

**NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**



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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Consolidated Financial Statements

#### ***Opinion***

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, 2023 and 2022, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of New Jersey Conservation Foundation and Subsidiary as of December 31, 2023 and 2022, and the consolidated changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of 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.

#### ***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.

***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

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

In performing an audit in accordance with GAAS, 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.



**CliftonLarsonAllen LLP**

Livingston, New Jersey  
June 27, 2024

**NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 4,308,148	\$ 3,473,330
Investments	17,907,566	15,210,938
Unconditional Promises to Give	-	1,555,669
Grant Receivable	61,500	128,356
Prepaid Expenses and Other Current Assets	147,850	195,356
Total Current Assets	<u>22,425,064</u>	<u>20,563,649</u>
<b>OTHER ASSETS</b>		
Other Receivable	520,188	920,188
Beneficial Interest in Split-Interest Agreements	125,852	148,035
Land, Buildings, and Easements	42,253,100	41,151,672
Property and Equipment, Net	56,057	67,639
Total Other Assets	<u>42,955,197</u>	<u>42,287,534</u>
Operating Right-of-Use Asset	130,273	169,140
Financing Right-of-Use Asset	29,247	41,949
Total Right-of-Use Assets	<u>159,520</u>	<u>211,089</u>
Total Assets	<u><u>\$ 65,539,781</u></u>	<u><u>\$ 63,062,272</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 346,449	\$ 380,575
Current Lease Liability - Operating	46,919	51,171
Current Lease Liability - Financing	11,997	12,585
Total Current Liabilities	<u>405,365</u>	<u>444,331</u>
<b>LONG-TERM LIABILITIES</b>		
Long-Term Lease Liability - Operating	84,897	120,554
Long-Term Lease Liability - Financing	17,645	29,642
Total Long-Term Liabilities	<u>102,542</u>	<u>150,196</u>
Total Liabilities	507,907	594,527
<b>NET ASSETS</b>		
Without Donor Restrictions	55,543,488	52,860,405
With Donor Restrictions	9,488,386	9,607,340
Total Net Assets	<u>65,031,874</u>	<u>62,467,745</u>
Total Liabilities and Net Assets	<u><u>\$ 65,539,781</u></u>	<u><u>\$ 63,062,272</u></u>

See accompanying Notes to Consolidated Financial Statements.

**NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

	Year Ended December 31, 2023			Year Ended December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Contributions	\$ 2,190,617	\$ 2,667,526	\$ 4,858,143	\$ 2,927,093	\$ 4,443,398	\$ 7,370,491
Government Grants	1,599,986	-	1,599,986	1,090,608	-	1,090,608
Donated Services	250,000	-	250,000	183,170	-	183,170
Investment Income, Net	219,959	174,460	394,419	411,265	38,981	450,246
Miscellaneous	152,233	42,424	194,657	103,110	20,500	123,610
Special Events	380,710	-	380,710	256,021	-	256,021
Net Assets Released from Restrictions	3,124,516	(3,124,516)	-	2,669,138	(2,669,138)	-
Total Support and Revenue	7,918,021	(240,106)	7,677,915	7,640,405	1,833,741	9,474,146
<b>EXPENSES</b>						
Program Expenses:						
Conservation Program Services	4,414,571	-	4,414,571	4,270,199	-	4,270,199
Supporting Services:						
Management and General	549,850	-	549,850	532,674	-	532,674
Fundraising	950,602	-	950,602	891,072	-	891,072
Total Expenses	5,915,023	-	5,915,023	5,693,945	-	5,693,945
<b>EXCESS SUPPORT AND REVENUE OVER (UNDER)</b>						
<b>EXPENSES BEFORE OTHER ADDITIONS (DEDUCTIONS)</b>	2,002,998	(240,106)	1,762,892	1,946,460	1,833,741	3,780,201
<b>OTHER ADDITIONS (DEDUCTIONS)</b>						
Change in Value of Split-Interest Agreements	-	22,324	22,324	-	(24,906)	(24,906)
Contributions of Land	74,450	-	74,450	152,200	-	152,200
Loss on Disposition of Land	(1,166,127)	-	(1,166,127)	(821,604)	-	(821,604)
Change in Value of Land, Buildings, and Easements	(157,875)	(22,116)	(179,991)	(244,999)	-	(244,999)
Realized Gain (Loss) on Investments, Net	(94,908)	(19,106)	(114,014)	52,006	(5,801)	46,205
Unrealized (Loss) Gain on Investments, Net	2,024,545	140,050	2,164,595	(2,517,352)	(219,601)	(2,736,953)
Total Other Additions (Deductions)	680,085	121,152	801,237	(3,379,749)	(250,308)	(3,630,057)
<b>CHANGE IN NET ASSETS</b>	2,683,083	(118,954)	2,564,129	(1,433,289)	1,583,433	150,144
Net Assets - Beginning of Year	52,860,405	9,607,340	62,467,745	54,293,694	8,023,907	62,317,601
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 55,543,488</u>	<u>\$ 9,488,386</u>	<u>\$ 65,031,874</u>	<u>\$ 52,860,405</u>	<u>\$ 9,607,340</u>	<u>\$ 62,467,745</u>

See accompanying Notes to Consolidated Financial Statements.

**NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2023**

	Supporting Services			Total Support Services
	Conservation Program Services	Management and General	Fundraising	
Salaries	\$ 1,735,149	\$ 352,059	\$ 427,501	\$ 2,514,709
Employee Benefits and Payroll Taxes	400,975	81,357	98,791	581,123
Program Grants and Contributions	999,586	4,482	114	1,004,182
Professional Fees	544,906	51,253	163,571	759,730
Donated Professional Fees	250,000	-	-	250,000
Field Supplies	69,709	-	-	69,709
Office Expenses	5,089	623	820	6,532
Postage and Printing	21,475	2,027	60,017	83,519
Occupancy	54,611	7,444	9,040	71,095
Insurance	73,189	13,399	16,270	102,858
Real Estate Taxes	35,385	-	-	35,385
Equipment Rental and Maintenance	12,319	212	259	12,790
Information Technology	43,646	7,160	8,887	59,693
Travel	38,551	187	8,323	47,061
Conferences and Meetings	12,752	2,266	2,956	17,974
Telephone	18,917	2,396	4,094	25,407
Depreciation	15,074	3,058	3,714	21,846
Facility Rental, Food and Beverage, and Entertainment for Special Event	-	-	129,979	129,979
Bad Debt Expense	-	-	-	-
Interest	-	474	-	474
Amortization	-	12,702	-	12,702
Miscellaneous	83,238	8,751	16,266	108,255
Total Functional Expenses	<u>\$ 4,414,571</u>	<u>\$ 549,850</u>	<u>\$ 950,602</u>	<u>\$ 5,915,023</u>

See accompanying Notes to Consolidated Financial Statements.

**NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2022**

	Supporting Services			Total Support Services
	Conservation Program Services	Management and General	Fundraising	
Salaries	\$ 1,497,738	\$ 336,537	\$ 381,408	\$ 2,215,683
Employee Benefits and Payroll Taxes	367,367	81,037	91,841	540,245
Program Grants and Contributions	1,155,493	-	-	1,155,493
Professional Fees	502,083	48,944	178,694	729,721
Donated Professional Fees	183,170	-	-	183,170
Field Supplies	200,083	-	-	200,083
Office Expenses	4,531	542	622	5,695
Postage and Printing	21,121	920	58,621	80,662
Occupancy	64,961	9,247	10,479	84,687
Insurance	69,037	13,738	15,569	98,344
Real Estate Taxes	36,538	-	-	36,538
Equipment Rental and Maintenance	226	50	57	333
Information Technology	39,013	5,825	6,852	51,690
Travel	22,642	420	3,235	26,297
Conferences and Meetings	3,725	491	3,729	7,945
Telephone	19,606	2,562	3,818	25,986
Depreciation	11,976	2,642	2,994	17,612
Facility Rental, Food and Beverage, and Entertainment for Special Event	-	-	115,005	115,005
Bad Debt Expense	-	5,000	-	5,000
Interest	-	635	-	635
Amortization	-	12,702	-	12,702
Miscellaneous	70,889	11,382	18,148	100,419
Total Functional Expenses	<u>\$ 4,270,199</u>	<u>\$ 532,674</u>	<u>\$ 891,072</u>	<u>\$ 5,693,945</u>

See accompanying Notes to Consolidated Financial Statements.



**NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 2,564,129	\$ 150,144
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	21,846	17,612
Amortization of Right-of-Use Asset	(925)	2,863
Change in Value of Land, Buildings, and Easements	179,991	244,999
Contributions of Investments	(810,295)	(405,684)
Proceeds from Sales of Contributions of Investments	435,730	393,530
Contributions of Land	(74,450)	(152,200)
Net Loss on Disposition of Land	1,166,127	821,604
Net Realized and Unrealized Loss (Gain) on Investments	(2,050,581)	2,690,748
Change in Beneficial Interest in Split-Interest Agreements	22,183	24,906
Change in Assets and Liabilities:		
Unconditional Promises to Give, Net	1,555,669	(1,168,419)
Grant Receivable	66,856	(128,356)
Prepaid Expenses and Other Current Assets	47,506	32,567
Other Receivable	400,000	(920,188)
Accounts Payable and Accrued Expenses	(34,126)	109,481
Net Cash Provided by Operating Activities	<u>3,489,660</u>	<u>1,713,607</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(7,195,968)	(4,693,541)
Proceeds from Sale of Investments	6,924,488	4,275,105
Payment for Purchases of Land and Easements	(2,389,694)	(950,964)
Proceeds from disposition of Land and Easements	16,596	-
Payments for Purchases of Office Furniture and Equipment	(10,264)	(58,086)
Net Cash Used by Investing Activities	<u>(2,654,842)</u>	<u>(1,427,486)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	834,818	286,121
Cash and Cash Equivalents - Beginning of Year	<u>3,473,330</u>	<u>3,187,209</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 4,308,148</u></u>	<u><u>\$ 3,473,330</u></u>

See accompanying Notes to Consolidated Financial Statements.

**NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 1 NATURE OF FOUNDATION**

New Jersey Conservation Foundation (NJ Conservation) is a statewide, nonprofit 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, 2023 and 2022. 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:

*Net Assets Without Donor Restrictions* – 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.

*Net Assets With Donor Restrictions* – 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 its 100% wholly owned subsidiary, Preserves (collectively, the Foundation). All significant intercompany accounts and transactions have been eliminated in consolidation.

**NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**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.

*Mutua 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.

**NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**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, 2023 and 2022, there were no significant transfers in or out of Levels 1, 2, or 3.

**Grants Receivable**

Grants receivable are stated at the amount management expects to collect from outstanding balances. The Organization provides for doubtful amounts through a charge to operations and a credit to an allowance for doubtful accounts, which is based on a combination of an assessment of specific donors' and grantors' ability to pay, historical loss experience, current economic conditions, and forward-looking information. Balances that remain outstanding after reasonable collection efforts are written off through a charge to the allowance and a credit to grants receivable. Management has determined that no allowance is necessary at December 31, 2023 and 2022.

**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, 2023 and 2022, no allowance was considered necessary.

**NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 \$5,000 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
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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.

**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. There were two properties included in land and easements that are subject to life estates totaling approximately \$1,122,000 and \$1,103,000 at December 31, 2023 and 2022, respectively. 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, 2023 and 2022, there were 36 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.

**NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 is computed at the present value (discount rate of approximately 2.3% at December 31, 2023 and 2022) 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, 2023 and 2022 was \$117,000 and \$94,882, respectively, and is recorded in the consolidated statements of financial position.

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, 2023 and 2022 was \$8,852 and \$53,153, 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.

**NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

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, 2023 and 2022 were approximately \$4,392,000 and \$2,555,000, respectively, 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. For the years ended December 31, 2023 and 2022, 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, 2023 and 2022, contributions associated with special events of \$305,163 and \$178,266, respectively, are included in the consolidated statements of activities.

**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 \$250,000 and \$180,000 for the years ended December 31, 2023 and 2022, 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 nonprofit 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.

**NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**  
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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes (Continued)**

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 2023 and 2022. At December 31, 2023 and 2022, 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.

**Adoption of New Accounting Standards**

The Foundation has adopted the current expected credit losses (CECL) methodology for estimating credit losses on financial assets, effective January 1, 2023, utilizing the modified retrospective transition method. The adoption of CECL resulted in changes to the Foundation's accounting policies, including the recognition of credit losses based on expected future credit losses rather than incurred credit losses. The company also updated its accounting policies for determining the recoverability of trade receivables, loans, and other financial assets. The adoption of this Standard did not have a material impact on the Foundation's financial statements but did change how the allowance for credit losses is determined.

**Leases**

The Foundation leases office space and equipment. The Foundation determines if an arrangement is a lease at inception. Operating leases are included in the operating lease right-of-use assets, other current liabilities, and operating leases on the statements of financial position.



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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases (Continued)**

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

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

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

**Subsequent Events**

The Foundation has evaluated its subsequent events and transactions occurring after December 31, 2023 through June 27, 2024, the date that the consolidated financial statements were available to be issued.

**NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**  
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**NOTE 3 INVESTMENTS**

As of December 31, investments consist of the following:

	2023	2022
Mutual Funds - Bonds	\$ 6,449,701	\$ 6,896,826
Mutual Funds - Equities	9,962,388	7,504,218
Small Cap Equity Fund	1,111,512	809,894
Other Equity - Stocks	383,965	-
Total Investments	17,907,566	15,210,938
Cash and Cash Equivalents	4,308,148	3,473,330
Total Investments, Cash, and Cash Equivalents	<u>\$ 22,215,714</u>	<u>\$ 18,684,268</u>

Investments, cash, and cash equivalents are comprised of:

	2023	2022
General Operating Funds	\$ 1,821,508	\$ 1,707,489
Program, Capital Campaign, and Land Acquisition Funds	9,807,524	9,521,278
Endowment Funds (Board-Designated and Donor-Restricted)	10,586,682	7,455,501
Total	<u>\$ 22,215,714</u>	<u>\$ 18,684,268</u>

Fair value measurements of investments as of December 31, 2023 are as follows:

	2023			
	Level 1	Level 2	Level 3	Total
Investments:				
Mutual Funds - Bonds	\$ 6,449,701	\$ -	\$ -	6,449,701
Mutual Funds - Equity	9,962,388	-	-	9,962,388
Small Cap Equity Fund (A)	1,111,512	-	-	1,111,512
Other Equity - Stocks	383,965	-	-	383,965
Total	17,907,566	-	-	17,907,566
Beneficial Interest in				
Charitable Remainder Trusts	-	-	117,000	117,000
Charitable Gift Annuities	-	-	8,852	8,852
Total Investments at Fair Value	<u>\$ 17,907,566</u>	<u>\$ -</u>	<u>\$ 125,852</u>	<u>\$ 18,033,418</u>

**NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 3 INVESTMENTS (CONTINUED)**

Fair value measurements of investments as of December 31, 2022 are as follows:

	2022			
	Level 1	Level 2	Level 3	Total
Investments:				
Mutual Funds - Bonds	\$ 6,896,826	\$ -	\$ -	\$ 6,896,826
Mutual Funds - Equity	7,504,218	-	-	7,504,218
Small Cap Equity Fund (A)	809,894	-	-	809,894
Total	15,210,938	-	-	15,210,938
Beneficial Interest in				
Charitable Remainder Trusts	-	-	94,882	94,882
Charitable Gift Annuities	-	-	53,153	53,153
Total Investments at				
Fair Value	<u>\$ 15,210,938</u>	<u>\$ -</u>	<u>\$ 148,035</u>	<u>\$ 15,358,973</u>

(A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table 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:

	2023	2022
Balance - Beginning of Year	\$ 94,882	\$ 119,685
Change in Value of Charitable Remainder Trusts	22,118	(24,803)
Balance - End of Year	<u>\$ 117,000</u>	<u>\$ 94,882</u>

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 are as follows:

	2023	2022
Receivable in Less Than One Year	<u>\$ -</u>	<u>\$ 1,555,669</u>

**NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 5 PROPERTY AND EQUIPMENT**

Property and equipment is comprised as follows:

	<u>Useful Life</u>	<u>2023</u>	<u>2022</u>
Office Equipment	5 Years	\$ 265,711	\$ 286,790
Less: Accumulated Depreciation		<u>209,654</u>	<u>219,151</u>
Property and Equipment, Net		<u>\$ 56,057</u>	<u>\$ 67,639</u>

Depreciation expense for the years ended December 31, 2023 and 2022 was \$21,846 and \$17,612, respectively.

**NOTE 6 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 2023 or 2022. The Foundation's expense related to the Plan was \$123,167 and \$121,355 for the years ended December 31, 2023 and 2022, respectively, and is within employee benefits and payroll taxes in the consolidated statement of functional expenses.

**NOTE 7 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 2023 and 2022.

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 \$482,928 and \$421,454 during the years ended December 31, 2023 and 2022, respectively, and is recorded in program grants and contributions in the consolidated statement of functional expenses. In January 2024, the Foundation committed to an additional grant to Rethink for 2024 in the amount of \$354,500.

**NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 8 LEASES – ASC 842**

The Foundation leases office space for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2026. In the normal course of business, it is expected that the leases will be renewed or replaced by similar leases. Certain facility leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases. Additionally, the agreements usually require the Foundation to pay real estate taxes, insurance, and repairs.

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

	2023	2022
Lease Costs:		
Finance Lease Costs:		
Amortization of Right-of-Use Assets	\$ 12,702	\$ 12,702
Interest on Lease Liabilities	474	635
Operating Lease Costs	57,777	52,021
Short-Term Lease Costs	8,500	10,199
Total Lease Costs	<u>\$ 79,453</u>	<u>\$ 75,557</u>
Other Information:		
Operating Cash Flows from Financing Leases	\$ 474	\$ 635
Operating Cash Flows from Operating Leases	58,819	49,436
Financing Cash Flows from Financing Leases	12,585	12,425
Right-of-Use Assets Obtained in Exchange for New Financing Lease Liabilities	-	54,651
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	16,475	218,626
Weighted-Average Remaining Lease Term - Financing Leases	2.4 Years	3.4 Years
Weighted-Average Remaining Lease Term - Operating Leases	2.9 Years	3.8 Years
Weighted-Average Discount Rate - Financing Leases	1.35%	1.33%
Weighted-Average Discount Rate - Operating Leases	1.61%	1.33%

**NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**  
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**NOTE 8 LEASES – ASC 842 (CONTINUED)**

The Foundation classifies the total undiscounted lease payments that are used in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2023 is as follows:

<u>Year Ending December 31,</u>	<u>Financing Leases</u>	<u>Operating Leases</u>
2024	\$ 12,309	\$ 48,563
2025	11,259	42,807
Thereafter	6,568	43,233
Total Lease Payments	30,136	134,603
Less: Interest	(494)	(2,787)
Present Value of Lease Liabilities	<u>\$ 29,642</u>	<u>\$ 131,816</u>

**NOTE 9 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:

	<u>2023</u>	<u>2022</u>
Undesignated	\$ 45,118,928	\$ 45,559,915
Board-Designated Endowment for Stewardship Purposes	4,002,973	3,291,353
Board-Designated for Endowment for Long-Term Financial Purposes	6,421,587	4,009,137
Total Net Assets Without Donor Restrictions	<u>\$ 55,543,488</u>	<u>\$ 52,860,405</u>

**NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS**

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

	2023	2022
Subject to Expenditures for Specified Purpose:		
Land Acquisition	\$ 1,197,664	\$ 1,188,164
Stewardship of Land and Easements	1,084,304	1,483,121
Program Management	5,817,693	5,544,736
Total	<u>8,099,661</u>	<u>8,216,021</u>
Subject to the Passage of Time:		
Beneficial Interest in Split-Interest Agreements	125,852	148,035
Life Estates	1,122,387	1,102,798
Total	<u>1,248,239</u>	<u>1,250,833</u>
Endowment:		
Perpetual in Nature, the Earnings from which are		
Subject to Expenditures for a Specific Purpose		
Internship Program	40,486	40,486
Support of Land Acquisition	100,000	100,000
Total Endowment	<u>140,486</u>	<u>140,486</u>
Total Net Assets With Donor Restrictions	<u><u>\$ 9,488,386</u></u>	<u><u>\$ 9,607,340</u></u>

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:

	2023	2022
Distributions from Beneficial Interest in		
Split-Interest Agreements	\$ 46,061	\$ -
Satisfaction of Purpose Restriction:		
Land Acquisition	67,909	14,230
Stewardship of Land and Easements	471,794	230,725
Program Management	2,538,752	2,424,183
Total	<u><u>\$ 3,124,516</u></u>	<u><u>\$ 2,669,138</u></u>

**NOTE 11 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.

**NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 11 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, 2023 and 2022 is as follows:

	December 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment:			
Long-Term Operations	\$ 6,421,587	\$ -	\$ 6,421,587
Stewardship Funds	4,002,973	-	4,002,973
Donor-Restricted Endowment Funds			
Required to be Maintained in Perpetuity	-	140,486	140,486
Total Fund	<u>\$ 10,424,560</u>	<u>\$ 140,486</u>	<u>\$ 10,565,046</u>



**NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 11 ENDOWMENT AND BOARD-DESIGNATED FUNDS (CONTINUED)**

	December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment:			
Long-Term Operations	\$ 4,009,137	\$ -	\$ 4,009,137
Stewardship Funds	3,291,353	-	3,291,353
Donor-Restricted Endowment Funds			
Required to be Maintained in Perpetuity	-	140,486	140,486
Total Fund	<u>\$ 7,300,490</u>	<u>\$ 140,486</u>	<u>\$ 7,440,976</u>

As of December 31, 2023 and 2022, the Foundation's endowment and board-designated net assets had the following activity:

	Year Ended December 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 7,300,490	\$ 140,486	\$ 7,440,976
Contributions	200	-	200
Transfers of unrestricted assets	1,595,116		1,595,116
Investment Return	1,821,283	-	1,821,283
Total	<u>10,717,089</u>	<u>140,486</u>	<u>10,857,575</u>
Distribution from Board-Designated Endowment Pursuant to Spending Policy	<u>(292,529)</u>	<u>-</u>	<u>(292,529)</u>
Endowment Net Assets - End of Year	<u>\$ 10,424,560</u>	<u>\$ 140,486</u>	<u>\$ 10,565,046</u>

	Year Ended December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 8,827,980	\$ 140,386	\$ 8,968,366
Contributions	600	100	700
Investment Return	<u>(1,253,688)</u>	<u>-</u>	<u>(1,253,688)</u>
Total	<u>7,574,892</u>	<u>140,486</u>	<u>7,715,378</u>
Distribution from Board-Designated Endowment Pursuant to Spending Policy	<u>(274,402)</u>	<u>-</u>	<u>(274,402)</u>
Endowment Net Assets - End of Year	<u>\$ 7,300,490</u>	<u>\$ 140,486</u>	<u>\$ 7,440,976</u>

**NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 11 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, 2023 or 2022.

**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 0%. 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 12 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 33% of its contributions from one individual donor as of December 31, 2023.

The Foundation received approximately 45% of its contributions from one individual donor as of December 31, 2022.

**NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 13 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 present 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 14 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.

	2023	2022
Cash and Cash Equivalents	\$ 1,821,507	\$ 1,707,489
Unconditional Promises to Give	-	1,555,669
Grant Receivable	61,500	128,356
Board-Designated Endowment:		
Spending Rate Distributions	470,000	254,000
Other Investments Appropriated for Current Use	-	185,000
Financial Assets Available to Meet General Expenditures Over the Next 12 Months	<u>\$ 2,353,007</u>	<u>\$ 3,830,514</u>

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 \$10.4 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.

**NEW JERSEY CONSERVATION FOUNDATION AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 15 CONTRIBUTED NONFINANCIAL ASSETS**

Contributed nonfinancial assets received during the years ended December 31 consisted of the following:

	<u>2023</u>	<u>2022</u>
Pro-Bono Legal Services	<u>\$ 250,000</u>	<u>\$ 183,170</u>

Valuation techniques and inputs utilized in valuing these contributed nonfinancial assets are as follows:

<u>Contributed Nonfinancial Asset</u>	<u>Valuation Techniques and Inputs</u>
Pro-Bono Legal Services	Estimated based on current rates paid by the Foundation for similar services

The Foundation's mission to preserve New Jersey's land and natural resources is supported through securing pro bono or in-kind goods and services for clients. The Foundation's policy related to gifts in-kind is to utilize the assets given to carry out the mission of the Foundation. If an asset is provided that does not allow the Foundation to utilize it in its normal course of business, the asset will be sold at its fair market value. The difference between the fair market rental and the rent paid is included in contributed nonfinancial assets in the statements of activities and changes in net assets.

All gifts in-kind received by the Foundation for the years ended December 31, 2023 and 2022 were without donor restrictions and were available to be used by the Foundation as determined by management.

The Foundation also received donated services from volunteers, which are not reflected in the accompanying financial statements because the criteria for recognition under accounting principles generally accepted in the United States of America has not been satisfied.

The administrative effort needed to coordinate the logistics of such programs must be considered when attempting to understand the functioning of the Foundation.

