

**EISNERAMPER**

**NEW JERSEY CONSERVATION  
FOUNDATION AND SUBSIDIARY**  
(New Jersey Not-for-Profit Organizations)

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 and 2019



**NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**  
(New Jersey Not-for-Profit Organizations)

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
New Jersey Conservation Foundation and Subsidiary  
(New Jersey Not-for-Profit Organizations)

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of New Jersey Conservation Foundation and Subsidiary (collectively, the "Foundation"), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for each of the years then ended, and the related notes to the consolidated financial statements.

#### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the consolidated financial statements 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 Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Foundation as of December 31, 2020 and 2019, and the consolidated changes in their net assets and their cash flows for each of the years then ended in accordance with accounting principles generally accepted in the United States of America.

*EisnerAmper LLP*

EISNERAMPER LLP  
Iselin, New Jersey  
June 24, 2021

EISNERAMPER  
LLP



**NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**  
(New Jersey Not-for-Profit Organizations)

**Consolidated Statements of Financial Position**

	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,430,962	\$ 2,185,501
Investments	16,282,378	14,209,019
Unconditional promises to give	280,345	246,756
Prepaid expenses and other current assets	163,539	132,380
	<u>18,157,224</u>	<u>16,773,656</u>
Other assets:		
Unconditional promises to give, net of current portion, and allowance and discount	3,235	21,842
Beneficial interest in split-interest agreements	557,548	537,422
Land, buildings and easements	40,600,798	38,083,296
Office furniture and equipment, net	37,099	50,446
	<u>41,198,680</u>	<u>38,693,006</u>
	<u>\$ 59,355,904</u>	<u>\$ 55,466,662</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 265,602	\$ 291,307
	<u>265,602</u>	<u>291,307</u>
Commitments		
<b>NET ASSETS</b>		
Without donor restrictions	53,080,069	48,398,058
With donor restrictions	6,010,233	6,777,297
	<u>59,090,302</u>	<u>55,175,355</u>
	<u>\$ 59,355,904</u>	<u>\$ 55,466,662</u>

## NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY

(New Jersey Not-for-Profit Organizations)

### Consolidated Statements of Activities

	Year Ended December 31,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue:</b>						
Contributions	\$ 5,696,657	\$ 2,554,155	\$ 8,250,812	\$ 1,544,053	\$ 3,799,519	\$ 5,343,572
Government grants	2,871,786	-	2,871,786	1,756,795	-	1,756,795
Donated services	843,750	-	843,750	1,343,785	-	1,343,785
Investment income, net	212,917	24,719	237,636	234,590	48,537	283,127
Miscellaneous	69,428	27,279	96,707	101,772	189,303	291,075
Special events	221,843	-	221,843	-	-	-
Net assets released from restrictions	3,525,346	(3,525,346)	-	3,626,886	(3,626,886)	-
<b>Total support and revenue</b>	<b>13,441,727</b>	<b>(919,193)</b>	<b>12,522,534</b>	<b>8,607,881</b>	<b>410,473</b>	<b>9,018,354</b>
<b>Expenses:</b>						
Program expenses:						
Conservation program services	5,979,235	-	5,979,235	7,870,759	-	7,870,759
Supporting services:						
Management and general	501,862	-	501,862	474,833	-	474,833
Fundraising	609,331	-	609,331	583,095	-	583,095
<b>Total supporting services</b>	<b>1,111,193</b>	<b>-</b>	<b>1,111,193</b>	<b>1,057,928</b>	<b>-</b>	<b>1,057,928</b>
<b>Total expenses</b>	<b>7,090,428</b>	<b>-</b>	<b>7,090,428</b>	<b>8,928,687</b>	<b>-</b>	<b>8,928,687</b>
Excess (deficiency) support and revenue over expenses before other additions (deductions)	6,351,299	(919,193)	5,432,106	(320,806)	410,473	89,667

See accompanying notes to consolidated financial statements

# NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY

(New Jersey Not-for-Profit Organizations)

## Consolidated Statements of Activities (continued)

	Year Ended December 31,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Excess (deficiency) support and revenue over expenses before other additions (deductions) (brought forward)	<u>\$ 6,351,299</u>	<u>\$ (919,193)</u>	<u>\$ 5,432,106</u>	<u>\$ (320,806)</u>	<u>\$ 410,473</u>	<u>\$ 89,667</u>
<b>Other additions (deductions):</b>						
Change in value of split-interest agreements	-	20,126	20,126	-	284,962	284,962
Contributions of land	1,105,906	-	1,105,906	423,480	-	423,480
Loss on disposition of land	(414,461)	-	(414,461)	(1,180)	-	(1,180)
Change in value of land, buildings and easements	(3,566,459)	-	(3,566,459)	(23,569)	-	(23,569)
Realized gain on investments, net	48,506	5,775	54,281	250,282	102,778	353,060
Unrealized gain on investments, net	1,157,220	126,228	1,283,448	1,213,242	154,825	1,368,067
	<u>(1,669,288)</u>	<u>152,129</u>	<u>(1,517,159)</u>	<u>1,862,255</u>	<u>542,565</u>	<u>2,404,820</u>
<b>Change in net assets</b>	<b>4,682,011</b>	<b>(767,064)</b>	<b>3,914,947</b>	<b>1,541,449</b>	<b>953,038</b>	<b>2,494,487</b>
Net assets at beginning of year	<u>48,398,058</u>	<u>6,777,297</u>	<u>55,175,355</u>	<u>46,856,609</u>	<u>5,824,259</u>	<u>52,680,868</u>
<b>Net assets at end of year</b>	<u><b>\$ 53,080,069</b></u>	<u><b>\$ 6,010,233</b></u>	<u><b>\$ 59,090,302</b></u>	<u><b>\$ 48,398,058</b></u>	<u><b>\$ 6,777,297</b></u>	<u><b>\$ 55,175,355</b></u>

See accompanying notes to consolidated financial statements

**NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**  
(New Jersey Not-for-Profit Organizations)

**Consolidated Statement of Functional Expenses**  
**Year Ended December 31, 2020**

	<b>Conservation Program Services</b>	<b>Supporting Services</b>		<b>Total</b>
		<b>Management and General</b>	<b>Fundraising</b>	
Salaries	\$ 1,556,038	\$ 328,740	\$ 306,824	\$ 2,191,602
Employee benefits and payroll taxes	351,198	74,197	69,250	494,645
Program grants and contributions	1,534,985	6,606	-	1,541,591
Write down of purchased easements	956,194	-	-	956,194
Professional fees	342,333	47,888	70,059	460,280
Donated professional fees	843,750	-	-	843,750
Field supplies	58,029	-	-	58,029
Office expense	5,492	725	701	6,918
Postage and printing	22,929	84	41,328	64,341
Occupancy	53,940	11,396	10,636	75,972
Insurance	64,785	13,687	12,775	91,247
Real estate taxes	39,589	-	-	39,589
Equipment rental and maintenance	9,410	1,988	1,855	13,253
Information technology	42,969	6,214	6,100	55,283
Travel	20,271	794	314	21,379
Conferences and meetings	316	289	300	905
Telephone	19,995	2,500	2,813	25,308
Depreciation	9,476	2,002	1,869	13,347
Entertainment, software, prizes and miscellaneous for virtual special event	-	-	46,821	46,821
Miscellaneous	47,536	4,752	37,686	89,974
	<b>\$ 5,979,235</b>	<b>\$ 501,862</b>	<b>\$ 609,331</b>	<b>\$ 7,090,428</b>

**NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**  
(New Jersey Not-for-Profit Organizations)

**Consolidated Statement of Functional Expenses**  
**Year Ended December 31, 2019**

	<b>Conservation Program Services</b>	<b>Supporting Services</b>		<b>Total</b>
		<b>Management and General</b>	<b>Fundraising</b>	
Salaries	\$ 1,707,177	\$ 246,731	\$ 327,404	\$ 2,281,312
Employee benefits and payroll taxes	389,810	69,418	74,758	533,986
Program grants and contributions	2,992,109	57,287	-	3,049,396
Write down of purchased easements	435,837	-	-	435,837
Professional fees	482,098	48,541	69,163	599,802
Donated professional fees	1,343,785	-	-	1,343,785
Field supplies	58,063	-	-	58,063
Office expense	18,767	2,590	2,831	24,188
Postage and printing	48,668	613	36,003	85,284
Occupancy	68,462	7,625	8,211	84,298
Insurance	70,498	11,419	12,298	94,215
Real estate taxes	42,775	-	-	42,775
Equipment rental and maintenance	10,052	1,790	1,928	13,770
Information technology	26,062	4,641	4,998	35,701
Travel	30,011	4,076	1,332	35,419
Conferences and meetings	53,003	12,043	75	65,121
Telephone	18,975	2,030	2,277	23,282
Depreciation	6,929	1,234	1,329	9,492
Facility rental, food and beverage and entertainment for special event	-	-	29,582	29,582
Miscellaneous	67,678	4,795	10,906	83,379
	<u>\$ 7,870,759</u>	<u>\$ 474,833</u>	<u>\$ 583,095</u>	<u>\$ 8,928,687</u>

**NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**  
(New Jersey Not-for-Profit Organizations)

**Consolidated Statements of Cash Flows**

	Year Ended December 31,	
	2020	2019
<b>Cash flows from operating activities:</b>		
Change in net assets	<b>\$ 3,914,947</b>	\$ 2,494,487
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	13,347	9,492
Change in value of land, buildings and easements	3,566,459	23,569
Write-down of purchased and donated easements	956,194	435,837
Contributions of investments	(27,285)	(82,706)
Proceeds from sales of contributions of investments	26,973	88,240
Contributions of land	(1,105,906)	(423,480)
Contributions of split-interest agreements	-	(58,457)
Net loss on disposition of land	414,461	1,180
Net realized and unrealized gain on investments	(1,337,729)	(1,721,127)
Change in beneficial interest in split-interest agreements	(20,126)	(284,962)
Change in assets and liabilities:		
Unconditional promises to give, net	(14,982)	(112,573)
Prepaid expenses and other current assets	(31,159)	327,399
Accounts payable and accrued expenses	(25,705)	53,095
 Total adjustments	 <b>2,414,542</b>	 (1,744,493)
 Net cash provided by operating activities	 <b>6,329,489</b>	 749,994
<b>Cash flows from investing activities:</b>		
Purchases of investments	(6,642,166)	(9,958,669)
Proceeds from sale of investments	5,906,848	3,511,195
Payments for purchases of land and easements	(7,024,016)	(2,339,237)
Proceeds from disposition of land	675,306	1,669,500
Payments for purchases of office furniture and equipment	-	(41,089)
 Net cash used in investing activities	 <b>(7,084,028)</b>	 (7,158,300)
 <b>Net change in cash and cash equivalents</b>	 <b>(754,539)</b>	 (6,408,306)
Cash and cash equivalents at beginning of year	2,185,501	8,593,807
 <b>Cash and cash equivalents at end of year</b>	 <b>\$ 1,430,962</b>	 <b>\$ 2,185,501</b>

See accompanying notes to consolidated financial statements

## **NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**

(New Jersey Not-for-Profit Organizations)

### **Notes to Consolidated Financial Statements December 31, 2020 and 2019**

#### **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **[1] Organization:**

New Jersey Conservation Foundation ("NJ Conservation") is a statewide, not-for-profit corporation incorporated in the State of New Jersey. The mission of NJ Conservation is to preserve New Jersey's land and natural resources for the benefit of all. As a leading innovator and catalyst for saving land, NJ Conservation protects strategic lands through acquisition and stewardship, promotes strong land use policies, and forges partnerships to achieve conservation goals.

NJCF Preserves, LLC ("Preserves") is a single member limited liability company, incorporated in the State of New Jersey, with NJ Conservation as the sole member. There were no operations during the years ended December 31, 2020 and 2019. The LLC is a "disregarded entity" for tax reporting purposes.

##### **[2] Principles of consolidation:**

The consolidated financial statements include the accounts of NJ Conservation and its 100% wholly-owned subsidiary, Preserves (collectively, the "Foundation"). All significant intercompany accounts and transactions have been eliminated in consolidation.

##### **[3] Adoption of new accounting pronouncement:**

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*, and has subsequently issued supplemental and/or clarifying ASUs (collectively, "ASC 606"). Accounting Standards Codification ("ASC") 606 outlines a five-step framework that supersedes the principles for recognizing revenue and eliminates industry-specific guidance. In addition, ASC 606 revises current disclosure requirements in an effort to help financial statement users better understand the nature, amount, timing and uncertainty of revenue that is recognized. New Jersey Conservation Foundation ("NJCF") adopted ASC 606 on January 1, 2020, using the modified retrospective approach. No changes were required to previously reported net assets as a result of the adoption.

##### **[4] Use of estimates:**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures 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. Actual results could differ from those estimates.

##### **[5] Operating indicator:**

The operating activities of the Foundation include all income and expenses related to carrying out its services. Items not included in the Foundation's operating measure are the change in value of split-interest agreements, contributions of and loss on disposition of land, change in value of land, building and easements, bad debt expense and realized and unrealized gains and losses on investments.

**NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**  
(New Jersey Not-for-Profit Organizations)

**Notes to Consolidated Financial Statements**  
**December 31, 2020 and 2019**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**[6] Basis of presentation:**

The consolidated financial statements, which are prepared on the accrual basis of accounting, have been prepared to focus on the Foundation as a whole and to present balances and transactions based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- **Net assets without donor restrictions:** Net assets available for use in general operations and not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.
- **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. Contributions and other revenue are reported with donor restriction if they are received with donor restrictions that limit the use of the donated assets. Donor-imposed restrictions are released either 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 or through appropriation of endowment income pursuant to Board approval and reported in the consolidated statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

**[7] Functional allocation of expenses:**

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited. The expenses that are allocated include occupancy, equipment rental and maintenance, depreciation, salaries, employee benefits and payroll taxes, information technology, insurance, and postage and printing which are allocated on the basis of time and effort spent in each department. Professional fees, program grants and contributions, travel, conferences and meetings, telephone and office expenses are allocated to programs and supporting services, directly, according to the department that incurred the expense.

**[8] Concentration of credit risk:**

The Foundation maintains cash in accounts with federally insured banks in amounts, which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts, and as such, believes it is not exposed to any significant credit risk on cash.

**[9] Cash and cash equivalents:**

Cash equivalents are short-term, highly liquid investments with original maturities of three months or less.

## **NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**

(New Jersey Not-for-Profit Organizations)

### **Notes to Consolidated Financial Statements December 31, 2020 and 2019**

#### **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **[10] Promises to give:**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are reported at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. NJ Conservation determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions and a review of subsequent collections. Promises to give are written off when deemed uncollectible.

##### **[11] Investments:**

Investments in equity securities with readily determinable fair values are stated at their fair value. Investments received by gift are recorded at fair value at the date of receipt and liquidated soon after receipt. Fair value for mutual and exchange traded funds are based on quoted market prices. Investments in the small cap equity fund are non-marketable and valued at management's estimated fair value using the net asset value ("NAV") as a practical expedient, of the Foundation's ownership interest as provided by management of the fund. There are no unfunded commitments and no redemption notice period or redemption frequency. The preceding methods described may produce a fair value estimate that may not be indicative of the net realizable values or reflective of future values. Furthermore, although management believes its valuation methods are appropriate and consistent with the practices of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The fair values assigned to these assets do not necessarily represent amounts that might ultimately be realized and the differences may be material.

Gains and losses on sales of investments are determined using the average cost method. Unrealized gains are included in change in net assets in the consolidated statements of activities. Net investment income is reported in the consolidated statements of activities and consists of interest and dividend income less external and direct internal investment expenses.

##### **[12] Office furniture and equipment:**

Office furniture and equipment are recorded at cost, if purchased, or at fair value at the date of receipt, if acquired by gift, less accumulated depreciation. All furniture and equipment valued over \$1,000 are capitalized and recognized in the consolidated statements of financial position. Depreciation is provided on the straight-line method based upon the estimated useful lives of the assets, which range from three to ten years.

Depreciation was \$13,347 and \$9,492 for the years ended December 31, 2020 and 2019, respectively.

##### **[13] Land, buildings and easements:**

Land and buildings are recorded at cost or, if acquired by gift, at fair value at the date of the gift. As of December 31, 2020 and 2019, there are two properties included in land and buildings that are subject to life estates totaling approximately \$1,103,000, respectively. Life estates are included in net assets with donor restrictions. Gains and losses, if any, are recognized upon disposition.

## **NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**

(New Jersey Not-for-Profit Organizations)

### **Notes to Consolidated Financial Statements December 31, 2020 and 2019**

#### **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **[13] Land, buildings and easements: (continued)**

Easements are stated at a nominal value of \$1. Since the benefits of such easements accrue to the public upon acquisition, the fair value of easements acquired is recorded in the year of acquisition as an addition to net assets, and, unless conveyed to a public agency for consideration, shown as a reduction in net assets to recognize that these easements have no marketable value once severed from the land and held by the Foundation. As of December 31, 2020, there were 35 purchased and 77 donated easements. As of December 31, 2019, there were 32 purchased and 77 donated easements.

Costs directly associated with the acquisition of land, buildings, and easements are deferred and included in the consolidated statements of financial position under land, buildings and easements.

##### **[14] Impairment of long-lived assets:**

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of December 31, 2020 and 2019, and in the opinion of management, there was no impairment. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

##### **[15] Beneficial interest in split-interest agreements:**

Beneficial interest in split-interest agreements consists of charitable remainder trusts and charitable gift annuities. The Foundation is not the trustee of these trusts or annuities.

Charitable remainder trusts are arrangements in which the donor establishes and funds a trust with specified distributions to be made to a designated beneficiary or beneficiaries over the trust's term. Upon termination of the trust, the Foundation receives all, or a portion of, the assets remaining in the trust. The fair value of the trusts are computed at the present value (discount rates of 1.5% at December 31, 2020 and discount rates of 1.99% at December 31, 2019) of the estimated cash flows to be received from the trusts. The trusts are recorded as net assets with donor restrictions and the changes in the value of the trusts have been recorded in the consolidated statements of activities. The amount of the Foundation's beneficial interest in the charitable remainder trusts as of December 31, 2020 and 2019 was \$97,905 and \$84,011, respectively, and is recorded in the consolidated statements of financial position.

A charitable gift annuity is an arrangement whereby the donor contributes assets to an organization in exchange for a promise by the organization to pay a fixed amount for a specified period of time to the donor, or to individuals or organizations designated by the donor. Under the terms of the agreements, the Foundation is to receive an amount equal to the residuum of the gifts, but the residuum is not to be more than the initial deposit. The amount of the Foundation's beneficial interest in the residuum as of December 31, 2020 and 2019 was \$459,643 and \$453,411, respectively, and is recorded in the consolidated statements of financial position.

##### **[16] Costs of direct benefit to donors:**

The Foundation conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct costs of the benefits received by the participant at the event. The direct costs of the special events which ultimately benefit the donor is netted with gala and other special events on the statements of activities and changes in net assets. During 2020, the Foundation held a virtual gala for which all proceeds paid were contributions.

## **NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**

(New Jersey Not-for-Profit Organizations)

### **Notes to Consolidated Financial Statements December 31, 2020 and 2019**

#### **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **[17] Income taxes:**

The Internal Revenue Service (the "IRS") has recognized the Foundation as tax exempt under Section 501(c)(3) of the Internal Revenue Code. Management has analyzed the tax positions taken by the Foundation and has concluded that as of December 31, 2020 and 2019, there are no uncertain tax positions taken or expected to be taken that would require the recognition of a liability or disclosure in the consolidated financial statements. The Foundation recognizes accrued interest and penalties associated with uncertain tax provisions, if any. There were no income tax-related interest and penalties recorded for the years ended December 31, 2020 and 2019.

##### **[18] Revenue recognition:**

The Foundation receives its support in the form of contributions from corporations, foundations and individuals as well as from government grants. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Contributions of assets other than cash are recorded at their fair value at the date of donation. Contributions to be received after one year are discounted at a rate commensurate with the risk involved. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

A portion of the Foundation's revenue is derived from cost-reimbursable federal and state contracts and grants. The grants and contracts provide funding to support the mission of the Foundation. As the government is not receiving a benefit as result of the contracts and grants, the government funding is considered a contribution. The grants and contracts are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses and therefore are considered conditional promises to give. Contribution revenue is recorded when expenditures have been incurred in compliance with the terms of each grant or contract. Cost-reimbursable grant and contract amounts not yet recognized as of December 31, 2020 and 2019 were approximately \$1,880,000 and \$4,700,000 because qualifying expenditures had not yet been incurred. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. Refundable advances as of December 31, 2020 and 2019, were \$46,733 and \$0, respectively, and are recorded in accounts payable and accrued expenses in the consolidated statements of financial position.

The Foundation records special events revenue equal to the cost of direct benefits to donors, and contribution revenue (difference of the cash receipt and the direct benefit), which is included in special events in the statements of activities and changes in net assets. The recognition of revenue is conditional on the event taking place, as this is the point in time when the performance obligation of hosting the event occurs, and attendees can no longer request a refund for their tickets purchased. As of December 31, 2020 and 2019, contributions associated with special events of \$221,843 and \$0, respectively, are included in the consolidated statements of activities.

##### **[19] Paycheck Protection Program:**

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The Paycheck Protection Program ("PPP") established by the CARES Act, implemented by the U.S. Small Business Administration ("SBA"), provides businesses, including certain not-for-profit organizations, with funds to pay payroll and other costs during the coronavirus ("COVID-19") outbreak.

# NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY

(New Jersey Not-for-Profit Organizations)

## Notes to Consolidated Financial Statements December 31, 2020 and 2019

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### [19] Paycheck Protection Program: (continued)

On April 27, 2020, NJCF received proceeds from the SBA as part of the PPP in the amount of \$593,100, of which \$40,600 was repaid prior to December 31, 2020. There are two acceptable methods for accounting for the PPP proceeds received under the CARES Act. Entities can elect to treat the funds as a loan or as a conditional contribution. The funding is conditional on NJCF using the funds to cover qualified expenditures while maintaining certain employment levels. Contributions from this agreement are therefore recognized as revenue when qualifying costs are incurred and conditions have been substantially met, as required by the agreement. For the period from April 23, 2020 through October 7, 2020, the elected 24 week covered period, \$552,500 of the grant was used for qualified expenditures, including payroll, and thus was recognized as government grant revenue in the consolidated statements of activities and changes in net assets. Management believes that these costs meet the conditions of the grant and the potential for material disallowances is remote and, therefore, is not a barrier that would prevent the recognition of revenue. On April 22, 2021, NJCF received a notification that the SBA had fully forgiven the PPP Loan.

#### [20] Donated services:

Donated 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 the Foundation. The Foundation received donated legal fees, which amounted to approximately \$843,800 and \$1,343,800 for the years ended December 31, 2020 and 2019, respectively. Contributions of services are recognized by the Foundation as donated services without donor restriction and are included as program expenses in the consolidated statements of activities.

#### [21] New accounting pronouncements:

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 requires lessees to recognize all leases (with terms more than 12 months) at the commencement date the following, i) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and ii) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified lease term. The new lease guidance also simplifies the accounting for sale and leaseback transactions. Lessees will no longer be provided with a source of off-balance sheet financing. For nonpublic business entities, ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. The Foundation is currently evaluating the effect that the new standard will have on its consolidated financial statements and related disclosures.

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. Under the new standard's requirements, gifts-in-kind are to be presented as a separate line item, instead of remaining grouped among contributions of cash or other financial assets, on the statement of activities. The ASU requires the new standard to be applied retrospectively, with amendments taking effect for annual reporting periods beginning after December 15, 2021. The ASU does allow for early adoption.

#### [22] Reclassification:

Certain amounts in the prior period have been reclassified to conform to the current period classification. These reclassifications have no effect on the previously reported net income.

#### [23] Subsequent events:

The Foundation has evaluated subsequent events through June 24, 2021, the date the consolidated financial statements were available to be issued.

**NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**  
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**Notes to Consolidated Financial Statements**  
**December 31, 2020 and 2019**

**NOTE B - INVESTMENTS, CASH AND CASH EQUIVALENTS**

As of December 31, 2020 and 2019, investments consist of the following:

	<u>2020</u>	<u>2019</u>
Equity securities	\$ 6,484	\$ 6,117
Mutual funds - bonds	7,487,192	6,515,050
Mutual funds - equities	7,867,309	6,939,503
Small cap equity fund	<u>921,393</u>	<u>748,349</u>
Total investments	16,282,378	14,209,019
Cash and cash equivalents	<u>1,430,962</u>	<u>2,185,501</u>
Total investments, cash and cash equivalents	<u>\$ 17,713,340</u>	<u>\$ 16,394,520</u>

Investments, cash and cash equivalents are comprised of:

	<u>2020</u>	<u>2019</u>
General operating funds	\$ 1,922,449	\$ 1,226,674
Program, capital campaign and land acquisition funds	7,553,751	7,568,456
Endowment funds (Board-designated and donor restricted)	<u>8,237,140</u>	<u>7,599,390</u>
	<u>\$ 17,713,340</u>	<u>\$ 16,394,520</u>

**NOTE C - UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give as of December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Receivable in less than one year	\$ 280,345	\$ 246,756
Receivable in one year to five years	<u>5,000</u>	<u>29,905</u>
	285,345	276,661
Present value discount of 2.52%	(20)	(2,260)
Allowance for uncollectible promises to give	<u>(1,745)</u>	<u>(5,803)</u>
	<u>\$ 283,580</u>	<u>\$ 268,598</u>

## NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY

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### Notes to Consolidated Financial Statements December 31, 2020 and 2019

#### NOTE D - NET ASSETS WITHOUT DONOR RESTRICTIONS

The Foundation's net assets without donor restrictions is comprised of undesignated and Board-designated amounts for the following purposes at December 31, 2020 and 2019, respectively:

	<u>2020</u>	<u>2019</u>
Undesignated	\$ 44,896,573	\$ 40,851,572
Board-designated endowment for stewardship purposes	3,644,723	3,354,040
Board-designated for endowment for long-term financial purposes	<u>4,538,773</u>	<u>4,192,446</u>
Total net assets without donor restrictions	<u>\$ 53,080,069</u>	<u>\$ 48,398,058</u>

#### NOTE E - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Subject to expenditures for a specified purpose:		
Land acquisition	\$ 1,812,055	\$ 2,527,159
Stewardship of land and easements	1,213,512	1,145,573
Program management	<u>1,284,034</u>	<u>1,378,560</u>
	<u>4,309,601</u>	<u>5,051,292</u>
Subject to the passage of time:		
Beneficial interest in split-interest agreements	557,548	582,921
Life estates	<u>1,102,798</u>	<u>1,102,798</u>
	<u>1,660,346</u>	<u>1,685,719</u>
Endowment:		
Perpetual in nature, the earnings from which are subject expenditures for a specific purpose:		
Internship program	<u>40,286</u>	<u>40,286</u>
Total endowment	<u>40,286</u>	<u>40,286</u>
Total net assets with donor restrictions	<u>\$ 6,010,233</u>	<u>\$ 6,777,297</u>

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**NOTE E - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Endowment released by donor	\$ -	\$ 70,000
Distributions from beneficial interest in split-interest agreements	<b>45,500</b>	24,411
Satisfaction of purpose restriction:		
Land acquisition	<b>736,411</b>	65,225
Stewardship of land and easements	<b>65,418</b>	93,720
Program management	<u><b>2,678,017</b></u>	<u>3,373,530</u>
	<u><b>\$ 3,525,346</b></u>	<u>\$ 3,626,886</u>

**NOTE F - RETIREMENT PLAN**

The Foundation maintains a 401(k) profit-sharing plan (the "Plan") covering all eligible employees, as defined by the Plan. The Foundation partially matches employee contributions and may make a discretionary contribution to the Plan up to 3% of employees' eligible compensation. The Foundation matches the employee contribution up to 6% of eligible compensation. The Foundation did not make a discretionary contribution in 2020 or 2019. The Foundation's expense related to the Plan was \$118,592 and \$117,738 in 2020 and 2019, respectively.

**NOTE G - FAIR VALUE MEASUREMENTS**

*Fair Value Measurements and Disclosures* establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. *Fair Value Measurements and Disclosures* defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price"), in an orderly transaction between market participants.

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**NOTE G - FAIR VALUE MEASUREMENTS (CONTINUED)**

In determining fair value, the Foundation uses various valuation approaches, including market, income and/or cost approaches. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under *Fair Value Measurements and Disclosures* and the Foundation's related types are described below:

- Level 1* – Values are based on unadjusted quoted prices for identical assets or liabilities in active markets. The Foundation's assets included in Level 1 are equity securities, exchange-traded funds and mutual funds.
- Level 2* – Values are based on quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in inactive markets; or inputs that are derived principally from or corroborated by observable market data. The Foundation does not have any Level 2 assets.
- Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The Foundation's asset included in Level 3 is a beneficial interest in split-interest agreements.

The financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

The availability of observable market data is monitored to assess the appropriate classifications of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such circumstances, the transfer is reported at the beginning of the reporting period. For the years ended December 31, 2020 and 2019 there were no transfers into or out of Levels 1, 2 or 3.

The following tables set forth, by level, the Foundation's assets at fair value, within the fair value hierarchy, as of December 31, 2020 and 2019:

	<b>Assets at Fair Value as of December 31, 2020</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investments:				
Equity securities	\$ 6,484	\$ -	\$ -	\$ 6,484
Mutual funds - bonds	7,487,192	-	-	7,487,192
Mutual funds - equity	7,867,309	-	-	7,867,309
Small cap equity fund (A)	<u>-</u>	<u>-</u>	<u>-</u>	<u>921,393</u>
	<b>15,360,985</b>	<b>-</b>	<b>-</b>	<b>16,282,378</b>
Beneficial interest in charitable remainder trusts	<u>-</u>	<u>-</u>	<u>97,905</u>	<u>97,905</u>
Totals	<b><u>\$15,360,985</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 97,905</u></b>	<b><u>\$16,380,283</u></b>

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**NOTE G - FAIR VALUE MEASUREMENTS (CONTINUED)**

	<b>Assets at Fair Value as of December 31, 2019</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investments:				
Equity securities	\$ 6,117	\$ -	\$ -	\$ 6,117
Mutual funds - bonds	6,515,050	-	-	6,515,050
Mutual funds - equity	6,939,503	-	-	6,939,503
Small cap equity fund (A)	<u>-</u>	<u>-</u>	<u>-</u>	<u>748,349</u>
	13,460,670	-	-	14,209,019
Beneficial interest in charitable remainder trusts	<u>-</u>	<u>-</u>	<u>84,011</u>	<u>84,011</u>
Totals	<u>\$13,460,670</u>	<u>\$ -</u>	<u>\$ 84,011</u>	<u>\$14,293,030</u>

(A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

A summary of the changes in Level 3 assets measured at fair value for the years ended December 31, 2020 and 2019 is as follows:

	<b>Charitable Remainder Trusts</b>	
	<b>2020</b>	<b>2019</b>
Beginning balance	\$ 84,011	\$ 76,745
Change in value of charitable remainder trusts	<u>13,894</u>	<u>7,266</u>
Ending balance	<u>\$ 97,905</u>	<u>\$ 84,011</u>

## NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY

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### Notes to Consolidated Financial Statements December 31, 2020 and 2019

#### NOTE H - COMMITMENTS

The Foundation leases its main office in Chester Township, New Jersey for a five-year period ending December 31, 2021, which is renewable, with certain conditions, for up to three additional five-year terms. Future minimum lease payments are \$36,100 per year, with annual increases equal to the Consumer Price Index. The Foundation also leases office space on an annual basis, in Camden, New Jersey, with total future minimum lease payments of \$8,500 through October 2021, and additional office space in Stockton, New Jersey for a term of 12 years, with future minimum lease payments of \$12,000 per year through April 2025. The Foundation also leases office equipment through 2022. Total rent expense was \$71,177 and \$74,819 for the years ended December 31, 2020 and 2019, respectively.

Minimum future rentals to be paid on noncancelable leases subsequent to December 31, 2020, are as follows:

2021	\$	69,400
2022		15,600
2023		13,800
2024		13,200
2025		5,000

#### NOTE I - ENDOWMENT AND BOARD-DESIGNATED FUNDS

The Foundation's endowment includes a donor-restricted internship program endowment fund. The internship program endowment fund was established by the donors for an internship program, the investment income is to be used for an annual funding of the program. The endowment also includes funds designated by the Board of Trustees to function as endowments ("Board-designated funds"). There are two sub-funds, one for stewardship of land and easements and one for the long-term operations of the Foundation. As required by U.S. GAAP, net assets associated with endowment funds, including Board-designated funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date to the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restriction (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the Foundation and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Foundation; and
- The investment policies of the Foundation.

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**NOTE I - ENDOWMENT AND BOARD-DESIGNATED FUNDS (CONTINUED)**

Endowment and Board-designated endowment net assets composition by type of fund as of December 31, 2020, is as follows:

	<u>2020</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment:			
Long-term operations	\$ 4,358,773	\$ -	\$ 4,358,773
Stewardship funds	3,644,723	-	3,644,723
Donor-restricted endowment funds required to be maintained in perpetuity	<u>-</u>	<u>40,286</u>	<u>40,286</u>
Total fund	<u>\$ 8,183,496</u>	<u>\$ 40,286</u>	<u>\$ 8,223,782</u>

As of December 31, 2020, the Foundation's endowment and Board-designated net assets had the following activity:

	<u>2020</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	<u>\$ 7,546,486</u>	<u>\$ 40,286</u>	<u>\$ 7,586,772</u>
Contributions	1,200	-	1,200
Investment return	<u>859,549</u>	<u>-</u>	<u>859,549</u>
	860,749	-	860,749
Distribution from Board-designated endowment pursuant to spending policy	<u>(223,739)</u>	<u>-</u>	<u>(223,739)</u>
Endowment net assets, end of year	<u>\$ 8,183,496</u>	<u>\$ 40,286</u>	<u>\$ 8,223,782</u>

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**Notes to Consolidated Financial Statements**  
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**NOTE I - ENDOWMENT AND BOARD-DESIGNATED FUNDS (CONTINUED)**

Endowment and Board-designated net assets composition by type of fund as of December 31, 2019, is as follows:

	<b>2019</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Board-designated endowment:			
Long-term operations	\$ 4,192,446	\$ -	\$ 4,192,446
Stewardship funds	3,354,040	-	3,354,040
Donor-restricted endowment funds required to be maintained in perpetuity	<u>-</u>	<u>40,286</u>	<u>40,286</u>
Total fund	<u>\$ 7,546,486</u>	<u>\$ 40,286</u>	<u>\$ 7,586,772</u>

As of December 31, 2019, the Foundation's endowment and Board-designated net assets had the following activity:

	<b>2019</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of year	<u>\$ 6,657,604</u>	<u>\$ 106,274</u>	<u>\$ 6,763,878</u>
Contributions	70,000	4,012	74,012
Investment return	<u>1,169,596</u>	<u>-</u>	<u>1,169,596</u>
	1,239,596	4,012	1,243,608
Distribution from Board-designated endowment pursuant to spending policy	(350,714)	-	(350,714)
Released by donor	<u>-</u>	<u>(70,000)</u>	<u>(70,000)</u>
Endowment net assets, end of year	<u>\$ 7,546,486</u>	<u>\$ 40,286</u>	<u>\$ 7,586,772</u>

**[1] Funds with deficiencies:**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or law requires the Foundation to retain as a fund of perpetual duration. The Foundation has determined to not spend from underwater endowments until amounts are fully recovered. There were no such deficiencies as of December 31, 2020 or 2019.

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**NOTE I - ENDOWMENT AND BOARD-DESIGNATED FUNDS (CONTINUED)**

**[2] Return objectives/risk parameters and spending policy:**

The Board-designated endowment funds were established from contributions from net assets without donor restrictions for the management and conservation of monies to be used in furtherance of the goals and purposes of the Foundation. They are separated into two sub-funds, a stewardship fund and a more general fund for long-term operations.

Three percent of the principal from Board-designated endowment fund assets shall be included in the annual budget of the Foundation, to be used for the general day-to-day operation of the Foundation. Upon the written request of the Executive Director of the Foundation, withdrawals from the principal of the Board-designated endowment funds may be made if authorized by the majority vote of the Board of Trustees. The Foundation also has a donor designated internship endowment fund. The internship endowment fund's principal is to be held in perpetuity, the earnings are to be spent on an internship program. Both the Board-designated and donor-restricted endowment funds shall be overseen by the finance committee, with the objective of obtaining a long-term return on investment from income and capital appreciation consistent with prudent risk.

**[3] Strategies employed for achieving objectives:**

The finance committee mitigates risk by diversifying investments among major asset categories and within such major categories. The major categories are cash and cash equivalents, fixed income, equity investments and alternative investments. Cash or cash equivalents should normally not exceed 15% of the total endowment fund assets, with a target of 9%. Fixed income should represent between 20.5% and 50.5% of the total endowment fund assets, with a target of 35.5%. Equity investments should represent 45.5% to 65.5%, with a target of 55.5%. Alternative investments should not exceed 10%, with a target of 0%.

**NOTE J - LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure within one year of the balance sheet date as of December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Cash, cash equivalents and investments for general operating fund	\$ 1,992,449	\$ 1,226,674
Unconditional promises to give	280,345	246,756
Board-designated endowment:		
Spending rate distributions	221,000	219,000
Additional Board approved distributions	-	275,000
Other investments appropriated for current use	<u>95,000</u>	<u>65,000</u>
Total	<u>\$ 2,518,794</u>	<u>\$ 2,032,430</u>

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing activities of preservation of land and natural resources, as well as the conduct of services undertaken to support those activities, to be general expenditures.

## **NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**

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### **Notes to Consolidated Financial Statements December 31, 2020 and 2019**

#### **NOTE J - LIQUIDITY AND AVAILABILITY (CONTINUED)**

Endowment funds consist of a donor-restricted endowment and Board-designated endowments (Note I). Income from the donor-restricted endowment is restricted for specific purposes and, therefore, is not available for general expenditures. As described in Note I, the Board-designated endowments have a spending rate of 3%, and a balance of approximately \$8.2 million. Although the Foundation does not intend to spend from this fund other than amounts appropriated for general expenditures as part of its annual budget, amounts could be made available if necessary.

To help manage liquidity needs, the Foundation has an established arrangement with its bank that sweeps balances over \$100,000 in checking accounts daily into demand accounts at other banks, in increments under \$250,000 at each bank.

#### **NOTE K - RISKS AND UNCERTAINTIES**

Investments are exposed to various risks, such as interest rate, market risk and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in values of investments will occur in the near term. Users of these consolidated financial statements should be aware that the financial markets' volatility may significantly impact the subsequent valuation of the Foundation's investments. Accordingly, the valuation of the investments as of December 31, 2020 and 2019 may not necessarily be indicative of amounts that could be realized in a current market exchange.

#### **COVID-19**

The extent of the impact and effects of COVID-19 on the operations and financial performance of the Foundation's business are unknown. However, the Foundation does not expect that it will have a material adverse effect on its business or financial results at this time.

#### **NOTE L - RELATED PARTY TRANSACTIONS**

During 2014, the Conservation Hunters Association, Inc. (the "Association"), a 501(c)(7) organization, was formed. The Association's Board of Trustees is comprised of a Board member and two staff members of NJ Conservation. There were no transactions between the Association and NJ Conservation in 2020 and 2019.

In November of 2015, Rethink Energy of NJ ("Rethink"), a 501(c)(4) was formed. Two of the Foundation's Board members and one staff member are members of the Board of Trustees of Rethink. The Foundation gave a grant to Rethink in the amount of \$617,582 and \$1,320,785 during the years ended December 31, 2020 and 2019, respectively. In January 2021, the Foundation committed to an additional grant to Rethink for 2021, in the amount of approximately \$567,000.