

**MERCER STREET FRIENDS CENTER**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2024**



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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Mercer Street Friends Center  
Trenton, New Jersey

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the accompanying financial statements of Mercer Street Friends Center (the Center), a New Jersey nonprofit organization, which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mercer Street Friends Center as of June 30, 2024, and the changes in 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

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

***Auditors' 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 auditors' 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 the Center'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 the Center's ability to continue as a going concern for a reasonable period of time.

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

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey 15-08-OMB Single Audit Policy for Recipients of Federal Grants, State Grant, and State Aid, respectively, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2025, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Livingston, New Jersey  
March 20, 2025

**MERCER STREET FRIENDS CENTER  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2024**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 3,934,796
Accounts Receivable, Net of Allowance of \$-0-	212,562
Investments	2,349,540
Prepaid Expenses and Other Current Assets	624,426
Total Current Assets	<u>7,121,324</u>

**PROPERTY AND EQUIPMENT, NET**

9,688,088

**BENEFICIAL INTEREST IN PERPETUAL TRUST**

1,180,557

**SECURITY DEPOSIT**

11,667

Total Assets

\$ 18,001,636

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	\$ 1,009,441
Accrued Expenses	255,669
Deferred Contract Revenue	106,002
Current Portion of Note Payable	286,382
Total Current Liabilities	<u>1,657,494</u>

**SHORT-TERM LIABILITIES**

Notes Payable - Principal Amount	<u>5,467,632</u>
Total Short-Term Liabilities	<u>5,467,632</u>

Total Liabilities

7,125,126

**NET ASSETS**

Without Donor Restrictions	6,845,750
With Donor Restrictions	4,030,760
Total Net Assets	<u>10,876,510</u>

Total Liabilities and Net Assets

\$ 18,001,636

*See accompanying Notes to Financial Statements.*

**MERCER STREET FRIENDS CENTER**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Contributions	\$ 1,181,133	\$ 1,315,484	\$ 2,496,617
Federal Support	4,402,949	-	4,402,949
State Support	6,723,052	-	6,723,052
Municipal Support	1,591,329	-	1,591,329
Local and Other Income	4,515	-	4,515
Investment Income, Net of Investment Fees of \$25,651	119,584	-	119,584
Donated Food- Government	2,944,042	-	2,944,042
Donated Food	1,582,504	-	1,582,504
Rental Income	92,750	-	92,750
Total	18,641,858	1,315,484	19,957,342
Net Assets Released from Restrictions	821,174	(821,174)	-
Total Revenues, Gains, and Other Support	19,463,032	494,310	19,957,342
<b>EXPENSES</b>			
Program Services	18,162,066	-	18,162,066
General and Administrative	804,101	-	804,101
Fundraising	610,897	-	610,897
Total Expenses	19,577,064	-	19,577,064
<b>CHANGES IN NET ASSETS BEFORE OTHER ITEMS</b>	(114,032)	494,310	380,278
<b>OTHER ITEMS</b>			
Adjustment for Furnishings and Equipment	43,195	-	43,195
Unrealized Gain on Investments	213,171	-	213,171
Change in Value of Split-Interest Agreement	-	81,131	81,131
Total Other Items	256,366	81,131	337,497
<b>CHANGES IN NET ASSETS</b>	142,334	575,441	717,775
Net Assets - Beginning of Year	6,703,416	3,455,319	10,158,735
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 6,845,750</u>	<u>\$ 4,030,760</u>	<u>\$ 10,876,510</u>

See accompanying Notes to Financial Statements.

**MERCER STREET FRIENDS CENTER  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2024**

	Program Services	General and Administrative	Fundraising	Total
<b>PERSONNEL</b>				
Professional Staff	\$ 3,345,311	\$ 346,817	\$ 102,745	\$ 3,794,873
Health Benefit Plan	380,953	14,565	12,889	408,407
Retirement Plans	59,457	13,835	2,370	75,662
Payroll Taxes and Employee Benefits	397,784	33,748	9,029	440,561
Total Personnel	4,183,505	408,965	127,033	4,719,503
<b>EXPENSES</b>				
Professional Fees	299,276	314,497	234,233	848,006
Rent	438,563	-	-	438,563
Utilities	167,257	21,245	210	188,712
Buildings and Grounds Maintenance	205,985	26,624	-	232,609
Supplies	156,280	8,985	2,535	167,800
Postage and Shipping	168	1,068	9,689	10,925
Insurance	97,062	913	41,103	139,078
Depreciation and Amortization	304,575	1,007	1,482	307,064
Printing and Reproduction	4,843	280	51,002	56,125
Mileage and Vehicle Operating Expenses	103,787	481	15	104,283
Conferences	25,596	3,001	-	28,597
Dues and Subscriptions	10,212	1,849	-	12,061
Equipment Rental, Repairs and Maintenance	661,096	2,314	-	663,410
Interest and Miscellaneous Expenses	397,934	3,669	143,595	545,198
Food Purchases	6,390,355	9,203	-	6,399,558
Donated Food	4,526,546	-	-	4,526,546
Other Program Expenses	189,026	-	-	189,026
Total Expenses by Function	<u>\$ 18,162,066</u>	<u>\$ 804,101</u>	<u>\$ 610,897</u>	<u>\$ 19,577,064</u>

See accompanying Notes to Financial Statements.



**MERCER STREET FRIENDS CENTER  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2024**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Changes in Net Assets	\$ 717,775
Adjustments to Reconcile Changes in Net Assets to	
Net Cash Provided by Operating Activities:	
Depreciation and Amortization	307,064
Realized and Unrealized Gains on Investments	(213,171)
Deferred Revenue	6,377
Beneficial Interest in Perpetual Trust	(81,131)
Changes in Assets and Liabilities:	
Accounts Receivable	(77,517)
Prepaid Expenses and Other Current Assets	286,868
Accounts Payable	458,885
Accrued Expenses	(109,190)
Net Cash Provided by Operating Activities	<u>1,295,960</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of Property and Equipment	(506,719)
Proceeds from Sale of Investments	(221,019)
Net Cash Used by Investing Activities	<u>(727,738)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Principal Payments on Notes Payable	(445,736)
Net Cash Used by Financing Activities	<u>(445,736)</u>

**NET CHANGE IN CASH AND CASH EQUIVALENTS**

122,486

Cash and Cash Equivalents - Beginning of Year

3,812,310

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 3,934,796

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Cash Paid During the Year for Interest	<u><u>\$ 368,972</u></u>
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*See accompanying Notes to Financial Statements.*

**MERCER STREET FRIENDS CENTER  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 NATURE OF ORGANIZATION**

Mercer Street Friends Center (Mercer Street or the Center), a nonprofit organization incorporated on July 29, 1966, under the laws of the state of New Jersey, is headquartered in Trenton, New Jersey. It has a mission of bridging opportunity gaps to help families and communities make the journey out of poverty. Programs target educational disparities, food insecurity, parental and family wellness, youth engagement, and community building capacity.

Mercer Street receives revenues from contracts with federal, state, and local governmental agencies, which are subject to annual review and renewal. It also receives substantial revenues from charitable donations and grants from individuals, corporations, and private foundations.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The accompanying financial statements of Mercer Street have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Financial Statement Presentation**

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes in net assets of the Center are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets not subject to donor-imposed stipulations.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Center and/or the passage of time and other net assets subject to donor-imposed stipulations that they be maintained permanently by the Center. Generally, the donors of these assets permit the Center to use all or part of the income earned on any related investments for general or specific purposes. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as Net Assets Released from Restrictions.

In the absence of donor restrictions, contributions and bequests are considered to be available for unrestricted use. All income is recognized in the period when the contribution, pledge, or unconditional promise to give is received.

The Center records donor-restricted contributions, whose restrictions are met in the same reporting period, as unrestricted support.

**MERCER STREET FRIENDS CENTER  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

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

**Fair Value**

Fair value measurements are defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There are three defined hierarchical levels based on the quality of inputs used that directly relate to the amount of subjectivity associated with the determination of fair value.

The fair value hierarchy defines the three levels as follows:

*Level 1* – Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

*Level 2* – Valuations based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

*Level 3* – Valuations based on unobservable inputs when little or no market is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

The fair value of investments is summarized as follows:

*Pooled Investments* – Ownership interest is based on the allocation of the fair value of the Mercer Street Friends units to the total units of the investment pool. The pools are revalued monthly, and income, and gains or losses, are allocated to the participants based on their units.

*Certificates of Deposits* – Certificates of deposits approximate fair value, based on estimates using current market rates offered for deposit on certificates of deposits with similar remaining maturities.

*Fixed Income* – Shares in companies traded on national securities exchanges are valued at the closing price reported in the active market in which the individual securities are traded

Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the statements of activities and changes in net assets as increases or decreases in unrestricted net assets unless the use was restricted by explicit donor stipulations or by law.

**MERCER STREET FRIENDS CENTER  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

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

**Beneficial Interest in Perpetual Trust Held by Others**

A perpetual trust held by a third party is an arrangement in which the donor establishes and funds a trust that is administered by an outside third party. Under the terms of the trust, the Center has the right to receive the income earned on the trust assets in perpetuity, but never receives the assets held in trust. The Center reports permanently restricted net assets held by a third party in a perpetual trust on the Center's financial statements measured using the fair value of the assets contributed to the trust in accordance with accounting principles generally accepted in the United States of America.

**Cash and Cash Equivalents**

Cash consists of funds maintained in bank accounts. Cash equivalents include short-term, highly liquid money market investments with maturity dates of three months or less on the date of acquisition.

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Center charges uncollectible accounts receivable to operations when determined to be uncollectible based on a combination of historical loss experience, current economic conditions, and forward-looking information. Management determined no allowance for credit losses was necessary as of June 30, 2024.

**Property and Equipment**

Property and equipment are recorded at cost or fair value at the date of gift for donated assets. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets.

Replacements, betterments and additions to property and equipment over \$5,000 that extend the useful lives of the assets are capitalized. Costs incurred for maintenance and repairs are charged to expenses as incurred. Upon the retirement of these assets, the cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is reflected in revenues or expenses for the period.

State funding sources may maintain an equitable interest in various properties purchased with grant monies, as well as the right to determine the use of proceeds from the sale of those assets.

**Compensated Absences**

Effective July 1, 2024 the Organization changed its paid time off and leave of absence policy where they are no longer accrue unused benefit balances. As of June 30, 2023, employees are allowed to accumulate earned, but unused, benefit balances up to an annual predetermined maximum at year-end. Accordingly, an accrual for earned but unused benefit balances \$109,790 on June 30, 2023, have been included in accrued expenses on the statements of financial position.

**MERCER STREET FRIENDS CENTER  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

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

**Refundable Advance**

Refundable advances represent funds received on federal grants, not yet spent. The amounts will be spent next fiscal year.

**Revenue Recognition**

Revenues received from the federal government, the state of New Jersey, and various counties and municipalities represent grants from the respective entities which are used by Mercer Street to provide program services in accordance with the requirements established by such grantors. Such grants are reported as revenues when expended for current operating purposes. Revenues received under certain cost reimbursement contracts are subject to audit and adjustment. In management's opinion, no provision for audit adjustment is required. Should any adjustments or settlements be required, they are recorded in the year of settlement.

**Contributions**

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as Net Assets Released from Restrictions. Contributions with restrictions that are met in the same reporting period as they are received are reported as unrestricted support.

**Income Taxes**

Mercer Street is a nonprofit organization exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law.

The Center follows standards that provide clarification on accounting for uncertainty in income taxes recognized in the Center's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on derecognition, classification, interest and penalties, disclosure and transition. The Center's policy is to recognize interest and penalties on unrecorded tax benefits in income tax expense. No interest and penalties were recorded during fiscal year 2024. At June 30, 2024, there are no significant income tax uncertainties.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

**MERCER STREET FRIENDS CENTER  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

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

**Adoption of New Accounting Standards**

The Organization has adopted the current expected credit losses (CECL) methodology for estimating credit losses on financial assets, effective July 1, 2023, utilizing the modified retrospective transition method. The adoption of CECL resulted in changes to the Organization's accounting policies, including the recognition of credit losses based on expected future credit losses rather than incurred credit losses. The company also updated its accounting policies for determining the recoverability of trade receivables, loans, and other financial assets. The adoption of this Standard did not have a material impact on the Organization's financial statements but did change how the allowance for credit losses is determined.

**Subsequent Events**

The Center has evaluated events subsequent to the statement of financial position date as of June 30, 2024 through March 20, 2025, the date that the financial statements were available to be issued.

**NOTE 3 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available as follows:

Food Bank	\$ 2,725,203
Beneficial Interest in Perpetual Trust	1,180,557
Other	125,000
Total	<u>\$ 4,030,760</u>

Net assets released from donor restrictions were as follows:

Food Bank	\$ -
Other	821,174
Total	<u>\$ 821,174</u>

**NOTE 4 INVESTMENTS**

**Pooled Investments**

Investments are held in pooled funds invested with the Princeton Area Community Foundation (PACF) and Friends Fiduciary Corporation (FFC) to benefit from the various diversified strategies that PACF and FFC invests in, including primarily equity investments and fixed income instruments. The purpose of the pooled funds is to generate appreciation while managing risk through diversification.

**MERCER STREET FRIENDS CENTER  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 4 INVESTMENTS (CONTINUED)**

**Pooled Investments (Continued)**

As a participant in the pooled funds, the Center's ownership interest is based on the allocation of the fair value of the Center's units to the total units of the investment pool. The pools are revalued monthly, and income, and gains or losses, are allocated to the participants based on their units. All investments are measured at fair value in the statements of financial position. Donated investments are recorded at the fair value at the date of receipt. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in unrestricted net assets unless the income or loss is restricted by donor or law.

Investments held at PACF and FFC consist of the following:

	Cost	Fair Value
Equity Investment Pool	\$ 1,500,000	\$ 1,573,917
Fixed Income Investment Pool	554,781	530,249
Total	<u>\$ 2,054,781</u>	<u>\$ 2,104,166</u>

Dividends and interest related to investments held by PACF and FFC amounted to \$10,485 for the year ended June 30, 2024. Realized gains of \$26,664 and unrealized gains of \$122,803 were recorded during the year ended June 30, 2024. The total annual return of approximately 2% for the year ended June 30, 2024 is based on average market values.

**Fair Value Measurement**

The following tables summarize assets that have been accounted for at fair value on a recurring basis, along with the basis of determination of fair value, as of June 30:

	Level 1	Level 2	Level 3	Total
Pooled Investments Held by PACF	\$ -	\$ -	\$ 1,573,917	\$ 1,573,917
Pooled Investments Held by FFC	-	-	530,249	530,249
Fixed Income	-	245,374	-	245,374
Beneficial Interest in Perpetual Trust	-	-	1,180,557	1,180,557
Total	<u>\$ -</u>	<u>\$ 245,374</u>	<u>\$ 3,284,723</u>	<u>\$ 3,530,097</u>

**MERCER STREET FRIENDS CENTER  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 4 INVESTMENTS (CONTINUED)**

**Fair Value Measurement (Continued)**

The changes in assets measured at fair value for which Level 3 inputs have been used to determine fair value, are as follows for the year ended June 30, 2024:

Balance at June 30, 2023	\$ 3,014,776
Change in Beneficial Interest in Perpetual Trust	81,131
Interest and Dividend Income	38,162
Investment Fees	(9,601)
Realized Gains	38,172
Unrealized Gains	122,083
Balance at June 30, 2024	<u><u>\$ 3,284,723</u></u>

The Center evaluated the transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets. For the year ended June 30, 2024, there were no transfers in or out of Levels 1, 2, or 3.

Although the perpetual trust is invested in mutual funds that hold, in large part, publicly traded securities, there is no market available to value the beneficial interest in the perpetual trust and, therefore, that beneficial interest is considered a Level 3 valuation.

**NOTE 5 PROPERTY AND EQUIPMENT**

Property and equipment is as follows as of June 30:

	<u>Estimated Useful Life</u>	<u>Amount</u>
Land		\$ 1,487,432
Buildings	25 to 40 Years	7,739,978
Improvements	4 to 40 Years	1,363,049
Leasehold Improvements	3 to 15 Years	278,688
Furniture and Fixtures	3 to 20 Years	169,093
Computers and Accessories	4 to 5 Years	9,758
Equipment	4 to 5 Years	237,081
Software	3 to 5 Years	74,824
Automobiles and Vans	3 to 5 Years	491,629
Total		<u>11,851,532</u>
Less: Accumulated Depreciation		<u>2,163,444</u>
Property and Equipment, Net		<u><u>\$ 9,688,088</u></u>

Total depreciation and amortization amounted to \$307,064 in fiscal year 2024.



**MERCER STREET FRIENDS CENTER  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 6 SHORT-TERM DEBT**

The Center obtained a new building loan June 2, 2023 payable to MD Partnership, LLC bearing interest of 6.25%. The loan is collateralized by the building and land at 3 Graphic Drive in Ewing, New Jersey. The loan has a balance of \$5,754,014 at June 30, 2024 and will mature July 1, 2038.

Maturity of loan for each of the next five years is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 286,382
2026	304,803
2027	324,408
2028	345,275
2029	367,484
Thereafter	4,125,662
Total	<u>\$ 5,754,014</u>

**NOTE 7 LEASES – ASC 842**

The Center leases space for use in its programs under an operating lease, which expires in August 2024. Additionally, the lease requires the Center to pay certain expenses. This lease was renewed month to month basis upon expiration.

The following table provides quantitative information concerning the Center's leases:

Lease Cost:	
Operating Lease	\$ 234,212
Other Information:	
Cash Paid for Amounts Included in the Measurement of Lease Liabilities	\$ -
Operating Cash Flows from Operating Leases	\$ 234,212
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ -
Weighted-Average Remaining Lease Term	N/A
Weighted-Average Discount Rate	N/A

**MERCER STREET FRIENDS CENTER  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 8 PROGRAM SERVICES**

The program expenses for the Center are as follows:

Day Care - Children	\$ 1,543,079
Adult Services	1,192,711
Food Services	14,186,132
Youth Services	1,240,144
Total	<u>\$ 18,162,066</u>

**NOTE 9 RETIREMENT PLAN**

Mercer Street maintains a retirement plan (Plan) for the benefit of eligible employees, whereby employees may elect to contribute to the Plan. The employee contributions range from 1% to 6% of eligible compensation. The employees may elect to contribute an additional amount up to the limit allowed by law. The Center may match an amount equal to 100% of the employees' contributions. Matching contributions of \$75,662 were made for the year ending June 30, 2024.

**NOTE 10 TAXES**

The Internal Revenue Service has determined that Mercer Street is exempt from income tax, with the exception of certain unrelated business income. The unrelated business income consisted of debt-financed rental income. Mercer Street had losses in the past from this activity. At June 30, 2024, Mercer Street has available a net operating loss carryforward of \$229,119 to offset future unrelated business income. The carryforwards will expire in 2022 through 2034.

**NOTE 11 DONATED MATERIALS AND SERVICES**

The Center receives donated and government food, which is recorded as Donated Food-Government and Donated Food on the accompanying statement of activities. In-kind food contributions are valued at \$1.92 per pound for the year ended June 30, 2024 based on a study completed by Feeding America, Inc. Food received under TEFAP is valued by weight at approximately \$1.29 per pound for the year ended June 30, 2024 based on the USDA Commodities File Report. Donated food is recorded at fair value on the date received and is reported as without restrictions unless explicit donor stipulations specify how donated assets must be used.

Volunteers contributed their time in the furtherance of the Center's mission. During fiscal year 2024, the Center received approximately 8,600 volunteer hours. The financial statements do not contain the value of these contributed services as they do not meet the recognition criteria prescribed by generally accepted accounting principles.

**MERCER STREET FRIENDS CENTER**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

**NOTE 12 CONCENTRATIONS OF RISK**

Financial instruments that potentially subject the Center to concentrations of credit risk consist principally of temporary cash investments and accounts receivable. The Center considers money market funds to be cash equivalents. At times, such investments may exceed federally insured limits. Concentrations of credit risk with respect to receivables are limited due to the large number of customers comprising the Center's customer base; customers are preapproved for service, and services are generally covered by third-party guarantors, which have short payment terms. In addition, the Center routinely assesses the financial strength of its customers and, on a periodic basis, evaluates its accounts receivable and establishes an allowance for doubtful accounts based on a history of past write-offs and collections, and current credit conditions.

**NOTE 13 COMMITMENTS AND CONTINGENCIES**

The Center is involved with certain claims, including equal opportunity employment issues, and other routine litigation matters in the normal course of operations. The Center maintains various insurance coverages to protect against litigation and other claims. In the opinion of management, after consultation with legal counsel, the outcome of such matters is not expected to have a material adverse effect on the Center's financial position or results of operations.

**NOTE 14 LIQUIDITY AND AVAILABILITY**

The following represents the Center's financial assets at June 30, 2024, reduced by amounts not available for general use within one year of the statements of financial position date because of contractual or donor-imposed restrictions or internal designations.

Cash and Cash Equivalents	\$ 3,934,796
Accounts Receivable, Net of Allowance	212,562
Total Financial Assets	<u>4,147,358</u>
Less: Amounts not Available to be Used	
Within One Year:	
Net Assets with Donor Restrictions	<u>(4,030,760)</u>
Financial Assets Available to Meet General	
Expenditures Over the Next 12 Months	<u><u>\$ 116,598</u></u>

The Center's goal is generally to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. A significant portion of the Center's annual expenses are funded by operating revenues generated throughout the year. The Center strives to keep a minimum balance of cash on hand to meet the ongoing financial obligations.

**MERCER STREET FRIENDS CENTER  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 15 FUNCTIONAL EXPENSES**

The financial statements contain certain categories of expense that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include rent, utilities, all costs associated with property, interest and depreciation which are based on square footage. Salaries and related costs are allocated based upon approximate time worked in area. All other categories are allocated based on direct costs.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees  
Mercer Street Friends Center  
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 of America, the financial statements of Mercer Street Friends Center (the Center), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, 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 March 20, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Center'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 of the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 Center'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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Center's financial statements are free of 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*.

### ***Mercer Street Friends Center's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on Mercer Street Friends Center's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Mercer Street Friends Center's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of the Report**

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

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Livingston, New Jersey  
March 20, 2025



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

Board of Trustees  
Mercer Street Friends Center  
Trenton, New Jersey

**Report on Compliance for Each Major Federal and State Program**

***Opinion on Compliance for Each Major Federal and State Program***

We have audited Mercer Street Friends Center's (the Center) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *Compliance Supplement* and the New Jersey Office of Management and Budget (NJOMB) Circular Letter 15-08 that could have a direct and material effect on each major federal and state program for the year ended June 30, 2024. Mercer Street Friends Center's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Mercer Street Friends Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each major federal and state programs for the year ended June 30, 2024.

***Basis for Opinion on Each Major Federal and State 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award (Uniform Guidance) and the audit requirements of the State of New Jersey 15-08-OMB (Office of Management and Budget). Our responsibilities under those standards, the Uniform Guidance and New Jersey 15-08-OMB are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Mercer Street Friends Center and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state programs. Our audit does not provide a legal determination of Mercer Street Friends Center'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 each major federal and state programs.

### ***Auditors' 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 Mercer Street Friends Center'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*, the Uniform Guidance and New Jersey 15-08-OMB 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 Mercer Street Friends Center's compliance with the requirements of the federal or state programs as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance and New Jersey 15-08-OMB 15-08, 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 Mercer Street Friends Center'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 Mercer Street Friends Center'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 NJOMB Circular Letter 15-08, but not for the purpose of expressing an opinion on the effectiveness of Mercer Street Friends Center'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***

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section 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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. As discussed below, we did identify a deficiency in internal control over compliance that we consider to be a material weakness.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state programs 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 federal 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 or state programs that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a material weakness.

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.

Government auditing standards requires the auditor to perform limited procedures on Mercer Street Friends Center's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. Mercer Street Friend's response was not subjected to the other procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 15-08-OMB. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Livingston, New Jersey  
March 20, 2025

**MERCER STREET FRIENDS CENTER  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed through State Department of Agriculture:			
Food Distribution Cluster:			
The Emergency and Food Assistance Program (TEFAP)- Food donation - non-cash assistance	10.569	N/A	\$ 2,693,857
Division of Food and Nutrition (SFPP) - Food	10.569	N/A	251,339
Division of Food and Nutrition (SFPP) - Admin	10.569	N/A	27,927
The Emergency and Food Assistance Program (TEFAP)	10.568	N/A	282,687
The Emergency and Food Assistance Program (TEFAP)	10.568		21,439
Passed through State Department of Health:			
Senior Nutrition Program - Food donation - non-cash assistance	10.565	N/A	250,186
Total Food Distribution Cluster			<u>3,527,435</u>
The Emergency and Food Assistance Program (TEFAP-CCC)	10.187	N/A	5,250
Child and Adult Care Food Program	10.558	21-001	72,482
Summer Food Service	10.559	21200025	68,061
<b>Total U.S. Department of Agriculture</b>			<u>3,673,228</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<b>ADMINISTRATION FOR CHILDREN AND FAMILIES</b>			
Passed through:			
New Jersey Division of Youth and Family Services:			
Trenton Healthy Families	93.558	CF0039	277,891
Parents as Teachers Program	93.558	CF0040	189,352
			<u>467,243</u>
Trenton Healthy Families	93.556	CF0039	98,839
Trenton Healthy Families	21.027	CF0039	37,278
Parents as Teachers Program	21.027	CF0040	21,500
			<u>58,778</u>
Community Food Bank of New Jersey -SNAP Navigation	10.557	N/A	33,244
Children's Futures	93.926	N/A	52,868
<b>Total U.S. Department of Health and Human Services</b>			710,972
New Jersey Department of State TCNJ AmeriCorps	94.006	F2023-4	18,749
<b>Total Federal Awards</b>			<u><u>\$ 4,402,949</u></u>

See accompanying Notes to Schedules of Expenditures of Federal and State Awards.

**MERCER STREET FRIENDS CENTER  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Total State Expenditures
<b>NEW JERSEY DEPARTMENT OF EDUCATION</b>		
Passed through from:		
Trenton Board of Education	N/A	\$ 1,338,170
<b>NEW JERSEY DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT</b>		
Passed through from:		
Mercer County College - Adult Basic Skills Education Program	N/A	40,858
<b>NEW JERSEY DEPARTMENT OF AGRICULTURE</b>		
New Jersey State and Food Hunger Grant - Cares VIII	N/A	9,350,000
<b>State of New Jersey Department of Children and Families</b>		
Family Support and Reunification	N/A	80,340
Trenton Healthy Families	N/A	151,088
Parents as Teachers Program	N/A	138,259
		<u>369,687</u>
<b>New Jersey Commission on National and Community Service</b>		<u>12,500</u>
Total State Awards		<u><u>\$ 11,111,215</u></u>

See accompanying Notes to Schedules of Expenditures of Federal and State Awards.

**MERCER STREET FRIENDS CENTER  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
JUNE 30, 2024**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedules of expenditures of federal and state awards include the federal and state activity of Mercer Street Friends Center (the Center) and are presented on the accrual basis of accounting. The information in the schedules is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey Office of Management and Budget Circular Letter 15-08. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the financial statements.

**NOTE 2 SUBRECIPIENTS**

During the year ended June 30, 2024, the Center did not provide any funds relating to their federal and state programs to subrecipients.

**NOTE 3 INDIRECT COSTS**

The Center did not elect to use the de minimis cost rate when allocating indirect costs to federal and state programs.

**NOTE 4 LOAN AND LOAN GUARANTEE PROGRAMS**

As of June 30, 2024, the Center did not have any federal or state loan or loan guarantee programs.

**MERCER STREET FRIENDS CENTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2024**

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***Section I – Summary of the Auditors' Results***

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***Financial Statements***

- |  |  |
|--|--|
| 1. Type of auditors' report issued:                            | Unmodified   |
| 2. Internal control over financial reporting:                  |  |
| • Material weakness(es) identified?                            | _____ <input checked="" type="checkbox"/> _____ yes _____ <input type="checkbox"/> no      |
| • Significant deficiency(ies) identified?                      | _____ <input type="checkbox"/> yes _____ <input checked="" type="checkbox"/> none reported |
| 3. Noncompliance material to basic financial statements noted? | _____ <input type="checkbox"/> yes _____ <input checked="" type="checkbox"/> no            |

***Federal Awards***

- |   |  |
|---|--|
| 1. Internal control over major federal programs:  |  |
| • Material weakness(es) identified?   | _____ <input checked="" type="checkbox"/> _____ yes _____ <input type="checkbox"/> no      |
| • Significant deficiency(ies) identified?   | _____ <input type="checkbox"/> yes _____ <input checked="" type="checkbox"/> none reported |
| 2. Type of auditors' report issued on compliance for major federal programs:                              | Unmodified   |
| 3. Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? | _____ <input checked="" type="checkbox"/> _____ yes _____ <input type="checkbox"/> no      |

***Identification of Major Federal Programs***

<b>ALN Number(s)</b>	<b>Name of Federal Program or Cluster</b>
<b>Food Distribution Cluster</b>	
10.569	U.S Department of Agriculture The Emergency and Food Assistance Program ("TEFAP")
10.568	The Emergency and Food Assistance Program ("TEFAP")
10.565	Senior Nutrition Program
93.558	U.S. Department of Health and Family Services Trenton Healthy Families Parents as Teachers Program

**MERCER STREET FRIENDS CENTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2024**

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***Section I – Summary of the Auditors' Results (Continued)***

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Dollar threshold used to distinguish between  
Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

    x     yes            no

***State Financial Assistance***

1. Internal control over state programs:

• Material weakness(es) identified?

    x     yes            no

• Significant deficiency(ies) identified?

           yes     x     none reported

2. Type of auditors' report issued on  
compliance for major state programs

Unmodified

3. Any audit findings disclosed that are required  
to be reported in accordance with  
NJOMB Circular Letter 15-08?

    x     yes            no

***Identification of Major State Programs:***

**CFDA Number(s)**

N/A

**Name of State Program or Cluster**

New Jersey State and Food Hunger Grant

Audit threshold used to determine between  
Type A and Type B programs:  
State Awards

\$ 750,000

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***Section II – Financial Statement Findings***

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**2024 – 001**

Type of Finding

- Material Weakness in Internal Control over Financial Reporting

**Condition:** Schedule of federal grant expenditures ("SEFA") for the year ended June 30, 2024 were not complete and accurate. This resulted in a material recording of a journal entry in the current year.

**Criteria or specific requirement:** Management is required to prepare s SEFA that includes all federal grant award amounts including non-monetary items.

**Effect:** Initial schedules of federal expenditures did not include the value of donated food from federal sources.

**MERCER STREET FRIENDS CENTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2024**

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***Section II – Financial Statement Findings***

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**Cause:** Management was not aware of the requirement.

**Repeat Finding:** No

**Recommendation:** Management should review all sources of federal and state aid and ensure that those schedules included any and all non-cash contributions.

**Views of responsible officials and planned corrective actions:** Management has a review process in place and has remediated during the subsequent period. See corrective action plan.

**MERCER STREET FRIENDS CENTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2024**

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***Section III – Compliance Findings***

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**2024 – 002**

State Agency: New Jersey Department of Agriculture

State Program Name: New Jersey State and Food Hunger Grant

State Award Identification Number and Year: N/A

Award Period: July 1, 2023 through June 30, 2024

Federal Agency: U.S Department of Agriculture

Federal Program Name: The Emergency and Food Assistance Program

Federal Assistance Listing Number: Food distribution Cluster (ALN 10.569 and 10.568)

Award Period: July 1, 2023 through June 30, 2024

Type of Finding:

- Material Weakness in Internal Control over Compliance

**Criteria or specific requirement:** 2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award requires compliance with the provisions of procurement, suspension, and debarment, specifically a cost or price analysis is required for each procurement action in excess of the simplified Acquisition Method. Procurement records and files for the small threshold method (\$10,000-\$250,000) must include the following at the minimum – basis for contractor selection, justification for lack of competition when competitive bids are not obtained and basis for award cost or price.

**Condition:** During our testing, we noted the Organization did not adhere to established internal controls to ensure that documentation surrounding the cost or price analysis was maintained.

**Questioned costs:** None

**Context:** During our testing, it was noted that the Organization did not keep evidence of the cost or price analysis or reasoning for vendor selection.

**Cause:** The Organization was not adhering to their procurement policy with respect to maintaining vendor files.

**Effect:** There is no evidence of price analysis or vendor selection for any of the vendors selected for testing.

**Repeat Finding:** No



**MERCER STREET FRIENDS CENTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2024**

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***Section III – Compliance Findings (Continued)***

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**Recommendation:** We recommend the Organization adheres to its written procurement policy to ensure that all required procedures are performed.

**View of responsible officials:** Management has put a review policy in place to monitor all procurements and has remediated this finding in the subsequent period. See corrective action plan.

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***Section IV – Prior Audit Findings***

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None

