

**New Jersey Reentry Corporation
Financial Statements
June 30, 2025
With Independent Auditor's Reports**

New Jersey Reentry Corporation
Table of Contents
June 30, 2025

Independent Auditor's Report	1
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7
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	17

Independent Auditor's Report

To the Board of Directors of
New Jersey Reentry Corporation:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of New Jersey Reentry Corporation (the "NJRC"), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of New Jersey Reentry Corporation as of June 30, 2025, 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") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"). 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 New Jersey Reentry Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the NJRC'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 NJRC'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2026 on our consideration of New Jersey Reentry 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 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 New Jersey Reentry 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 New Jersey Reentry Corporation's internal control over financial reporting and compliance.

Withum Smith + Brown, PC

March 26, 2026

New Jersey Reentry Corporation
Statement of Financial Position
June 30, 2025

Assets

Current assets

Cash	\$ 6,584,276
Grants receivable	477,222
Program service fees receivable	72,190
Other receivables	409
Prepaid expenses	330,621

Total current assets

7,464,718

Noncurrent assets

Furniture and equipment, net	1,930,163
Operating lease right-of-use assets	6,677,291
Security deposits	171,519

Total noncurrent assets

8,778,973

Total assets

\$ 16,243,691

Liabilities and Net Assets

Current liabilities

Accounts payable and accrued expenses	\$ 768,735
Current portion of operating lease liabilities	1,017,164
Deferred grant revenue	6,267,469

Total current liabilities

8,053,368

Noncurrent liabilities

Operating lease liabilities, less current portion	5,872,737
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Total noncurrent liabilities

5,872,737

Net assets

Without donor restrictions	2,099,748
With donor restrictions	217,838

Total net assets

2,317,586

Total liabilities and net assets

\$ 16,243,691

The Notes to Financial Statements are an integral part of this statement.

New Jersey Reentry Corporation
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2025

	2025		
	Without Donor Restriction	With Donor Restriction	Total
Revenues			
State financial assistance and other grant revenue	\$ 11,468,322	\$ 137,448	\$ 11,605,770
Contributions	130,186	-	130,186
Contributions of nonfinancial assets	1,599,373	-	1,599,373
Program service fees revenue	868,388	-	868,388
Released from restriction	58,945	(58,945)	-
Total revenues	14,125,214	78,503	14,203,717
Expenses			
Program services	11,583,992	-	11,583,992
Management and general	2,453,934	-	2,453,934
Total expenses	14,037,926	-	14,037,926
Changes in net assets	87,288	78,503	165,791
Net assets			
Beginning of year	2,012,460	139,335	2,151,795
End of year	\$ 2,099,748	\$ 217,838	\$ 2,317,586

The Notes to Financial Statements are an integral part of this statement.

New Jersey Reentry Corporation
Statement of Functional Expenses
Year Ended June 30, 2025

	Program Services	Management and General	Total
Salaries	\$ 4,929,547	\$ 1,696,325	\$ 6,625,872
Payroll taxes	473,152	158,750	631,902
Employee benefits	475,600	81,937	557,537
Total salaries and benefits	5,878,299	1,937,012	7,815,311
Rent expense	1,014,681	113,340	1,128,021
Program transportation	131,324	-	131,324
Participant cost	953,928	1,787	955,715
Depreciation	593,197	65,793	658,990
Facility operating costs	257,200	23,201	280,401
Computer expense	87,207	9,876	97,083
Supplies	1,466,811	8,044	1,474,855
Consultants	147,027	18,583	165,610
Communications	153,701	18,135	171,836
Insurance	219,453	23,961	243,414
Printing and publication	93,528	4,232	97,760
Professional services	137,682	152,749	290,431
Office furniture and equipment	54,444	10,102	64,546
Maintenance and repairs	51,037	5,478	56,515
Utilities	142,613	17,625	160,238
Meetings and conferences	131,519	31,297	162,816
Travel	25,244	475	25,719
Miscellaneous	45,097	12,244	57,341
Total expenses	\$ 11,583,992	\$ 2,453,934	\$ 14,037,926

The Notes to Financial Statements are an integral part of this statement.

New Jersey Reentry Corporation
Statement of Cash Flows
Year Ended June 30, 2025

Operating activities

Changes in net assets \$ 165,791

Adjustments to reconcile changes in net assets to net cash provided by operating activities

Depreciation 658,990

Amortization of right-of-use assets 693,306

Changes in

Grants receivable 1,183,463

Program service fees receivable 951

Other receivables 1,533

Prepaid expenses (50,018)

Operating lease assets and lease liabilities (666,865)

Security deposits (27,410)

Accounts payable and accrued expenses 204,353

Deferred grant revenue (539,628)

Net cash provided by operating activities 1,624,466

Investing activities

Purchase of furniture and equipment for (1,088,835)

Net cash used in investing activities (1,088,835)

Net change in cash 535,631

Cash

Beginning of year 6,048,645

End of year \$ 6,584,276

Noncash investing and financing activities

Right-of-use assets - operating obtained through operating lease liabilities \$ 2,260,961

The Notes to Financial Statements are an integral part of this statement.

New Jersey Reentry Corporation
Notes to Financial Statements
June 30, 2025

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:

Program Services: The one-stop offender reentry services are designated 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, prerelease services, linkage to entitlements 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 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 NJRC.

2. Summary of Significant Accounting Policies

a. 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. The financial statements are presented in accordance with Accounting Standards Codification 958 - *Financial Statements of Not-for-Profit Organizations*. Net assets, revenues and releases from restriction are classified based on the existence or absence of donor-or board-imposed restrictions. Accordingly, the net assets of NJRC and the changes therein are classified and reported in two categories of net assets.

b. 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.

c. 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 credit losses was deemed necessary as of June 30, 2025. All grants receivable balances are expected to be collected with the next year.

d. Furniture and Equipment

NJRC capitalizes all expenditures for furniture 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.

New Jersey Reentry Corporation
Notes to Financial Statements
June 30, 2025

e. Leases

NJRC follows the lease accounting guidance in ASC 842. NJRC determines if an arrangement is a lease at inception of the contract. Under ASC 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.

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. NJRC did not have any finance leases during the year ended June 30, 2025. 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 at a bargain purchase price. 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.

f. Revenue Recognition

Contribution Revenue

Unconditional contributions are recognized when received. Grants and contract awards from 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 deferred grant revenue 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 and changes in net assets 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 deferred grant revenue.

At June 30, 2025, there are approximately \$16,600,000 in conditional contributions that NJRC has not met the barriers to be recognized as revenue of which approximately \$10,300,000 has not been received in cash by NJRC. Revenue on these grants will be recognized by NJRC in the future periods as the barriers are met.

Program Service Fees Revenue

NJRC provides services to its clients at various locations through the State of New Jersey Parole Board contracts. NJRC accounts for these revenues in accordance with Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers. NJRC bills the funding sources on a bi-weekly or monthly basis, and revenue is recognized over time as performance obligations are satisfied and is included in the statement of activities and changes in net assets as program services fees revenue.

Contract Assets and Receivables and Contract Liabilities

Contract assets represent services provided which are not yet billed to the third-party payor or the consumer. Contract liabilities represent funds received in advance of services provided. Receivables represent amounts billed for the services provided and consisted of program service fees receivables of \$72,190 and \$73,141 at June 30, 2025 and 2024, respectively. There were no contract liabilities at June 30, 2025 or 2024.

New Jersey Reentry Corporation
Notes to Financial Statements
June 30, 2025

Allowance for Credit Losses

Grants receivable represent balances due from grantors for grant expenditures incurred and invoiced, but for which funds have not yet been received. These grantors are all government agencies and therefore outstanding balances are expected to be fully collected within the next year.

For the year ended June 30, 2025, NJRC has determined that no allowance for doubtful accounts was necessary.

g. 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, 2025, contributed services relate to legal services, in support of its reentry program participants and serving as general counsel for NJRC, for approximately \$218,000 and donated goods for approximately \$1,382,000.

NJRC receives donated goods for distribution in their outreach program. Contributions of nonfinancial assets is recognized in circumstances in which NJRC takes constructive possession of the donated goods and NJRC is the recipient of the gift. Contributions of nonfinancial assets 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.

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, 2025, there are no donated goods held in inventory.

Nonfinancial Asset	2025 Valuation Techniques and Inputs	
Legal services	\$ 217,826	Contributed services from attorneys are valued at the estimated fair value based on the current rate for similar legal services
Household goods	146,880	The fair value basis was estimated from the retail values that would be received for selling similar products.
Clothing	906,084	The fair value basis was estimated from the retail values that would be received for selling similar products.
Food	181,291	The fair value basis was estimated from the retail values that would be received for selling similar products.
Medical supplies	147,292	The fair value basis was estimated from the retail values that would be received for selling similar products.
	\$ 1,599,373	

New Jersey Reentry Corporation
Notes to Financial Statements
June 30, 2025

h. 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 are available for use in general operations and are not subject to donor restrictions.

Net Assets with Donor Restrictions: Net assets are 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, 2025:

Purpose restricted

Aging population legislation	\$ 27,779
Women's health care	170,781
Advanced Digital Training	16,395
Community Food Bank Deliveries	2,231
Veteran Affairs	652
	<u>\$ 217,838</u>

Net assets released from restriction during the year ended June 30, 2025 were as follows:

Purpose restricted

Retail training	\$ 50,000
Veteran Affairs	8,945
	<u>\$ 58,945</u>

New Jersey Reentry Corporation
Notes to Financial Statements
June 30, 2025

i. Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the statement of activities and changes in net assets and detailed within the statement of functional expenses. Expenses directly attributed to a specific function are reported as direct expenses to the programmatic and supporting service area and those expenses that benefit more than one function are allocated. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries	Time and effort
Payroll taxes	Time and effort
Employee benefits	Time and effort
Rent expense	Salaries and related payroll expenses by location
Facility operating costs	Salaries and related payroll expenses by location
Insurance	Salaries and related payroll expenses by location
Professional services	Salaries and related payroll expenses by location
Depreciation	Salaries and related payroll expenses by location

j. 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 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.

k. Use of Estimates

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

l. 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 has not experienced any losses in such accounts and monitors the creditworthiness of the financial institutions with which it conducts business. At June 30, 2025, cash balances exceeded federally insured amounts by approximately \$5,939,000.

New Jersey Reentry Corporation
Notes to Financial Statements
June 30, 2025

m. Adopted Accounting Pronouncements

Financial Instruments-Credit Losses

In July 2025, the Financial Accounting Standards Board ("FASB") issued ASU 2025-05, *Financial Instruments—Credit Losses* (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets. The new standard, effective for annual reporting periods beginning after December 15, 2025, with early adoption permitted, provides a simplified approach for measuring expected credit losses on current accounts receivable and current contract assets accounted for under Topic 606.

In accordance with Accounting Standards Update ("ASU") 2025-05, NJRC elected the practical expedient for estimating expected credit losses on current accounts receivable and contract assets arising from revenue transactions under Topic 606. This expedient allows for the assumption that conditions at June 30, 2025 will remain consistent throughout the assets' lives.

This ASU also allows NJRC to elect an accounting policy to consider cash collection activity after June 30, 2025 when estimating expected credit losses. NJRC has not made this election.

NJRC early adopted ASU 2025-05 prospectively as of July 1, 2024. The adoption did not have a material impact on the financial statements.

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, 2025, to meet general expenditures over the next 12 months.

Financial assets	
Cash	\$ 6,584,276
Grants receivable	477,222
Program service fees receivable	72,190
Other receivable	409
Total financial assets available	<u>7,134,097</u>
Less amounts not available to be used in one year	
Restricted net assets	(217,838)
Financial assets available to meet general expenditures over the next 12 months at June 30, 2025	<u><u>\$ 6,916,259</u></u>

4. Furniture and Equipment

Furniture and equipment as of June 30, 2025, is as follows:

Furniture and equipment	
Office furniture and equipment	\$ 4,104,542
Transportation equipment	355,180
Total furniture and equipment	<u>4,459,722</u>
Less accumulated depreciation	(2,529,559)
Total furniture and equipment, net	<u><u>\$ 1,930,163</u></u>

New Jersey Reentry Corporation
Notes to Financial Statements
June 30, 2025

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

	<u>Estimated Life (Years)</u>
Office furniture and equipment	3
Transportation equipment	5

Depreciation expense was \$658,990 for the year ended June 30, 2025.

5. Leases

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

Under ASC 842, the lease term at the lease commencement date is determined based on the noncancelable 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 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.

ASC 842 includes a number of reassessment and remeasurement 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 remeasurement requirements and did not identify any events or conditions during 2025, that required a reassessment or remeasurement. In addition, there were no impairment indicators identified during 2025 that required an impairment test for NJRC's right-of-use assets or other long lived assets in accordance with ASC 360-10.

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. On January 1, 2025, the NJRC signed a new 120 month lease. The annual base rent under this agreement is approximately \$94,000, escalating 3% per year. The total minimum rental commitment at June 30, 2025, under this lease is \$1,039,320.

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, Paterson, 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 was \$83,800. On September 15, 2024, NJRC signed a 89-month lease agreement. The annual base rent is approximately \$84,000, escalating to \$90,000 starting in February 2027. The total minimum rental commitment at June 30, 2025, under this lease is \$582,848.

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, commencing on January 1, 2023. 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, 2025, under this lease is \$147,138.

New Jersey Reentry Corporation
Notes to Financial Statements
June 30, 2025

On October 20, 2022, NJRC entered into a 15-year lease for office space at 762 Roosevelt Avenue, Carteret, New Jersey. The lease commencement date was February 1, 2023. 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, 2025, is \$1,983,214.

On March 1, 2023, 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. The annual base rent under the lease is \$73,200, escalating 5% per year. The total minimum rental commitment at June 30, 2025, under this lease is \$210,898.

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 \$180,000. The lease commencement date was December 1, 2022. The total minimum rental commitment at June 30, 2025, is \$1,335,000.

On February 24, 2021, NJRC entered into a five-year lease for office space located at 195 Campus Drive, Building 56, Kearny, 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 was \$53,815, escalating 3% per year. On January 1, 2025, NJRC signed a 134-month agreement. The annual base rent is approximately \$60,000, escalating 3% per year after the first two years. The total minimum rental commitment at June 30, 2025, under this lease is \$655,157.

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%. On December 1, 2024, NJRC signed a 72-month agreement. The annual base rent is approximately \$95,000, escalating 3% per year. The total minimum rental commitment at June 30, 2025, under this lease is \$561,432.

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 approximately \$84,000, escalating 3% per year. In March 2025, NJRC signed a five-year agreement. The annual base rent is approximately \$104,000, escalating 3% per year. The commencement date for the new lease was May 1, 2025. The total minimum rental commitment at June 30, 2025, under this lease is \$511,531.

On December 6, 2023, NJRC entered into a 15-year lease for office space at 24 Main Street, Toms River, New Jersey. Annual fixed rent for the first year is \$47,250, year two is \$67,416, escalating 7% each year. The total minimum rental commitment at June 30, 2025, is \$1,524,247.

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, 2025, is \$84,164.

The components of lease expense and supplemental cash flow information related to leases for the year ended June 30, 2025, are as follows:

Operating lease cost	\$ 1,128,021
Variable lease cost	44,295
	\$ 1,172,316

Cash paid for amounts included in the measurement of lease liabilities

Operating cash flows from operating leases	\$1,093,323
Right-of-use assets obtained in exchange for operating lease liabilities	\$2,260,961
Weighted-average remaining lease term - operating leases	9.24 years
Weighted-average discount rate - operating leases	4.12%

New Jersey Reentry Corporation
Notes to Financial Statements
June 30, 2025

As of June 30, 2025, maturities of NJRC's lease liabilities are as follows for years ending June 30:

2026	\$ 1,017,164
2027	1,037,905
2028	986,863
2029	897,416
2030	873,451
Thereafter	3,822,150
Total lease payments	<u>8,634,949</u>
Less imputed interest	(1,745,048)
	<u>\$ 6,889,901</u>

6. Related Parties

NJRC's ten-year lease for office space located at 9 Basin Drive, Unit 190, Kearny, New Jersey, in connection with the Community Resource Center grant, is managed by a related party. A board member owns the company acting as NJRC's landlord on this lease. Details regarding this lease are located within Note 5. Other required disclosures as of June 30, 2025 are as follows:

Cash paid for amounts included in the measurement of lease liabilities

Operating cash flows from operating leases	\$54,978
Right-of-use assets obtained in exchange for operating lease liabilities	\$853,507
Weighted-average remaining lease term - operating leases	9.5 years
Weighted-average discount rate - operating leases	4.85%

As of June 30, 2025, maturities of NJRC's lease liability for this lease are as follows for years ending June 30:

2026	\$ 95,661
2027	101,531
2028	104,487
2029	104,532
2030	107,668
Thereafter	525,441
Total lease payments	<u>1,039,320</u>
Less imputed interest	(212,700)
	<u>\$ 826,620</u>

7. Contingencies

NJRC receives one hundred percent of its state and other grant revenue 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 a negative effect on 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 NJRC to the provisions of the grant. At June 30, 2025, 100% of grants receivable are comprised of balances due from NJDCA.

New Jersey Reentry Corporation
Notes to Financial Statements
June 30, 2025

8. Subsequent Events

NJRC has evaluated subsequent events occurring after the statement of financial position date through the date of March 26, 2026, which is the date the financial statements were available to be issued, noting no subsequent events requiring adjustment to or disclosure in the financial statements.

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

Independent Auditor's Report

To the Board of Directors of
New Jersey Reentry 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 ("*Government Auditing Standards*"), the financial statements of New Jersey Reentry Corporation, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 26, 2026

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered New Jersey Reentry 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 New Jersey Reentry Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of New Jersey Reentry 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 audit 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 have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Withum Smith + Brown, PC

March 26, 2026