

THE CENTER IN ASBURY PARK, INC.
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2024 AND 2023



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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Center in Asbury Park, Inc.
Asbury Park, New Jersey

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of The Center in Asbury Park, Inc. (the Organization), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2024 and 2023, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of The Center in Asbury Park, Inc. 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.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the consolidated financial statements as a whole. The accompanying consolidated schedule of expenditures of federal and state awards, and Budgeted and Incurred Costs for HIV/AIDS Care and Treatment, as required by New Jersey OMB Circular Letter 15-08, are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the consolidated schedule of expenditures of state awards and Budgeted and Incurred Costs for HIV/AIDS Care and Treatment are fairly stated, in all material respects, in relation to the consolidated 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 August 12, 2025, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Livingston, New Jersey
August 12, 2025

THE CENTER IN ASBURY PARK, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash	\$ 683,956	\$ 222,021
Reserve Accounts	420,806	415,027
Other Assets	12,219	10,555
Grants Receivable	16,598	39,097
Security Deposits - Tenants	28,068	33,660
Property and Equipment, Net	2,209,025	2,287,007
Right-of-Use Asset, Net - Operating	<u>116,410</u>	<u>156,420</u>
Total Assets	<u><u>\$ 3,487,082</u></u>	<u><u>\$ 3,163,787</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 45,510	\$ 30,248
Deferred Revenue	379,075	-
Accrued Interest on Notes Payable	144,000	136,000
Notes Payable	1,700,390	1,700,390
Security Deposits - Tenants	28,068	33,660
Lease Liability - Operating	<u>120,112</u>	<u>159,069</u>
Total Liabilities	2,417,155	2,059,367
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Unrestricted Net Assets	<u>1,069,927</u>	<u>1,104,420</u>
Total Liabilities and Net Assets	<u><u>\$ 3,487,082</u></u>	<u><u>\$ 3,163,787</u></u>

See accompanying Notes to Consolidated Financial Statements.

THE CENTER IN ASBURY PARK, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
UNRESTRICTED SUPPORT AND REVENUE		
Contributions	\$ 103,408	\$ 118,507
In-Kind Contributions	280,154	271,707
Fundraising Revenue	184,414	215,885
Grants and Government Contracts	638,341	366,811
Rental Income	505,199	321,243
Program Service Fees	434,804	407,218
Other Income	42,656	10,030
Interest Income	<u>23,194</u>	<u>1,287</u>
Total Unrestricted Support And Revenue	2,212,170	1,712,688
FUNCTIONAL EXPENSES		
Program Services	1,940,059	1,723,444
Management and General	186,682	158,150
Fundraising	<u>119,922</u>	<u>82,280</u>
Total Functional Expenses	<u>2,246,663</u>	<u>1,963,874</u>
CHANGES IN UNRESTRICTED NET ASSETS	(34,493)	(251,186)
Net Assets - Beginning of Year	<u>1,104,420</u>	<u>1,355,606</u>
NET ASSETS - END OF YEAR	<u><u>\$ 1,069,927</u></u>	<u><u>\$ 1,104,420</u></u>

See accompanying Notes to Consolidated Financial Statements.

THE CENTER IN ASBURY PARK, INC.
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024

	Program Services	Management and General	Fundraising	Total
Subsidies - Rent and Utilities	\$ 121,671	\$ -	\$ -	\$ 121,671
Occupancy	90,210	10,024	-	100,234
Salaries	477,572	53,064	-	530,636
Payroll Tax Expense	52,061	5,785	-	57,846
Employee Benefits	160,053	17,784	-	177,837
Security	209,151	-	-	209,151
Insurance	42,213	4,690	-	46,903
Professional Fees	82,800	9,200	-	92,000
Licenses and Fees	29,290	3,661	3,661	36,612
Office Expense	36,362	4,545	4,545	45,452
Postage	1,642	205	205	2,052
Repairs and Maintenance	48,468	5,385	-	53,853
Meals	43,991	-	-	43,991
Conferences	10,094	1,262	1,262	12,618
Development and Fundraising	-	-	55,593	55,593
Centerthon Expense	-	-	51,405	51,405
Center Square	280,154	62,601	-	342,755
Interest Expense	8,000	-	-	8,000
Depreciation and Amortization	220,314	5,225	-	225,539
Miscellaneous	26,013	3,251	3,251	32,515
Total Expenses by Function	<u>\$ 1,940,059</u>	<u>\$ 186,682</u>	<u>\$ 119,922</u>	<u>\$ 2,246,663</u>

See accompanying Notes to Consolidated Financial Statements.

THE CENTER IN ASBURY PARK, INC.
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Program Services	Management and General	Fundraising	Total
Subsidies - Rent and Utilities	\$ 204,624	\$ -	\$ -	\$ 204,624
Occupancy	91,726	10,192	-	101,918
Salaries	364,777	40,531	-	405,308
Payroll Tax Expense	38,204	4,245	-	42,449
Employee Benefits	115,425	12,825	-	128,250
Security	198,360	-	-	198,360
Insurance	45,905	5,101	-	51,006
Professional Fees	26,834	2,982	-	29,816
Licenses and Fees	18,579	2,322	2,322	23,223
Office Expense	26,778	3,347	3,347	33,472
Postage	2,038	255	255	2,548
Repairs and Maintenance	43,192	4,799	-	47,991
Meals	34,859	-	-	34,859
Conferences	5,022	628	628	6,278
Development and Fundraising	-	-	36,608	36,608
Centerthon Expense	-	-	36,996	36,996
Center Square	271,707	63,574	-	335,281
Interest expense	8,022	-	-	8,022
Depreciation and Amortization	210,400	5,225	-	215,625
Miscellaneous	16,992	2,124	2,124	21,240
Total Expenses by Function	<u>\$ 1,723,444</u>	<u>\$ 158,150</u>	<u>\$ 82,280</u>	<u>\$ 1,963,874</u>

See accompanying Notes to Consolidated Financial Statements.

THE CENTER IN ASBURY PARK, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (34,493)	\$ (251,186)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	225,539	215,625
Noncash Lease Expense	1,053	2,243
Accrued Interest on Notes Payable	8,000	8,000
Changes in Operating Assets and Liabilities:		
Grants Receivable	22,499	(4,097)
Other Assets	(1,664)	
Security Deposits	-	-
Deferred Revenue	379,075	-
Accounts Payable and Accrued Expenses	15,262	17,037
Net Cash Provided (Used) by Operating Activities	<u>615,271</u>	<u>(12,378)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(147,557)	(14,150)
NET CHANGE IN CASH AND RESTRICTED CASH	467,714	(26,528)
Cash and Restricted Cash - Beginning of Year	<u>637,048</u>	<u>663,576</u>
CASH AND RESTRICTED CASH - END OF YEAR	<u><u>\$ 1,104,762</u></u>	<u><u>\$ 637,048</u></u>
RECONCILIATION OF CASH AND RESERVE ACCOUNTS		
Cash	\$ 683,956	\$ 222,021
Reserve Accounts	420,806	415,027
Total Cash and Reserve Accounts	<u><u>\$ 1,104,762</u></u>	<u><u>\$ 637,048</u></u>

See accompanying Notes to Consolidated Financial Statements.

THE CENTER IN ASBURY PARK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 NATURE OF ORGANIZATION

The Center in Asbury Park, Inc. (Center or Organization), is a nonprofit corporation organized under the laws of the state of New Jersey for the purpose of providing education, financial aid, emotional support, nutritional support, and other services to individuals and their families in Monmouth and Ocean counties who are HIV-positive or who have contracted the AIDS virus.

The Organization also owns and operates an affordable housing complex that contains 25 rental units for qualified, low-income tenants with special needs under the United States Department of Housing and Urban Development's (HUD) Supportive Housing Program.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Financial Statement Presentation

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

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

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

Currently, the Center has only net assets without donor restriction.

Principles of Consolidation

The consolidated financial statements include the accounts of The Center in Asbury Park and the accounts of Center House Partnership, L.P. (collectively, The Center). All significant intercompany balances and transactions have been eliminated in consolidation.

THE CENTER IN ASBURY PARK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

All property and equipment are stated at cost. Significant additions, renewals and betterments greater than \$1,000 that extend the useful lives of the assets are capitalized, while replacements, and maintenance and repairs that do not improve or extend the life of an asset are expensed. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

Land, Buildings, and Buildings' Improvements

The buildings and buildings' improvements are stated at cost. Depreciation is provided for in amounts sufficient to relate the cost of the buildings and buildings; improvements to operations over their estimated useful life of 27.5 years utilizing the straight-line method. Furniture and fixtures are depreciated over 7 years on a straight-line basis.

The Organization reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by: a comparison of the carrying amount of the real estate to the future; net undiscounted cash flow expected to be generated by the rental property, including the low-income housing tax credits; and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There was no impairment loss recognized in 2024.

Note Payable

The Organization does not discount noninterest-bearing or below-market-rate loans from governmental agencies.

Grants Receivable

The Center charges uncollectible grants receivable to operations when determined to be uncollectible. No allowance for doubtful accounts has been recorded. The balance of grants receivable has been determined to be collectible based on historical experience and management's evaluation of outstanding accounts receivable at the end of the year.

Contributions and Grants from Governmental Agencies

Funds received from various federal governmental agencies represent grants awarded to the Organization to provide program services. Revenue with respect to these awards is recognized to the extent of expenses incurred under the award terms. Funds received in advance are accounted for as deferred revenue in the consolidated statement of financial position. Amounts that are spent in accordance with contract requirements, but not yet received, are accounted for as grants receivable in the consolidated statements of financial position.

Contributions are recognized as revenue when they are received or unconditionally pledged. Conditional contributions are not recognized until conditions are substantially met or explicitly waived by the donor or grantor. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the monies from the promises are to be received.

THE CENTER IN ASBURY PARK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Grants from Governmental Agencies (Continued)

All contributions are available for use unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions.

Center Square Revenue

The Organization derives a portion of its revenue from thrift store sales. Sales are recognized when goods are transferred to the Organization's customers in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those goods. For the performance obligation relating to thrift store sales, control transfers to the customer at a point in time when ownership of the goods are transferred. Revenue under thrift store sales is recognized at the point of sale. There are no significant financing components or variable considerations provided to customers. Thrift store revenues are included in program service fees on the consolidated statement of activities and changes in net assets.

Rental Income

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Organization and the tenants of the property are operating leases.

Use of Estimates

In preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on management's best estimates and judgment. Actual results could differ from those estimates.

Income Taxes

The Center is a nonprofit organization exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. Accordingly, the accompanying consolidated financial statements do not include provisions for federal or state income taxes.

The Center follows accounting standards that provide clarification on accounting for uncertainty in income taxes recognized in the Organization's consolidated financial statements. The guidance prescribes a recognition threshold and measurement attribute for consolidated financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on derecognition, classification, interest and penalties, disclosure and transition. No interest and penalties were recorded during the year ended December 31, 2024 and 2023. At December 31, 2024 and 2023, there were no significant income tax uncertainties that were expected to have a material impact on the Organization's consolidated financial statements.

THE CENTER IN ASBURY PARK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Organization leases office space in Belmar, New Jersey. The Organization determines if an arrangement is a lease at inception. Operating leases are included in the operating lease right-of-use assets, other current liabilities, and operating leases on the consolidated statement of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and the lease liabilities present the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. As most leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The Operating lease ROU assets also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain the Organization will exercise that option. The lease expense for the lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as an expense incurred and the leases are not included as lease liabilities or right-of-use assets on the consolidated statement of financial position.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if the Organization obtained substantially of the rights to the underlying assets through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used if the lessor has a substantive substation rights. This evaluation may require significant judgement.

Subsequent Events

The Organization has evaluated events subsequent to the consolidated statement of financial position date as of December 31, 2024, through August 12, 2025, the date that the consolidated financial statements were available to be issued.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment are as follows:

Furniture and Fixtures	5 to 7 Years
Vehicles	5 to 10 Years
Building	27.5 Years
Office Equipment	5 to 7 Years
Land	-

THE CENTER IN ASBURY PARK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 3 PROPERTY AND EQUIPMENT (CONTINUED)

	2024	2023
Furniture and Fixtures	\$ 287,343	\$ 193,868
Vehicles	58,082	4,000
Building	5,486,740	5,486,740
Office Equipment	92,065	92,065
Land	147,416	147,416
Total Property and Equipment	6,071,646	5,924,089
Less: Accumulated Depreciation	(3,862,621)	(3,637,082)
Property and Equipment, Net	<u>\$ 2,209,025</u>	<u>\$ 2,287,007</u>

NOTE 4 TAXES

All required tax returns have been timely filed and taxes (including, but not limited to, payroll taxes) were either paid prior to December 31, 2024 and 2023 or paid subsequent to year-end.

NOTE 5 RESERVE ACCOUNTS

An operating reserve account and a replacement reserve account are required to be established in accordance with the terms of the funding received from New Jersey Housing Mortgage Finance Agency (NJHMFA).

The operating reserve account was established in order to fund potential deficits in cash flows. The operating reserve will be maintained in a separate, interest-bearing bank account and will be capped at \$467,516. Increases in the reserve above the capped amount will be the cumulative interest earned. Initially, \$316,526 was funded to the operating reserve account with proceeds received from the NJHMFA – Home Express Program mortgage funds.

Funds cannot be withdrawn from the operating reserve account without permission from NJHMFA. At December 31, 2024 and 2023, the operating reserve amounted to \$371,562 and \$366,458, respectively.

In addition, the Organization was required to establish a replacement reserve and real estate tax escrow account with proceeds received from NJHMFA mortgage funds. These accounts were established during the year ended December 31, 2008. At December 31, 2024 and 2023, the accounts amounted to \$49,244 and \$48,569, respectively. Funds cannot be withdrawn from this replacement reserve account without permission from NJHMFA.

THE CENTER IN ASBURY PARK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 6 DONATED MATERIALS AND SERVICES

	<u>2024</u>	<u>2023</u>
Clothing and Small Housewares	\$ 280,154	\$ 271,707
<u>Contributed Nonfinancial Asset</u>	<u>Valuation Techniques and Inputs</u>	
Clothing	Estimates based on retail values for similar products	

The Center receives clothing and small housewares from the general public for resale in their thrift store.

The Center also receives donated food from local religious organizations and from the general public, which is immediately distributed to individuals who are HIV-positive and their families or used in fundraising events.

The Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization.

All gifts-in-kind received by the Organization for the years ended December 31, 2024 and 2023 were considered without donor restrictions and able to be used by the Organization as determined by management.

The Center received a substantial number of donated services from volunteers, which are not reflected in the accompanying consolidated financial statements since the services do not require special skills.

NOTE 7 CENTER HOUSE PARTNERSHIP, LLP

June 1, 2022, National Equity Fund transferred all their interest in Center House Partnership, LLP (Partnership) to the Organization. Center House Partnership, LLP is now 100% owned by the Organization and is being treated as a disregarded entity for tax purposes. All activity of the Partnership for the period is included in the financials.

NOTE 8 TENANT SECURITY DEPOSITS

Tenant security deposits are held in a separate, interest-bearing bank account in the name of the tenants. At December 31, 2024 and 2023 the Organization held approximately \$28,000 and \$33,000, respectively, of tenant security deposits, respectively. Interest on the security deposits amounted to approximately \$390 and \$60 for the years ended December 31, 2024 and 2023, respectively.

Under certain circumstances, tenant security deposits may be applied towards unpaid rent or other tenant obligations.

THE CENTER IN ASBURY PARK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 9 REAL ESTATE TAXES

The Organization has an agreement with the city of Asbury Park, New Jersey, for Payments In Lieu of Real Estate Taxes (PILOT). The agreement provides for a minimum annual tax payment of \$12,000, incremented by 3% per year. The total annual PILOT payments are calculated at 10% of annual audited gross revenues, less certain expenses, as defined in the agreement.

NOTE 10 LINE OF CREDIT

The Organization has an unsecured revolving line of credit with a bank to fund temporary deficits in its working capital. The total amount available under this line of credit is \$100,000. The revolving line of credit matures on December 31, 2074, unless extended in writing by the bank. At December 31, 2024, there was no outstanding balance on the line.

NOTE 11 LEASES – ASC 842

The Organization classifies the total undiscounted lease payments that are used in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2024, is as follows: The Organization leases office space under a noncancelable operating lease that expires October 2027. In the normal course of business, it is expected that the lease will be renewed or replaced by a similar lease. The office lease provides for increases in the future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increase.

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

	<u>2024</u>	<u>2023</u>
Lease Cost:		
Operating Lease Cost	\$ 41,900	\$ 41,900
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Operating Leases	\$ 40,847	\$ 39,657
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities:		
Weighted-Average Remaining Lease Term - Finance Leases	N/A	N/A
Weighted-Average Remaining Lease Term - Operating Leases	2.8 Years	3.8 Years
Weighted-Average Discount Rate - Finance Leases	N/A	N/A
Weighted-Average Discount Rate - Operating Leases	1.37%	1.37%

THE CENTER IN ASBURY PARK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 11 LEASES – ASC 842 (CONTINUED)

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 42,072
2026	43,335
2027	37,011
Undiscounted Cash Flows	122,418
(Less) Imputed Interest	(2,306)
Total Present Value	<u>\$ 120,112</u>

NOTE 12 NOTES PAYABLE

Notes payable consist of the following:

<u>Description</u>	<u>2024</u>	<u>2023</u>
The Organization has a mortgage payable to the NJHMFA - Home Express Program to provide permanent financing determined in accordance with the Permanent Financing Agreement. The mortgage has a 30-year term and accrues interest of 1% per annum, compounded annually. This first mortgage matures and is due in its entirety on April 30, 2036.	\$ 625,000	\$ 625,000
The Organization has a mortgage payable to the Monmouth County - Home Housing Program to provide permanent financing determined in accordance with the Permanent Financing Agreement. Such proceeds were passed through to the Partnership from The Center in Asbury Park, Inc. The mortgage has a 20-year term and accrues no interest. This second mortgage matures and is due in its entirety on November 30, 2025.	725,000	725,000
The Organization has a mortgage payable to the Federal Home Loan Bank of New York Affordable Housing Program for \$175,000. Such proceeds were passed through to the Partnership from The Center in Asbury Park, Inc. The mortgage has a 30-year term and accrues simple interest at 1% per annum. This third mortgage matures in its entirety on November 20, 2035.	\$ 175,000	\$ 175,000

THE CENTER IN ASBURY PARK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 12 NOTES PAYABLE (CONTINUED)

<u>Description</u>	<u>2024</u>	<u>2023</u>
The Organization has a mortgage payable to the NJHMFA to provide permanent financing determined in accordance with the Permanent Financing Agreement. The mortgage has a 30-year term and accrues no interest. Repayment is required from 25% of the Project's available cash flow after the payments of operating expenses and the funding of all escrows. To the extent that interest and principal are not covered by cash flow, payment will be deferred until the end of the mortgage. This mortgage matures in its entirety on April 3, 2038.	175,390	175,390
Total Notes Payable	<u>\$ 1,700,390</u>	<u>\$ 1,700,390</u>

As of December 31, 2024, notes payable mature as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 725,000
Thereafter	975,390
Total	<u>\$ 1,700,390</u>

NOTE 13 CONCENTRATIONS OF RISK

Support and Revenue

The Organization receives a substantial portion of its revenues from state government programs. The Organization received approximately 29% and 21% for the years ended December 31, 2024 and 2023, respectively, from government grants. A material reduction of such support could have a significant impact on the Organization's operations. Management, however, does not expect that its support will be materially reduced.

Cash

The Organization maintains cash balances at various financial institutions, which at times, may exceed insured limits.

NOTE 14 FUNCTIONAL EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis on the statements of functional expenses. General and administrative expenses are those not directly identifiable with any specific function, but which provide for the overall support and direction of the Organization.

THE CENTER IN ASBURY PARK, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 14 FUNCTIONAL EXPENSES (CONTINUED)

Salaries, employee benefits, payroll taxes, professional fees, office expenses, and insurance are allocated based on a percentage of direct costs. All other expenses are recorded as direct costs.

NOTE 15 LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets reduced by amounts not available for general use within one year of the consolidated statement of financial position date because of contractual or donor-imposed restrictions, or internal designations, if applicable.

	2024	2023
Cash	\$ 683,956	\$ 222,021
Reserve Accounts	420,806	415,027
Grants Receivable	<u>16,598</u>	<u>39,097</u>
Financial Assets Available to Meet General Expenditures Over the Next 12 Months	<u><u>\$ 1,121,360</u></u>	<u><u>\$ 676,145</u></u>

The Organization structures the financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization also has a committed line of credit of \$100,000, which is available should it be necessary.

THE CENTER IN ASBURY PARK, INC.
CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2024

<u>Grant or Program Title</u>	<u>ALN #</u>	<u>Grant Number</u>	<u>Grant Amount</u>	<u>Grant Period</u>	<u>Current Year Disbursements/ Expenditures</u>
FEDERAL AWARDS					
U.S. Department of Housing and Urban Development					
Passed through Lakewood Township:					
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	NJH22-F002	\$ 599,200	01/01/2024-12/31/2024	\$ 245,125
Passed through Lakewood Township:					
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	NJH22-F002	\$ 856,000	07/01/2024-06/30/2025	\$ 270,000
Total Expenditures of Federal Awards			<u>\$ 1,455,200</u>		<u>\$ 515,125</u>
STATE AWARDS					
New Jersey Department of Health and Senior Services					
HIV Emergency Services		DHST24HIV039	\$ 300,000	07/01/2023-06/30/2024	\$ 150,000
		DHST25HIV023	<u>300,000</u>	<u>07/01/2024-06/30/2025</u>	<u>150,000</u>
Total Expenditures of State Awards			<u>\$ 600,000</u>		<u>\$ 300,000</u>

See accompanying Notes to Consolidated Schedules of Expenditures of State Awards and Budgeted and Incurred Costs for HIV/AIDS Care and Treatment.

THE CENTER IN ASBURY PARK, INC.
CONSOLIDATED SCHEDULE OF BUDGETED AND INCURRED COSTS FOR HIV/AIDS CARE AND TREATMENT
YEAR ENDED DECEMBER 31, 2024

Cost Category	Grant DHST24HIV039 (07/01/2023-06/30/24)					Grant DHST25HIV023 (07/01/24 - 06/30/2025)				
	Final Approved Budget (Unaudited)	2024 Expenditure Reports	Cumulative Expenditures	Audited Expenditures	Questioned Costs	Final Approved Budget (Unaudited)	2024 Expenditure Reports	Cumulative Expenditures	Audited Expenditures	Questioned Costs
HIV/AIDS Care and Treatment	\$ 300,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ -	\$ 300,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ -

See accompanying Notes to Consolidated Schedules of Expenditures of State Awards and Budgeted and Incurred Costs for HIV/AIDS Care and Treatment.

THE CENTER IN ASBURY PARK, INC.
NOTES TO CONSOLIDATED SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE
AWARDS AND BUDGETED AND INCURRED COSTS FOR HIV/AIDS CARE AND TREATMENT
DECEMBER 31, 2024

NOTE 1 LIQUIDITY AND AVAILABILITY

The accompanying consolidated schedule of expenditures of federal and state awards and schedule of budgeted and incurred costs HIV/AIDS Care and Treatment includes the state grant activity of the Organization and is presented on the accrual basis of accounting. The information in these schedules is presented in accordance with the requirements of New Jersey Office of Management and Budget (NJ OMB) Circular Letter 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements.

NOTE 2 SUBRECIPIENTS

During the year ended December 31, 2024, the Organization did not provide any funds relating to its federal or state program to subrecipients.

NOTE 3 INDIRECT COSTS

The Organization did not elect to use the de minimis cost rate when allocating indirect costs to the federal or state program.

NOTE 4 LOAN AND LOAN GUARANTEE PROGRAMS

As of December 31, 2024, the Organization did not have any federal or state loan or loan guarantee programs.



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

Board of Directors
The Center in Asbury Park, Inc.
Asbury Park, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the consolidated financial statements of The Center in Asbury Park, Inc. (the Organization), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 12, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered The Center in Asbury Park Inc'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of finding and questioned costs as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

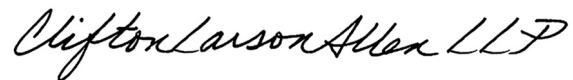
As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2024-001.

The Center in Asbury Park, Inc.'s Response to Findings

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

Purpose of 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.



CliftonLarsonAllen LLP

Livingston, New Jersey
August 12, 2025

**THE CENTER IN ASBURY PARK, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2024**

Section I – Summary of Auditors’ Results

Financial Statements

- | | | |
|--|-----------------------|--------------------------------|
| 1. Type of auditors’ report issued: | Unmodified | |
| 2. Internal control over financial reporting: | | |
| • Material weakness(es) identified? | <u> x </u> yes | <u> </u> no |
| • Significant deficiency(ies) identified? | <u> </u> yes | <u> x </u> none reported |
| 3. Noncompliance material to financial statements noted? | <u> </u> yes | <u> x </u> no |

Section II – Financial Statement Findings

2024 – 001

Type of Finding:

- Material Weakness in Internal Control Over Financial Reporting

Condition: There were several significant audit adjustments that were required in order for the consolidated financial statements to be in accordance with U.S. GAAP. Management should be closing year end books, reconciling and analyzing accounts on a timely basis to avoid a material misstatement of issued consolidated financial statements.

Criteria or specific requirement: Management is responsible for establishing and maintaining effective internal controls over financial reporting.

Effect: Inadequate controls resulted in several audit and post-closing adjusting journal entries necessary to present the consolidated financial statements in accordance with U.S. GAAP.

Cause: The Organization did not have sufficient controls in place to ensure that account balances were properly reconciled at year end.

Recommendation: We recommend that management have a formal year end closing process in place, whereby all material accounts are analyzed and adjusted prior to the auditors coming in.

Views of responsible officials and planned corrective actions: The review of all accounting policies and procedures is currently underway. Continual staff education will support staff knowledge and development.



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