New Jersey Reentry Corporation

Financial Report
For Fiscal Year Ended June 30, 2023

Contents

Independent Auditor's Report

Board of Directors
New Jersey Reentry Corporation

Opinion
We have audited the financial statements of New Jersey Reentry Corporation (the Organization), which comprise the statement of financial position as of June 30, 2023, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 opinion.

Emphasis of Matter
As discussed in Note 2 to the financial statements, the Organization adopted Accounting Standards Update 2016-02, *Leases* (*Topic 842*), effective July 1, 2022. Our opinion is not modified in respect to this matter.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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 Organization'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 Organization'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.

RSM US LLP

Metro Park, New Jersey
March 29, 2024

New Jersey Reentry Corporation

Statement of Financial Position
June 30, 2023

Assets	
Current assets:	
Cash	$ 9,688,169
Grants receivable	180,768
Other receivables	10,433
Prepaid expenses	204,487
Total current assets	10,083,857
Noncurrent assets:	
Furniture and equipment, net	1,332,553
Operating lease right-of-use assets	4,779,490
Security deposits	133,608
Total noncurrent assets	6,245,651
Total assets	$ 16,329,508
Liabilities and Net Assets	
Current liabilities:	
Accounts payable and accrued expenses	$ 478,161
Grants received in advance	8,559,874
Current portion of operating lease liabiltiies	391,471
Total current liabilities	9,429,506
Noncurrent liabilities:	
Operating lease liabilities, less current portion	4,479,902
Total noncurrent liabilities	4,479,902
Net assets:	
Without donor restrictions	2,283,988
With donor restrictions	136,112
Total net assets	2,420,100
Total liabilities and net assets	$ 16,329,508

See notes to financial statements.

New Jersey Reentry Corporation

Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
State financial assistance and other grant revenue	$ 9,720,481	$ -	$ 9,720,481
Contributions	256,125	-	256,125
Contributions of nonfinancial assets	676,913	-	676,913
Release from restrictions	20,000	(20,000)	-
Total revenues	10,673,519	(20,000)	10,653,519
Expenses:			
Program services	8,947,576	-	8,947,576
Management and general	1,784,527	-	1,784,527
Total expenses	10,732,103	-	10,732,103
Change in net assets	(58,584)	(20,000)	(78,584)
Net assets, beginning of year	2,342,572	156,112	2,498,684
Net assets, end of year	$ 2,283,988	$ 136,112	$ 2,420,100

See notes to financial statements.

New Jersey Reentry Corporation

Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services	Management and General	Total
Salaries	$ 3,930,230	$ 1,346,666	$ 5,276,896
Payroll taxes	395,653	131,199	526,852
Employee benefits	341,551	69,296	410,847
Total salaries and benefits	4,667,434	1,547,161	6,214,595
Rent expense	836,697	79,244	915,941
Program transportation	161,143	-	161,143
Participant cost	679,636	1,071	680,707
Depreciation	501,547	-	501,547
Facility operating costs	214,479	21,620	236,099
Computer expense	62,346	7,778	70,124
Supplies	661,078	13,182	674,260
Consultants	289,668	24,725	314,393
Communication	141,600	16,779	158,379
Insurance	155,802	17,116	172,918
Printing and publication	86,023	16,071	102,094
Professional services	130,593	6,389	136,982
Office furniture and equipment	49,757	7,919	57,676
Maintenance and repairs	42,398	3,118	45,516
Utilities	43,305	5,307	48,612
Meetings and conferences	158,025	7,113	165,138
Travel	15,114	1,244	16,358
Miscellaneous	50,931	7,047	57,978
Loss on disposal of equipment	-	1,643	1,643
Total expenses	$ 8,947,576	$ 1,784,527	$ 10,732,103

See notes to financial statements.

New Jersey Reentry Corporation

Statement of Cash Flows
Year Ended June 30, 2023

Cash flows from operating activities:	
Change in net assets	$ (78,584)
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	501,547
Changes in assets and liabilities:	
Grants receivable	(106,388)
Other receivables	3,709
Prepaid expenses	(15,309)
Operating lease assets and lease liabilities	50,827
Security deposits	(15,172)
Accounts payable and accrued expenses	144,075
Grants received in advance	2,530,584
Net cash provided by operating activities	3,015,289
Cash flows used in investing activities:	
Purchases of furniture and equipment	(413,528)
Net increase in cash	2,601,761
Cash:	
Beginning of year	7,086,408
End of year	$ 9,688,169

See notes to financial statements.

Note 1. Nature of Activities

The New Jersey Reentry Corporation (NJRC), a nonprofit corporation, is designed to provide critical services for those persons who have been court-involved. Its purpose is to enroll and provide services, including addiction treatment, sober transitional housing, linkage to health care services, motor vehicle identification, training, employment, and legal support, for individuals with a diagnosed mental health and/or substance use disorder who have been arrested, incarcerated and sentenced through the judicial system.

Description of program and supporting services: The following program and supporting services are included in the accompanying financial statements:

One-stop offender re-entry services: The program is designed to help communities develop and implement comprehensive and collaborative strategies that address the challenges posed by offender reentry and recidivism reduction. The program provides rapid risk/needs assessment, pre-release services, linkage to entitlement and services prior to release, post-release services, ongoing assessment, case management, and implementation of data collection and analysis strategies to better understand the population and impact of the program.

Management and general: Includes the functions necessary to maintain an equitable employment program, ensure an adequate working environment, provide coordination and articulation of the NJRC's program strategy, secure proper administrative functioning of the Board of Directors, maintain competent legal services for the program administration, and manage the financial and budgetary responsibilities of the NJRC.

Note 2. Summary of Significant Accounting Policies

Basis of accounting: The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Cash and cash equivalents: For financial statement purposes, NJRC considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Grants receivable: Grants receivable are stated at the amount management expects to be reimbursed by federal or state funding agencies. Based on analysis of historical collections, no allowance for doubtful accounts was deemed necessary as of June 30, 2023.

Furniture and equipment: NJRC capitalizes all expenditures for property and equipment in excess of $5,000. Furniture and equipment are carried at cost. Depreciation is computed using the straight-line basis over the estimated useful life of the asset.

Leases: Prior to July 1, 2022, NJRC followed the lease accounting guidance in Financial Accounting Standards Board Accounting (FASB) Standards Codification (ASC) Topic 840. Effective July 1, 2022, NJRC follows the lease accounting guidance in FASB ASC Topic 842. NJRC determines if an arrangement is a lease at inception of the contract. Under Topic 842, a lease is a contract, or part of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. NJRC's contracts determined to be or contain a lease include explicitly or implicitly identified assets where NJRC has the right to obtain substantially all of the economic benefits of the assets and has the ability to direct how and for what purpose the assets are used during the lease term.

Note 2. Summary of Significant Accounting Policies (Continued)

Leases are classified as either operating or finance. For both operating and finance leases, NJRC recognizes a lease liability equal to the present value of the remaining lease payments, and a right-of-use asset equal to the lease liability, subject to certain adjustments, such as for prepaid rents. The lease term may include options to extend or terminate the lease when it is reasonably certain that NJRC will exercise such option. When the rate implicit in the lease is not readily determinable, NJRC has made a policy election to use a risk-free rate, based on the United States Treasury rates, to determine the present value of the lease payments for all classes of assets.

NJRC defines a short-term lease as any lease arrangement with an original lease term of 12 months or less that does not include an option to purchase the underlying asset. NJRC has made a policy election to not recognize right-of-use assets and lease liabilities for short-term leases. As a result, short-term lease payments are recognized as expense on a straight-line basis over the lease term, and variable lease payments are recognized in the period in which the obligation is incurred. Certain of NJRC's leases also include variable lease costs. These variable payments typically represent additional services transferred to NJRC, such as overage charges for related services and these are recorded in occupancy expense in the period incurred.

Operating leases result in a straight-line lease expense, while finance leases result in a front-loaded expense pattern. NJRC's lease agreements do not contain any residual value guarantees or restrictive covenants.

Revenue recognition: Unconditional contributions are recognized when received. Grants and contract awards from federal and state agencies are recognized as the related expenses are incurred or specified contract benchmarks are fulfilled by NJRC. Amounts received from grants which have not yet been earned under the terms of the agreement are recorded as grants received in advance in the accompanying financial statements. When a donor or sponsor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Unconditional donor-restricted contributions whose restrictions are met in the same reporting period that the revenue is recognized are reported as without donor restrictions. Conditional contributions are recognized when the barrier has been substantially met. Cash received for conditional contributions in advance of the barrier being substantially met is recognized as a refundable advance.

At June 30, 2023, there are approximately $7,574,000 in conditional contributions which have not be received as NJRC has not met the barriers to be recognized as revenue. Revenue on these grants will be recognized by NJRC in future periods as the barriers are met.

Contributed nonfinancial assets: Contributed services are recorded at their fair value when such services are rendered. Contributed services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by NJRC. For the year ended June 30, 2023, contributed services relate to legal services for approximately $87,000 and donated goods for approximately $590,000.

NJRC receives donated goods for distribution in their outreach program. Gifts in kind revenue is recognized in circumstances in which NJRC has sufficient discretion over the use and disposition of the items to recognize a contribution. Accordingly, the recognition of gifts in kind revenue is limited to circumstances in which NJRC takes constructive possession of the donated goods and NJRC is the recipient of the gift. Gifts in kind received through donations are valued and recorded as revenue at their fair value at the time the contribution is received. The contributed nonfinancial assets did not have donor-imposed restrictions.

Note 2. Summary of Significant Accounting Policies (Continued)

NJRC distributes donated goods as part of its own programs, it reports an expense, which is reported in the functional classification as a program expense. Although it is NJRC's policy to distribute donated goods as promptly as possible, NJRC may hold some donated goods at year-end. Undistributed donated goods at year-end are reported as inventory. Inventory is valued at the lower of cost or net realizable value (cost is determined as fair value at the date of gift plus any costs incurred). At June 30, 2023, there are no donated goods held in inventory.

Nonfinancial Asset	2023	Valuation Techniques and Inputs
Legal services	$ 87,112	Contributed services from attorneys are valued at the estimated fair value based on current rate for similar legal services.
Household goods	521,067	
Clothing	28,643	The fair value basis was estimated from the retail values that would be received for selling similar products.
Food	33,692	
Laptops	1,019	
Medical supplies	5,380	
	$ 676,913	

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

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions: Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Donor-imposed restrictions that are met within the same year are reported as unrestricted contributions.

Net assets with donor restrictions were as follows as of June 30, 2023:

Purpose restricted:	
Aging population legislation	$ 52,779
Women's healthcare	33,333
Retail training	50,000
	$ 136,112

Functional expenses: The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 2. Summary of Significant Accounting Policies (Continued)

Income tax status: NJRC qualifies as a public charity under Internal Revenue Code (IRC) Section 170(b)(1)(A)(vi) and has been determined by the Internal Revenue Service to be exempt from federal income taxes under Section 501(c)(3) of the IRC. NJRC is subject to federal and state income taxes on unrelated business income, if any.

NJRC follows the FASB ASC 740, Income Taxes, which clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the financial statements. NJRC recognizes a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be substantiated on examination by taxing authorities. Management evaluated NJRC's tax positions and concluded NJRC has no material uncertainties in income taxes.

With few exceptions, NJRC is only subject to income tax examinations by the U.S. federal, state or local tax authorities for three years from the filing date. Interest and penalties, if any, are included in income tax expense.

Use of estimates: The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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 these estimates.

Risks and uncertainties: NJRC maintains its cash balances in one financial institution located in Jersey City, New Jersey. Accounts at this institution are insured by the Federal Deposit Insurance Corporation up to $250,000. NJRC's uninsured cash balances totaled $9,438,169 at June 30, 2023. NJRC has not experienced any losses in such accounts.

Adopted accounting pronouncements: The guidance in Accounting Standards Update (ASU) 2016-02, *Leases* (*Topic 842*) supersedes the leasing guidance in FASB ASC Topic 840, Leases, which is intended to increase transparency and comparability among organizations related to their leasing arrangements. The new lease standard, including all the related amendments subsequent to its issuance, supersedes the current guidance for lease accounting and requires lessees to recognize a right-of-use asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term for substantially all leases, as well as disclose key quantitative and qualitative information about leasing arrangements.

NJRC adopted ASU 2016-02, *Leases (Topic 842)* on July 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior period financial statements. Under this transition provision, NJRC has applied ASU 2016-02 to reporting periods beginning on July 1, 2022. The adoption did not result in a cumulative-effect adjustment to the opening balance of net assets.

In addition to policy election choices, FASB ASC Topic 842 includes practical expedient choices. NJRC elected the package of practical expedients available in the standard and as a result, did not reassess the lease classification of existing leases, whether a preexisting contract is deemed to be or to include a lease or the initial direct costs associated with existing leases. NJRC did not elect the hindsight practical expedient, and so did not re-evaluate lease terms for existing leases and will measure the right-of-use asset and lease liability using the remaining portion of the lease term at adoption on July 1, 2022.

Note 2. Summary of Significant Accounting Policies (Continued)

Adoption of the new lease standard resulted in the recording of operating lease right-of-use assets and operating lease liabilities of approximately $3,788,000, respectively as of June 30, 2023. Adoption did not result in the recording of finance leases as of June 30, 2023.

Subsequent events: NJRC has evaluated subsequent events for potential recognition and/or disclosure through March 29, 2024, the date the financial statements were issued.

Note 3. Liquidity and Availability of Resources

NJRC prepares detailed budgets to plan financial resources available to run the organization every fiscal year. The strategic plan of NJRC aligns with the budget to maximize the limited resources of the organization. Cash balances are monitored regularly, and reimbursements are requested from grantors regularly to ensure NJRC maintains sufficient funds to meet obligations as they are due.

The following represents NJRC's available financial assets as of June 30, 2023, to meet general expenditures over the next 12 months.

Cash	$ 9,688,169
Grants receivable	180,768
Total financial assets at June 30, 2023	$ 9,868,937

Note 4. Furniture and Equipment

Furniture and equipment as of June 30, 2023, is as follows:

Furniture and equipment:	
Office furniture and equipment	$ 2,470,237
Transportation equipment	211,912
Total furniture and equipment	2,682,149
Less accumulated depreciation	(1,349,596)
Total furniture and equipment, net	$ 1,332,553

Depreciation on furniture and equipment has been computed on a straight-line basis over estimated useful lives as follows:

	Years
Office furniture and equipment	3
Transportation equipment	5

Depreciation expense was $501,547 for the year ended June 30, 2023.

Note 5. Leases

NJRC occupies various office and facility space under various leases. Terms of the long-term leases include annual base rents, subject to annual inflationary adjustments, plus certain variable costs.

Under FASB ASC Topic 842, the lease term at the lease commencement date is determined based on the non-cancellable period for which NJRC has the right to use the underlying asset, together with any periods covered by an option to extend the lease if NJRC is reasonably certain to exercise that option, periods covered by an option to terminate the lease if NJRC is reasonably certain not to exercise that option, and periods covered by an option to extend (or not to terminate) the lease in which the exercise of the option is controlled by the lessor. NJRC considered a number of factors when evaluating whether the options in its lease contracts were reasonably certain of exercise, such as length of time before option exercise, expected value of the leased asset at the end of the initial lease term, importance of the lease to overall operations, costs to negotiate a new lease, and any contractual or economic penalties.

FASB ASC Topic 842 includes a number of reassessment and re-measurement requirements for lessees based on certain triggering events or conditions, including whether a contract is or contains a lease, assessment of lease term and purchase options, measurement of lease payments, assessment of lease classification and assessment of the applicable discount rate. NJRC reviewed the reassessment and re-measurement requirements and did not identify any events or conditions during 2023, that required a reassessment or re-measurement. In addition, there were no impairment indicators identified during 2023 that required an impairment test for NJRC's right-of-use assets or other long-lived assets in accordance with ASC 360-10.

On February 23, 2016, NJRC entered into a five-year lease for office space located at 310 Main Street, Toms River, New Jersey to provide services in connection with the One-Stop Offender Re-entry Services grant. The annual base rent under the lease is $31,493, escalating 3% per year. On March 1, 2021, this lease was amended to extend the term of the lease by 36 months. The annual base rent is $35,446, escalating 3% per year. The total minimum rental commitment at June 30, 2023, under this lease is $25,072.

On November 16, 2016, NJRC entered into a five-year lease for office space located at 9 Basin Drive Unit 190, Kearny, New Jersey in connection with the Community Resource Center grant. A board member owns the company acting as NJRC's landlord on this lease. The annual base rent under the lease is $74,400, escalating 3% per year. On May 1, 2021, this lease was amended to extend the term of the lease by 36 months. The annual base rent under the lease extension is $86,250 escalating 3% per year. The total minimum rental commitment at June 30, 2023, under this lease is $135,918.

On December 22, 2016, NJRC entered into a five-year lease for office space located at 66 Hamilton Avenue Units 201, 202, 203, and 205, Patterson, New Jersey in connection with the One-Stop Offender Re-entry Services grant. The annual base rent under the lease is $69,900, escalating 5% per year. On February 22, 2021, this lease was amended to extend the term of the lease by five years. The annual base rent is $83,900. The total minimum rental commitment at June 30, 2023, under this lease is $300,656.

On November 30, 2017, NJRC entered into a five-year lease for office space located at 39 Hudson Street, Hackensack, New Jersey to operate and provide services in connection with the One-Stop Offender Re-entry Services grant. On September 23, 2022, this lease was amended to extend the term of the lease by 60 months. The annual base rent under the lease is $55,234, escalating 2% per year after the first two years. The total minimum rental commitment at June 30, 2023, under this lease is $259,830.

Note 5. Leases (Continued)

On January 23, 2018, NJRC entered into a five-year lease for office space located at 72 Morris Avenue Neptune City, New Jersey to operate and provide services in connection with the One-Stop Offender Re-entry Services grant. On October 31, 2022, this lease was amended to extend the term of the lease by 60 months. The annual base rent under the lease is $73,200, escalating 2.5% per year. The total minimum rental commitment at June 30, 2023, under this lease is $360,868.

On April 1, 2020, NJRC entered into a five-year lease for office space located at 936-938 Bergen Street, Newark, New Jersey to operate and provide services in connection with the One-Stop Offender Re-entry Services grant. The annual base rent under the lease is $84,000, escalating 3% per year after the first two years. The total minimum rental commitment at June 30, 2023, under this lease is $158,621.

On February 24, 2021, NJRC entered into a five-year lease for office space located at 195 Campus Drive, Building 56, Kearney, New Jersey to operate and provide services in connection with the One-Stop Offender Re-entry Services grant and the NJRC Training Center grant. The annual base rent under the lease is $53,815, escalating 3% per year. The total minimum rental commitment at June 30, 2023, under this lease is $157,428.

On August 24, 2020, NJRC entered into a five-year lease for office space located at 591 Summit Avenue, Jersey City, New Jersey to operate and provide services in connection with the One-Stop Offender Re-entry Services grant. The annual base rent under the lease is $150,400, with escalations each year between 1.8% and 8%. The total minimum rental commitment at June 30, 2023, under this lease is $377,183.

On June 14, 2022, NJRC entered into a 10-year lease for office space located at 329-343 N. Broad Street, Elizabeth, New Jersey to operate and provide services in connection with the One-Stop Offender Re-entry Services grant. The annual base rent under the lease is $15,000. The total minimum rental commitment at June 30, 2023, is $1,695,000.

On October 20, 2022, NJRC entered into a 15-year lease for office space at 762 Roosevelt Avenue, Carteret, New Jersey. Annual fixed rent for the first year is $36,000, years two through 10 is $156,650 and years 11 through 15 is $159,063. The total minimum rental commitment at June 30, 2023, is $2,226,132.

NJRC has several noncancelable operating leases, primarily for office copiers and vehicles, with expiration periods from two to three years. The total minimum rental commitment at June 30, 2023, is $77,751.

The components of lease expense and supplemental cash flow information related to leases for the year ended June 30, 2023, are as follows:

Operating lease cost	$	915,941
Variable lease cost		49,867
	$	965,808

Note 5. Leases (Continued)

Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$	917,251
Right-of-use assets obtained in exchange for operating lease liabilities:	$	1,960,063
Weighted-average remaining lease term-operating leases		8.92 years
Weighted average discount rate-operating leases		3.61%

As of June 30, 2023, maturities of NJRC's lease liabilities are as follows:

Years ending June 30:		
2024	$	975,990
2025		931,927
2026		613,090
2027		524,278
2028		420,404
Remaining		2,258,221
Total lease payments		5,723,910
Less imputed interest		(852,537)
	$	4,871,373

As of June 30, 2022, future minimum lease commitments, as determined under ASC Topic 840, were as follows:

Years ending June 30:		
2023	$	789,434
2024		728,072
2025		628,540
2026		304,280
2027		228,942
Thereafter		975,000
	$	3,654,268

Note 6. Contingencies

NJRC receives its support from the New Jersey Department of Community Affairs (NJDCA), New Jersey Department of Labor and New Jersey State Parole Board. A significant reduction in the level of this support may have an effect on the NJRC's programs. Grants require the fulfillment of certain conditions as set forth in the grant agreement. Failure to fulfill the conditions could result in the return of the funds to grantors. Although that is a possibility, management deems the contingency remote, since by accepting grants and their terms it has accommodated the objectives of the organization to the provisions of the grant.

Note 7. Functional Allocation of Expenses

Certain expenses are attributable to more than one program or supporting function. Payroll taxes and employee benefits are allocated consistently based on approved budgets and salary allocations. The following expenses are allocated consistently based on salary expenses. Salary expense allocation is supported by the employees' timesheets.

- Occupancy costs
- Supplies, postage, printing and communication expenses
- Insurance
- Professional service costs
- Depreciation expense