



**GREATER NEWARK CONSERVANCY, INC.
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2020 and 2019**

GREATER NEWARK CONSERVANCY, INC.
FINANCIAL STATEMENTS
June 30, 2020 and 2019

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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, 2020 and 2019, 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.

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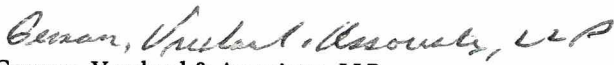
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2 to the financial statements, for the fiscal year ended June 30, 2020 Greater Newark Conservancy, Inc. adopted new accounting guidance, Accountant Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* and ASU 2018-08, *Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this 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, 2020 and 2019, 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
December 15, 2020

GREATER NEWARK CONSERVANCY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

ASSETS	2020	2019
Current assets		
Cash and cash equivalents	\$ 750,878	\$ 531,547
Due from government agencies, net	141,830	159,869
Contributions receivable, net	420,095	450,838
Accounts receivable	15,412	101,141
Prepaid expenses	8,897	13,193
Total current assets	<u>1,337,112</u>	<u>1,256,588</u>
Property and equipment, net	8,608,050	8,867,571
Other assets		
Cash restricted for capital campaign	514,439	942,423
Investments restricted for capital campaign	1,523,680	-
Contributions receivable restricted for capital campaign, net	1,133,229	433,944
Trademark	2,525	2,525
Total other assets	<u>3,173,873</u>	<u>1,378,892</u>
 TOTAL ASSETS	 <u><u>\$ 13,119,035</u></u>	 <u><u>\$ 11,503,051</u></u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 139,034	\$ 140,016
Deferred revenue	83,442	-
Total current liabilities	<u>222,476</u>	<u>140,016</u>
Net assets		
Net assets without donor restrictions		
Board designated for 25th anniversary fund	299,442	299,442
Investment in property and equipment	8,608,050	8,867,571
Available for general operations	398,605	351,041
Total net assets without donor restrictions	<u>9,306,097</u>	<u>9,518,054</u>
Net assets with donor restrictions	3,590,462	1,844,981
Total net assets	<u>12,896,559</u>	<u>11,363,035</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 13,119,035</u></u>	 <u><u>\$ 11,503,051</u></u>

See accompanying notes.

GREATER NEWARK CONSERVANCY, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended June 30, 2020 and 2019

	2020			2019		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE						
Contributions						
Foundation grants	\$ 405,454	\$ 1,882,066	\$ 2,287,520	\$ 393,299	\$ 1,222,684	\$ 1,615,983
Corporate grants	68,705	220	68,925	66,224	-	66,224
Government grants	182,706	-	182,706	324,916	-	324,916
Trustee contributions	50,553	-	50,553	118,372	119,777	238,149
Individual and memorial contributions	112,276	158,488	270,764	272,206	301,884	574,090
Special events, net of direct expenses of \$4,723 and \$21,536 in 2020 and 2019, respectively	88,667	-	88,667	107,799	-	107,799
Program service fees	157,566	-	157,566	229,969	-	229,969
Investment income	4,304	29,070	33,374	124	6,440	6,564
In-kind contributions	54,521	-	54,521	6,516	-	6,516
Miscellaneous income	2,076	-	2,076	6,877	-	6,877
	<u>1,126,828</u>	<u>2,069,844</u>	<u>3,196,672</u>	<u>1,526,302</u>	<u>1,650,785</u>	<u>3,177,087</u>
Net assets released due to satisfaction of time or purpose restrictions	324,363	(324,363)	-	1,188,365	(1,188,365)	-
Total support and revenue	<u>1,451,191</u>	<u>1,745,481</u>	<u>3,196,672</u>	<u>2,714,667</u>	<u>462,420</u>	<u>3,177,087</u>
EXPENSES						
Program services	1,143,088	-	1,143,088	1,619,499	-	1,619,499
Management and general	260,500	-	260,500	250,256	-	250,256
Fundraising	259,560	-	259,560	226,035	-	226,035
Total expenses	<u>1,663,148</u>	<u>-</u>	<u>1,663,148</u>	<u>2,095,790</u>	<u>-</u>	<u>2,095,790</u>
CHANGE IN NET ASSETS	<u>(211,957)</u>	<u>1,745,481</u>	<u>1,533,524</u>	<u>618,877</u>	<u>462,420</u>	<u>1,081,297</u>
NET ASSETS, Beginning of year	<u>9,518,054</u>	<u>1,844,981</u>	<u>11,363,035</u>	<u>8,899,177</u>	<u>1,382,561</u>	<u>10,281,738</u>
NET ASSETS, End of year	<u>\$ 9,306,097</u>	<u>\$ 3,590,462</u>	<u>\$ 12,896,559</u>	<u>\$ 9,518,054</u>	<u>\$ 1,844,981</u>	<u>\$ 11,363,035</u>

See accompanying notes.

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

	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	Total Program Services	Management and General	Fundraising		
Salaries	\$ 115,234	\$ 4,025	\$ 114,463	\$ 102,662	\$ 82,891	\$ 10,266	\$ 26,376	\$ 455,917	\$ 118,128	\$ 156,998	\$ 731,043	
Fringe benefits	28,841	1,089	30,089	22,750	23,886	2,295	7,606	116,556	34,462	33,515	184,533	
Occupancy	16,790	50	1,794	963	1,212	3,582	363	24,754	7,023	2,768	34,545	
Telephone	2,110	71	2,031	1,301	1,764	2,742	501	10,520	3,736	1,847	16,103	
Office supplies	4,499	-	3,832	937	2,047	5,863	1,261	18,439	6,302	3,239	27,980	
Postage	175	-	158	114	114	10	38	609	700	293	1,602	
Equipment	1,930	74	1,931	1,540	1,513	3,695	539	11,222	4,391	1,947	17,560	
Repairs and maintenance	14,266	-	1,405	816	749	3,960	324	21,520	6,908	1,302	29,730	
Dues and subscriptions	100	-	297	-	15	-	-	412	560	540	1,512	
Insurance	15,922	-	16,502	7,302	10,679	9,178	740	60,323	10,227	4,186	74,736	
Printing	491	-	384	-	-	-	-	875	2,948	-	3,823	
Travel and vehicle expense	2,242	-	3,410	3,769	2,181	-	-	11,602	1,046	711	13,359	
Professional services	5,902	691	8,552	2,102	4,287	6,437	1,342	29,313	15,147	34,441	78,901	
Program expenses	23,107	-	26,081	-	16,885	-	-	66,073	-	-	66,073	
Covid-19 related expenses	-	-	-	-	-	-	-	-	-	9,852	9,852	
Conferences and seminars	-	-	450	-	-	-	-	450	171	-	621	
Landscaping supplies and expenses	-	-	-	24,348	-	-	-	24,348	-	-	24,348	
Depreciation	207,148	-	6,151	2,740	3,601	7,862	1,613	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	\$ 6,000	\$ 271,321	\$ 171,344	\$ 157,648	\$ 55,890	\$ 40,703	\$ 1,143,088	\$ 260,500	\$ 259,560	\$ 1,663,148	

See accompanying notes.

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

	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	\$ 160,068	\$ 6,708	\$ 122,463	\$ 165,692	\$ 74,030	\$ 201,163	\$ 51,680	\$ 781,804	\$ 111,757	\$ 146,026	\$ 1,039,587
Fringe benefits	36,442	1,538	26,998	41,830	16,600	55,351	10,935	189,694	28,276	30,996	248,966
Occupancy	20,449	114	2,001	5,864	1,104	4,375	723	34,630	6,871	2,320	43,821
Telephone	2,483	80	1,511	1,724	1,089	3,536	613	11,036	2,547	1,805	15,388
Office supplies	14,410	29	10,216	630	3,585	5,078	859	34,807	18,982	3,672	57,461
Postage	410	9	305	172	224	540	90	1,750	1,177	484	3,411
Equipment	3,120	119	1,847	2,178	1,229	10,896	715	20,104	5,227	2,326	27,657
Repairs and maintenance	17,791	61	1,246	1,447	1,005	2,955	618	25,123	7,654	1,211	33,988
Dues and subscriptions	-	-	399	-	160	-	-	559	1,119	714	2,392
Insurance	14,036	415	9,829	11,177	9,177	14,866	1,560	61,060	11,103	4,604	76,767
Printing	2,008	17	1,846	199	1,043	1,568	194	6,875	1,109	317	8,301
Travel and vehicle expense	5,549	-	11,780	7,458	3,213	887	-	28,887	594	161	29,642
Professional services	28,075	186	3,634	3,968	2,312	11,905	1,894	51,974	6,585	19,939	78,498
Program expenses	45,188	-	20,472	-	7,424	9,329	852	83,265	-	-	83,265
Enhanced fundraising	3,955	-	-	-	-	-	-	3,955	-	4,287	8,242
Conferences and seminars	-	-	384	-	-	-	-	384	585	23	992
Landscaping supplies and expenses	-	-	-	48,220	-	-	-	48,220	-	-	48,220
Depreciation	209,612	366	4,894	3,756	2,948	9,693	1,139	232,408	41,558	7,150	281,116
Bank and interest charges	-	-	-	-	-	-	-	-	1,560	-	1,560
In-Kind expenses	-	-	2,964	-	-	-	-	2,964	3,552	-	6,516
Total expenses	\$ 563,596	\$ 9,642	\$ 222,789	\$ 294,315	\$ 125,143	\$ 332,142	\$ 71,872	\$ 1,619,499	\$ 250,256	\$ 226,035	\$ 2,095,790

See accompanying notes.

GREATER NEWARK CONSERVANCY, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,533,524	\$ 1,081,297
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	280,504	281,116
Change in net assets and liabilities		
Due from governmental agencies	18,039	44,705
Contributions receivable	30,743	(13,213)
Accounts receivable	85,729	(40,791)
Prepaid expenses	4,296	(2,910)
Accounts payable and accrued expenses	(982)	19,532
Deferred revenue	83,442	-
Contributions restricted for capital campaign	(1,791,159)	(1,385,089)
Net cash provided by (used in) operating activities	<u>244,136</u>	<u>(15,353)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of certificates of deposit	-	8,408
Increase in restricted cash, investments and contributions receivable	(1,794,981)	(1,376,367)
Purchases of property and equipment	(20,983)	(26,452)
Net cash (used in) investing activities	<u>(1,815,964)</u>	<u>(1,394,411)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for capital campaign	1,791,159	1,385,089
Net cash provided by financing activities	<u>1,791,159</u>	<u>1,385,089</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	219,331	(24,675)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>531,547</u>	<u>556,222</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 750,878</u>	<u>\$ 531,547</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	\$ 1,636	\$ 1,413
Donated materials and supplies	<u>\$ 54,521</u>	<u>\$ 6,516</u>

There were no amounts paid for income taxes during the years
ended June 30, 2020 and 2019.

See accompanying notes.

GREATER NEWARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

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 2,000 inner-city schoolchildren from Newark and its environs. An additional 2,600 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 16 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 a 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 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. 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. The City Bloom Landscaping initiative was significantly reduced in scope during the fiscal year ended June 30, 2020. The New Jersey Reentry Corporation (“NJRC”) established operations within 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. The NJRC program was relocated from the Conservancy offices during the fiscal year ended June 30, 2020.

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, 2020 and 2019

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 \$1,337,112, while its current liabilities and net assets with donor restrictions were \$222,476 and \$3,590,462, respectively. Additionally, the Conservancy had a change in net assets without donor restrictions of (\$211,957) and \$618,877 for years ended June 30, 2020 and 2019, 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 \$250,000.

Revenue Recognition

Revenue is recognized when earned. Program service fees received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred.

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 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, 2020 and 2019

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, 2020 and 2019.

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, 2020 and 2019. 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, 2020 and 2019 and has incurred no interest or penalties related to income taxes for the periods presented in the financial statements.

GREATER NEWARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

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

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

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.

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.

NOTE 3 - INVESTMENTS

The Conservancy's investments consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Certificates of Deposit	<u>\$1,523,680</u>	<u>\$ -</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, 2020 and 2019

NOTE 4 – DUE FROM GOVERNMENTAL AGENCIES

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

	<u>2020</u>	<u>2019</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
	<u>257,373</u>	<u>275,412</u>
Less: allowance for doubtful accounts	(115,543)	(115,543)
Due from governmental agencies	<u>\$ 141,830</u>	<u>\$ 159,869</u>

NOTE 5 – CONTRIBUTIONS RECEIVABLE

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

	<u>2020</u>	<u>2019</u>
Less than one year	\$ 1,471,427	\$ 570,691
1-5 years	86,000	327,084
	<u>1,557,427</u>	<u>897,775</u>
Less: Unamortized discount	(4,103)	(12,993)
Net unconditional promises to give	<u>\$ 1,553,324</u>	<u>\$ 884,782</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>2020</u>	<u>2019</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	209,517
Leasehold improvements	15	50,198	50,198
Outdoor Learning Center	40	3,247,483	3,247,483
Office building and improvements	40	894,774	894,155
Tent	5	11,775	11,775
		<u>10,827,248</u>	<u>10,806,265</u>
Less: accumulated depreciation		(2,219,198)	(1,938,694)
Property and equipment, net		<u>\$ 8,608,050</u>	<u>\$ 8,867,571</u>

Depreciation expense amounted to \$280,504 and \$281,116 for the years ended June 30, 2020 and 2019, respectively.

GREATER NEWARK CONSERVANCY, INC.
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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, 2020 and 2019.

Donor restricted net assets

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

	<u>2020</u>	<u>2019</u>
Time and purpose restrictions		
Capital projects	\$ 3,171,348	\$ 1,376,367
Purpose restrictions		
Farmstand and Urban Farming	-	24,640
Education	43,000	83,000
Summer Camp -education	21,221	21,045
Landscaping	25,000	25,000
Newark Youth Leadership Project	47,814	55,000
Other reentry	50,205	30,908
Nutrition education/healthcare	20,000	62,497
401(k) matching	7,048	21,023
Miscellaneous	27,826	5,501
Time restrictions	177,000	140,000
	<u>\$ 3,590,462</u>	<u>\$ 1,844,981</u>

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

	<u>2020</u>	<u>2019</u>
Time and purpose restrictions		
Capital projects	\$ 797	\$ 496
Purpose restrictions		
Farmstand and Urban Farming	24,640	25,000
Education	40,000	-
Summer Camp -education	21,045	-
Nutrition education/healthcare	62,497	70,795
Newark Youth Leadership Program	55,000	30,000
Other reentry	30,908	71,872
Education-interdisciplinary program	-	50,000
Miscellaneous	5,501	-
401(k) matching	13,975	11,902
Time restrictions	70,000	928,300
	<u>\$ 324,363</u>	<u>\$ 1,188,365</u>

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NOTE 8 – 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, 2020 and 2019, was \$13,975 and \$11,902, respectively.

NOTE 9 – LINE OF CREDIT

The Conservancy has a line of credit, due on demand, from a financial institution for a maximum borrowing of \$250,000 expiring August 25, 2021. Interest is computed at 6.539 percent plus LIBOR rate. The borrowings are secured by the Conservancy’s assets. As June 30, 2020 and 2019, \$-0- and \$-0- was outstanding on this line of credit. Funds in the amount of \$100,000 were advanced on March 23, 2020 and repaid on May 29, 2020.

NOTE 10 -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 intends to use the entire loan amount for qualifying expenses. Under the terms of the PPP, the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The Conservancy 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 year ended June 30, 2020, the Conservancy recognized \$126,733 of revenue.

NOTE 11 – 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>
2021	\$ 7,487
2022	7,487
2023	7,487
2024	7,487
2025	<u>3,744</u>
Total	<u>\$33,692</u>

GREATER NEWARK CONSERVANCY, INC.
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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>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,265,317	\$ 1,473,970
Due from government agencies	141,830	159,869
Contributions receivable	1,553,324	884,782
Accounts receivable	15,412	101,141
Investments	<u>1,523,680</u>	<u>-</u>
Total financial assets	4,499,563	2,619,762
Contractual or donor-imposed restrictions	<u>(3,590,462)</u>	<u>(1,844,981)</u>
Financial assets available to meet cash needs		
For general expenditures within one year	<u>\$ 909,101</u>	<u>\$ 774,781</u>

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 15, 2020, the date on which the financial statements were available to be issued.

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.