



**GREATER NEWARK CONSERVANCY, INC.
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2021 and 2020**

GREATER NEWARK CONSERVANCY, INC.
FINANCIAL STATEMENTS
June 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Greater Newark Conservancy, Inc.
Newark, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of Greater Newark Conservancy, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

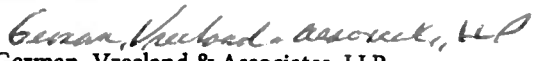
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

GERMAN, VREELAND & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greater Newark Conservancy, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.


German, Vreeland & Associates, LLP
Cedar Knolls, New Jersey
November 9, 2021

GREATER NEWARK CONSERVANCY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Current assets		
Cash and cash equivalents	\$ 1,270,307	\$ 750,878
Due from government agencies, net	-	141,830
Contributions receivable, net	106,843	420,095
Accounts receivable	11,347	15,412
Prepaid expenses	9,665	8,897
Total current assets	1,398,162	1,337,112
 Property and equipment, net	 8,330,220	 8,608,050
 Other assets		
Cash and investments restricted for capital campaign	2,243,217	2,038,119
Contributions receivable restricted for capital campaign, net	933,106	1,133,229
Trademark	2,525	2,525
Total other assets	3,178,848	3,173,873
 TOTAL ASSETS	 \$ 12,907,230	 \$ 13,119,035
 <u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 91,379	\$ 139,034
Refundable advances	48,510	-
Deferred revenue	50,000	83,442
Total current liabilities	189,889	222,476
 Net assets		
Net assets without donor restrictions		
Board designated for 25th anniversary fund	299,442	299,442
Investment in property and equipment	8,330,220	8,608,050
Available for general operations	581,679	398,605
Total net assets without donor restrictions	9,211,341	9,306,097
Net assets with donor restrictions	3,506,000	3,590,462
Total net assets	12,717,341	12,896,559
 TOTAL LIABILITIES AND NET ASSETS	 \$ 12,907,230	 \$ 13,119,035

See accompanying notes.

GREATER NEWARK CONSERVANCY, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended June 30, 2021 and 2020

	2021		2020	
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS
SUPPORT AND REVENUE				
Contributions				
Foundation grants	\$ 239,691	\$ 454,656	\$ 694,347	\$ 1,882,066
Corporate grants	85,350	49,950	135,300	220
Government grants	49,401	-	49,401	-
Paycheck Protection Program grants	187,447	-	187,447	-
Trustee contributions	37,506	4,975	42,481	-
Individual and memorial contributions	43,657	8,342	51,999	158,488
Special events, net of direct expenses of \$36,095 and \$4,723 in 2021 and 2020, respectively	171,961	-	171,961	-
Program service fees	59,454	-	59,454	-
Investment income	2,855	-	2,855	29,070
In-kind contributions	400	-	400	-
Miscellaneous income	213	2,457	2,670	-
	877,935	520,380	1,398,315	2,069,844
Net assets released due to satisfaction of time or purpose restrictions	604,842	(604,842)	-	(324,363)
Total support and revenue	1,482,777	(84,462)	1,398,315	1,745,481
EXPENSES				
Program services	1,042,420	-	1,042,420	-
Management and general	373,102	-	373,102	-
Fundraising	162,011	-	162,011	-
Total expenses	1,577,533	-	1,577,533	-
CHANGE IN NET ASSETS	(94,756)	(84,462)	(179,218)	1,745,481
NET ASSETS, Beginning of year	9,306,097	3,590,462	12,896,559	1,844,981
NET ASSETS, End of year	\$ 9,211,341	\$ 3,506,000	\$ 12,717,341	\$ 3,590,462
				\$ 12,896,559

See accompanying notes.

GREATER NEWARK CONSERVANCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

	Program Services							Total	
	Youth and Family Education	Community Greening and Urban Farming	Job Training	Environmental Justice	Emergency Food Distribution	Program Services	Management and General		
Salaries	\$ 136,731	\$ 116,723	\$ 69,724	\$ 6,250	\$ 60,509	\$ 389,937	\$ 173,055	\$ 102,279	\$ 665,271
Fringe benefits	40,608	28,319	17,236	1,625	14,491	102,279	45,863	25,728	173,870
Occupancy	14,810	2,288	6,035	143	6,566	29,842	9,530	2,206	41,578
Telephone	2,850	1,976	1,592	122	949	7,489	4,883	1,814	14,186
Office supplies	2,022	1,626	2,718	-	298	6,664	11,381	647	18,692
Postage	-	644	-	-	-	644	976	387	2,007
Equipment	1,613	1,285	855	75	639	4,467	3,538	1,138	9,143
Repairs and maintenance	612	-	-	-	4,552	5,164	16,875	-	22,039
Dues and subscriptions	599	-	-	-	-	599	1,790	90	2,479
Insurance	17,967	15,022	14,541	-	4,133	51,663	17,426	7,824	76,913
Printing	1,758	-	-	-	1,400	3,158	1,990	140	5,288
Travel and vehicle expense	664	6,670	8,880	-	5,149	21,363	4,277	-	25,640
Professional services	7,642	2,450	4,064	162	56,632	70,950	32,514	13,150	116,614
Program expenses	41,481	25,760	15,739	-	38,934	121,914	-	-	121,914
Conferences and seminars	-	-	28	-	-	28	-	-	28
Supplies	-	-	1,178	-	-	1,178	-	-	1,178
Depreciation	210,293	8,689	5,699	-	-	224,681	46,541	6,608	277,830
Bank and interest charges	-	-	-	-	-	-	2,463	-	2,463
In-Kind expenses	400	-	-	-	-	400	-	-	400
Total expenses	\$ 480,050	\$ 211,452	\$ 148,289	\$ 8,377	\$ 194,252	\$ 1,042,420	\$ 373,102	\$ 162,011	\$ 1,577,533

See accompanying notes.

GREATER NEWARK CONSERVANCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2020

	Program Services							Total	
	Youth and Family Education	Community Greening and Urban Farming	Job Training	Environmental Justice	Emergency Food Distribution	Program Services	Management and General		Fundraising
Salaries	\$ 115,234	\$ 114,463	222,195	\$ 4,025	\$ 26,042	\$ 481,959	\$ 118,128	\$ 130,955	\$ 731,042
Fringe benefits	28,841	30,089	56,537	1,089	2,947	119,503	34,462	30,569	184,534
Occupancy	16,790	1,794	6,120	50	714	25,468	7,023	2,054	34,545
Telephone	2,110	2,031	6,308	71	-	10,520	3,736	1,847	16,103
Office supplies	4,499	3,832	10,108	-	-	18,439	6,302	3,239	27,980
Postage	175	158	276	-	-	609	700	293	1,602
Equipment	1,930	1,931	7,287	74	-	11,222	4,391	1,947	17,560
Repairs and maintenance	14,266	1,405	5,849	-	-	21,520	6,908	1,302	29,730
Dues and subscriptions	100	297	15	-	-	412	560	540	1,512
Insurance	15,922	16,502	27,899	-	367	60,690	10,227	3,819	74,736
Printing	491	384	-	-	-	875	2,948	-	3,823
Travel and vehicle expense	2,242	3,410	5,950	-	588	12,190	1,046	123	13,359
Professional services	5,902	8,552	14,168	691	11,448	40,761	15,147	22,993	78,901
Program expenses	23,107	26,081	16,885	-	9,852	75,925	-	-	75,925
Conferences and seminars	-	450	-	-	-	450	171	-	621
Landscaping supplies and expenses	-	-	24,348	-	-	24,348	-	-	24,348
Depreciation	207,148	6,151	15,816	-	-	229,115	44,995	6,394	280,504
Bank and interest charges	-	-	-	-	-	-	3,756	797	4,553
Bad debts	1,425	-	5,824	-	-	7,249	-	-	7,249
In-Kind expenses	-	53,791	-	-	-	53,791	-	730	54,521
Total expenses	\$ 440,182	\$ 271,321	\$ 425,585	\$ 6,000	\$ 51,958	\$ 1,195,046	\$ 260,500	\$ 207,602	\$ 1,663,148

See accompanying notes.

GREATER NEWARK CONSERVANCY, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (179,218)	\$ 1,533,524
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	277,830	280,504
Change in net assets and liabilities		
Due from governmental agencies	141,830	18,039
Contributions receivable	313,252	30,743
Accounts receivable	4,065	85,729
Prepaid expenses	(768)	4,296
Accounts payable and accrued expenses	(47,655)	(982)
Refundable advances	48,510	-
Deferred revenue	(33,442)	83,442
Contributions restricted for capital campaign	(202,500)	(1,791,159)
Net cash provided by operating activities	321,904	244,136
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in restricted cash, investments and contributions receivable	(4,975)	(1,794,981)
Purchases of property and equipment	-	(20,983)
Net cash (used in) investing activities	(4,975)	(1,815,964)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for capital campaign	202,500	1,791,159
Net cash provided by financing activities	202,500	1,791,159
NET INCREASE IN CASH AND CASH EQUIVALENTS	519,429	219,331
CASH AND CASH EQUIVALENTS, Beginning of year	750,878	531,547
CASH AND CASH EQUIVALENTS, End of year	\$ 1,270,307	\$ 750,878
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	\$ -	\$ 1,636
Donated materials and supplies	\$ 400	\$ 54,521

See accompanying notes.

GREATER NEWARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 1 – ORGANIZATION AND PURPOSE OF THE CORPORATION

Greater Newark Conservancy, Inc. (the “Conservancy”) is a New Jersey not-for-profit organization that promotes environmental stewardship to improve the quality of life in Newark, New Jersey’s largest urban community. Founded in 1987, the Conservancy has four main program areas: youth and family education, community greening and urban farming, job training and advocacy for environmental justice.

The Conservancy’s youth and family education program annually brings innovative, hands-on, science-based lessons and field trips for schoolchildren from Newark and its environs. Additionally, teachers, parents, senior citizens and the general public are served with nutrition and other programs. Programming focuses on the urban environment and includes activities at the Prudential Outdoor Learning Center in downtown Newark, the Conservancy’s school gardens and the Hawthorne Avenue Urban Farm. Activities include in-class reverse field trips, living laboratory outdoor teaching gardens at Newark schools, nutritional health lessons and activities, and farm to school programming.

The Conservancy’s community greening and urban farming program annually serves Newark residents through its community gardens with resident-adopted planting plots; urban farm lots that generate fresh, local produce; and a farm stand operation that makes nutritious, healthy foods available to the inner-city population. The Conservancy’s 3.0 acre Hawthorne Avenue Urban Farm in Newark is a primary source of fresh produce.

The Conservancy’s job training program, the Newark Youth Leadership Project (“NYLP”), provides supervised training in horticulture, education, and urban farming for up to 25 Newark high school youth each year, seeking to increase employability. The program provides participants with a sample of career options in various environmental fields, an appreciation for their urban environment, and opportunities for pursuing higher education. The Conservancy has for many years provided job training programs specifically for ex-offenders. During the year ended June 30, 2020 the City Bloom Landscaping initiative, which provided job training experience for ex-offenders, was closed.

The Conservancy’s environmental justice program builds partnerships with Newark’s residents to promote urban environmental issues and strives to empower them to recognize their ability to improve the city’s environment.

Impact of COVID 19 pandemic - Beginning in March 2020 and for the majority of the year ended June 30, 2021 most of the Conservancy’s youth and family education programming transitioned to a virtual format and an Emergency Food Distribution program was launched, in partnership with other local agencies. The Emergency Food Distribution program operated weekly from the Conservancy’s location in downtown Newark distributing free food and reaching 1,500 seniors and 500 families in need. Through the course of the initiative over one million pounds of food was distributed with the assistance of approximately 50 volunteers each week.

GREATER NEWARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Basis of Presentation

The Conservancy reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors; net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

Revenue Recognition

Unconditional grant awards are recorded as contribution revenue in the period which they are awarded. Grants awards having the existence of a condition but lacking in both the existence of a barrier and right of return to the resource provider, are classified as restricted contribution revenue until conditions of the award are met. Conditional grant awards, having both the existence of a barrier and right of return to the resource provider, are classified as deferred revenue when received and are recognized as contribution revenue when the awards are expended for the purpose of the grant or other conditions are satisfied.

Contributions Receivable

Contributions are recognized when the donor makes a promise to give to the Conservancy that is, in substance, unconditional. Donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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 more than one year are recorded at fair value, which is measured at the present value of future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Accounts receivable

The Conservancy records service fee revenue and accounts receivable as services are provided to customers. Accounts are at least partially reserved if no collection has been made after 90 days if collection is not reasonably assured. Collection attempts continue to be made beyond that point until such time as the uncollectability of the account becomes apparent.

Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for uncollectible accounts receivable is provided based upon management's judgement including such factors as prior collection history and type of contribution. Management has determined that no allowance was required as of June 30, 2021 and 2020.

GREATER NEWARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

Property and equipment are stated at cost or at their estimated fair value at date of donation. The Conservancy capitalizes all expenditures for property and equipment in excess of \$1,000. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred.

Valuation of Long-Lived Assets

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

Functional Allocation of Expenses

The cost of providing various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Cash and Cash Equivalents

The Conservancy considers all highly liquid investments with an initial maturity of three months or less at time of acquisition to be cash equivalents including cash equivalents included in its investment portfolio.

Concentration of Credit Risk

The Conservancy maintained cash balances on deposit with financial institutions in excess of insurable limits for the years ended June 30, 2021 and 2020. The condition is mitigated by having funds deposited with high quality financial institutions. The Conservancy does not believe that it is exposed to any significant credit risk on its cash and cash equivalents.

Income Taxes

The Conservancy is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and state income tax under similar provisions. Accordingly, no provision for Federal income tax has been recorded in the statements of activities and changes in net assets. The Conservancy had no unrecognized benefits at June 30, 2021 and 2020 and has incurred no interest or penalties related to income taxes for the periods presented in the financial statements.

Donated Materials and Supplies

The Conservancy receives various donated materials and supplies for its programs. Donated materials and supplies are recorded as unrestricted revenue at their estimated fair market value when received.

GREATER NEWARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

New Accounting Pronouncements

Issued and Adopted

The Financial Accounting Standards Board (“FASB”) ASU 2014-09, *Accounting Standards Codification, Revenue from Contracts with Customers* (Topic 606), as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. Analysis of various provisions of this standard resulted in no significant changes in the way the Conservancy recognizes revenue.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Conservancy has implemented the provision of ASU 2018-08 applicable to contributions received in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with our implementation of ASU 2018-08.

Issued

In February 2016, FASB issued ASU 2016-02, *Leases* (Topic 842) which will require leases to be recorded as an asset on the statement of financial position for the right to use the leased asset and a liability for the corresponding lease obligation for leases with terms of more than twelve months. ASU 2016-02 is effective for not-for-profit organizations for fiscal years beginning after December 15, 2021, with early adoption permitted. The Conservancy is evaluating the impact the pronouncement may have on the financial statements.

In September 2020, the FASB issued ASU 2020-07 *Presentation and Disclosures by Not-for-Profit Entities For Contributed Non Financial Assets* (Topic 958). This ASU is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The Conservancy is evaluating the impact the pronouncement may have on the financial statements.

NOTE 3 - CASH AND INVESTMENTS RESTRICTED TO CAPITAL CAMPAIGN

The Conservancy’s investment portfolio consisted of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash and equivalents	\$1,747,224	\$ 514,439
Certificates of Deposit	<u>495,993</u>	<u>1,523,680</u>
Total	<u>\$2,243,217</u>	<u>\$ 2,038,119</u>

Certificates of deposit are stated at fair value. The Conservancy has reviewed investments within the framework for measuring fair value which establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. The Conservancy values such assets using quoted market prices in active markets (Level 1) for identical assets to the extent possible. If such markets are not available, the Conservancy values such assets using observable measurement criteria, including quoted market prices of similar assets in active and inactive markets and other corroborated factors (Level 2). In the event that quoted market prices in active markets and other observable measurement criteria are not available, the Conservancy develops measurement criteria based on the best information available (Level 3). The Conservancy’s certificates of deposit are classified as Level 2 since they are based on quoted prices in active markets for similar assets.

GREATER NEWARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 4 – DUE FROM GOVERNMENTAL AGENCIES

Amounts due from governmental agencies at June 30, are as follows:

	<u>2021</u>	<u>2020</u>
City of Newark, New Jersey	\$ -	\$ 141,830

During the year ended June 30, 2021, the Conservancy received \$150,000 from the City of Newark, New Jersey which includes payment for the amount due at June 30, 2020 of \$141,830.

NOTE 5 – CONTRIBUTIONS RECEIVABLE

Unconditional promises to give at June 30, are as follows:

	<u>2021</u>	<u>2020</u>
Less than one year	\$ 998,675	\$ 1,471,427
1-5 years	43,000	86,000
	<u>1,041,675</u>	<u>1,557,427</u>
Less: Unamortized discount	(1,726)	(4,103)
Net unconditional promises to give	<u>\$ 1,039,949</u>	<u>\$ 1,553,324</u>

Unconditional promises to give due in more than one year are recognized at fair value, using present value techniques and a discount rate of 2%. Uncollectible amounts for unconditional promises to give are expected to be insignificant.

NOTE 6 – PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following as of June 30:

	Estimated Useful Life (Years)	<u>2021</u>	<u>2020</u>
Land	N/A	\$ 74,325	\$ 74,325
Main Building (Education Center)	40	6,150,138	6,150,138
Field equipment	5	31,838	31,838
Vehicles	5	136,836	136,836
Office equipment	5	229,881	229,881
Leasehold improvements	15	50,198	50,198
Outdoor Learning Center	40	3,247,483	3,247,483
Office building and improvements	40	894,774	894,774
Tent	5	11,775	11,775
		<u>10,827,248</u>	<u>10,827,248</u>
Less: accumulated depreciation		(2,497,028)	(2,219,198)
Property and equipment, net		<u>\$ 8,330,220</u>	<u>\$ 8,608,050</u>

Depreciation expense amounted to \$277,830 and \$280,504 for the years ended June 30, 2021 and 2020, respectively.

GREATER NEWARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

NOTE 7 – NET ASSETS

Board designated net assets

Board designated net assets are classified as net assets without donor restrictions in the statement of financial position. The Conservancy established the 25th anniversary fund in 2012 and has accepted contributions to support this fund. The purpose of this fund, as designated by the Board, is to provide the Conservancy with resources in the event of an economic downturn or in the event that short-term cash flow is required to cover necessary expenses. A Board resolution is required to use these funds. Board designated net assets amounted to \$299,442 for the years ended June 30, 2021 and 2020.

Donor restricted net assets

Donor restricted net assets are available for the following purposes at June 30:

	<u>2021</u>	<u>2020</u>
Time and purpose restrictions		
Capital projects	\$ 3,176,323	\$ 3,171,348
Purpose restrictions		
Community greening and Urban Farming	77,327	-
Education	3,000	43,000
Summer Camp -education	-	21,221
Landscaping	-	25,000
Newark Youth Leadership Project	41,921	47,814
Other reentry	30,496	50,205
Nutrition education/healthcare	-	20,000
401(k) matching	-	7,048
Emergency food distribution	64,203	27,826
Time restrictions	112,730	177,000
	<u>\$ 3,506,000</u>	<u>\$ 3,590,462</u>

The following represents donor restricted net assets released from donor restrictions for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Time and purpose restrictions		
Capital projects	\$ -	\$ 797
Purpose restrictions		
Community greening and Urban Farming	38,623	24,640
Education	90,000	40,000
Summer Camp -education	21,221	21,045
Nutrition education/healthcare	20,000	62,497
Newark Youth Leadership Program	67,299	55,000
Other reentry	19,709	30,908
Miscellaneous	-	5,501
401(k) matching	7,048	13,975
Emergency food distribution	159,172	-
Time restrictions	181,770	70,000
	<u>\$ 604,842</u>	<u>\$ 324,363</u>

GREATER NEWARK CONSERVANCY, INC.
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NOTE 8 - REFUNDABLE ADVANCES

The Conservancy records grant awards accounted for as exchange transactions as refundable advances until related services are performed, at which time they are recognized as revenue. During the year end June 30, 2021, the Conservancy received grants totaling \$48,510 that contained donor conditions. Since these are conditioned on future uncertain events they are not recorded as contribution revenue until donor conditions are met.

NOTE 9 - DEFERRED REVENUE

On April 28, 2020, the Conservancy was granted a loan from a bank in the amount of \$210,175, pursuant to the Paycheck Protection Program (the "PPP") under the CARES Act, which was enacted March 27, 2020. The loan, which is in the form of a note dated April 28, 2020 matures on April 1, 2022 and bears interest at a rate of 1.00% per annum. The note may be prepaid at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations (qualifying expenses). The Conservancy used the entire loan amount for qualifying expenses. Under the terms of the PPP, the loan may be forgiven if it is used for qualifying expenses as described in the CARES Act. The Conservancy applied for forgiveness and was granted forgiveness for the entire amount of the loan in August 2021.

On February 17, 2021, the Conservancy received a second draw loan from a bank under the PPP in the amount of \$154,005. The loan is in the form of a promissory note dated February 17, 2021. The loan matures on February 17, 2026 and bears interest at a rate of 1.00% per annum. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, rent, utilities and other qualifying expenses. The Conservancy intends to use the entire loan amount for qualifying expenses. Under the terms of the PPP, the loan may be forgiven if it is used for qualifying expenses as described in the CARES Act. The Organization intends to apply for forgiveness.

On June 10, 2020, the American Institute of Certified Public Accountants issued accounting guidance for PPP loans. The guidance includes multiple accounting options. The Conservancy chose to account for the loan as a conditional contribution in accordance with FASB ASC 958-605 as it expects to meet the PPP's eligibility requirements and concludes that the PPP loan represents, in substance, a grant that is expected to be forgiven. According to ASC 958-605 the loan is initially recorded as deferred revenue and is recognized as income when conditions of the grant (qualifying expenses) are substantially met. During the years ended June 30, 2021 and 2020, the Conservancy recognized \$187,447 and \$126,733, respectively, of revenue.

NOTE 10 - LINE OF CREDIT

The Conservancy has a line of credit from a financial institution for a maximum borrowing of \$250,000 expiring December 1, 2021. Interest is computed at the floating rate of the Wall Street Journal Prime Rate and shall be accrued on any outstanding balances. The interest will adjust immediately upon any change to the Wall Street Journal Prime Rate. At no time shall the rate fall below 4.0%. The borrowings are secured by the Conservancy's assets. At June 30, 2021, no amount was outstanding on this line of credit.

NOTE 11 - DEFINED CONTRIBUTION PLAN

The Conservancy maintains a 401(k) defined contribution pension plan (the "Plan") covering all employees who satisfy certain eligibility requirements. Under the terms of the Plan, the Conservancy makes annual discretionary contributions to the Plan based upon a percentage of eligible employee wages. Pension expense for the years ended June 30, 2021 and 2020, was \$9,432 and \$13,975, respectively.

GREATER NEWARK CONSERVANCY, INC.
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NOTE 12 – OPERATING LEASE

The Conservancy has a 60 month non-cancellable lease for certain equipment which expires in December 2024. Rental expense is \$624 per month. Future minimum lease payments under the non-cancellable lease are as follows:

<u>Years ended June 30,</u>	<u>Amount</u>
2022	7,487
2023	7,487
2024	7,487
2025	<u>3,744</u>
Total	<u>\$26,205</u>

NOTE 13 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Conservancy’s financial assets as of the statement of financial position date, 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 and operating reserves:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,270,307	\$ 750,878
Due from government agencies	-	141,830
Contributions receivable	1,039,949	1,553,324
Accounts receivable	11,347	15,412
Cash and investments	<u>2,243,217</u>	<u>2,038,119</u>
Total financial assets	4,564,820	4,499,563
Contractual and donor-imposed restrictions	<u>(3,506,000)</u>	<u>(3,590,462)</u>
Financial assets available to meet cash needs		
For general expenditures within one year	<u>\$ 1,058,820</u>	<u>\$ 909,101</u>

NOTE 14 – RISKS AND UNCERTAINTIES

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Conservancy expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

NOTE 15 – RECLASSIFICATIONS

Certain amounts included in the June 30, 2020 financial statements were reclassified to make them comparable to June 30, 2021.

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 9, 2021, the date on which the financial statements were available to be issued. As indicated in Note 9, the Conservancy’s first PPP loan was forgiven in August 2021.