



**GREATER NEWARK CONSERVANCY, INC.
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2019 and 2018**

GREATER NEWARK CONSERVANCY, INC.
FINANCIAL STATEMENTS
June 30, 2019 and 2018

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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, 2019 and 2018, and the related statements of activities and changes in net assets, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, Greater Newark Conservancy, Inc. adopted ASU 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.

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, 2019 and 2018, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2019, on our consideration of the Greater Newark Conservancy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Greater Newark Conservancy, Inc.'s internal control over financial reporting and compliance.



German, Vreeland & Associates, LLP
Cedar Knolls, New Jersey
December 9, 2019

GREATER NEWARK CONSERVANCY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

<u>ASSETS</u>	2019	2018
Current assets		
Cash and cash equivalents	\$ 531,547	\$ 556,222
Investments	-	8,408
Due from government agencies, net	159,869	204,574
Contributions receivable, net	450,838	437,625
Accounts receivable	101,141	60,350
Prepaid expenses	13,193	10,283
Total current assets	1,256,588	1,277,462
Property and equipment, net	8,867,571	9,122,235
Other assets		
Cash restricted for capital campaign	942,423	-
Contributions receivable restricted for capital campaign, net	433,944	-
Trademark	2,525	2,525
Total other assets	1,378,892	2,525
 TOTAL ASSETS	 <u>\$ 11,503,051</u>	 <u>\$ 10,402,222</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 140,016	\$ 120,484
Total current liabilities	140,016	120,484
Net assets		
Net assets without donor restrictions		
Board designated for 25th anniversary fund	299,442	299,442
Investment in property and equipment	8,867,571	9,122,235
Available for general operations	351,041	(522,500)
Total net assets without donor restrictions	9,518,054	8,899,177
Net assets with donor restrictions	1,844,981	1,382,561
Total net assets	11,363,035	10,281,738
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 11,503,051</u>	 <u>\$ 10,402,222</u>

See accompanying notes.

GREATER NEWARK CONSERVANCY, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended June 30, 2019 and 2018

	2019			2018		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE						
Contributions						
Foundation grants	\$ 393,299	\$ 1,222,684	\$ 1,615,983	\$ 522,594	\$ 348,575	\$ 871,169
Corporate grants	66,224	-	66,224	62,988	-	62,988
Government grants	324,916	-	324,916	361,338	-	361,338
Trustee contributions	118,372	119,777	238,149	72,721	-	72,721
Individual contributions	272,206	301,884	574,090	39,495	1,061	40,556
Special events, net of direct expenses of \$21,536 and \$41,685 in 2019 and 2018, respectively	107,799	-	107,799	204,388	-	204,388
Program service fees	229,969	-	229,969	285,050	-	285,050
Investment income	124	6,440	6,564	14	-	14
In-kind contributions	6,516	-	6,516	38,019	-	38,019
Gain on disposal of equipment	-	-	-	310	-	310
Miscellaneous income	6,877	-	6,877	8,746	-	8,746
	1,526,302	1,650,785	3,177,087	1,595,663	349,636	1,945,299
Net assets released due to satisfaction of time or purpose restrictions	1,188,365	(1,188,365)	-	234,303	(234,303)	-
Total support and revenue	2,714,667	462,420	3,177,087	1,829,966	115,333	1,945,299
EXPENSES						
Program services	1,619,499	-	1,619,499	1,721,135	-	1,721,135
Management and general	250,256	-	250,256	251,131	-	251,131
Fundraising	226,035	-	226,035	248,602	-	248,602
Total expenses	2,095,790	-	2,095,790	2,220,868	-	2,220,868
CHANGE IN NET ASSETS	618,877	462,420	1,081,297	(390,902)	115,333	(275,569)
NET ASSETS, Beginning of year						
As previously reported	8,899,177	1,382,561	10,281,738	8,787,494	1,503,400	10,290,894
Adjustment for understatement of property and overstatement of restricted assets	-	-	-	502,585	(236,172)	266,413
Net assets at beginning of year, as restated	8,899,177	1,382,561	10,281,738	9,290,079	1,267,228	10,557,307
NET ASSETS, End of year	\$ 9,518,054	\$ 1,844,981	\$ 11,363,035	\$ 8,899,177	\$ 1,382,561	\$ 10,281,738

See accompanying notes.

See accompanying notes.

GREATER NEWARK CONSERVANCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2019

	Program Services								Total
	Education/ Outdoor Learning Center	Environmental Justice	Community Greening and Urban Farming	Citibloom Landscaping	NYLP/ Farm Stand	NJ Reentry Services	Other Reentry Services	Program Services	
Salaries	\$ 160,068	\$ 6,708	\$ 122,463	\$ 165,692	\$ 74,030	\$ 201,163	\$ 51,680	\$ 781,804	\$ 1,039,587
Fringe benefits	36,442	1,538	26,998	41,830	16,600	55,351	10,935	189,694	248,966
Occupancy	20,449	114	2,001	5,864	1,104	4,375	723	34,630	43,821
Telephone	2,483	80	1,511	1,724	1,089	3,536	613	11,036	15,388
Office supplies	14,410	29	10,216	630	3,585	5,078	859	34,807	57,461
Postage	410	9	305	172	224	540	90	1,750	484
Equipment	3,120	119	1,847	2,178	1,229	10,896	715	20,104	27,657
Repairs and maintenance	17,791	61	1,246	1,447	1,005	2,955	618	25,123	33,988
Dues and subscriptions	-	-	399	-	160	-	-	559	714
Insurance	14,036	415	9,829	11,177	9,177	14,866	1,560	61,060	11,103
Printing	2,008	17	1,846	199	1,043	1,568	194	6,875	8,301
Travel and vehicle expense	5,549	-	11,780	7,458	3,213	887	-	28,887	594
Professional services	28,075	186	3,634	3,968	2,312	11,905	1,894	51,974	6,585
Program expenses	45,188	-	20,472	-	7,424	9,329	852	83,265	19,939
Enhanced fundraising	3,955	-	-	-	-	-	-	3,955	-
Conferences and seminars	-	-	384	-	-	-	-	384	4,287
Landscaping supplies and expenses	-	-	-	48,220	-	-	-	48,220	992
Depreciation	209,612	366	4,894	3,756	2,948	9,693	1,139	232,408	41,558
Bank and interest charges	-	-	-	-	-	-	-	-	7,150
In-Kind expenses	-	-	2,964	-	-	-	-	2,964	1,560
Total expenses	\$ 563,596	\$ 9,642	\$ 222,789	\$ 294,315	\$ 125,143	\$ 332,142	\$ 71,872	\$ 1,619,499	\$ 2,095,790
									\$ 226,035
									\$ 250,256
									\$ 2,095,790

See accompanying notes.

GREATER NEWARK CONSERVANCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2018

	Program Services										
	Education/ Outdoor Learning Center	Environmental Justice	Community Greening and Urban Farming	Citibloom Landscaping	NYLP/ Farm Stand	NJ Reentry Services	Other Reentry Services	Total Program Services	Management and General	Fundraising	Total
Salaries	\$ 215,529	\$ 10,063	\$ 97,062	\$ 145,631	\$ 103,091	\$ 229,997	\$ 14,491	\$ 815,864	\$ 111,100	\$ 171,683	\$ 1,098,647
Fringe benefits	61,516	2,917	32,977	33,425	31,916	44,803	3,470	211,024	33,307	41,499	285,830
Occupancy	17,677	289	2,207	2,325	3,310	8,402	268	34,478	4,425	1,649	40,552
Telephone	2,642	131	1,385	1,290	1,333	2,907	182	9,870	1,852	2,171	13,893
Office supplies	12,388	197	1,994	2,687	1,722	6,538	577	26,103	7,254	5,512	38,869
Postage	128	7	77	52	59	133	-	456	881	1,600	2,937
Equipment	3,122	144	1,910	1,614	1,583	14,588	216	23,177	2,105	562	25,844
Repairs and maintenance	16,485	62	860	829	2,132	3,380	-	23,748	5,720	-	29,468
Dues and subscriptions	100	100	-	-	-	-	-	200	1,394	-	1,594
Insurance	14,171	261	9,464	9,571	9,929	12,148	-	55,544	8,340	6,942	70,826
Printing	2,264	60	1,121	557	1,063	1,543	90	6,698	4,773	1,610	13,081
Travel and vehicle expense	4,688	81	4,163	5,112	1,469	1,078	-	16,591	1,170	48	17,809
Professional services	36,298	689	5,841	6,674	6,065	15,354	4,895	75,816	3,976	10,005	89,797
Program expenses	33,807	-	19,464	-	6,464	11,537	1,390	72,662	-	-	72,662
Conferences and seminars	603	-	546	-	-	-	-	1,149	8,114	9,263	
Landscaping supplies and expenses	-	-	-	84,463	-	-	-	84,463	-	-	84,463
Depreciation	217,537	381	5,657	4,027	5,082	8,931	728	242,343	36,507	5,321	284,171
Bank and interest charges	-	-	-	-	-	-	-	-	3,143	-	3,143
In-Kind expenses	350	-	20,599	-	-	-	-	20,949	17,070	-	38,019
Total expenses	\$ 639,305	\$ 15,382	\$ 205,327	\$ 298,257	\$ 175,218	\$ 361,339	\$ 26,307	\$ 1,721,135	\$ 251,131	\$ 248,602	\$ 2,220,868

See accompanying notes.

GREATER NEWARK CONSERVANCY, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,081,297	\$ (275,569)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	281,116	284,171
Gain on disposal of property	-	(310)
Change in net assets and liabilities		
Due from governmental agencies	44,705	26,346
Contributions receivable	(13,213)	(123,717)
Accounts receivable	(40,791)	(25,664)
Prepaid expenses	(2,910)	687
Accounts payable and accrued expenses	19,532	(19,744)
Grants advances payable	-	(25,900)
Contributions restricted for capital campaign	(1,385,089)	-
Net cash (used in) operating activities	<u>(15,353)</u>	<u>(159,700)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of certificates of deposit	8,408	-
Increase in restricted cash and contributions receivable	(1,376,367)	-
Proceeds from disposal of property	-	7,100
Reinvested income	-	(56)
Purchases of property and equipment	(26,452)	(4,274)
Net cash (used by) provided by investing activities	<u>(1,394,411)</u>	<u>2,770</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for capital campaign	1,385,089	-
Net cash provided by financing activities	<u>1,385,089</u>	<u>-</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(24,675)	(156,930)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>556,222</u>	<u>713,152</u>
CASH AND CASH EQUIVALENTS, End of year	<u><u>\$ 531,547</u></u>	<u><u>\$ 556,222</u></u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	\$ 1,413	\$ 1,197
Donated materials and supplies	<u>\$ 6,516</u>	<u>\$ 38,019</u>

There were no amounts paid for income taxes during the years
ended June 30, 2019 and 2018.

See accompanying notes.

GREATER NEWARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

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 New Jersey's urban communities. Founded in 1987, the Conservancy has four program areas: youth and family education, community greening and gardening, job training and advocacy for environmental justice.

The Conservancy's education program annually brings innovative, hands-on, science-based lessons and field trips to approximately 6,000 inner-city schoolchildren from Newark and its environs. An additional 3,000 teachers, parents, senior citizens and the general public were served with nutrition and other programs. Programming focuses on the urban environment and includes environmental education field trips to the Prudential Outdoor Learning Center in downtown Newark, in-class reverse field trips, living laboratory outdoor teaching gardens at Newark schools, nutritional health lessons and activities, and farm to school programming. Since the Prudential Outdoor Learning Center opened 15 years ago, it has hosted over 33,000 underserved children who have engaged in environmental field trips.

The Conservancy's community greening program annually serves about 2,000 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. Last growing season the program's 3.0 acre urban farm in Newark was the primary source of fresh produce, bringing fresh, nutritious vegetables to Newark's low-income residents.

The Conservancy's job training program includes three components – the Newark Youth Leadership Project ("NYLP"), the City Bloom Landscaping initiative and the New Jersey Reentry Corporation reentry program. The NYLP Program provides supervised training in landscaping, horticulture, education, and office administration for up to 30 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. In January 2016, the Conservancy launched its City Bloom Landscaping initiative, which is a fee-for-service landscaping business that generates revenue to help support Conservancy programming while at the same time providing job training experience for ex-offenders. Participants learn skills in the fields of landscaping, horticulture, hardscaping, light construction, and equipment maintenance. Trainees who complete the program are better qualified to seek more permanent employment in the landscaping industry. This past year, City Bloom Landscaping program earned \$191,670 in revenue and trained half-a-dozen ex-offenders. The New Jersey Reentry Corporation ("NJRC") relocated to the Conservancy offices in November 2015. NJRC serves all of Essex County, providing counseling to ex-offenders, including referrals for substance abuse treatment, job placement assistance, personal health assessment and referrals, housing assistance, legal services, and opportunities for continuing education. Annually, the NJRC serves between 600-700 Essex County ex-offenders (mostly from Newark) with a 41 percent job placement rate.

The Conservancy's environmental justice program builds partnerships with Newark's residences to promote urban environmental issues and strives to empower them to recognize their ability to improve the city's environment. For a number of years, the Conservancy actively advocated for quality of life issues in the city's master plan and regarding cleaning of contamination in the Passaic River.

GREATER NEWARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

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.

Liquidity

The Conservancy had current assets of \$1,256,588, while its current liabilities and net assets with donor restrictions were \$140,016 and \$1,844,981, respectively. Additionally, the Conservancy had a change in net assets without donor restrictions of \$618,877 and (\$390,902) for years ended June 30, 2019 and 2018, respectively. The Conservancy is implementing cost cutting measures and made a priority to reduce the expenditure base. In addition, the Conservancy has a line of credit in the amount of \$200,000.

Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. In applying this concept, the legal and contractual requirements of each individual contract are used as guidance.

Contributions Receivable

Contributions are recognized when the donor makes a promise to give to the Organization 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 contributions revenue.

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.

GREATER NEWARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

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

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, 2019 and 2018.

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.

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, 2019 and 2018. 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.

Two grantors/donors comprised 59 percent of total contributions receivable as of June 30, 2019 and four grantors comprised 43 percent of total contributions for the year ended June 30, 2019. Two grantors/donors comprised 40 percent of total contributions receivable as of June 30, 2018 and one grantor comprised 19 percent of total contributions for the year ended June 30, 2018.

GREATER NEWARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

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

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, 2019 and 2018 and has incurred no interest or penalties related to income taxes for the periods presented in their 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.

New Accounting Pronouncements

In August 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. This pronouncement addresses the complexity and understandability of net asset classification, information about liquidity and availability of resources, and the information provided about expenses and investment return. The Conservancy has adjusted the presentation of these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

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, 2020, with early adoption permitted. The Conservancy is evaluating the impact the pronouncement may have on the financial statements.

NOTE 3 - INVESTMENTS

The Conservancy's investments consisted of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Mutual fund	\$ -	\$ 8,408

Mutual funds 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. Fair value is the price 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. A fair value measurement assumes that the transaction to sell the assets or transfer the liability occurs in the principal market for the asset or liability, or in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value. The Conservancy's mutual fund investments are classified as Level 1 since they are based on quoted prices in active markets for identical assets.

NOTE 4 - PRIOR PERIOD ADJUSTMENT

Net assets as of the beginning of the fiscal year ended June 30, 2018 were adjusted to increase fixed assets and release restricted net assets for adjustments to balances not previously recognized in prior years. The correction had no effect on the results of activities for the year ended June 30, 2018; however, the cumulative effect increased net assets by \$266,413.

GREATER NEWARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 5 – DUE FROM GOVERNMENTAL AGENCIES

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

	<u>2019</u>	<u>2018</u>
City of Newark - Hotspot	\$ 141,830	\$ 141,830
City of Newark – Central Ward Initiative	115,543	115,543
State of New Jersey - NJRC	18,039	62,744
	<u>275,412</u>	<u>320,117</u>
Less: allowance for doubtful accounts	(115,543)	(115,543)
Due from governmental agencies	<u>\$ 159,869</u>	<u>\$ 204,574</u>

NOTE 6 – CONTRIBUTIONS RECEIVABLE

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

	<u>2019</u>	<u>2018</u>
Less than one year	\$ 570,691	\$ 437,625
1-5 years	327,084	-
	<u>897,775</u>	<u>437,625</u>
Less: Unamortized discount	(12,993)	-
Net unconditional promises to give	<u>\$ 884,782</u>	<u>\$ 437,625</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 7 – PROPERTY AND EQUIPMENT, NET

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

	Estimated Useful Life (Years)	<u>2019</u>	<u>2018</u>
Land	N/A	\$ 74,325	\$ 74,325
Main Building (Education Center)	40	6,150,138	6,150,138
Field equipment	5	31,838	20,386
Vehicles	5	136,836	121,836
Office equipment	5	209,517	209,517
Leasehold improvements	15	50,198	50,198
Outdoor Learning Center	40	3,247,483	3,247,483
Office building and improvements	40	894,155	894,155
Tent	5	11,775	11,775
		<u>10,806,265</u>	<u>10,779,813</u>
Less: accumulated depreciation		(1,938,694)	(1,657,578)
Property and equipment, net		<u>\$ 8,867,571</u>	<u>\$ 9,122,235</u>

Depreciation expense amounted to \$281,116 and \$284,171 for the years ended June 30, 2019 and 2018, respectively.

GREATER NEWARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 8 - 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, 2019 and 2018.

Donor restricted net assets

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

	<u>2019</u>	<u>2018</u>
Time and purpose restrictions		
Capital projects	\$ 1,376,367	\$ 1,001,061
Purpose restrictions		
Farmstand and Urban Farming	24,640	25,000
Education	83,000	-
Summer Camp -education	21,045	-
Landscaping	25,000	-
Newark Youth Leadership Project	55,000	30,000
Other reentry	30,908	102,780
Nutrition education/healthcare	62,497	70,795
401(k) matching	21,023	32,925
Education-interdisciplinary program	-	50,000
Miscellaneous	5,501	
Time restrictions	140,000	70,000
	<u>\$ 1,844,981</u>	<u>\$ 1,382,561</u>

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

	<u>2019</u>	<u>2018</u>
Time and purpose restrictions		
Capital projects	\$ 496	\$ -
Purpose restrictions		
Farmstand and Urban Farming	25,000	-
Nutrition education/healthcare	70,795	80,703
Newark Youth Leadership Program	30,000	-
Other reentry	71,872	-
Summer camp - education	-	50,000
Motherhood program	-	25,000
Education-interdisciplinary program	50,000	-
401(k) matching	11,902	8,600
Time restrictions	928,300	70,000
	<u>\$ 1,188,365</u>	<u>\$ 234,303</u>

GREATER NEWARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 9 - 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, 2019 and 2018, was \$11,902 and \$8,600, respectively.

NOTE 10 - LINE OF CREDIT

The Conservancy has a line of credit, due on demand, from a financial institution for a maximum borrowing of \$200,000 expiring June 19, 2020. Interest is computed at 9.10 percent plus LIBOR rate. The borrowings are secured by the Conservancy's assets. As June 30, 2019 and 2018, \$-0- and \$-0- was outstanding on this line of credit and no funds were borrowed during the year.

NOTE 11 - OPERATING LEASE

The Conservancy has a 60 month non-cancellable lease for certain equipment which expires in April 2020. Rental expense amounted to approximately \$16,000 for each of the years ended June 30, 2019 and 2018. Future minimum lease payments under the non-cancellable lease are as follows:

<u>Years ended June 30,</u>	<u>Amount</u>
2020	<u>\$ 16,728</u>

NOTE 12 - 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>2019</u>
Cash and cash equivalents	\$ 1,473,970
Due from government agencies	159,869
Contributions receivable	884,782
Accounts receivable	<u>101,141</u>
Total financial assets	2,619,762
Contractual or donor-imposed restrictions	<u>(1,844,981)</u>
Financial assets available to meet cash needs	
For general expenditures within one year	<u>\$ 774,781</u>

NOTE 13 - SUBSEQUENT EVENTS

The Conservancy has evaluated subsequent events occurring after the statement of financial position date through the date of December 9, 2019. Based upon this evaluation, the Conservancy has determined that no subsequent events have occurred, which require adjustment to or disclosure in the financial statements.

GERMAN, VREELAND & ASSOCIATES, LLP

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of Greater Newark Conservancy, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 9, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Greater Newark Conservancy, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Greater Newark Conservancy, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Greater Newark Conservancy, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

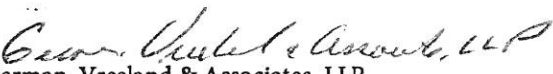
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greater Newark Conservancy, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


German, Vreeland & Associates, LLP
Cedar Knolls, New Jersey
December 9, 2019