EISNERAMPER

NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY

(New Jersey Not-for-Profit Organizations)

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 and 2018

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

Contents

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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, 2019 and 2018, 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, 2019 and 2018, 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
November 19, 2020

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

Consolidated Statements of Financial Position

	December 31, 2019	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 2,185,501**	$ 8,593,807
Investments	**14,209,019**	6,045,952
Unconditional promises to give	**246,756**	107,127
Prepaid expenses and other current assets	**132,380**	460,058
	16,773,656	15,206,944
Other assets:		
Unconditional promises to give, net of current portion, and allowance and discount	**21,842**	48,898
Beneficial interest in split-interest agreements	**537,422**	194,003
Land, buildings and easements	**38,083,296**	37,450,385
Office furniture and equipment, net	**50,446**	18,849
	38,693,006	37,712,135
	$ 55,466,662	$ 52,919,079
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	**$ 291,307**	$ 238,211
Total liabilities	**291,307**	238,211
Commitments		
NET ASSETS		
Without donor restrictions	**48,398,058**	46,856,609
With donor restrictions	**6,777,297**	5,824,259
Total net assets	**55,175,355**	52,680,868
	$ 55,466,662	$ 52,919,079

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

Consolidated Statements of Activities

	Year Ended December 31,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Contributions	$ 1,544,053	$ 3,799,519	$ 5,343,572	$ 2,687,965	$ 3,272,604	$ 5,960,569
Government grants	1,756,795	-	1,756,795	3,321,446	-	3,321,446
Donated services	1,343,785	-	1,343,785	1,728,153	-	1,728,153
Investment income, net	234,590	48,537	283,127	108,227	14,396	122,623
Miscellaneous	101,772	189,303	291,075	116,908	148,804	265,712
Special events	-	-	-	317,981	-	317,981
Less: direct donor benefit	-	-	-	(47,505)	-	(47,505)
Net assets released from restrictions	3,626,886	(3,626,886)	-	4,635,778	(4,635,778)	-
Total support and revenue	8,607,881	410,473	9,018,354	12,868,953	(1,199,974)	11,668,979
Expenses:						
Program expenses:						
Conservation program services	7,870,759	-	7,870,759	10,012,880	-	10,012,880
Supporting services:						
Management and general	474,833	-	474,833	512,345	-	512,345
Fundraising	583,095	-	583,095	611,760	-	611,760
Total supporting services	1,057,928	-	1,057,928	1,124,105	-	1,124,105
Total expenses	8,928,687	-	8,928,687	11,136,985	-	11,136,985
(Deficiency) excess support and revenue over expenses before other additions (deductions)	(320,806)	410,473	89,667	1,731,968	(1,199,974)	531,994

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,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
(Deficiency) excess support and revenue over expenses before other additions (deductions) (brought forward)	**$ (320,806)**	**$ 410,473**	**$ 89,667**	$ 1,731,968	$ (1,199,974)	$ 531,994
Other additions (deductions):						
Change in value of split-interest agreements	**-**	**284,962**	**284,962**	(37,751)	(51,414)	(89,165)
Contributions of land	**423,480**	**-**	**423,480**	2,208,129	-	2,208,129
Loss on disposition of land	**(1,180)**	**-**	**(1,180)**	(100,394)	-	(100,394)
Change in value of land, buildings and easements	**(23,569)**	**-**	**(23,569)**	(2,567,104)	-	(2,567,104)
Bad debt expense	**-**	**-**	**-**	-	(500)	(500)
Realized gain on investments, net	**250,282**	**102,778**	**353,060**	2,278,202	230,232	2,508,434
Unrealized gain (loss) on investments, net	**1,213,242**	**154,825**	**1,368,067**	(2,806,762)	(334,645)	(3,141,407)
	1,862,255	**542,565**	**2,404,820**	(1,025,680)	(156,327)	(1,182,007)
Change in net assets	**1,541,449**	**953,038**	**2,494,487**	706,288	(1,356,301)	(650,013)
Net assets at beginning of year	**46,856,609**	**5,824,259**	**52,680,868**	46,150,321	7,180,560	53,330,881
Net assets at end of year	**$ 48,398,058**	**$ 6,777,297**	**$ 55,175,355**	$ 46,856,609	$ 5,824,259	$ 52,680,868

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

Consolidated Statement of Functional Expenses
Year Ended December 31, 2019

	Conservation Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	2019 Total
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
	$ 7,870,759	$ 474,833	$ 583,095	$ 8,928,687

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

Consolidated Statement of Functional Expenses
Year Ended December 31, 2018

	Conservation Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	2018 Total
Salaries	$ 1,705,388	$ 246,832	$ 306,652	$ 2,258,872
Employee benefits and payroll taxes	377,298	56,400	64,538	498,236
Program grants and contributions	2,583,620	61,537	5,000	2,650,157
Write down of purchased easements	2,586,866	-	-	2,586,866
Professional fees	431,895	83,242	26,817	541,954
Donated professional fees	1,728,153	-	-	1,728,153
Field supplies	168,265	-	-	168,265
Office expense	8,438	744	906	10,088
Postage and printing	25,863	545	52,889	79,297
Occupancy	57,225	7,354	8,691	73,270
Insurance	73,076	9,669	11,427	94,172
Real estate taxes	40,389	-	-	40,389
Equipment rental and maintenance	10,846	1,570	1,855	14,271
Information technology	52,898	3,481	4,263	60,642
Travel	44,247	3,278	1,874	49,399
Conferences and meetings	39,125	11,578	547	51,250
Telephone	17,998	1,925	2,293	22,216
Depreciation	4,362	631	746	5,739
Facility rental, food and beverage and entertainment for special event	-	-	162,586	162,586
Miscellaneous	56,928	23,559	8,181	88,668
Total expenses by function	10,012,880	512,345	659,265	11,184,490
Less: expenses included in the revenue section on the statement of activities	-	-	(47,505)	(47,505)
Total expenses included in the expense section of the statement of activities	$ 10,012,880	$ 512,345	$ 611,760	$11,136,985

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

Consolidated Statements of Cash Flows

	Year Ended December 31, 2019	Year Ended December 31, 2018
Cash flows from operating activities:		
Change in net assets	**$ 2,494,487**	$ (650,013)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**9,492**	5,739
Change in value of land, buildings and easements	**23,569**	2,567,104
Write-down of purchased and donated easements	**435,837**	2,586,866
Contributions of investments	**(82,706)**	(59,516)
Proceeds from sales of contributions of investments	**88,240**	48,437
Contributions of land	**(423,480)**	(2,208,129)
Contributions of split-interest agreements	**(58,457)**	-
Bad debt expense	**-**	(500)
Net loss on disposition of land	**1,180**	100,394
Net realized and unrealized (gain) loss on investments	**(1,721,127)**	632,973
Change in beneficial interest in split-interest agreements	**(284,962)**	89,165
Change in assets and liabilities:		
Unconditional promises to give, net	**(112,573)**	399,278
Prepaid expenses and other current assets	**327,399**	(254,883)
Accounts payable and accrued expenses	**53,095**	38,975
Refundable advance	**-**	(243,000)
Total adjustments	**(1,744,493)**	3,702,903
Net cash provided by operating activities	**749,994**	3,052,890
Cash flows from investing activities:		
Purchases of investments	**(9,958,669)**	(5,522,983)
Proceeds from sale of investments	**3,511,195**	12,116,314
Payments for purchases of land and easements	**(2,339,237)**	(3,926,847)
Proceeds from disposition of land	**1,669,500**	-
Payments for purchases of office furniture and equipment	**(41,089)**	(5,865)
Net cash (used in) provided by investing activities	**(7,158,300)**	2,660,619
Net change in cash and cash equivalents	**(6,408,306)**	5,713,509
Cash and cash equivalents at beginning of year	**8,593,807**	2,880,298
Cash and cash equivalents at end of year	**$ 2,185,501**	$ 8,593,807

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, 2019 and 2018. 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 June 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU No. 2018-08 clarifies and improves guidance concerning, 1) the determination whether a transaction should be accounted for as an exchange transaction or as a contribution, and 2) whether a contribution received is conditional. ASU No. 2018-08 is effective for annual periods beginning after December 15, 2018 for entities that are resource recipients and after December 15, 2019 for resource providers. As a resource recipient, the Foundation adopted the related portion of this guidance effective January 1, 2019, with no impact to its financial statements. As a resource provider, the Foundation will adopt the related guidance effective January 1, 2020 and the Foundation is currently evaluating the impact of this guidance related to resource providers and does not expect it to have a material impact to its consolidated financial statements.

[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.

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.

[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.

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 limited partnerships (the "partnerships") and 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 in partner's/fund's capital as provided by management of the partnerships/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 (losses) 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 $9,492 and $5,739 for the years ended December 31, 2019 and 2018, 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, 2019 and 2018, 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.

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, 2019, there were 32 purchased and 77 donated easements. As of December 31, 2018, there were 31 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, 2019 and 2018, 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 1.99% at December 31, 2019 and discount rates of 2.26% at December 31, 2018) 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, 2019 and 2018 was $84,011 and $76,745, 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, 2019 and 2018 was $453,411 and $117,258, respectively, and is recorded in the consolidated statements of financial position.

[16] 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, 2019 and 2018, 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, 2019 and 2018.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[17] 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, 2019 and 2018 were approximately $3,650,000 and $5,420,000 because qualifying expenditures had not yet been incurred. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. There were no refundable advances as of December 31, 2019 and 2018.

[18] 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 $1,343,800 and $1,728,150 for the years ended December 31, 2019 and 2018, respectively. Contributions of services are recognized by the Foundation as both revenue and expense in the consolidated statements of activities.

[19] 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.

[20] Reclassification:

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[21] Subsequent events:

The Foundation has evaluated subsequent events through November 19, 2020, the date the consolidated financial statements were available to be issued.

The extent of the impact of the coronavirus ("COVID-19") outbreak on the financial performance of the Foundation will depend on future developments, including the duration and spread of the outbreak and related advisories and restrictions and the impact of COVID-19 on the financial markets and the overall economy, all of which are highly uncertain and cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period, the Foundation may be materially adversely affected. Subsequent to year-end, the Foundation obtained a Payment Protection Program loan of approximately $593,000 and repaid approximately $41,000 of the loan. Repayment terms and potential forgiveness is pending.

NOTE B - INVESTMENTS, CASH AND CASH EQUIVALENTS

As of December 31, 2019 and 2018, investments consist of the following:

	2019	**2018**
Equity securities	**$ 6,117**	$ 11,396
Mutual funds - bonds	**6,515,050**	259,569
Mutual funds - equities	**6,939,503**	624,031
Small cap equity fund	**748,349**	-
Exchange traded funds	**-**	4,070,954
Limited partnerships	**-**	499,640
Receivable on investments *	**-**	580,362
Total investments	**14,209,019**	6,045,952
Cash and cash equivalents	**2,185,501**	8,593,807
Total investments, cash and cash equivalents	**$ 16,394,520**	$ 14,639,759

* Effective December 31, 2018, the Foundation redeemed $580,362 of a limited partnership. The funds were distributed on January 1, 2019 and were subsequently reinvested.

NOTE B - INVESTMENTS, CASH AND CASH EQUIVALENTS (CONTINUED)

Investments, cash and cash equivalents are comprised of:

	2019	2018
General operating funds	**$ 1,226,674**	$ 1,183,262
Program, capital campaign and land acquisition funds	**7,568,456**	6,788,369
Endowment funds (Board-designated and donor restricted)	**7,599,390**	6,668,128
	$ 16,394,520	$ 14,639,759

NOTE C - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give as of December 31, 2019 and 2018 are as follows:

	2019	2018
Receivable in less than one year	**$ 246,756**	$ 107,127
Receivable in one year to five years	**29,905**	64,165
	276,661	165,292
Present value discount of 2.52%	**(2,260)**	(4,985)
Allowance for uncollectible promises to give	**(5,803)**	(10,282)
	$ 268,598	$ 156,025

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, 2019 and 2018, respectively:

	2019	2018
Undesignated	**$ 40,851,572**	$ 40,199,005
Board-designated endowment for stewardship purposes	**3,354,040**	2,909,086
Board-designated for endowment for long-term financial purposes	**4,192,446**	3,748,518
Total net assets without donor restrictions	**$ 48,398,058**	$ 46,856,609

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

Notes to Consolidated Financial Statements
December 31, 2019 and 2018

NOTE E - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2019 and 2018:

	2019	2018
Subject to expenditures for a specified purpose:		
Land acquisition	**$ 2,527,159**	$ 2,031,153
Stewardship of land and easements	**1,145,573**	1,070,058
Program management	**1,378,560**	1,319,973
	5,051,292	4,421,184
Subject to the passage of time:		
Beneficial interest in split-interest agreements	**582,921**	194,003
Life estates	**1,102,798**	1,102,798
	1,685,719	1,296,801
Endowment:		
Perpetual in nature, the earnings from which are subject expenditures for a specific purpose:		
Internship program	**40,286**	106,274
Total endowment	**40,286**	106,274
Total net assets with donor restrictions	**$ 6,777,297**	$ 5,824,259

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, 2019 and 2018:

	2019	2018
Expiration of time restrictions	**$ -**	$ 1,300,000
Endowment released by donor	**70,000**	-
Distributions from beneficial interest in split-interest agreements	**24,411**	37,751
Satisfaction of purpose restriction:		
Land acquisition	**65,225**	-
Stewardship of land and easements	**93,720**	83,216
Program management	**3,373,530**	3,214,811
	$ 3,626,886	$ 4,635,778

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 2019 or 2018. The Foundation's expense related to the Plan was $117,738 and $116,334 in 2019 and 2018, 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.

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 agreement.

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, 2019 and 2018 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, 2019 and 2018:

	Assets at Fair Value as of December 31, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
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)	**-**	**-**	**-**	**748,349**
	13,460,670	**-**	**-**	**14,209,019**
Beneficial interest in charitable remainder trusts	**-**	**-**	**84,011**	**84,011**
Totals	**$ 13,460,670**	**$ -**	**$ 84,011**	**$ 14,293,030**

NOTE G - FAIR VALUE MEASUREMENTS (CONTINUED)

	Assets at Fair Value as of December 31, 2018			
	Level 1	Level 2	Level 3	Total
Investments:				
Equity securities	$ 11,396	$ -	$ -	$ 11,396
Mutual funds - bonds	259,569	-	-	259,569
Mutual funds - equity	624,031	-	-	624,031
Exchange traded funds	4,070,954	-	-	4,070,954
Limited partnerships (A):				
Long/short credit	-	-	-	499,640
	4,965,950	-	-	5,465,590
Beneficial interest in charitable remainder trusts	-	-	76,745	76,745
Totals	$ 4,965,950	$ -	$ 76,745	$ 5,542,335

(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, 2019 and 2018 is as follows:

	Charitable Remainder Trusts	
	2019	2018
Beginning balance	**$ 76,745**	$ 126,089
Distribution	**-**	(37,751)
Change in value of charitable remainder trusts	**7,266**	(11,593)
Ending balance	**$ 84,011**	$ 76,745

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 $35,602 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 $74,819 and $66,758 for the years ended December 31, 2019 and 2018, respectively.

Minimum future rentals to be paid on noncancelable leases subsequent to December 31, 2019, are as follows:

2020	$ 68,900
2021	60,400
2022	15,600
2023	13,800
2024	13,200
Thereafter	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.

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

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

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
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	-	40,286	40,286
Total fund	$ 7,546,486	$ 40,286	$ 7,586,772

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

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

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

Endowment and Board-designated net assets composition by type of fund as of December 31, 2018, is as follows:

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment:			
Long-term operations	$ 3,748,518	$ -	$ 3,748,518
Stewardship funds	2,909,086	-	2,909,086
Donor-restricted endowment fund required to be maintained in perpetuity	-	106,274	106,274
Total fund	$ 6,657,604	$ 106,274	$ 6,763,878

As of December 31, 2018, the Foundation's endowment and Board-designated net assets had the following activity:

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 7,204,202	$ 196,741	$ 7,400,943
Investment return, net	(304,598)	(4,657)	(309,255)
Distribution from Board-designated endowment pursuant to spending policy	(242,000)	-	(242,000)
Reclassification of endowment funds to purpose restricted	-	(85,810)	(85,810)
Endowment net assets, end of year	$ 6,657,604	$ 106,274	$ 6,763,878

[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, 2019 or 2018.

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

The Board-designated endowment funds were established from net assets without donor restrictions contributions 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.

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

[2] Return objectives/risk parameters and spending policy: (continued)

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, 2019 and 2018 are as follows:

	2019	2018
Cash, cash equivalents and investments for general operating fund	**$ 1,226,674**	$ 1,183,262
Unconditional promises to give	**246,756**	107,127
Board-designated endowment:		
Spending rate distributions	**219,000**	215,000
Additional Board approved distributions	**275,000**	65,315
Other investments appropriated for current use	**65,000**	130,000
Total	**$ 2,032,430**	$ 1,700,704

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.

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 $7.5 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, 2019 and 2018 may not necessarily be indicative of amounts that could be realized in a current market exchange.

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 2019 and 2018.

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 $1,320,785 and $1,090,000 during the years ended December 31, 2019 and 2018, respectively. In June 2020, the Foundation committed to an additional grant to Rethink for 2020, in the amount of approximately $617,600.