

MERCY CENTER CORPORATION
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
For the Years Ended June 30, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Mercy Center Corporation
Asbury Park, New Jersey

Opinion

We have audited the accompanying financial statements of Mercy Center Corporation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Mercy Center Corporation as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Other Matters

This report replaces our auditor's report dated March 25, 2025, on the financial statements, including the statement of financial position and the statement of activities and changes in net assets. This report has been reissued solely to reflect corrections to the misclassification of net assets with donor restrictions and net assets without donor restrictions as of June 30, 2024. These corrections affected only the ending balances of net assets with donor restrictions and net assets without donor restrictions and did not change the changes in net assets for the year then ended as disclosed in Note 18. Except for these matters, no other modifications have been made to the financial statements or to our opinion thereon.

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 Mercy Center Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audits 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 audits.
- 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 audits 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 Mercy Center Corporation'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 Mercy Center Corporation's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of federal awards and schedules of expenditures of state and county financial assistance, as required under the Uniform Guidance and the State of New Jersey, Department of Treasury, Circular Letter 15-08-OMB, 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 audits 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 federal awards and schedules of expenditures of state and county 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 May 12, 2026 on our consideration of Mercy Center Corporation’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 Mercy Center Corporation’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 Mercy Center Corporation’s internal control over financial reporting and compliance.

Cowan, Guteski & Co., P.A.
dba Cg Audit & Assurance

Tinton Falls, New Jersey
May 12, 2026

MERCY CENTER CORPORATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2025 and 2024

ASSETS	2025	Restated 2024
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 4,727,648	\$ 687,289
Investments	2,274,978	1,642,275
Pledge Receivables, net of allowance 2025: \$271 and 2024: \$1,242	13,741	59,185
Grant Receivables, net of allowance 2025: \$0 and 2024: \$0	51,540	197,572
Other Receivables, net of allowance 2025: \$0 and 2024: \$0	22,874	68,134
Prepaid Expenses and Other Current Assets	89,043	97,242
Total Current Assets	7,179,824	2,751,697
Property and Equipment, net	3,612,749	3,299,242
OTHER ASSETS		
Right of Use Assets	51,776	88,716
Total Assets	\$ 10,844,349	\$ 6,139,655
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ 38,519	\$ 117,287
Accrued Expenses	99,816	90,203
Operating Lease Liabilities, current portion	39,044	36,643
Deferred Revenue	105,456	95,113
Total Current Liabilities	282,835	339,246
LONG-TERM LIABILITIES		
Loan Payable	50,000	50,000
Operating Lease Liabilities, less current portion	13,524	52,569
Total Liabilities	346,359	441,815
NET ASSETS		
Net Assets Without Donor Restrictions	5,440,274	5,691,430
Net Assets With Donor Restrictions	5,057,716	6,410
Total Net Assets	10,497,990	5,697,840
Total Liabilities and Net Assets	\$ 10,844,349	\$ 6,139,655

See Accompanying Notes and Independent Auditor's Report.

MERCY CENTER CORPORATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2025 and 2024

	2025			Restated 2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT						
Grants	\$ 1,943,905	\$ -	\$ 1,943,905	\$ 1,899,319	\$ -	\$ 1,899,319
Contributions and Fundraising	1,332,915	5,053,850	6,386,765	1,371,972	131,311	1,503,283
Contributed Services	109,697	-	109,697	103,712	-	103,712
Fee for Services	-	-	-	17,600	-	17,600
In-kind Donations	4,210,220	-	4,210,220	3,841,106	-	3,841,106
Special Events, net of direct costs of 2025: \$203,871 and 2024: \$190,422	757,135	-	757,135	629,175	-	629,175
Interest and Dividends	92,114	23	92,137	44,187	316	44,503
Unrealized Gain (Loss) from Investments	23,443	490	23,933	64,179	(11,009)	53,170
Realized Gain (Loss) from Investments	81,732	-	81,732	(1,612)	8,211	6,599
Other Income	5,911	-	5,911	13,482	-	13,482
Net Assets Released from Restrictions						
Due to Satisfaction of Requirements	2,544	(2,544)	-	322,771	(322,771)	-
Endowment Transfer	513	(513)	-	(2,482)	2,482	-
Total Support and Revenue	8,560,129	5,051,306	13,611,435	8,303,409	(191,460)	8,111,949
EXPENSES AND OTHER CHARGES						
Program Expenses						
Elementary Education	1,084,097	-	1,084,097	991,461	-	991,461
Aid to the Needy	6,336,713	-	6,336,713	5,848,267	-	5,848,267
Total Program Expenses	7,420,810	-	7,420,810	6,839,728	-	6,839,728
Management and General Development	1,025,282	-	1,025,282	824,530	-	824,530
	365,193	-	365,193	382,020	-	382,020
Total Expenses and Other Charges	8,811,285	-	8,811,285	8,046,278	-	8,046,278
Change in Net Assets	(251,156)	5,051,306	4,800,150	257,131	(191,460)	65,671
Net Assets, Beginning of Year	5,691,430	6,410	5,697,840	5,434,299	197,870	5,632,169
Net Assets, End of Year	\$ 5,440,274	\$ 5,057,716	\$ 10,497,990	\$ 5,691,430	\$ 6,410	\$ 5,697,840

See Accompanying Notes and Independent Auditor's Report.

MERCY CENTER CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2025

	Program Expenses			Management and General	Development	Total
	Elementary Education	Aid to the Needy	Total			
Salaries and Wages	\$ 589,458	\$ 1,118,908	\$ 1,708,366	\$ 431,570	\$ 205,380	\$ 2,345,316
Salaries and Wages - Volunteer In-Kind Services	53,723	55,974	109,697	-	-	109,697
Payroll Taxes	63,851	127,673	191,524	11,142	12,759	215,425
Employee Benefits	86,659	101,788	188,447	146,764	14,352	349,563
Total Personnel	793,691	1,404,343	2,198,034	589,476	232,491	3,020,001
Administrative and Bank Fees	-	-	-	20,865	-	20,865
Arts Program at School	23,817	-	23,817	-	-	23,817
Building and Facilities	56,521	27,898	84,419	50,858	-	135,277
Cafeteria	27,402	-	27,402	-	-	27,402
Cleaning	38,624	24,434	63,058	-	-	63,058
Donor Relations	-	-	-	-	12,100	12,100
Dues and Subscriptions	-	34	34	1,491	2,175	3,700
Extracurricular Activities	12,083	-	12,083	-	-	12,083
Family Resource Center	-	131,250	131,250	74	771	132,095
In-kind Food and Pantry Donations	-	4,210,220	4,210,220	-	-	4,210,220
Food Distribution & Pantry Expenses	-	60,312	60,312	-	-	60,312
Gift Card Expense	-	7,469	7,469	-	-	7,469
Insurance	30,661	30,361	61,022	21,507	-	82,529
Internet and Computer Technology	4,551	-	4,551	1,970	-	6,521
Investment Expense	-	-	-	11,656	-	11,656
Marketing and Outreach	-	-	-	3,348	17,872	21,220
Miscellaneous Expense	68	-	68	7,214	11,391	18,673
Office Supplies	8,301	5,649	13,950	11,953	53	25,956
Overhead Allocation	-	32,529	32,529	-	-	32,529
Postage	-	-	-	7,870	-	7,870
Printing	-	1,966	1,966	-	35,770	37,736
Professional Services and Consultants	20,949	37,127	58,076	92,756	36,698	187,530
Repairs and Maintenance	33,870	4,954	38,824	296	-	39,120
School General Expenses	28,870	700	29,570	1,756	15,872	47,198
Specific Assistance to Clients	-	350,345	350,345	-	-	350,345
Telephone	4,689	7,122	11,811	4,952	-	16,763
Training and Conferences	-	-	-	444	-	444
Total Expenses Before Depreciation	1,084,097	6,336,713	7,420,810	828,486	365,193	8,614,489
Depreciation	-	-	-	196,796	-	196,796
Total Expenses	\$ 1,084,097	\$ 6,336,713	\$ 7,420,810	\$ 1,025,282	\$ 365,193	\$ 8,811,285

See Accompanying Notes and Independent Auditor's Report.

MERCY CENTER CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2024

	Program Expenses			Management and General	Development	Total
	Elementary Education	Aid to the Needy	Total			
Salaries and Wages	\$ 515,508	\$ 1,137,234	\$ 1,652,742	\$ 256,745	\$ 182,852	\$ 2,092,339
Salaries and Wages - Volunteer In-Kind Services	80,627	23,085	103,712	-	-	103,712
Payroll Taxes	46,396	102,351	148,747	18,507	15,917	183,171
Employee Benefits	140,811	114,228	255,039	108,445	13,858	377,342
Total Personnel	783,342	1,376,898	2,160,240	383,697	212,627	2,756,564
Administrative and Bank Fees	-	-	-	16,157	-	16,157
Arts Program at School	43,421	-	43,421	-	-	43,421
Building and Facilities	39,595	30,794	70,389	45,051	-	115,440
Cafeteria	6,008	14,217	20,225	-	-	20,225
Cleaning	33,766	32,015	65,781	-	-	65,781
Development	110	-	110	1,347	22,471	23,928
Donor Relations	-	-	-	-	6,694	6,694
Dues and Subscriptions	110	177	287	1,837	2,505	4,629
Extracurricular Activities	1,598	-	1,598	-	-	1,598
Family Resource Center	-	103,308	103,308	315	106	103,729
Food Distribution and Pantry	-	3,880,876	3,880,876	-	-	3,880,876
Gift Card Expense	200	6,690	6,890	-	3,165	10,055
Insurance	300	14,000	14,300	49,171	-	63,471
Internet and Computer Technology	3,915	240	4,155	1,717	-	5,872
Investment Expense	-	-	-	10,431	-	10,431
Marketing and Outreach	3,500	-	3,500	-	-	3,500
Miscellaneous Expense	-	847	847	5,714	954	7,515
Office Supplies	4,566	6,518	11,084	10,606	1,140	22,830
Overhead Allocation	-	24,750	24,750	-	-	24,750
Postage	-	-	-	4,495	1,653	6,148
Printing	-	-	-	-	38,355	38,355
Professional Services and Consultants	3,949	30,679	34,628	86,725	68,439	189,792
Repairs and Maintenance	38,600	5,576	44,176	154	-	44,330
School General Expenses	20,816	4,260	25,076	4,866	23,842	53,784
Specific Assistance to Clients	-	310,332	310,332	-	-	310,332
Teaching Supplies	2,152	-	2,152	-	-	2,152
Telephone	3,977	6,090	10,067	6,627	-	16,694
Training and Conferences	1,536	-	1,536	3,732	69	5,337
Total Expenses Before Depreciation	991,461	5,848,267	6,839,728	632,642	382,020	7,854,390
Depreciation	-	-	-	191,888	-	191,888
Total Expenses	\$ 991,461	\$ 5,848,267	\$ 6,839,728	\$ 824,530	\$ 382,020	\$ 8,046,278

See Accompanying Notes and Independent Auditor's Report.

MERCY CENTER CORPORATION
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 4,800,150	\$ 65,671
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Depreciation	196,796	191,888
Bad Debt	16,141	-
(Gain) on Sale of Investments	(81,732)	(59,769)
Non-cash Lease Adjustment	296	298
Changes in assets and liabilities:		
(Increase) decrease In:		
Pledge Receivables	29,303	58,228
Grant Receivables	146,032	(92,579)
Other Receivables	45,260	(73,614)
Prepaid Expenses and Other Current Assets	8,199	(58,720)
Increase (decrease) in:		
Accounts Payable	(78,768)	51,241
Accrued Expenses	9,613	5,889
Deferred Revenue	10,343	(113,164)
Net Cash Provided by (Used in) Operating Activities	5,101,633	(24,631)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(27,748)	(68,296)
Construction in Progress Purchases and Payments	(482,555)	(19,500)
Purchases of Investments	(660,975)	(1,417,845)
Proceeds from Investments	110,004	1,534,870
Net Cash Provided by (Used in) Investing Activities	(1,061,274)	29,229
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Cash Provided by (Used in) Financing Activities	-	-
Net Increase in Cash and Cash Equivalents	4,040,359	4,598
Cash and Cash Equivalents, Beginning of Year	687,289	682,691
Cash and Cash Equivalents, End of Year	\$ 4,727,648	\$ 687,289
Supplemental Cash Flow Disclosures:		
Cash paid for Taxes	\$ -	\$ -
Cash paid for Interest	\$ -	\$ -

See Accompanying Notes and Independent Auditor's Report.

MERCY CENTER CORPORATION

NOTES TO THE FINANCIAL STATEMENTS For the Years Ended June 30, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Mercy Center Corporation, (the "Corporation" or "Mercy Center"), is a New Jersey non-profit corporation incorporated in 1985. Its mission is to end generational poverty in the greater Asbury Park areas. The Corporation works in three interlocking ways. First, through its pantry and emergency services, Mercy Center provides for the immediate needs of the community. Second, the Corporation provides wrap around services so that members of the community can lead full and successful lives. Third, the Corporation aims to end the cycle of generational poverty by providing a non-denominational, faith based tuition-free educational of excellence to underserved girls in the fourth to eight grade.

The Corporation's main office is at 1106 Main Street in Asbury Park, New Jersey and the middle school is located at 1416 Springwood Avenue, Asbury Park, New Jersey. The Corporation qualifies as a tax-exempt organization under Section 501 (c)(3) of the Internal Revenue Code; accordingly, there is no income tax applicable to its activities.

Nature of Activities

Food Pantry

Mercy Center is only one of two full-day, five days a week pantries in Monmouth County, New Jersey. It acquires its food from the foodbank, local food donations, and donations from local retail outlets in the area. Subject to funding, the Corporation also provides emergency funding for housing, utilities, food stamp services, and free tax preparation services during tax season. For the year ended June 30, 2025, the pantry served over 105,000 individuals including 3,167 Thanksgiving baskets and 5,620 Christmas toys donated to children. For the year ended June 30, 2024, the pantry served over 100,000 individuals including 2,300 Thanksgiving baskets and 4,200 Christmas toys donated to children.

The Family Resource Center

The Family Resource Center is a "one-stop shop" for information, advocacy, resources, and services related to the support and preservation of families. By promoting emotional, mental, and physical well-being, the Corporation helps to create and maintain family stability. Most programs and services are available in Spanish, Creole, and Arabic.

The Corporation operates the Family Resource Center, which provided 32,660 services to 940 individuals during fiscal year 2025 and 24,265 services to 906 individuals during fiscal year 2024.

The Sisters Academy

The Sisters Academy of New Jersey is a tuition-free middle school located in Asbury Park, serving independent underserved and economically disadvantaged girls in grades four through eight. The Academy focuses on educating girls from surrounding communities in order to provide them with the tools necessary to gain access through education needs and success throughout their school education. It is entirely funded by private donations. The Academy enjoys tremendous success with its girls, where all of the 8th graders go on to graduate from high school. The Academy is supported by the Alumnae Association.

Mercy Center's activities are supported by more than 200 volunteers who contributed over 16,941 hours of time to the Corporation during fiscal year 2025 and more than 120 volunteers who contributed over 16,070 hours of time to the Corporation during the fiscal year 2024.

MERCY CENTER CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nature of Activities (Continued)

The objectives of the Corporation's program are funded through volunteer services, contributions, and grants-in-aid. The Corporation's revenues almost exclusively come through grants, contributions, and fundraising.

Basis of Accounting

The financial statements have been prepared on an accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (U.S. GAAP), as applicable to non-for-profit organizations. Income is recognized when earned and expenses when incurred.

In the statements of financial position, assets are presented in order of liquidity or conversion to cash and liabilities are reflected in order of their maturity resulting in the use of cash, respectively.

Financial Statement Presentation

The classification of the Corporation's net assets and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. Amounts for each of the net asset classes (with or without donor restrictions) are displayed in the accompanying statements of financial position, and changes in each of those classes of net assets are displayed in the accompanying statements of activities.

Net Assets Without Donor Restrictions – Net assets without donor restrictions represent revenues and expenses related to the operation and management of the Corporation primary programs and supporting services and are not subject to donor-imposed restrictions. If funds are raised and set aside by the Board for future use, these are considered net assets without donor restrictions. Donor restricted contributions that are expended for their restricted purpose in the same reporting period as received may be recorded as net assets without donor restrictions. For the years ended June 30, 2025 and 2024, net assets without donor restrictions were \$5,440,274 and \$5,691,430, respectively.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met either by the completion of a stipulated action and/or the passage of time and net assets subject to donor imposed stipulations that are maintained permanently by the Corporation. Generally, the donors of these assets permit the Corporation to use all or part of the income earned on related investments for general or specific purposes. For the years ended June 30, 2025 and 2024, net assets with donor restrictions were \$5,057,716 and \$6,410, respectively.

Contribution and Donations of Financial and Nonfinancial Assets

Contributions of cash and other financial assets consists of cash and receivables received from third party collections and donations, which have been included under contributions of cash and other financial assets within the statements of activities.

Nonfinancial assets are assets that are not financial assets which includes but are not limited to fixed assets, use of fixed assets, or utilities, materials and supplies, intangible assets, and services.

For the year ended June 30, 2025, the Corporation recorded \$4,210,220 of in-kind pantry food donations and \$109,697 of specialized contributed services.

MERCY CENTER CORPORATION

NOTES TO THE FINANCIAL STATEMENTS For the Years Ended June 30, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contribution and Donations of Financial and Nonfinancial Assets (Continued)

For the year ended June 30, 2024, the Corporation recorded \$3,841,106 of in-kind pantry food donations and \$103,712 of specialized contributed services. In-kind pantry food donations and specialized contributed services for both years are presented within the statements of activities and changes in net assets.

Donated Services

Mercy Center Corporation receives donated services from volunteers to support the food pantry, school, and Family Resource Center (“FRC”) program. The value of these donated services related to non-specialized skills are not included in these financial statements as they do not meet the criteria for recognition under the Financial Accounting Standards Board (“FASB”) ASC 958-605-26-16.

However, many individuals volunteer their time and perform a variety of tasks that assist Mercy Center Corporation with its program and mission statement.

During the years ended June 30, 2025 and 2024, Management estimates that the Corporation received approximately 13,000 and 12,400, respectively, volunteer hours related to non-specialized skills.

Revenue and Support Recognition

Contributions are presented on the statements of activities in accordance with ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributions Nonfinancial Assets*, presenting contributed financial and nonfinancial assets separately within the financial statements. A contribution is an unconditional transfer of cash or other assets, as well as unconditional promises to give, to an entity or a reduction, settlement, or cancellation of its liabilities in a voluntary nonreciprocal transfer by another entity acting other than as an owner.

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to years in which the promises are received to discount the amounts. Conditional promises to give are recognized when the conditions on which they are dependent are substantially satisfied.

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the contributions are recognized.

All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When restrictions expire (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.

MERCY CENTER CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Support Recognition (Continued)

Grants support are cost-reimbursable contracts and grants which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Corporation has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as liabilities in the statements of financial position. Mercy Center receives its grant support primarily from New Jersey Department of Children and Families and New Jersey Department of Human Services. The Corporation also receives grant support from the County of Monmouth, the City of Asbury Park, and the State of New Jersey.

In addition, the Corporation recognizes investment income when earned.

In accordance with Accounting Standards Update (ASU) 2014-09 Revenue from Contracts with Customers (Topic 606), the Corporation recognizes revenue when goods or services to customers are transferred and performance obligations are satisfied in an amount that reflects the consideration to which the Corporation expects to be entitled in exchange for those goods or services.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

Cash and cash equivalents including any highly liquid short-term investments with original maturity dates of less than three months. Cash and Cash equivalents includes cash on deposit, cash on hand, cash alternatives, and money market funds. Cash and Cash equivalents were \$4,727,648 and \$687,289 as of June 30, 2025 and 2024, respectively.

Concentration of Credit Risk

The Corporation maintains cash and cash equivalents with several financial institutions, including banks and brokerage institutions, which may exceed federally insured or protected limits. The Federal Deposit Insurance Corporation ("FDIC") insures bank deposit accounts up to \$250,000 per depositor, and the Securities Investor Protection Corporation ("SIPC") protects customer accounts at member brokerage institutions, up to \$500,000 or subject to applicable limits by the brokerage institution. As of June 30, 2025 and 2024, cash exceeded FDIC insurance limits by \$0 and \$55,238, respectively, and SIPC coverage limits by approximately \$3,870,397 and \$0, respectively. The Corporation historically has not experienced any losses related to these accounts. Management believes the Corporation is not exposed to any significant credit risk related to cash and cash equivalents.

The Corporation receives the majority of its funding from state and county grants, contributions, and donations funded on an annual basis. A significant reduction in either level of support or revenue, if this were to occur, could have a significant negative effect on the Corporation's programs and activities. Additionally, the grants and contracts are subject to financial and compliance requirements and possible audits by governmental agencies.

MERCY CENTER CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risk (Continued)

Additionally, events involving limited liquidity, defaults, non-performance, or other adverse developments that affect financial institutions or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems.

Grant support and revenue totaled \$1,943,905 and \$1,916,919 for the years ended June 30, 2025 and 2024, respectively. For the year ended June 30, 2025, four grants from the New Jersey Department of Children and Families represented 73% of total grant support and revenue. For the year ended June 30, 2024, three grants from the New Jersey Department of Children and Families and one grant from the State of New Jersey represented 80% of total grant support and revenue.

Contributions and fundraising support and revenue totaled \$6,386,765 and \$1,503,283 for the years ended June 30, 2025 and 2024, respectively. For the year ended June 30, 2025, one donor represented 78% of total contributions and fundraising support and revenue. For the year ended June 30, 2024, no donor represented 10% or more of total contributions and fundraising support and revenue.

Special Events revenue, net of direct cost totaled \$757,135 and \$629,175 for the years ended June 30, 2025 and 2024, respectively. For the year ended June 30, 2025, three events represented 73% of total special events revenue, net of direct cost. For the year ended June 30, 2024, three events represented 89% of total special events, net of direct cost.

Grants Receivable

Grants receivable, less an appropriate allowance, are reported at their net present value. The corporation provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual grants. For the years ended June 30, 2025 and 2024, grant receivables were \$51,540 and \$197,572, respectively.

Pledges Receivable

Pledges receivable, less an appropriate allowance, are reported at their net present value. The corporation provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. For the years ended June 30, 2025 and 2024, pledge receivables, net of allowance were \$13,741 and \$59,185, respectively.

Investments

Equities, certificate of deposits, mutual funds, and fixed income investments are recorded at fair market value in the statements of financial position. Quoted market prices are used to determine market value. Certificate of deposits are recorded at cost plus interest which approximates fair value. Gains and losses on investments are reflected in the statements of activities and changes in net assets. In addition, the Corporation recognizes investment income when earned. Investments are reported in the financial statements at fair value. Investments include equities, mutual funds, certificate of deposits, and fixed income.

MERCY CENTER CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment is recorded at cost, if purchased and approximate fair value on the date received if donated. The Corporation's policy is to capitalize major improvements to buildings and grounds with a cost of \$2,500 or more and equipment with a unit cost of \$3,000 or more.

Depreciation is calculated on the straight-line method based on the estimated useful lives of the assets set forth below:

<u>Description</u>	<u>Estimated Life (Years)</u>
Buildings and improvements	5 – 39 years
Other Furniture and equipment	3 – 7 years

When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts and any gain or loss is recorded in the statements of activities and changes in net assets. Maintenance and repairs which do not extend the useful lives of the related assets are expensed as incurred.

Construction in progress is recorded within property and equipment at cost. Upon completion and being placed in service, the related asset is reclassified to the appropriate property and equipment category and depreciated over its estimated useful life.

Prepaid Expenses

Prepaid expenses are expenses that have been paid in one year but have not yet been fully used or consumed at the end of the accounting period. Prepaid assets are amortized on a straight-line basis, matching the incurred expense to the appropriate service period.

Deferred Revenue

Grant support revenue received from state grants under the New Jersey Department of Children and Families, including the New Jersey Department of Human Services as well as county grants under Monmouth County and Asbury Park, are recognized to the extent of allowable expenses.

Any excess must be refunded to the awarding agency. Deferred revenue is recorded for grants where government and county funds were received in advance in which no exchange allowable expenditure transactions took place. As of June 30, 2025 and 2024, the Corporation deferred \$105,456 and \$95,113, respectively, of revenue related to grants support revenue on the statements of financial position.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. The statements of functional expenses present the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Marketing and Outreach

Marketing and outreach are expensed in the period incurred. Marketing and outreach expenses for the years ended June 30, 2025 and 2024 were \$21,220 and \$3,500, respectively.

MERCY CENTER CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledge, Grant, and Other Receivables and Allowance for Credit Losses

The Company's allowance for credit losses is based on the assessment of the collectability of assets grouped together with similar risk characteristics. The Company records a provision for expected credit losses using the aging schedule method based on historical write-offs by age of accounts receivable. At each reporting period, the Company assesses whether the financial assets continue to display similar risk characteristics. If particular receivables no longer display risk characteristics that are similar to those of the receivables listed, the Company may determine that it needs to move those receivables to a different section or perform an individual assessment of expected credit losses for those specific receivables.

Leases

The Corporation recognizes and measures its leases in accordance with FASB ASC 842, *Leases*. The Corporation determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Corporation recognizes a lease liability and a right-of-use (ROU) asset at the commencement date of the lease. The lease classification is determined at the commencement date. Lease commencement is the date the Corporation has the right to control the property. The lease term at the commencement date is determined by considering whether renewal options and termination options are reasonably assured of exercise. Lease cost for lease payments is recognized on a straight-line basis over the lease term. The Corporation accounts for lease components and non-lease components as separate components; non-lease components such as common area maintenance costs are expensed as incurred.

Right-of-use assets represent the Corporation's right to use an underlying asset for the lease term and lease liabilities represent the Corporation's obligation to make lease payments arising from the lease during the lease term. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of the remaining future minimum lease payments during the lease term. The Corporation utilizes the risk free rate over the lease term to discount the lease payments.

The operating lease right-of-use assets also include lease payments made before commencement, lease incentives and are recorded net of impairment. Operating leases are expensed on a straight line basis over the lease term and is included in expenses on the statements of activities and changes in net assets. Short-term leases with an initial term of 12 months or less are not recorded on the balance sheets.

Income Taxes

Mercy Center Corporation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for Federal income taxes in the accompanying financial statements. Though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code.

The Corporation has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations; and to identify and evaluate other matters that may be considered tax positions. In addition, the Corporation qualifies for the charitable contribution deduction under Section 170 (b)(1)(A)(vi) and has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509 (a)(1) of the Internal Revenue Code.

MERCY CENTER CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2025 and 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

Mercy Center Corporation regularly reviews and evaluates its tax positions taken in previously filed information returns with regards to issues affecting its tax-exempt status, unrelated business income and other related matters. The most significant tax positions of the Corporation are its assertion that it is exempt from income taxes and its determination of whether any amounts are subject to unrelated business tax (UBIT).

The Corporation follows the guidance of Accounting Standards Codification (ASC) 740, Accounting for Income Taxes, related to uncertain income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. All significant tax positions have been considered by Management. It has been determined that it is more likely than not that all tax positions previously taken would be sustained upon examination by taxing authorities. As of the report date, the New Jersey Federal Forms 990 for the fiscal years ended June 30, 2022 through 2024 are open to examination by the IRS. No returns are currently under examination by the IRS.

Reclassification

Certain financial statement items as of and for the year ended June 30, 2024 have been reclassified to conform to the June 30, 2025 presentation. These reclassifications had no effect on changes in net assets and no effect on ending net assets.

Subsequent Events

In preparing the financial statements, the Corporation has evaluated events and transactions for potential recognition and disclosure through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

NOTE 2 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of June 30, 2025 and 2024, financial assets and liquidity resources available within one year for general expenditures, such as operating expenses and fulfillment of payables and other obligations, were as follows:

Financial assets		<u>2025</u>		<u>2024</u>
Cash and cash equivalents	\$	4,727,648	\$	687,289
Investments		2,274,978		1,642,275
Grant Receivables, net		51,540		197,572
Pledge Receivables, net		13,741		59,185
Other Receivables, net		40,747		88,826
Total financial assets and liquidity resources	\$	<u>7,108,654</u>	\$	<u>2,675,147</u>
Less amounts not available to be used within one year:				
Endowment funds with liquidity horizons greater than one year	\$	23,350	\$	-
Pledge Receivable, net		4,512		20,694
Net Assets with Donor Restrictions		5,057,716		6,410
Financial assets not available to be used within one year	\$	<u>5,085,578</u>	\$	<u>27,104</u>
Financial assets available to meet general expenditures				
Within one year	\$	<u>2,023,076</u>	\$	<u>2,648,043</u>

MERCY CENTER CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2025 and 2024

NOTE 2 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES (CONTINUED)

Mercy Center manages its financial assets to be available as operating expenditures, liabilities and other obligations come due. Mercy Center's cash flows have fluctuations during the year attributable to the timing of program operations and repayment from funding sources, which can take time from expenditure to reimbursement under the governmental contracts.

The Corporation has certain donor-imposed assets limited to use that are available for general expenditures within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above for financial assets to meet general expenditures within one year. The Corporation has other donor-restricted assets that are not available for general expenditure within one year in the normal course of operations. These assets limited to use, which are more fully described in Notes 12 and 13, are not available for general expenditure within the next year.

NOTE 3 – GRANTS RECEIVABLE

In general, grants-in-aid are made available to the Corporation through applications and agreements with funding agencies which base their payments upon reimbursement of reported eligible expenses or limitations dictated by their own budget restraints.

Grants receivables consist of the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
State of New Jersey	\$ 51,540	\$ 197,572
	<u>\$ 51,540</u>	<u>\$ 197,572</u>

NOTE 4 – PLEDGES RECEIVABLE

The Corporation has received gifts in the form of pledges to be paid in installments. The pledges have been reported at their net present value utilizing a discount rate of 3.5%. Administration has made a provision for pledges doubtful of collection in the amount of \$271 in fiscal year 2025 and \$1,242 in fiscal year 2024. The pledges receivable balance as of June 30, 2025 and 2024 were \$13,741 and \$59,185, respectively.

The pledges are expected to be received as follows:

2026	\$ <u>9,500</u>
2027	3,720
2028	500
2029	500
	<u>14,220</u>
Less: Provision for Pledges Doubtful of Collections	(271)
Less: Present Value Adjustment	(208)
	<u>\$ 13,741</u>

MERCY CENTER CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2025 and 2024

NOTE 4 – PLEDGES RECEIVABLE (CONTINUED)

The pledges are expected to be received as follows:

	<u>2024</u>
2025	\$ 39,733
2026	17,650
2027	<u>3,900</u>
	61,283
Less: Provision for Pledges Doubtful of Collections	(1,242)
Less: Present Value Adjustment	<u>(856)</u>
	<u>\$ 59,185</u>

NOTE 5 – OTHER RECEIVABLES

Other receivables consists of the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Other Donor Contributions and Donations	\$ 22,874	\$ 68,134
	<u>\$ 22,874</u>	<u>\$ 68,134</u>

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Land and Land Improvements	\$ 332,770	\$ 332,770
Building and Improvements	5,028,689	5,010,221
Other Furniture and Equipment	799,199	789,919
Construction in Progress	<u>542,055</u>	<u>59,500</u>
	6,702,713	6,192,410
Less: Accumulated Depreciation	<u>(3,089,964)</u>	<u>(2,893,168)</u>
	<u>\$ 3,612,749</u>	<u>\$ 3,299,242</u>

Depreciation expense for the years ended June 30, 2025 and 2024 were \$196,796 and \$191,888, respectively.

Construction in progress represents a separate major class of property and equipment and consists of costs incurred for assets that have not yet been placed in service as of June 30, 2025 and 2024. Construction in progress totaled \$542,054 and \$59,500 at June 30, 2025 and 2024, respectively. These balances primarily relate to the renovation and development of the Corporation's new office building. The renovations are expected to be completed in 2027, at which time the building is expected to be in a condition suitable for occupancy.

Costs capitalized to construction in progress include materials, labor, subcontractor costs, and other directly attributable costs incurred to bring the related assets to the condition necessary for their intended use. Construction in progress is not depreciated until the related assets are substantially complete and placed in service, at which time the accumulated costs are reclassified to the appropriate asset category within property and equipment and depreciated over the related assets' estimated useful lives.

MERCY CENTER CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2025 and 2024

NOTE 7 – PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consists of the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Prepaid Insurance	\$ 45,590	\$ 46,984
Prepaid Events Expenses	22,950	21,000
Prepaid Other	-	5,936
Gift Card Donations	17,873	20,692
Security Deposit	2,630	2,630
	<u>\$ 89,043</u>	<u>\$ 97,242</u>

NOTE 8 – DEFERRED REVENUE

Deferred revenue consists of the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
New Jersey Department of Children and Families	\$ 105,456	\$ 95,113
	<u>\$ 105,456</u>	<u>\$ 95,113</u>

NOTE 9 – LOANS PAYABLE

The Corporation was indebted to the Diocese of Trenton, New Jersey in the amount of \$50,000 as of June 30, 2025 and 2024. The note is a non-interest bearing unsecured promissory note payable on demand. For the years ended June 30, 2025 and 2024, no payments were made.

NOTE 10 – ACCRUED EXPENSES

Accrued Expenses consist of the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Accrued Payroll	\$ 98,316	\$ 90,203
Other Accrued Expenses	1,500	-
	<u>\$ 99,816</u>	<u>\$ 90,203</u>

NOTE 11 – FAIR VALUE OF MEASUREMENTS

For financial assets and liabilities measured at fair value on a recurring basis, fair value is the price the Corporation would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date.

In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in hypothetical transactions that occurs at the measurement date.

MERCY CENTER CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2025 and 2024

NOTE 11 – FAIR VALUE OF MEASUREMENTS (CONTINUED)

Observable inputs reflect market data obtained from independent sources, while observable inputs reflect the Corporation's market assumptions. Preference is given to observable inputs. These three types of inputs create the following fair value hierarchy:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities at the measurements dates.
- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as unadjusted quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities which reflect the reporting entity's own assumption on what assumptions the market participants would use in pricing the asset or liability based on the best available information.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025 and 2024.

Certificate of Deposits, mutual funds, equities, and fixed income Investments: Valued at the daily closing price are reported from an actively traded exchange.

The following table present the assets and liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy.

The fair value hierarchy has three levels based on the reliability of the inputs to determine fair value.

<u>Assets</u>	<u>Fair Value Measurement</u>			<u>June 30, 2025</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Equities Investments	\$ 1,310,943	\$ -	\$ -	\$ 1,310,943
Fixed Income Investments	935,130	-	-	935,130
Certificate of Deposit	28,905	-	-	28,905
Total Assets	\$ 2,274,978	\$ -	\$ -	\$ 2,274,978

Investment income consists of the following:

Interest and Dividends	\$ 92,137
Realized Gain on Investments	81,732
Unrealized Gain on Investments	23,933
	<u>\$ 197,802</u>

MERCY CENTER CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2025 and 2024

NOTE 11 – FAIR VALUE OF MEASUREMENTS (CONTINUED)

<u>Assets</u>	<u>Fair Value Measurement</u>			<u>June 30, 2024</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Equities Investments	\$ 570,690	\$ -	\$ -	\$ 570,690
Fixed Income Investments	1,043,730	-	-	1,043,730
Certificate of Deposit	27,855	-	-	27,855
Total Assets	\$ 1,642,275	\$ -	\$ -	\$ 1,642,275
Interest and Dividends			\$	44,503
Realized Gain on Investments				6,599
Unrealized Gain on Investments				53,170
			\$	104,272

NOTE 12 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Subject to Expenditure of Specified Purpose		
Youth with A Purposes	\$ 3,866	\$ 6,410
Capital Donations – Building Renovation and Purchase	5,001,000	-
Cary Murray Endowment Fund – School Donations	52,850	-
Total Net Assets with Donor Restrictions	\$ 5,057,716	\$ 6,410

Net assets released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors are as follows for the year ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Satisfaction of Purpose Restrictions		
Youth with A Purposes	\$ 2,544	\$ 3,184
Other Restricted Contributions and Donations	-	319,587
Total Net Assets Released from Donor Restrictions	\$ 2,544	\$ 322,771

NOTE 13 – ENDOWMENT

The Corporation has adopted a total return investment policy in accordance with state law. The primary investment objective is to maximize long-term return through a combination of income and capital appreciation achieved in a prudent manner. Therefore, the financial objective is to earn a total return (net of all fees and expenses) equal to or exceeding the spending rate plus the inflation rate as measured by the Consumer Price Index. The investment policy of the Corporation will be carried out by means of investment strategies that reflect continuous evaluation of changing investment environments, management judgment regarding the allocation of assets among different kinds of asset classes, identification of appropriate investment vehicles, and the making of specific investment decisions.

MERCY CENTER CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2025 and 2024

NOTE 13 – ENDOWMENT (CONTINUED)

In 2024, the Corporation's endowed investment was the 80/20 multi-asset mutual fund. In 2025, the Corporation's endowed investment is Murray Family Endowment portfolio which includes cash and money balances, equities, and fixed income. The Corporation has adopted a policy of spending all income earned on the investments. The Corporation's goal is to preserve the purchasing power of the endowed assets. The distribution or spending of the aggregate amount is first guided by the individual endowment agreements. In the absence of individual endowment agreements, the distribution or spending is determined by the Corporation's Board.

In 2024, the Corporation's endowment consisted of one fund established primarily to support general operations. In 2025, the Corporation's endowment consists of multiple funds in one investment portfolio established primarily to support the Corporation's school operations. The endowment includes only donor restricted endowment funds. As required by accounting standards generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

The Board of Trustees of the Corporation has interpreted the New Jersey state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent of explicit donor stipulations to the contrary. As a result of this interpretation, the Corporation classifies as net assets with donor restrictions - perpetual in nature (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) enhancements or diminishments of the fund from investment income, loss, and spending allowance. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions - perpetual in nature is classified as net assets without donor restrictions since the interest and dividends are to be used to support general operations in a manner consistent with New Jersey law.

Return Objectives and Risk Parameters

The Center has adopted investment and spending policies for endowment assets that attempt to provide a relatively predictable and growing stream of annual distributions in support of the institution while preserving the long-term, real purchasing power of assets.

Strategies Employed for Achieving Objectives

Beginning in the fiscal year ending June 30, 2016, to satisfy its long-term rate-of-return objectives, the Corporation has relied on a total return strategy in which investment returns will be achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends) by investing in multi-asset mutual funds, equities, and fixed income investments.

The Corporation's endowment net assets had the following activity for the year ended June 30, 2025:

Endowment net assets, beginning of year	\$ 22,850
Investment Gain	500
Spending Allowance	-
Withdrawals and Transfers	-
Endowment Net Assets, end of year	<u>\$ 23,350</u>

MERCY CENTER CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2025 and 2024

NOTE 13 – ENDOWMENT (CONTINUED)

The Corporation's endowment net assets had the following activity for the year ended June 30, 2024:

Endowment net assets, beginning of year	\$ 50,000
Investment Loss	(2,482)
Spending Allowance	2,482
Withdrawals and Transfers	(50,000)
Endowment Net Assets, end of year	<u>\$ -</u>

During the year ended June 30, 2024, the Corporation fully utilized endowment net assets available for expenditure for organizational purposes, and no related amounts remained unspent as of June 30, 2024. In June 2025, the Corporation received new endowment contributions restricted for school operations. As of June 30, 2025, those endowment funds had not been expended and remained classified within net assets with donor restrictions. Management believes the related amounts will be used in accordance with donor-imposed restrictions for the Corporation's school operations.

NOTE 14 – CONTRIBUTED SERVICES

The Corporation received volunteer tutoring and Mercy Center support services, valued utilizing the average hourly rate of \$28.50 for various positions in the Northeastern United States.

Below is a schedule of contributed services at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Tutoring at Sisters Academy	\$ 53,723	\$ 80,627
Mercy Center – Family Resource Center Support	55,974	23,085
	<u>\$ 109,697</u>	<u>\$ 103,712</u>

NOTE 15 – RELATED PARTY TRANSACTIONS

For the years ended June 30, 2025 and 2024, the Sisters of Mercy (SOM) donated \$4,388 and \$0, respectively, to the Corporation.

NOTE 16 – EMPLOYEE RETIREMENT PLAN

The Company maintains a 403 (B) plan that covers all eligible employees who elect to participate in the plan. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). Eligibility is based on certain age and length of service requirements. The participating employees may contribute up to 15% of eligible compensation up to the maximum amount allowed in the Internal Revenue Code. The Corporation matches 50% of participant contributions up to 3% of elected employee deferrals. As of June 30, 2025 and 2024, the Corporation made contributions of \$25,641 and \$24,797, respectively, to the plan.

NOTE 17 – LEASES

The Corporation entered into a lease agreement to rent office and administration space. The lease is treated as an operating lease and has a term of four years, with negotiated options to extend the lease. Rent is payable in monthly installments of \$2,630 for the first three years with a 3% increase in year four.

MERCY CENTER CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2025 and 2024

NOTE 17 – LEASES (CONTINUED)

The Corporation is required to pay for all insurance, real estate taxes, maintenance, utilities, and other costs of occupancy in addition to rent for the leased space. The Corporation accounts these costs as CAM lease components and expense as incurred.

In connection with their operating lease as of June 30, 2025 and 2024, the Corporation recognized right of use asset of \$51,776 and \$88,716, respectively, and aggregate operating lease liabilities of \$52,568 and \$89,212, respectively, in the statements of financial position. In connection with this standard, Mercy Center used a weighted average discount rate of 4.27% for both 2025 and 2024 in order to calculate the right of use assets and operating lease liabilities. The weighted average remaining lease term in years for this operating lease was 1.33 in 2025 and 2.33 in 2024.

Supplemental cash flow information related to the lease is as follows as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	\$ 39,600	\$ 39,600
Operating lease expense	\$ 39,897	\$ 39,897

Supplemental balance sheet information related to the lease is as follows as of June 30, 2025 and 2024:

<u>Balance Sheet Classification</u>	<u>Description of Asset and Liability</u>	<u>2025</u>	<u>2024</u>
Assets			
Right of Use Asset	Operating Lease ROU Asset	\$ 51,776	\$ 88,716
Liabilities			
Current Liabilities:			
Operating Lease Liabilities	Operating lease liability	39,044	36,643
Non-current Liabilities:			
Operating Lease Liabilities	Operating lease liability, net of current portion	13,524	52,569

Future minimum lease payments under non-cancellable operating leases (with an initial or remaining lease terms in excess of one year) are as follows:

Year Ending December 31,

2026	\$ 40,392
2027	13,596
Total minimum lease payments	53,988
Less: present value adjustment	(1,420)
Present value of lease liabilities	\$ 52,568

MERCY CENTER CORPORATION

NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2025 and 2024

NOTE 18 – PRIOR PERIOD ADJUSTMENT

During the fiscal year 2025 audit, management and the auditors identified that certain federal and state grant awards had been included in net assets with donor restrictions; however, these awards do not meet the definition of contributions with donor-imposed restrictions and instead represent exchange transactions or conditional funding for program operations. Accordingly, net assets with donor restrictions and net assets without donor restrictions as of June 30, 2024, were misclassified. The correction was recorded as a reclassification between net assets with donor restrictions and net assets without donor restrictions and, as applicable, is presented through net assets released from restrictions in the statement of activities and changes in net assets. This reclassification had no impact on the change in net assets for the year ended June 30, 2024, total ending net assets as of that date, or any other financial statement line items.

In accordance with FASB ASB 250 – Accounting Changes and Error Corrections, the Organization has restated the comparative financial statements to reflect these corrections.

The impact of the misclassification on the previously issued financial statements are summarized as follows:

<u>Account</u>	Without Donor Restrictions			Without Donor Restrictions		
	<i>As Previously Stated</i>	<i>Adjustment</i>	<i>As Restated</i>	<i>As Previously Stated</i>	<i>Adjustment</i>	<i>As Restated</i>
	Net Assets Released from Restrictions Due to Satisfaction of Requirements	<u>152,539</u>	<u>170,232</u>	<u>322,771</u>	<u>(152,539)</u>	<u>(170,232)</u>
Changes in Net Assets	<u>86,899</u>	<u>170,232</u>	<u>257,131</u>	<u>(21,228)</u>	<u>(170,232)</u>	<u>(191,460)</u>
Net Assets, Beginning of the Year	<u>5,434,299</u>	<u>-</u>	<u>5,434,299</u>	<u>197,870</u>	<u>-</u>	<u>197,870</u>
Net Assets, End of Year	<u>5,521,198</u>	<u>170,232</u>	<u>5,691,430</u>	<u>176,642</u>	<u>(170,232)</u>	<u>6,410</u>

STATEMENT OF FINANCIAL POSITION
June 30, 2025

<u>Account</u>	<i>As Previously Stated</i>	<i>Adjustment</i>	<i>As Restated</i>
Net Assets Without Donor Restrictions	\$ 5,521,198	\$ 170,232	\$ 5,691,430
Net Assets With Donor Restrictions	176,642	\$ (170,232)	6,410

To prevent future occurrences, the Corporation will enhance their formal reconciliation and review process for net assets with donor restrictions and net assets without donor restrictions. These improvements strengthen internal controls and support accurate financial reporting going forward.

SUPPLEMENTARY INFORMATION



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 Trustees of
Mercy Center Corporation

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 Mercy Center Corporation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated May 12, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered Mercy Center Corporation'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 Mercy Center Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Mercy Center Corporation'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 audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mercy Center Corporation'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 audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Cowan, Guteski & Co., P.A.
dba Cg Audit & Assurance

Tinton Falls, New Jersey
May 12, 2026



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

To the Board of Trustees of
Mercy Center Corporation

Report on Compliance for Each Major Federal, State, and County Program

Opinion on Each Major Federal, State, and County Program

We have audited Mercy Center Corporation's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement and New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of Mercy Center Corporation's major federal, state, and county programs for the years ended June 30, 2025 and 2024. Mercy Center Corporation's major federal, state, and county programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Mercy Center Corporation 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 federal, state, and county programs for the years ended June 30, 2025 and 2024.

Basis for Opinion on Each Major Federal, State, and County Program

We conducted our audits 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. Our responsibilities under those standards and the Uniform Guidance including the State of New Jersey, Department of Treasury, Circular Letter 15-08 OMB are further described in the Auditor's Responsibilities for the Audits of Compliance section of our report.

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

Auditor's Responsibilities for the Audits 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 Mercy Center Corporation's compliance based on our audits. Reasonable assurance is a high level of

assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance including the State of New Jersey, Department of Treasury, Circular Letter 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 Mercy Center Corporation's compliance with the requirements of each major state and county program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 Mercy Center Corporation'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 Mercy Center Corporation's internal control over compliance relevant to the audits 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 including the State of New Jersey, Department of Treasury, Circular Letter 15-08 OMB, but not for the purpose of expressing an opinion on the effectiveness of Mercy Center Corporation'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 audits and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audits.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal, state, and county 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 federal, state, and county 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, state, and county 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 Audits 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 audits 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 audits were not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Cowan, Guteski & Co., P.A.
dba Cg Audit & Assurance

Tinton Falls, New Jersey

May 12, 2026

MERCY CENTER CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2025

<i>Federal Grantor/Program</i>	<u>CFDA</u>	<u>Grant Number</u>	<u>Grant Period</u>	<u>Program Award Amount</u>		<u>2025 Expenditures</u>	<u>Cumulative Expenditures</u>
<i><u>Department of Treasury - Internal Revenue Service</u></i>							
VITA Tax Assistance Program	21.009	25VITA0103	10/1/2024 - 9/30/2025	\$ 15,000	<a>	<u>\$ 15,000</u>	<u>\$ 15,000</u>
Total Expenditures of Federal Awards						<u>\$ 15,000</u>	<u>\$ 15,000</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards
 and Independent Auditor's Report

MERCY CENTER CORPORATION
SCHEDULE OF EXPENDITURES OF STATE AND COUNTY FINANCIAL ASSISTANCE
For the Year Ended June 30, 2025

	CFDA	Grant Number	Grant Period	Program Award Amount		2025 Expenditures	Cumulative Expenditures
State Grantor/Program							
<u>New Jersey Department of Children and Families</u>							
Sexual Assault Service Program	93.671	23FCNW	10/1/2023 - 9/30/2025	\$ 225,000	<a>	\$ 72,207	\$ 211,867
Family Resource Center (FRC)	93.556	25CF0069	7/1/2024 - 6/30/2025	471,738	<a>	471,738	471,738
Mercy Center - Food Pantry	-	CF0068	7/1/2024 - 6/30/2025	68,412		68,412	68,412
Domestic Violence - Prevention and Response Support (FAMVIO)	93.671	25CW0056	10/1/2024 - 9/30/2025	59,877	<a>	17,356	17,356
Domestic Violence - Prevention and Response Support	93.671	25CW0056	7/1/2024 - 6/30/2025	186,137	<a>	186,137	186,137
Domestic Violence - Prevention and Response Support	93.671	25CW0056	7/1/2024 - 6/30/2025	47,550		47,550	47,550
Housing Navigator Grant	93.671	25CW0110	7/1/2024 - 6/30/2026	200,000		100,000	100,000
COVID ARP SLFRF DCF Domestic Violence	20.027	25CW0110	7/1/2024 - 6/30/2026	229,460		181,197	181,197
DV FAMVIO - DV	93.671	25CW0056	7/1/2024 - 6/30/2025	17,632		17,632	17,632
Sexual Assault Service Program (SASP)	16.017	25CW0087	7/1/2024 - 7/31/2025	156,000		143,303	143,303
Sexual Assault Service Program	93.991	CW0087	10/1/2024 - 9/30/2025	16,159		11,082	11,082
Sexual Assault Service Program (SOSA)	93.991	25CW0087	7/1/2024 - 9/30/2024	6,060		6,060	6,060
Sexual Assault Service Program	93.991	CW0087	7/1/2024 - 6/30/2025	67,000		67,000	67,000
Sexual Violence - Prevention and Response Support	93.991	25CW0087	7/1/2024 - 6/30/2025	160,924	<a>	160,924	160,924
DV FAMVIO - DV	93.671	CW0056	7/1/2024 - 9/30/2025	56,311		9,892	56,311
Sexual Violence Direct Service - FVPSA	93.497	CW0058	7/1/2023 - 9/30/2025	138,610		11,581	106,581
						1,572,071	1,853,150
<u>New Jersey Department of Human Services</u>							
VOCA - Community Victims Advocacy Program	-	VAG-77-22	9/1/2023 - 9/30/2025	260,175		122,087	243,667
SNAP - Outreach Program	10.561	FB25006	10/1/2024 - 9/30/2025	89,379	<a>	73,353	73,353
						195,440	317,020
<u>New Jersey Department of Labor and Workforce Development</u>							
Cultivating Access, Rights, and Equity (CARE) Grant Program	-	24CARE	6/1/2024 - 5/31/2025	50,000		50,000	50,000
						50,000	50,000
<u>New Jersey Department of Agriculture</u>							
School Lunch Program - Federal	-	-	7/1/2024 - 6/30/2025	18,820		18,820	18,820
School Lunch Program - State of NJ	-	-	7/1/2024 - 6/30/2025	9,281		9,281	9,281
						28,101	28,101
Total Expenditures of State Financial Assistance						\$ 1,845,612	\$ 2,248,271
County Grantor/Program							
Community Development Block Grant - City of Asbury Park	-	-	7/1/2024 - 6/30/2025	\$ 17,498		\$ 17,498	\$ 17,498
Monmouth County - CARES	-	-	7/1/2024 - 6/30/2025	49,717		37,795	37,795
Monmouth County	-	-	7/1/2024 - 6/30/2025	25,000		25,000	25,000
Emergency Food and Shelter Program	97.024	600400-036	10/1/2024 - 12/31/2024	3,000	<a>	3,000	3,000
						83,293	83,293
Total Expenditures of County Financial Assistance						\$ 83,293	\$ 83,293
Total Expenditures of State and County Financial Assistance						\$ 1,928,905	\$ 2,331,564
<a> Current Year expenditures includes the following federal pass-through funds							
Sexual Assault Service Program	93.671	23FCNW	10/1/2023 - 9/30/2025	\$ 225,000			
Family Resource Center (FRC)	93.556	25CF0069	7/1/2024 - 6/30/2025	471,738			
Domestic Violence - Prevention and Response Support (FAMVIO)	93.671	25CW0056	10/1/2024 - 9/30/2025	59,877			
Domestic Violence - Prevention and Response Support	93.671	25CW0056	7/1/2024 - 6/30/2025	186,137			
Sexual Violence - Prevention and Response Support	93.991	25CW0087	7/1/2024 - 6/30/2025	160,924			
SNAP - Outreach Program	10.561	FB25006	10/1/2024 - 9/30/2025	89,379			
Emergency Food and Shelter Program	97.024	600400-036	10/1/2024 - 12/31/2024	3,000			

See Accompanying Notes to Schedule of Expenditures of State and County Financial Assistance and Independent Auditor's Report

MERCY CENTER CORPORATION

SCHEDULE OF EXPENDITURES OF STATE AND COUNTY FINANCIAL ASSISTANCE
For the Year Ended June 30, 2024

	CFDA	Grant Number	Grant Period	Program Award Amount		2024 Expenditures	Cumulative Expenditures
State Grantor/Program							
<u>New Jersey Department of Children and Families</u>							
Family Resource Center (FRC)	93.556	CF0069	7/1/2023 - 6/30/2024	\$ 471,738	<a>	\$ 471,738	\$ 471,738
Mercy Center Food Pantry	-	CF0068	7/1/2023 - 6/30/2024	68,412		68,412	68,412
Domestic Violence - Prevention and Response Support (FAMVIO)	93.671	CW0056	7/1/2023 - 9/30/2023	16,250	<a>	16,250	16,250
Domestic Violence - Prevention and Response Support	93.671	CW0056	7/1/2023 - 6/30/2024	199,087	<a>	199,087	199,087
Domestic Violence - Prevention and Response Support	93.671	CW0056	7/1/2023 - 9/30/2023	50,000		50,000	50,000
Housing Navigator Grant	93.671	CW0056	7/1/2023 - 6/30/2024	100,000		100,000	100,000
DV Housing First Program	93.671	CW0056	7/1/2023 - 6/30/2024	80,000		80,000	80,000
DV FAMVIO - DV	93.671	CW0056	7/1/2023 - 9/30/2024	56,311		46,419	46,419
Sexual Assault Service Program (SASP)	16.017	CW0087	7/1/2023 - 6/30/2024	90,500		90,500	90,500
Sexual Assault Service Program	93.991	CW0087	10/1/2023 - 6/30/2024	18,180		18,180	18,180
Sexual Violence - Prevention and Response Support	93.991	CW0087	7/1/2023 - 6/30/2024	168,107	<a>	168,107	168,107
Sexual Assault Service Program	93.671	23FCNW	10/1/2022 - 9/30/2025	225,000	<a>	84,715	139,660
Sexual Violence Direct Service - COVID Support Program	93.497	23KANW	7/1/2022 - 6/30/2025	95,000		18,222	95,000
						<u>1,411,630</u>	<u>1,543,353</u>
<u>New Jersey Department of Human Services</u>							
SNAP - Outreach Program	10.561	FB23006	10/1/2023 - 9/30/2024	45,009	<a>	42,177	42,177
VOCA - Community Victims Advocacy Program	-	VAF-34-19	9/1/2023 - 8/31/2025	275,000		121,580	121,580
						<u>163,757</u>	<u>163,757</u>
<u>State of New Jersey</u>							
New Jersey State Appropriation	-	-	7/1/2024 - 6/30/2025	300,000		300,000	300,000
Total Expenditures of State Financial Assistance						<u>\$ 1,875,387</u>	<u>\$ 2,007,110</u>
County Grantor/Program							
Community Development Block Grant - City of Asbury Park	-	-	7/1/2022 - 12/31/2023	\$ 20,000		\$ 20,000	\$ 20,000
Monmouth County Jail	-	-	7/1/2023 - 12/31/2024	17,600		17,600	17,600
Emergency Food and Shelter Program	97.024	600400-036	11/1/2021 - 12/31/2023	3,932	<a>	3,932	3,932
						<u>41,532</u>	<u>41,532</u>
Total Expenditures of County Financial Assistance						<u>\$ 41,532</u>	<u>\$ 41,532</u>
Total Expenditures of State and County Financial Assistance						<u>\$ 1,916,919</u>	<u>\$ 2,048,642</u>
<a> Current Year expenditures includes the following federal pass-through funds							
VOCA - Community Victims Advocacy Program	-	VAF-34-19	9/1/2023 - 8/31/2024	\$ 275,000			
Sexual Assault Service Program (SASP)	16.017	CW0087	7/1/2023 - 6/30/2024	90,500			
Sexual Assault Service Program	93.991	CW0087	10/1/2023 - 6/30/2024	18,180			
Sexual Violence - Prevention and Response Support	93.991	CW0087	7/1/2023 - 6/30/2024	168,107			
Sexual Assault Service Program	93.671	23FCNW	10/1/2023 - 9/30/2025	225,000			
Sexual Violence Direct Service - COVID Support Program	93.497	23KANW	7/1/2022 - 6/30/2025	95,000			

See Accompanying Notes to Schedule of Expenditures of State and County Financial Assistance and Independent Auditor's Report

MERCY CENTER CORPORATION

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND
STATE AND COUNTY FINANCIAL ASSISTANCE
For the Years Ended June 30, 2025 and 2024

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and schedules of expenditures of state and county financial assistance (the “Schedules”) includes the federal, state, and county grant activity of Mercy Center Corporation under programs of the federal, state, and county government for the years ended June 30, 2025 and 2024. The information in these schedules are presented in accordance with the Uniform Guidance and *State of New Jersey, Department of Treasury, Circular Letter 15-08-OMB*. Because the Schedules presents only a selected portion of the operations of Mercy Center Corporation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Mercy Center Corporation as of and the for years ended June 30, 2025 and 2024.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and State of New Jersey, Department of Treasury, *Circular Letter 15-08-OMB*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

Mercy Center Corporation has elected to use the 15% de minimis indirect cost rate as of June 30, 2025 and previously utilized the 10% de minimis indirect cost rate as of June 30, 2024 as allowed under the Uniform Guidance during the respective years.

NOTE 4 – RELATIONSHIP TO FEDERAL AND STATE REPORTS

Amounts reported in the accompanying schedules agrees with the amounts reported to the New Jersey Department of Children and Families, New Jersey Department of Human Services, New Jersey Department of Labor and Workforce Development, and New Jersey Department of Agriculture by Mercy Center Corporation on its report of grant expenditures.

MERCY CENTER CORPORATION

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Years Ended June 30, 2025 and 2024

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

The auditor’s report expressed an unmodified opinion on the financial statements of Mercy Center Corporation.

Internal Control Over Financial Reporting:

Material weakness identified? Yes No

Significant deficiency identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal awards and State and County Financial Assistance

Internal Control Over Major State and County Programs:

Material weakness identified? Yes No

Significant deficiency identified? Yes None Reported

The auditor’s report on compliance for major federal, state, and county awards expresses an unmodified opinion on all major federal, state, and county programs.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of Major Federal, State, or County Programs:

Fiscal Year	Grant Number	Name of Program
2025	25CF0069	Family Resource Center (FRC)
2024	24CF0069	Family Resource Center (FRC)
2024	24CW0056	Domestic Violence – Prevention and Response Support
2024	-	New Jersey State Appropriation

