food expense	184,582	162,520	--	--	--	347,102	3,205	51	350,358
Utilities	83,151	76,476	66,862	13,637	--	240,126	14,155	--	254,281
Supplies	78,445	118,006	12,935	3,421	716	213,523	20,249	2,225	235,997
Bad debt	335,215	--	--	--	--	335,215	--	--	335,215
Insurance	100,229	79,013	15,756	4,088	1,684	200,770	29,887	3,304	233,961
Residential services	32,379	126,503	2,264	72,224	--	233,370	--	--	233,370
Facility cost	83,914	62,248	17,813	19,767	154	183,896	5,220	717	189,833
Client expenses	51,201	--	--	14,944	--	66,145	775	--	66,920
Miscellaneous	16,656	13,167	614	3,631	221	34,289	19,603	6,793	60,685
Printing and advertising	850	2,581	923	--	--	4,354	--	44,405	48,759
Automobile	11,745	5,882	--	19,829	--	37,456	7,092	--	44,548
Telephone	8,679	8,212	11,392	177	37	28,497	11,371	141	40,009
Licenses and inspections	16,236	9,011	8,243	6	--	33,496	2,303	2	35,801
Automobile insurance	14,162	9,456	469	2,156	218	26,461	3,520	383	30,364
Medical supplies	24,590	--	--	--	--	24,590	--	--	24,590
Real estate taxes	--	--	12,068	--	--	12,068	--	--	12,068
Travel and meeting	3,288	66	--	--	--	3,354	4,888	--	8,242
Postage and shipping	345	246	--	--	--	591	644	3,071	4,306
Store expenses	--	--	--	3,900	--	3,900	--	--	3,900
Rent	940	--	--	--	--	940	--	--	940
Total expenses	\$ 5,450,308	\$ 3,722,357	\$ 433,142	\$ 332,409	\$ 62,220	\$ 10,000,436	\$ 561,638	\$ 223,655	\$ 10,785,729

See notes to financial statements

Rescue Mission of Trenton, New Jersey
Statement of Functional Expenses
Year Ended June 30, 2023

	<u>Behavioral Health Program</u>	<u>Emergency Services</u>	<u>Permanent Housing</u>	<u>Entrepreneurial Operations and Store</u>	<u>Total Program Expenses</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 2,382,989	\$ 1,392,348	\$ 92,335	\$ 34,742	\$ 3,902,414	\$ 348,463	\$ 171,802	\$ 4,422,679
Payroll taxes and employee benefits	581,822	289,893	58,021	24,687	954,423	158,147	19,720	1,132,290
Professional fees	481,546	81,972	27,691	8,057	599,266	104,547	2,966	706,779
Depreciation	252,935	110,372	32,192	13,796	409,295	45,988	4,599	459,882
Food expense	238,768	208,639	33	--	447,440	5,786	6,331	459,557
Utilities	85,819	91,179	86,860	15,306	279,164	26,786	--	305,950
Supplies	87,713	60,536	10,815	4,340	163,404	28,395	802	192,601
Insurance	118,930	51,896	15,136	6,487	192,449	21,624	2,162	216,235
Residential services	122,012	81,037	2,225	--	205,274	--	--	205,274
Facility cost	74,598	52,219	18,729	38,427	183,973	14,085	563	198,621
Client expenses	26,478	--	--	13,994	40,472	--	--	40,472
Miscellaneous	14,980	7,527	1,674	2,870	27,051	22,735	1,319	51,105
Printing and advertising	437	1,393	217	--	2,047	3,474	58,538	64,059
Automobile	22,034	737	79	24,387	47,237	1,771	--	49,008
Telephone	15,158	8,337	12,337	610	36,442	2,419	204	39,065
Licenses and inspections	23,540	3,905	6,590	51	34,086	4,081	17	38,184
Automobile insurance	12,602	421	45	13,947	27,015	1,013	--	28,028
Medical supplies	41,617	--	--	--	41,617	--	--	41,617
Real estate taxes	--	--	12,874	--	12,874	--	--	12,874
Travel and meeting	7,247	26	--	100	7,373	2,581	--	9,954
Postage and shipping	708	209	208	--	1,125	1,806	45,824	48,755
Store expenses	--	--	--	3,300	3,300	--	--	3,300
Rent	--	824	--	--	824	--	--	824
Total expenses	<u>\$ 4,591,933</u>	<u>\$ 2,443,470</u>	<u>\$ 378,061</u>	<u>\$ 205,101</u>	<u>\$ 7,618,565</u>	<u>\$ 793,701</u>	<u>\$ 314,847</u>	<u>\$ 8,727,113</u>

See notes to financial statements

Rescue Mission of Trenton, New Jersey
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Change in net assets	\$ 770,584	\$ 2,418,650
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	718,973	459,882
Net gain on investments	(837,236)	(698,298)
(Increase) decrease in operating assets:		
Escrow accounts on mortgages - NJHMFA	(2,567)	(884)
Grants and contributions receivable	228,098	(597,122)
Medicaid payments receivable	(33,521)	62,882
Accounts receivable	(112,804)	13,508
Payroll tax assistance - CARES Act receivable	1,060,637	(1,060,637)
Prepaid expenses	(28,566)	9,206
Inventory	--	17,614
Increase (decrease) in operating liabilities:		
Accounts payable	1,994	16,115
Resident funds	(19,881)	(324)
Refundable advances	124,311	(719,488)
Accrued expenses	510,493	78,222
Security deposits	<u>1,050</u>	<u>--</u>
Net cash provided by (used in) operating activities	2,381,565	(674)
Cash flows from investing activities		
Acquisition of property and equipment	(1,148,748)	(1,362,166)
Net proceeds from sales of investments	<u>19,935</u>	<u>600,001</u>
Net cash used in investing activities	(1,128,813)	(762,165)
Cash flows from financing activities		
Principal payments on mortgages payable	(98,742)	(131,948)
Net payments on notes payable (PSE&G)	<u>(75,515)</u>	<u>--</u>
Net cash used in financing activities	<u>(174,257)</u>	<u>(131,948)</u>
Net change in cash and cash equivalents	1,078,495	(894,787)
Cash and cash equivalents at beginning of year	<u>625,855</u>	<u>1,520,642</u>
Cash and cash equivalents at end of year	<u>\$ 1,704,350</u>	<u>\$ 625,855</u>
Supplemental disclosure of cash flow information		
<i>Non-cash investing and financing activities:</i>		
Purchase of property and equipment with notes payable	<u>\$ --</u>	<u>\$ 351,767</u>
Contributed property and equipment	<u>\$ --</u>	<u>\$ 246,733</u>

See notes to financial statements

Rescue Mission of Trenton, New Jersey
Notes to Financial Statements
Years Ended June 30, 2024 and 2023

Note 1 – Nature of organization

Rescue Mission of Trenton, New Jersey 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 receives the majority of its revenue from contracts and grants from federal, state, and city agencies. Other revenue and support are provided by contributions from individuals, companies and foundations, as well as program services, store sales, and investment income.

Note 2 – Summary of significant accounting policies

Significant accounting policies followed by the Rescue Mission of Trenton, New Jersey (the Organization) in the preparation of the accompanying financial statements are summarized below:

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Organization uses the following classifications to distinguish among restrictions:

Net assets without donor restrictions

Net assets without donor restrictions include all net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors or may otherwise be limited by contractual agreements with outside parties. Contributions with donor-imposed restrictions that are met during the same year as the contribution is received are included in net assets without donor restrictions.

Net assets with donor restrictions

Net assets with donor restrictions include donor-restricted contributions which are required to be held in perpetuity, with all or part of the income earned to be used for general or specific purposes. Other contributions are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

Rescue Mission of Trenton, New Jersey
Notes to Financial Statements
Years Ended June 30, 2024 and 2023

Note 2 – Summary of significant accounting policies (continued)

Revenue recognition

Contributions of financial assets

Contributions, which include unconditional promises to give, are recognized in the period in which they are received or promised. Contributions are considered to be unrestricted unless specifically restricted by the donor.

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.

At June 30, 2024 and 2023, all grants and contributions receivable are due within one year.

Grant contracts

The Organization recognizes grant revenues when awarded, and to the extent that expenses have been incurred for the purposes specified by the grantor for reimbursable grants. 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. Amounts received prior to incurring qualifying expenditures or meeting the specified performance requirements are reported as refundable advances in the statements of financial position.

Fee-for-service contracts

Fee-for-service contract revenues relate to residential and outpatient service revenue, which are reported at the amounts billed by the Organization on a bi-weekly basis, based on services rendered during that period.. These revenues are largely generated under funding arrangements with the New Jersey Department of Human Services, Division of Mental Health and Addiction Services (NJDMHAS) and Medicaid.

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 when payments are received.

Store revenues

The Organization recognizes revenue from store sales and industrial salvage at the time of the related sale.

Accounts receivable

Accounts receivable consist primarily of amounts due under fee for service arrangements with the State of New Jersey. The Organization has provided an allowance for credit losses of \$75,945 at June 30, 2024. No allowance for credit losses has been recorded at June 30, 2023.

Medicaid payments receivable

Medicaid payments receivable consist of receivables for services reimbursed under fee for service arrangements with Medicaid. The Organization has provided an allowance for credit losses of \$23,341 at June 30, 2024. No allowance for credit losses has been recorded at June 30, 2023.

Rescue Mission of Trenton, New Jersey
Notes to Financial Statements
Years Ended June 30, 2024 and 2023

Note 2 – Summary of significant accounting policies (continued)

Medicaid payments receivable (continued)

The table below shows beginning and ending contract balances for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Accounts receivable		
Beginning	\$ 1,139	\$ 14,647
Ending	\$ 113,943	\$ 1,139
Medicaid payments receivable		
Beginning	\$ 61,756	\$ 124,638
Ending	\$ 95,277	\$ 61,756

Contributions of nonfinancial assets

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

Cash and cash equivalents

For purposes of the financial statements, the Organization considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents. During the years ended June 30, 2024 and 2023, the Organization routinely maintained funds in excess of the FDIC insured maximum. The Organization has not experienced any losses and believes it is not exposed to any significant credit risk on such funds. Money market funds, short-term certificates of deposit, and U.S. Treasury bills are classified as cash equivalents in the accompanying financial statements.

Investments

Investments are measured at fair value in the statement of financial position. Investment income or loss (including realized and unrealized gains and losses, interest, dividends, and investment expenses) is included in the statement of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Property and equipment

Property and equipment are stated at cost. The Organization's policy is to capitalize and depreciate property and equipment expenditures in excess of \$5,000 with an estimated useful life of more than one year. Depreciation charges with respect to property and equipment have been made by the Organization utilizing the straight-line method over the estimated useful lives of the assets. Estimated useful lives are generally five years for vehicles, three to ten years for furniture and equipment, ten to thirty years for leasehold improvements, and twenty to forty years for buildings and improvements.

Rescue Mission of Trenton, New Jersey
Notes to Financial Statements
Years Ended June 30, 2024 and 2023

Note 2 – Summary of significant accounting policies (continued)

Advertising

The Organization expenses advertising and marketing costs as they are incurred. Total advertising expense for the years ended June 30, 2024 and 2023 totaled \$7,302 and \$11,042, respectively.

Income taxes

The Organization has been classified by the Internal Revenue Service as an organization described under Section 501(c)(3) of the Internal Revenue Code ("the Code") as exempt from federal income taxes under section 501(a) of the Code.

In accordance with ASC Topic 740 "*Accounting for Uncertainty in Income Taxes*", The Organization has evaluated its tax positions. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that has a likelihood of being realized on examination of more than fifty percent.

For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. Under the "more likely than not" threshold guidelines, the Organization believes no significant uncertain tax positions exist, either individually or in the aggregate, that would give rise to the non-recognition of an existing tax benefit. In addition, The Organization had no material unrecognized tax benefits or accrued interest and penalties.

The Organization's policy is to recognize interest related to unrecognized tax benefits in interest expense and penalties in income tax expense.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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. Expenses which apply to more than one functional category have been allocated based on estimates made by management. Accordingly, certain costs have been allocated among the program and supporting services. Costs are allocated as follows:

- Personnel costs are allocated based on estimated time and effort.
- Benefits, professional fees, insurance, licenses, and office supplies are allocated based on the percentage of personnel costs allocated.
- Rent and occupancy costs are allocated based on the percentage of space used and the physical location of the activity.
- Food expense is allocated based upon the projected number of clients and number of meals served.
- Other expenses, including programming and development are based on identification of specific costs, as well as a percentage of occupancy costs.

Rescue Mission of Trenton, New Jersey
Notes to Financial Statements
Years Ended June 30, 2024 and 2023

Note 2 – Summary of significant accounting policies (continued)

Functional cost categories

The Organization's expenses are charged to seven functional cost categories, as follows:

Behavioral Health Program – A New Jersey Department of Health licensed addictions treatment program providing long-term, halfway house and ambulatory levels of service. The Residential Behavioral Health Program (long-term and halfway house) 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. The Ambulatory program provides substance abuse treatment for men and women, including individual assessment, group counseling sessions, and addiction 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 is also part of the Behavioral Health Program. It consists of activities and efforts to address the needs and quality of life for the community.

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.

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.

Mission – Together, the different facets of the Organization's services constitute a full continuum of care from street outreach through all stages of treatment and re-housing with the end goal of empowering individuals to return to sober, responsible, self-reliant community citizenship. Coordination of case management throughout this process is essential to successful outcomes.

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.

Management and General – Activities related to policy development, planning, design and implementation of Organization's programs and services; these activities include administrative, financial and personnel management functions.

Fundraising – Activities related to the Organization's efforts to attract and increase financial support.

Rescue Mission of Trenton, New Jersey
Notes to Financial Statements
Years Ended June 30, 2024 and 2023

Note 2 – Summary of significant accounting policies (continued)

Reclassifications

Certain amounts previously reported in the financial statements for the year ended June 30, 2023 have been reclassified to conform to the June 30, 2024 classifications.

Note 3 – Prior period adjustment

In the previously issued financial statements for the year ended June 30, 2023, mortgages payable and retainages payable were overstated. The cumulative effect of these corrections is a decrease in mortgages payable of \$149,864, a decrease in retainages payable of \$143,976 and an increase in net assets as of June 30, 2023 of \$293,840.

Note 4 – Adoption of new accounting pronouncement

In June 2016, the FASB Issued ASU No. 2016-13, Financial Instruments (Topic 326), *Credit Losses: Measurement of Credit Losses on Financial Instruments* (Topic 326), which provides guidance regarding the measurement of credit losses on financial instruments. The new guidance replaces the incurred loss impairment methodology in the current guidance with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to determine credit loss estimates. Topic 326 was effective for the year ended June 30, 2024. The Organization determined that the adoption of this standard did not have a significant impact on its financial statements.

Note 5 – Investments and fair value measurements

Investments consist of the following at June 30, 2024 and and 2023:

	<u>2024</u>		<u>2023</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Corporate stocks	\$ 3,986,668	\$ 5,601,712	\$ 3,787,622	\$ 5,505,170
U.S. Treasury notes	63,977	54,587	151,847	165,732
Corporate bonds	1,115,600	1,080,155	429,784	392,850
Mutual funds	340,644	274,831	259,863	208,686
Asset-based securities	124,061	118,464	43,861	38,144
Certificates of deposit	<u>--</u>	<u>--</u>	<u>988</u>	<u>1,866</u>
Total investments	<u>\$ 5,630,950</u>	<u>\$ 7,129,749</u>	<u>\$ 4,673,965</u>	<u>\$ 6,312,448</u>

Financial Accounting Standards Board ASC 820, *Fair Value Measurements*, provides a framework for measuring, reporting and disclosing fair value under generally accepted accounting principles. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in an active market for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 fair value measurements

The fair value of the investments is based on quoted net asset values and market prices of the shares held by the Organization at year-end.

Rescue Mission of Trenton, New Jersey
Notes to Financial Statements
Years Ended June 30, 2024 and 2023

Note 5 – Investments and fair value measurements (continued)

Level 2 fair value measurements

The fair value of the investments is based on quoted net asset values and market prices in active markets for similar assets.

Level 3 fair value measurements

The fair value of the investments is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table sets forth, by level within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2024 and 2023:

	<u>2024</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate stocks	\$ 5,601,712	\$ --	\$ --	\$ 5,601,712
U.S. Treasury notes	--	54,587	--	54,587
Corporate bonds	--	1,080,155	--	1,080,155
Mutual funds	274,831	--	--	274,831
Asset-based securities	<u>--</u>	<u>118,464</u>	<u>--</u>	<u>118,464</u>
Total investments	<u>\$ 5,876,543</u>	<u>\$ 1,253,206</u>	<u>\$ --</u>	<u>\$ 7,129,749</u>

	<u>2023</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate stocks	\$ 5,505,170	\$ --	\$ --	\$ 5,505,170
U.S. Treasury notes	--	165,732	--	165,732
Corporate bonds	--	392,850	--	392,850
Mutual funds	208,686	--	--	208,686
Asset-based securities	--	38,144	--	38,144
Certificates of deposit	<u>--</u>	<u>1,866</u>	<u>--</u>	<u>1,866</u>
Total investments	<u>\$ 5,713,856</u>	<u>\$ 598,592</u>	<u>\$ --</u>	<u>\$ 6,312,448</u>

Investment income in the accompanying statement of activities includes interest and dividends earned from cash and investment accounts, realized and unrealized gains (losses) and are net of investment expenses. Total investment income for the years ended June 30, is summarized as follows:

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$ 198,012	\$ 141,238
Unrealized gain on investments	565,970	577,034
Realized gain	271,266	28,357
Investment expenses	<u>(54,146)</u>	<u>(48,331)</u>
Total investment income, net	<u>\$ 981,102</u>	<u>\$ 698,298</u>

Rescue Mission of Trenton, New Jersey
Notes to Financial Statements
Years Ended June 30, 2024 and 2023

Note 6 – Property and equipment

The following is a summary of property and equipment at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Land	\$ 213,437	\$ 213,437
Buildings and improvements	10,744,538	9,215,483
Furniture and equipment	1,606,982	1,475,705
Vehicles	481,011	168,674
Construction in process	<u>110,383</u>	<u>934,305</u>
Total property and equipment	13,156,351	12,007,604
Accumulated depreciation	<u>(5,122,588)</u>	<u>(4,403,616)</u>
Property and equipment, net	<u>\$ 8,033,763</u>	<u>\$ 7,603,988</u>

Depreciation expense for the years ended June 30, 2024 and 2023 totaled \$718,973 and \$459,882, respectively.

Construction in process consists of ongoing renovations of the Organization's shelter facility, in addition to the deposit for a custom mobile outreach van at June 30, 2023, which was subsequently placed in service.

Note 7 – Mortgages payable

98 Carroll Street mortgages

The Organization has loans payable to the New Jersey State Department of Community Affairs (DCA), secured by mortgages on its shelter at 98 Carroll Street in Trenton, NJ. These loans are forgiven over a specified period of time as long as the mortgaged property continues to be operated as an approved facility for use as a shelter. These loans are summarized as follows:

	<u>2024</u>	<u>2023</u>
Loan to renovate and repoint exterior brick at the shelter and for equipment and furniture, forgivable \$32,480 per year through June 30, 2024 (Note 3).	\$ --	\$ 32,481
Loan to install an elevator at the shelter, forgivable \$44,686 per year through June 30, 2027 (Note 3).	134,059	178,746
Loan to replace flooring at the shelter, forgivable \$13,800 per year through June 30, 2024.	<u>--</u>	<u>13,800</u>
Total DCA loans for 98 Carroll Street	<u>\$ 134,059</u>	<u>\$ 225,027</u>

These loans are expected to be forgiven in the years ending June 30 as follows:

2025	\$ 44,686
2026	44,686
2027	<u>44,687</u>
	<u>\$ 134,059</u>

Rescue Mission of Trenton, New Jersey
Notes to Financial Statements
Years Ended June 30, 2024 and 2023

Note 7 – Mortgages payable (continued)

12 Carroll Street mortgages

The Organization has a loan payable to the NJ Housing and Mortgage Finance Agency (NJHFMA) secured by a mortgage on its rental housing units located at 12 Carroll Street in Trenton, NJ, known as Brimmer House. This loan was forgiven in full in August 2024. The balance due was \$293,784 and \$289,112 at June 30, 2024 and 2023, respectively.

A second mortgage on this property is held by the City of Trenton in connection with a \$70,000 loan that matured January 2024. The Organization expects that this loan will be forgiven in the year ending June 30, 2025.

501-507 Perry Street mortgages

The Organization has a loan payable to NJHFMA secured by a mortgage on the property at 501-507 Perry Street in Trenton, NJ. The Organization is required to make payments based on 25% of the project's net cash flow. Repayments to this loan were \$12,446 and \$36,450 for the years ended June 30, 2024 and 2023, respectively. The mortgage matures July 23, 2042, at which time NJHFMA will either renew the loan or forgive the remaining balance.

The Organization received three additional loans collateralized by mortgages on the property at 501-507 Perry Street. These loans require that the property be used for supportive housing during the term of the loans.

The mortgages on 501-507 Perry Street are summarized as follows:

	<u>2024</u>	<u>2023</u>
Loan from NJHFMA due July 23, 2042. Payments are based on the cash flow generated by the mortgaged property.	\$ 2,322,815	\$ 2,335,261
Loan passed through the City of Trenton from the U.S. Department of Housing and Urban Development (HUD), forgivable 10% per year June 2025 through 2034.	400,000	400,000
Loan payable to Federal Home Loan Bank of New York (FHLB-NY) through the Affordable Housing Program (AHP), requiring that the facility meet rent and income requirements through its maturity on June 30, 2029.	300,000	300,000
Loan payable to Department of Housing and Urban Development Continuum of Care Homeless Assistance Program has passed through the City of Trenton Regional Contribution Agreement (RCA).	<u>300,000</u>	<u>300,000</u>
Total loans for 501-507 Perry Street.	<u>\$ 3,322,815</u>	<u>\$ 3,335,261</u>

Rescue Mission of Trenton, New Jersey
Notes to Financial Statements
Years Ended June 30, 2024 and 2023

Note 8 – Notes payable - PSE&G

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 Program, the Organization is required to pay for a portion of the cost of these upgrades over five years beginning in 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, of which PSE&G contributed \$220,921. The remaining amounts are payable under non-interest bearing loans requiring monthly payments totaling \$6,293.

These loans are due in the years ending June 30 as follows:

2025	\$	75,515
2026		75,515
2027		75,515
2028		49,707
	\$	<u>276,252</u>

Note 9 – Leasing activities

In June 2024, the Organization signed a noncancellable operating lease agreement for office equipment commencing in August 2024 and expiring in July 2029. The lease requires monthly payments of \$866.

The Organization elected to use the risk-free rate of return as the discount rate for its lease, unless an interest rate is implicit in the lease agreement. The Organization also elected to exclude leases with an initial term of one year or less from its right-of-use asset and lease liability. The discount rate used was 4.33%. The remaining lease term was 60 months at June 30, 2024.

The related asset and liability are identified as operating lease right-of-use asset and operating lease liability in the accompanying financial statements.

The future aggregate minimum lease payments under operating leases in the years ending June 30 are as follows:

2025	\$	9,523
2026		10,389
2027		10,389
2028		10,389
2029		10,389
Thereafter		<u>866</u>
Total lease payments		51,945
Less interest		<u>(5,147)</u>
Present value of lease payments	\$	<u>46,798</u>

Rescue Mission of Trenton, New Jersey
Notes to Financial Statements
Years Ended June 30, 2024 and 2023

Note 10 – Contributions of nonfinancial assets

The Organization received contributed nonfinancial assets during the years ended June 30 as follows:

	<u>2024</u>	<u>2023</u>
Clothing	\$ 96,300	\$ 96,300
PSE&G - HVAC units (Note 8)	<u> --</u>	<u>220,921</u>
Total	<u>\$ 96,300</u>	<u>\$ 317,221</u>

The Organization receives donations of clothing that is valued at estimated fair value on the date of donation. These are included in contributions of nonfinancial assets revenue and the related expenses in the accompanying financial statements.

Note 11 – Net assets

Net assets with donor restrictions of \$1,100 were released from purpose restrictions during the year ended June 30, 2024. There were no net assets with donor restrictions at June 30, 2024.

Note 12 – Liquidity and availability of financial assets

The Organization manages its liquid resources by focusing on investing excess cash in interest-bearing accounts with reputable financial institutions that maximize earnings potential balanced with the amount of risk the Organization's board of directors has decided can be tolerated. This policy is designed to ensure adequate financial assets are available to meet general expenditures, liabilities, and other obligations as they become due.

The Organization prepares a detailed budget to ensure adequate resources to cover programs. The Organization focuses on timing vendor payments to maximize the time they have access to the cash. The Organization also has a \$5,000,000 revolving line of credit available for short-term liquidity needs. The following reflects the Organization's financial assets available to be used for general expenditures within one year of June 30:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,704,350	\$ 625,855
Escrow accounts on mortgages - NJHMFA	254,801	252,234
Investments	7,129,749	6,312,448
Grants and contributions receivable	1,333,485	1,561,583
Medicaid payments receivable, net	95,277	61,756
Accounts receivable, net	113,943	1,139
Payroll tax assistance - ERTC receivable	<u> --</u>	<u>1,060,637</u>
Financial assets available for general expenditures within one year	<u>\$ 10,631,605</u>	<u>\$ 9,875,652</u>

Rescue Mission of Trenton, New Jersey
Notes to Financial Statements
Years Ended June 30, 2024 and 2023

Note 13 – Line of credit

The Organization has a \$5,000,000 line of credit collateralized by its investment portfolio. Interest accrues on this line at the UBS Variable Rate plus a predetermined loan spread. At June 30, 2024, this rate was 7.45%. There were no borrowings against this line at June 30, 2024. Borrowings against this line were \$301,794 at June 30, 2023. As borrowings against this line are collateralized by the Organization's investments, these borrowings are reflected as a reduction of these investments at June 30, 2023.

Note 14 – Retirement plan

The Organization maintains a Safe Harbor 401(k) plan that covers substantially all full-time employees after the completion of one year of service who are 21 years of age or older. Salary deferrals up to 95% of eligible compensation are permitted, subject to certain limits based on federal tax laws. Employer matching contributions to the plan are 50% of salary deferrals up to 6% of eligible employee compensation, plus an additional 3% safe harbor contribution.. Retirement plan expense shown as part of employee benefits for the years ended June 30, 2024 and 2023 was \$364,653 and \$141,874, respectively.

Note 15 – Payroll tax assistance - CARES Act and board designated net assets

The CARES Act established the Employee Retention Tax Credit (ERTC) which provides a refundable payroll tax credit to organizations that were subject to full or partial COVID-19 shutdowns or whose gross receipts declined by a specified percentage when compared to the same quarter in the prior year. The Organization filed amended payroll tax returns and received \$1,060,637 including interest in ERTC refunds for payroll periods through September 30, 2021 and was recognized as income in the year ended June 30, 2023.

Note 16 – Contingencies

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 certain properties located in Trenton, New Jersey. Pursuant to the terms of the funding agreements, the properties must be maintained and operated as affordable housing units.

Note 17 – Subsequent events

The Organization has evaluated subsequent events through November 26, 2024, which is the date the financial statements were available to be issued.



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
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 not-for-profit organization), which comprise the statement of financial position as of June 30, 2024, 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 November 26, 2024.

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 the Organization'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 entity'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 were not identified.

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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.

Lear & Pannepacker, LLP

Princeton, New Jersey

November 26, 2024





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

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

Report on Compliance for Each Major State 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 Rescue Mission of Trenton, New Jersey's major government program for the fiscal year ended June 30, 2024. Rescue Mission of Trenton, New Jersey's major government program is identified in the Summary of Auditor's 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 each of its major government program for the year ended June 30, 2024.

Basis for Opinion on Each Major Government 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; and the audit requirements of *New Jersey State Circular 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 New Jersey State Circular 15-08-OMB 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 each 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.

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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*, New Jersey State Circular 15-08-OMB 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 each major government program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the New Jersey State 15-08-OMB 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 New Jersey State Circular 15-08-OMB and the Uniform Guidance, 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 federal 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 New Jersey State Circular 15-08-OMB and Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Lear & Pannepacker, LLP

Princeton, New Jersey

November 26, 2024



Rescue Mission of Trenton, New Jersey
Schedule of Expenditures of Federal, State and Local Awards
Year Ended June 30, 2024

<u>Grantor / Pass-Through Grantor / Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Contract Period</u>	<u>Federal Expenditures</u>	<u>State/Local Expenditures</u>
Federal awards					
U.S. Department of Housing and Urban Development and Urban Development					
<i>Passed Through State of New Jersey, City of Trenton</i>					
Continuum of Care Program - Perry Street	14.267	NJ0310L2F142107	12/1/2022-11/30/2023	\$ 68,620	\$ --
Continuum of Care Program - Perry Street	14.267	NJ0310L2F142107	12/1/2023-11/30/2024	96,029	--
Continuum of Care Program - Clinton Avenue	14.267	NJ0464L2F142107	10/1/2022-9/30/2023	5,361	--
Continuum of Care Program - Clinton Avenue	14.267	NJ0464L2F142208	10/1/2023-9/30/2024	<u>18,959</u>	<u>--</u>
Subtotal U.S. Department of Housing and Urban Development, ALN 14.267				<u>188,969</u>	<u>--</u>
Total expenditures of federal awards				\$ 188,969	\$ --
State/local awards					
State of New Jersey Department of Community Affairs					
Prevention of Homelessness - Another Chance 2019		2019-11112-0335-09	10/1/2018-9/30/2024	\$ --	\$ 173,926
Financial Empowerment Pilot Program		2023-05275-0963-00	7/1/2022-9/30/2024	--	81,953
Building Resilient Infrastructure, Development, and Growth for Emergency Sheltering (BRIDGES)		N/A	7/1/2023-6/30/2024	--	65,500
COVID-19 Shelter Support		2020-02140-0420-07	11/1/2020-9/4/2023	--	260,642
Shelter Support		2023-02149-0376-00	5/9/2023-7/31/2024	<u>--</u>	<u>131,252</u>
Subtotal State of New Jersey Department of Community Affairs				<u>--</u>	<u>713,273</u>
State of New Jersey Department of Human Services					
Division of Mental Health and Addiction Services					
Fee for Service Network Re-Enrollment		24-1025-F	7/1/2023-6/30/2025	--	4,282,273
Homeless Assessment Referral		24-2490-ADA-0	7/1/2023-7/30/2024	--	41,000
SUD Peer Recovery Specialists for Residential Treatment		AS 5005	8/1/2023-6/30/2024	--	105,653
Open Access to Medications for Opioid Use Disorders in Homeless Shelters		AS 1200	1/1/2023-12/31/2023	--	234,503
Open Access to Medications for Opioid Use Disorders in Homeless Shelters		AS 1200	1/1/2024-12/31/2024	<u>--</u>	<u>212,074</u>
Subtotal State of New Jersey Department of Human Services				<u>\$ --</u>	<u>\$ 4,875,503</u>

See notes to schedule of expenditures of federal and state awards

Rescue Mission of Trenton, New Jersey
Schedule of Expenditures of Federal, State and Local Awards
Year Ended June 30, 2024

<u>Grantor / Pass-Through Grantor / Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Contract Period</u>	<u>Federal Expenditures</u>	<u>State/Local Expenditures</u>
State of New Jersey Department of Labor and Workforce Development					
New Directions Program		DVRS-Rescue 2023	10/1/2022-9/30/2023	\$ --	\$ 18,771
Subtotal State of New Jersey Expenditures				--	18,771
City of Trenton, Department of Health and Human Services					
Emergency Shelter for Homeless Individuals		23-092	3/9/2023-3/8/2024	--	199,870
Emergency Shelter for Homeless Individuals		24-327	3/9/2024-3/8/2025	--	89,148
Emergency Solutions Grant		ESG23	7/1/2023-6/30/2024	--	15,000
Subtotal City of Trenton, Department of Health and Human Services				--	304,018
County of Mercer Board of Chosen Freeholders					
Social Services to the Homeless		2022-95	1/1/2022-12/31/2023	--	13,762
Social Services to the Homeless		2023-599	1/1/2024-12/31/2025	--	68,300
Shelter Services to the Homeless		2023-600	1/1/2023-12/31/2025	--	468,998
Shelter Services to the Homeless - Warming Center		2023-949	1/1/2023-12/31/2025	--	70,154
Shelter Services to the Homeless - Day Center		2022-94	7/1/2023-6/30/2024	--	75,000
Support Services for Homeless Individuals		2022-25	1/1/2023-12/31/2023	--	22,227
Support Services for Homeless Individuals		2023-601	1/1/2024-12/31/2024	--	29,000
Halfway House Services		2022-831	1/1/2023-12/31/2023	--	6,825
Halfway House Services		2023-794	1/1/2024-12/31/2024	--	12,487
Team Care Coordinator		2022-833	1/1/2023-12/31/2023	--	64,832
Team Care Coordinator		2023-797	1/1/2024-12/31/2024	--	54,614
Returning Citizens Community Program - Case Management		2023-36	1/1/2023-12/31/2023	--	62,372
Returning Citizens Community Program - Case Management		2023-796	1/1/2024-12/31/2024	--	38,023
Returning Citizens Community Program - Bed Days		2023-35	1/1/2023-12/31/2023	--	42,320
Returning Citizens Community Program - Bed Days		2023-875	1/1/2024-12/31/2024	--	44,544
Intensive Outpatient Services		2022-832	1/1/2023-12/31/2023	--	25,000
Intensive Outpatient Services		2023-795	1/1/2024-12/31/2024	--	90
Mobile Recovery Unit		2023-798	1/1/2023-12/31/2023	--	252,844
Mobile Recovery Unit		2023-874	1/1/2024-12/31/2024	--	136,470
Subtotal County of Mercer Board of Chosen Freeholders				--	1,487,862
Total expenditures of state and local awards				\$ --	\$ 7,399,427
Total expenditures of federal, state and local awards				\$ 188,969	\$ 7,399,427

See notes to schedule of expenditures of federal and state awards

Rescue Mission of Trenton, New Jersey
Notes to Schedule of Expenditures of Federal, State and Local Awards
Year Ended June 30, 2024

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 Rescue Mission of Trenton, New Jersey ("the Organization") under programs of the federal, state and local governments for the year ended June 30, 2024. The nature of the Organization is described in Note 1 of the general financial statements. 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 State Circular 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 costs

The Organization has not elected to use the 10% de minimus indirect cost rate for the year ended June 30, 2024.

Note 4 – Subrecipients

There were no awards passed through to subrecipients for the year ended June 30, 2024.

**Rescue Mission of Trenton, New Jersey
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024**

Section I – Summary of auditor's results

Financial statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified?	No
Noncompliance material to financial statements noted?	No

State awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified?	No
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No

Identification of major programs

State of New Jersey Department of Human Services, Division of Mental Health and Addiction Services, Fee for Service Network Re-Enrollment	Contract Number 24-1025-F
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial statement audit findings

There are no financial statement findings reported.

Section III – Major government awards program audit findings and questioned costs

There are no state findings or questioned costs reported.