NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

SOBEL & CO. LLC

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY

DECEMBER 31, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
New Jersey Conservation Foundation and Subsidiary
Far Hills, New Jersey

Opinion

We have audited the accompanying consolidated financial statements of New Jersey Conservation Foundation and Subsidiary, (collectively, "the Foundation"), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statement of activities and changes in net assets, functional expense, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of New Jersey Conservation Foundation and Subsidiary as of December 31, 2021, and the consolidated changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of New Jersey Conservation Foundation and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior-period Consolidated Financial Statements

The consolidated financial statements of New Jersey Conservation Foundation and Subsidiary. as of December 31, 2020, were audited by other auditors whose report, dated June 24 2021, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Sobel & Co., LLC

Certified Public Accountants

Livingston, New Jersey
June 23, 2022

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NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31, 2021	December 31, 2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 3,187,209	$ 1,430,962
Investments	17,471,096	16,282,378
Unconditional promises to give	387,250	280,345
Prepaid expenses and other current assets	227,923	163,539
Total Current Assets	21,273,478	18,157,224
OTHER ASSETS:		
Unconditional promises to give, net of current portion and allowance and discount	-	3,235
Beneficial interest in split-interest agreements	172,941	557,548
Land, buildings, and easements	41,115,111	40,600,798
Property and equipment, net	27,165	37,099
Total Other Assets	41,315,217	41,198,680
	$ 62,588,695	$ 59,355,904
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 271,094	$ 265,602
NET ASSETS - WITHOUT DONOR RESTRICTIONS	54,293,694	53,080,069
NET ASSETS - WITH DONOR RESTRICTIONS	8,023,907	6,010,233
	62,317,601	59,090,302
	$ 62,588,695	$ 59,355,904

NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Year Ended December 31, 2021			Year Ended December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT & REVENUE:						
Contributions	$ 1,622,678	$ 6,174,675	$ 7,797,353	$ 5,696,657	$ 2,554,155	$ 8,250,812
Government grants	1,434,409	-	1,434,409	2,871,786	-	2,871,786
Donated services	500,000	-	500,000	843,750	-	843,750
Investment income, net	360,733	25,780	386,513	212,917	24,719	237,636
Miscellaneous	109,262	21,473	130,735	69,428	27,279	96,707
Special events	198,281	-	198,281	221,843	-	221,843
Net assets released from restrictions	3,952,770	(3,952,770)	-	3,525,346	(3,525,346)	-
Total Support and Revenue	8,178,133	2,269,158	10,447,291	13,441,727	(919,193)	12,522,534
EXPENSES:						
Program expenses:						
Conservation program services	6,794,604	-	6,794,604	5,979,235	-	5,979,235
Supporting services:						
Management and general	486,680	-	486,680	501,862	-	501,862
Fundraising	616,821	-	616,821	609,331	-	609,331
Total Expenses	7,898,105	-	7,898,105	7,090,428	-	7,090,428
Excess (deficiency) support & revenue over expenses before other additions (deductions):	280,028	2,269,158	2,549,186	6,351,299	(919,193)	5,432,106
Other Additions (deductions):						
Change in value of split-interest agreements	-	(384,607)	(384,607)	-	20,126	20,126
Contributions of land	288,675	-	288,675	1,105,906	-	1,105,906
Loss on disposition of land	(43,737)	-	(43,737)	(414,461)	-	(414,461)
Change in value of land, buildings and easements	(355,304)	-	(355,304)	(3,566,459)	-	(3,566,459)
Realized gain on investments, net	726,866	108,482	835,348	48,506	5,775	54,281
Unrealized gain on investments, net	317,097	20,641	337,738	1,157,220	126,228	1,283,448
Total of other additions (deductions):	933,597	(255,484)	678,113	(1,669,288)	152,129	(1,517,159)
CHANGE IN NET ASSETS	1,213,625	2,013,674	3,227,299	4,682,011	(767,064)	3,914,947
NET ASSETS - Beginning of year	53,080,069	6,010,233	59,090,302	48,398,058	6,777,297	55,175,355
NET ASSETS - End of year	$ 54,293,694	$ 8,023,907	$ 62,317,601	$ 53,080,069	$ 6,010,233	$ 59,090,302

NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Conservation Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total Support Services
Salaries	$ 1,478,312	$ 316,781	$ 316,781	$ 2,111,874
Employee benefits and payroll taxes	348,648	74,710	74,710	498,068
Program grants and contributions	2,348,810	-	-	2,348,810
Write down of purchased easements	1,317,906	-	-	1,317,906
Professional fees	370,905	44,670	62,380	477,955
Donated professional fees	500,000	-	-	500,000
Field supplies	79,694	-	-	79,694
Office expenses	3,875	613	662	5,150
Postage and printing	22,500	3,207	57,650	83,357
Occupancy	58,662	12,570	12,570	83,802
Insurance	63,059	12,075	12,075	87,209
Real estate taxes	38,092	-	-	38,092
Equipment rental and maintenance	8,709	1,866	1,866	12,441
Information technology	39,188	7,099	7,672	53,959
Travel	17,885	857	1,221	19,963
Conferences and meetings	4,090	140	-	4,230
Telephone	17,790	2,085	2,805	22,680
Depreciation	9,402	2,015	2,015	13,432
Facility rental, food and beverage and entertainment for special event	-	-	53,930	53,930
Miscellaneous	67,077	7,992	10,484	85,553
Total Functional Expenses	$ 6,794,604	$ 486,680	$ 616,821	$ 7,898,105

NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

		Supporting Services		
	Conservation Program Services	Management and General	Fundraising	Total Support Services
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 expenses	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
Facility rental, food and beverage and entertainment for special event	-	-	46,821	46,821
Miscellaneous	47,536	4,752	37,686	89,974
Total Functional Expenses	$ 5,979,235	$ 501,862	$ 609,331	$ 7,090,428

NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2021	2020
CASH FLOWS PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES:		
Change in net assets	$ 3,227,299	$ 3,914,947
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	13,432	13,347
Change in value of land, buildings, and easements	355,304	3,566,459
Write-down of purchases and donated easements	1,317,906	956,194
Contributions of investments	(1,898,823)	(27,285)
Proceeds from sales of contributions of investments	1,966,760	26,973
Contributions of land	(288,675)	(1,105,906)
Net loss on disposition of land	43,737	414,461
Net realized and unrealized gain on investments	(1,173,086)	(1,337,729)
Change in beneficial interest in split interest agreements	384,607	(20,126)
Change in assets and liabilities:		
Unconditional promises to give, net	(103,670)	(14,982)
Prepaid expenses and other current assets	(64,384)	(31,159)
Accounts payable and accrued expenses	5,492	(25,705)
Net Cash Provided by Operating Activities	3,785,899	6,329,489
INVESTING ACTIVITIES:		
Purchase of investments	(4,513,032)	(6,642,166)
Proceeds from sale of investments	4,429,463	5,906,848
Payment for purchases of land and easements	(1,942,585)	(7,024,016)
Proceeds from disposition of land	-	675,306
Payments for purchases of office furniture and equipment	(3,498)	-
Net Cash Used for Investing Activities	(2,029,652)	(7,084,028)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,756,247	(754,539)
CASH AND CASH EQUIVALENTS:		
Beginning of year	1,430,962	2,185,501
End of year	$ 3,187,209	$ 1,430,962

NOTE 1 - NATURE OF FOUNDATION:

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 natural resources for the benefit of all. As a leading innovator and catalyst for saving land, New Jersey 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, 2021 and 2020. The LLC is a disregarded entity for tax purposes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting:
The consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Consolidated Financial Statement Presentation:
Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

> <u>Net Assets Without Donor Restrictions</u> - Net assets not subject to donor-imposed stipulations. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.
>
> <u>Net Assets With Donor Restrictions</u> - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. Also, other net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and change in net assets as net assets released from restrictions.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Cash and cash equivalents:
Cash and cash equivalents include all cash on hand, in banks, and short-term, highly liquid investments with original maturities of three months or less.

Fair Value:
Fair value measurements are defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There are three defined hierarchical levels based on the quality of inputs used that directly relate to the amount of subjectivity associated with the determination of fair value.

The fair value hierarchy defines the three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or model-derived valuations in which all significant inputs are observable or can be derived principally from, or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the statement of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless the use was restricted by explicit donor stipulations or by law.

The fair value of investments is as follows:

Equity securities - 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.

Mutual funds – Based on quoted market prices.

Small cap equity fund – Valued at management’s estimated fair value, using the net asset value, 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Fair Value: (Continued)
The preceding method described may produce fair value estimates that may not be indicative of the net realizable values and 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.

The availability of observable market data is monitored to assess the appropriate classification 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 instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfers between levels based upon the nature of the financial instruments and size of the transfer relative to total net assets available for benefits. For the years ended December 31, 2021 and 2020, there were no significant transfers in or out of Levels 1, 2, or 3.

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 promises are received. Amortization of the discounts is included in contribution revenue. The Foundation 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. At December 31, 2020, the allowance for doubtful accounts amounted to $1,764. At December 31, 2021, no allowance was considered necessary.

Office Furniture and Equipment:
Office furniture and equipment are recorded at cost on the date of acquisition, or at the fair value of the asset, based on values of comparable assets at the date of gift for donated assets. The Foundation capitalizes assets with a cost or fair value exceeding $1,000 and a useful life of more than one year. Depreciation is computed on a straight-line basis over the estimated useful life as follows:

Office furniture and equipment	5 years

In the absence of donor-imposed restrictions on the use of the asset, gifts of long-lived assets are reported as support without donor restrictions. When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts. Maintenance, repairs, and minor renewals are charged to operations as incurred. Significant renewals and betterments that extend the useful life of the assets are capitalized.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Land and Easements:
Land is recorded at cost on the date of acquisition, or at the fair value of the asset, based on values of comparable assets at the date of gift for donated assets. For the years ended December 31, 2021 and 2020, there were two properties included in land and easements that are subject to life estates totaling approximately $1,103,000. Life estates are included in net assets with donor restrictions. Gains and losses, if any, are recognized upon disposition.

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, 2021, there were 36 purchased and 77 donated easements. As of December 31, 2020, there were 35 purchased and 77 donated easements.

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

Valuation of Long-lived Assets:
The Foundation reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no adjustment was required for the periods, presented in these financial statements.

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 approximately 1.5% at December 31, 2021 and 2020) 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 trust 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, 2021 and 2020 was $119,685 and $97,905, respectively, and is recorded in the consolidated statements of financial position.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Beneficial Interest in Split-interest Agreements: (Continued)
A charitable gift annuity is an arrangement whereby the donor contributes assets to a Foundation in exchange for a promise by the Foundation to pay a fixed amount for a specified period of time to the donor, or to individuals or Foundations 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, 2021 and 2020 was $53,256 and $459,640, respectively, and is recorded in the consolidated statements of financial position.

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 a 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 grants and contract amounts not yet recognized as of December 31, 2021 and 2020 were approximately $2,362,000 and $1,880,000 because qualifying expenditures had not yet been incurred. Amounts received prior to incurring qualifying expenditures are reported as grants payable in the consolidated statements of financial position within accounts payable and accrued expenses. As of December 31, 2020, $46,743 was recorded in accounts payable and accrued expenses in the consolidated financial statements of position. As of December 31, 2021, no amounts were received prior to incurring qualifying expenditures.

The Foundation records special events revenue equal to the cost of direct benefits to donors, and contribution revenue (difference of 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 2021 and 2020, contributions associated with special events of $198,281 and $221,843, respectively, are included in the consolidated statements of activities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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 $500,000 and $843,800 for the years ended December 31, 2021 and 2020, respectively. Contributions of services are recognized by the Foundation as donated services without donor restrictions and are included as program expenses in the consolidated statements of activities.

Income Taxes:
The Foundation is a not-for-profit Foundation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not liable for federal and state income taxes.

The Foundation follows standards that provide clarification on accounting for uncertainty in income taxes recognized in the Foundation's consolidated financial statements. The guidance prescribes a recognition threshold and measurement attribute for the recognition and measurement of a tax position taken, or expected to be taken, in a tax return, and also provides guidance on derecognition, classification, interest and penalties, disclosure and transition. The Foundation's policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense. No interest and penalties were recorded during 2021 and 2020. At December 31, 2021 and 2020, there are no significant income tax uncertainties.

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

Recent Accounting Pronouncements:
The Financial Accounting Standards Board issued an accounting pronouncement, *Leases*, which requires lessees to recognize a right-of-use asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Under this new pronouncement, a modified retrospective transition approach or a cumulative-effect adjustment transition approach may be used, and the new standard is applied to all leases existing at the date of initial application. An entity may choose to use either (1) its effective date, or (2) the beginning of the earliest comparative period presented in the financial statements as its date of initial application. The standard is effective for annual periods beginning after December 15, 2021. The Foundation is currently evaluating the effect the new standard will have on the consolidated financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Recent Accounting Clarification – Contributed Nonfinancial Assets:
The FASB issued an accounting clarification, *Contributed Nonfinancial Assets*, which requires organizations to present contributed nonfinancial assets as a separate line item in the statements of activities and changes in net assets apart from contributions of cash or other nonfinancial assets. Additional disclosure is required regarding the valuation techniques used, as well as any donor restrictions for the contributed nonfinancial assets. The standard is effective for annual reporting periods beginning after June 15, 2021. The Foundation is currently evaluating the effect that this clarification will have on the financial statements.

Subsequent Events:
The Foundation has evaluated its subsequent events and transactions occurring after December 31, 2021 through June 23, 2022, the date that the consolidated financial statements were available to be issued.

NOTE 3 - INVESTMENTS:

As of December 31, 2021 and 2020, investments consist of the following:

	December 31, 2021	December 31, 2020
Equity securities	$ -	$ 6,484
Mutual funds – bonds	8,306,536	7,487,192
Mutual funds – equities	8,299,398	7,867,309
Small cap equity fund	865,162	921,393
Total investments	17,471,096	16,282,378
Cash and cash equivalents	3,187,209	1,430,962
Total investments, cash and cash equivalents	$ 20,658,305	$ 17,713,340

Investments, cash and cash equivalents are comprised of:

	December 31, 2021	December 31, 2020
General operating funds	$ 2,095,828	$ 1,922,449
Program, capital campaign and land acquisition funds	9,577,363	7,553,751
Endowment funds (Board-designated and donor restricted)	8,985,114	8,237,140
	$ 20,658,305	$ 17,713,340

NOTE 3 - INVESTMENTS: (Continued)

Fair value measurements of investments as of December 31, 2021, are as follows:

	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds – bonds	$ 8,306,536	$ -	$ -	$ 8,306,536
Mutual funds – equity	8,299,398	-	-	8,299,398
Small cap equity fund (A)	-	-	-	865,162
	16,605,934	-	-	17,471,096
Beneficial interest in charitable remainder trusts	-	-	119,685	119,685
Totals	$ 16,605,934	$ -	$ 119,685	$ 17,590,781

Fair value measurements of investments as of December 31, 2020, are as follows:

	Level 1	Level 2	Level 3	Total
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)	-	-	-	921,393
	15,360,985	-	-	16,282,378
Beneficial interest in charitable remainder trusts	-	-	97,905	97,905
Totals	$ 15,360,985	$ -	$ 97,905	$ 16,380,283

(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 intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

The following table provides further details of Level 3 fair value measurements as of December 31, 2021 and 2020:

	Charitable Remainder Trusts	
	December 31,	
	2021	2020
Balance, Beginning of year	$ 97,905	$ 84,011
Change in value of charitable remainder trusts	21,780	13,894
Balance, End of year	$ 119,685	$ 97,905

The charitable remainder trust is within beneficial interest in split-interest agreements on the consolidated statements of financial position.

NOTE 4 - UNCONDITIONAL PROMISES TO GIVE:

Unconditional promises to give as of December 31, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Receivable in less than one year	$ 387,250	$ 280,345
Receivable in one year to five years	-	5,000
	387,250	285,345
Present value discount of 2.52%	-	(20)
Allowance for uncollectible promises to give	-	(1,745)
	$ 387,250	$ 283,580

NOTE 5 - PROPERTY AND EQUIPMENT:

Property and equipment is comprised as follows:

	Useful Life	December 31, 2021	December 31, 2020
Office equipment	5 years	$ 228,704	$ 225,206
Less: Accumulated depreciation		201,539	188,107
Property and Equipment, net		$ 27,165	$ 37,099

Depreciation expense for the years ended December 31, 2021 and 2020, was $13,432 and $13,347.

NOTE 6 - PAYROLL PROTECTION PROGRAM:

In April 2020, the Foundation was granted a loan from a bank in the aggregate amount of $593,100 of which $40,600 was repaid prior to December 31 2020, pursuant to the Paycheck Protection Program (“PPP”) under Division A, Title I of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), which was enacted March 27, 2020. Under the terms of the PPP, loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the forgiveness period. The Foundation received full forgiveness on the amount not repaid from the Small Business Administration as of April 22, 2021, based on the criteria for forgiveness.

The SBA reserves the right to audit loan forgiveness for six years from the date that forgiveness was rewarded.

NOTE 7 - 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 contributions up to 6% of eligible compensation. The Foundation did not make any discretionary contributions in 2021 or 2020. The Foundation's expense related to the plan was $117,287 and $118,592 for the years ended December 31, 2021 and 2020, respectively and is within employee benefits and payroll taxes in the consolidated statement of functional expenses.

NOTE 8 - RELATED-PARTY TRANSACTIONS:

During 2014, the Conservation Hunters Association Inc. (the “Association”), a 501(c)(7) Foundation was formed. The association's board of trustees is comprised of a board member and two staff members of NJ conservation in 2021 and 2020.

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 $567,000 and $617,582 during the years ended December 31, 2021 and 2020, respectively. In January 2022, the Foundation committed to an additional grant to Rethink for 2022 in the amount of $421,454.

NOTE 9 - LEASE 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. An additional five-year term was renewed and ends December 31 2026. Future minimum lease payments are $37,400 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 2022, 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 2026. Total rent expenses was $70,854 and $71,177 for the years ended December 31, 2021 and 2020, respectively.

NOTE 9 - LEASE COMMITMENTS: (Continued)

Future estimated minimum lease payments under operating leases for office space and equipment leases are as follows:

December 31,	
2022	$ 71,140
2023	25,200
2024	24,390
2025	15,260
2026	6,570
Total	$ 142,560

NOTE 10 - 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, 2021 and 2020, respectively:

	December 31, 2021	December 31, 2020
Undesignated	$ 45,465,714	$ 44,896,573
Board-designated endowment for stewardship purposes	3,951,784	3,644,723
Board-designated for endowment for long-term financial purposes	4,876,196	4,538,773
Total net assets without donor restrictions	$ 54,293,694	$ 53,080,069

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
Subject to expenditures for specified purpose:		
Land acquisition	$ 1,241,833	$ 1,812,055
Stewardship of land and easements	1,715,578	1,213,512
Program management	3,650,369	1,284,034
	6,607,780	4,309,601

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

	December 31, 2021	December 31, 2020
Subject to the passage of time:		
Beneficial interest in split-interest agreements	172,943	557,548
Life estates	1,102,798	1,102,798
	1,275,741	1,660,346
Endowment:		
Perpetual in nature, the earnings from which are subject expenditures for a specific purpose:		
Internship program	40,386	40,286
Support of land acquisition	100,000	-
Total endowment	140,386	40,286
Total net assets with donor restrictions	$ 8,023,907	$ 6,010,233

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, 2021 and 2020:

	December 31, 2021	December 31, 2020
Endowment released by donor	$ -	$ -
Distributions from beneficial interest in split-interest agreements	-	45,500
Satisfaction of purpose restriction:		
Land acquisition	60,587	736,411
Stewardship of land and easements	172,286	65,418
Program management	3,719,897	2,678,017
	$ 3,952,770	$ 3,525,346

NOTE 12 - 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 investments are used for annual funding of the program. In 2021, an additional donor restricted gift in the amount of $100,000 was added. The income from this gift is to be used to help further efforts to protect land in New Jersey.

NOTE 12 - ENDOWMENT AND BOARD-DESIGNATED FUNDS (Continued)

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 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 restrictions (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 purpose 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.

Endowment and Board-designated endowment net assets composition by type of fund as of December 31, 2021 and 2020 is as follows:

	December 31, 2021		
	Without Donor Restriction	**With Donor Restriction**	**Total**
Board-designated endowment:			
Long-term operations	$ 4,876,196	$ -	$ 4,876,196
Stewardship funds	3,951,784	-	3,951,784
Donor-restricted endowment funds required to be maintained in perpetuity	-	140,386	140,386
Total Fund	$ 8,827,980	$ 140,386	$ 8,968,366

NOTE 12 - ENDOWMENT AND BOARD-DESIGNATED FUNDS (Continued)

	December 31, 2020		
	Without Donor Restriction	**With Donor Restriction**	**Total**
Board-designated endowment:			
Long-term operations	$ 4,538,773	$ -	$ 4,538,773
Stewardship funds	3,644,723	-	3,644,723
Donor-restricted endowment funds required to be maintained in perpetuity	-	40,286	40,286
Total Fund	$ 8,183,496	$ 40,286	$ 8,223,782

As of December 31, 2021 and 2020, the Foundation's endowment and Board-designated net assets had the following activity:

	Year ended December 31, 2021		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment net assets, beginning of year	$ 8,183,496	$ 40,286	$ 8,223,782
Contributions	1,050	100,100	101,150
Investment return	879,065	-	879,065
	9,063,611	140,386	9,203,997
Distribution from Board-designated endowment pursuant to spending policy	(235,631)	-	(235,631)
Endowment net assets, end of year	$ 8,827,980	$ 140,386	$ 8,968,366

	Year ended December 31, 2020		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment net assets, beginning of year	$ 7,546,486	$ 40,286	$ 7,586,772
Contributions	1,200	-	1,200
Investment return	859,549	-	859,549
	8,407,235	40,286	8,447,521
Distribution from Board-designated endowment pursuant to spending policy	(223,739)	-	(223,739)
Endowment net assets, end of year	$ 8,183,496	$ 40,286	$ 8,223,782

NOTE 12 - ENDOWMENT AND BOARD-DESIGNATED FUNDS (Continued)

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, 2021 or 2020.

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 operations of the Foundation. Upon 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 funds' principal is to be held in perpetuity, the earnings are to be spent on an internship program. Both Board-designated and donor-restricted endowment funds shall be overseen by the Finance Committee, with the objectives of obtaining a long-term return on investment from income and capital appreciation consistent with prudent risk.

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 13 - CONCENTRATIONS OF CREDIT RISK:

The Foundation maintains cash and cash equivalents in accounts with federally insured institutions. At times, the balances in these accounts may exceed federally insured limits.

The Foundation received approximately 60% of its contributions from two individual donors as of December 31, 2021.

NOTE 14 - FUNCTIONAL EXPENSES:

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statement of activities and changes in net assets. 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.

NOTE 15 - LIQUIDITY AND AVAILABILITY:

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

	December 31, 2021	December 31, 2020
Cash and cash equivalents	$ 2,095,828	$ 1,922,449
Unconditional promises to give	387,250	280,345
Board-designated endowment:		
Spending rate distributions	263,500	221,000
Other investments appropriated for current use	75,000	95,000
Financial assets available to meet general expenditures over the next 12 months	$ 2,821,578	$ 2,518,794

The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Endowment funds consist of a donor-restricted endowment and Board-designated endowments. Income from the donor-restricted endowment is restricted for specific purposes and, therefore, is not available for general expenditures. The Board-designated endowments have a spending rate of 3%, and a balance of approximately $8.8 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.

As part of its liquidity plan, 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 16 - RISKS AND UNCERTAINTIES:

The Foundation is actively monitoring the recent COVID-19 outbreak and its potential impact on the employees, volunteers, donors, clients, and operations. It is not known at this time how much effect the virus will have on operations and/or financial results. The potential impact of COVID-19 is not foreseeable due to various uncertainties, including the severity of the disease, the duration of the outbreak, and actions that may be taken by governmental authorities.