



**NEW JERSEY
AUDUBON
SOCIETY**

www.njaudubon.org

**NEW JERSEY AUDUBON SOCIETY
Financial Statements
August 31, 2021 and 2020
With Independent Auditor's Report**

New Jersey Audubon Society
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August 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
New Jersey Audubon Society:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of New Jersey Audubon Society, which comprise the statements of financial position as of August 31, 2021 and 2020, and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of New Jersey Audubon Society as of August 31, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States ("Government Auditing Standards"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 7, 2022 on our consideration of the Organization'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 solely 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 the effectiveness of 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 the Organization's internal control over financial reporting and compliance.

Withum Smith & Brown, PC

March 7, 2022

New Jersey Audubon Society
Statements of Financial Position
August 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,255,289	\$ 1,338,648
Grants and contracts receivable	84,152	136,697
Contract assets	191,562	181,383
Loans receivable	1,687	2,663
Promises to give receivable	640,864	365,190
Bequests receivable	19,250	530,901
Prepaid expenses and other current assets	36,585	35,275
Merchandise inventory	<u>402,556</u>	<u>474,701</u>
Total current assets	2,631,945	3,065,458
Property and equipment, net	<u>3,660,768</u>	<u>3,816,524</u>
Other assets		
Investments	6,103,373	5,254,209
Promises to give receivable, net	1,661,227	1,087,899
Beneficial interest in funds held by others	714,073	495,299
Cash surrender value, life insurance	264,762	244,388
Land held in perpetuity	<u>16,833,729</u>	<u>16,833,729</u>
Total other assets	<u>25,577,164</u>	<u>23,915,524</u>
Total assets	<u>\$ 31,869,877</u>	<u>\$ 30,797,506</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 286,837	\$ 274,052
Refundable advance	-	117,629
Contract liabilities	<u>497,152</u>	<u>650,547</u>
Total current liabilities	<u>783,989</u>	<u>1,042,228</u>
Net assets		
Without donor restrictions	8,246,038	8,903,317
With donor restrictions	<u>22,839,850</u>	<u>20,851,961</u>
Total net assets	<u>31,085,888</u>	<u>29,755,278</u>
Total liabilities and net assets	<u>\$ 31,869,877</u>	<u>\$ 30,797,506</u>

The Notes to Financial Statements are an integral part of these statements.

New Jersey Audubon Society
Statements of Activities and Changes in Net Assets
Years Ended August 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues						
Sale of merchandise	\$ 832,794	\$ -	\$ 832,794	\$ 631,240	\$ -	\$ 631,240
Less: Cost of goods sold	(642,668)	-	(642,668)	(498,479)	-	(498,479)
Net sales of merchandise	190,126	-	190,126	132,761	-	132,761
Contributions						
General contributions	858,881	2,344,366	3,203,247	2,143,271	1,612,001	3,755,272
Bequests	7,631	-	7,631	29,235	318,702	347,937
Memberships	489,103	-	489,103	393,107	-	393,107
Special event income	420,015	-	420,015	293,290	-	293,290
Less: Special events expense	(25,950)	-	(25,950)	(22,386)	-	(22,386)
Net special events	394,065	-	394,065	270,904	-	270,904
Contract revenue						
Grants and contracts	2,017,318	-	2,017,318	2,627,651	-	2,627,651
Program fees	556,178	-	556,178	396,451	-	396,451
Change in value of funds held by others	-	199,818	199,818	-	17,270	17,270
Change in value of cash surrender value, life insurance	374	-	374	2,453	-	2,453
Investment return, net	805,394	75,066	880,460	501,769	26,305	528,074
	5,319,070	2,619,250	7,938,320	6,497,602	1,974,278	8,471,880
Transfer to (from) restricted net assets	-	-	-	(75,289)	75,289	-
Net assets released from restrictions	631,361	(631,361)	-	89,193	(89,193)	-
	5,950,431	1,987,889	7,938,320	6,511,506	1,960,374	8,471,880
Expenses						
Program services						
Education and sanctuaries	2,250,525	-	2,250,525	2,317,595	-	2,317,595
Stewardship	1,692,941	-	1,692,941	1,676,986	-	1,676,986
Research	662,804	-	662,804	526,499	-	526,499
Total program services	4,606,270	-	4,606,270	4,521,080	-	4,521,080
Supporting services						
Management and general	609,734	-	609,734	604,304	-	604,304
Development	1,391,706	-	1,391,706	1,246,360	-	1,246,360
Total supporting services	2,001,440	-	2,001,440	1,850,664	-	1,850,664
Total expenses	6,607,710	-	6,607,710	6,371,744	-	6,371,744
Changes in net assets	(657,279)	1,987,889	1,330,610	139,762	1,960,374	2,100,136
Net assets						
Beginning of year	8,903,317	20,851,961	29,755,278	8,763,555	18,891,587	27,655,142
End of year	\$ 8,246,038	\$ 22,839,850	\$ 31,085,888	\$ 8,903,317	\$ 20,851,961	\$ 29,755,278

The Notes to Financial Statements are an integral part of these statements.

New Jersey Audubon Society
Statements of Cash Flows
Years Ended August 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating activities		
Changes in net assets	\$ 1,330,610	\$ 2,100,136
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	196,019	198,393
Beneficial interest in funds held by others	(218,774)	(39,492)
Cash surrender value, life insurance	(374)	(2,453)
Unrealized gain on investments	(675,281)	(282,023)
Realized gain on investments	(43,393)	(92,810)
Bad debt expense	2,000	2,000
Adjustment to present value	13,963	15,363
Changes in assets and liabilities		
Grants and contracts receivable	52,545	(50,723)
Contract assets	(10,179)	202,240
Promises to give receivable	(864,965)	(1,455,690)
Bequests receivable	511,651	(255,048)
Prepaid expenses and other current assets	(1,310)	(1,927)
Merchandise inventory	72,145	123,561
Accounts payable and accrued expenses	12,785	(134,021)
Contract liabilities	(153,395)	189,848
Net cash provided by operating activities	<u>224,047</u>	<u>517,354</u>
Investing activities		
Purchase of property and equipment	(40,263)	(9,400)
Life insurance policy premiums paid	(20,000)	(20,000)
Payments on loan receivable	976	51,925
Purchase of investments	(1,079,645)	(1,042,189)
Proceeds from the sale of investments	949,155	1,508,890
Net cash provided by (used in) investing activities	<u>(189,777)</u>	<u>489,226</u>
Financing activities		
Payments on line of credit	-	(50,000)
Proceeds from PPP Loan - refundable advance payable	-	826,100
Release from PPP Loan - refundable advance payable	(117,629)	(708,471)
Net cash provided by (used in) financing activities	<u>(117,629)</u>	<u>67,629</u>
Net change in cash and cash equivalents	(83,359)	1,074,209
Cash and cash equivalents		
Beginning of year	<u>1,338,648</u>	<u>264,439</u>
End of year	<u>\$ 1,255,289</u>	<u>\$ 1,338,648</u>
Supplemental disclosure of cash flow information		
Interest paid	<u>\$ -</u>	<u>\$ 569</u>

No amounts were paid for income taxes for the years ended August 31, 2021 and 2020.

The Notes to Financial Statements are an integral part of these statements.

**New Jersey Audubon Society
Statement of Functional Expenses
Year Ended August 31, 2021**

	Program Services			Total Program Services	Management and General	Development	Total
	Education and Sanctuaries	Stewardship	Research				
Salaries	\$ 1,219,339	\$ 945,592	\$ 400,238	\$ 2,565,169	\$ 338,035	\$ 579,353	\$ 3,482,557
Fringe benefits	292,176	216,316	72,958	581,450	62,803	117,729	761,982
Supplies	9,198	36,996	15,187	61,381	1,449	2,337	65,167
Insurance	61,359	44,047	4,459	109,865	20,073	9,254	139,192
Telephone	28,481	15,253	2,023	45,757	2,890	5,218	53,865
Printing	53,166	22,568	7,249	82,983	48	96,767	179,798
Postage	23,710	5,353	1,592	30,655	1,743	48,988	81,386
Advertising	24,307	11,285	3,660	39,252	-	1,930	41,182
Equipment	19,280	10,179	3,759	33,218	7,592	6,175	46,985
Occupancy	56,406	37,818	-	94,224	475	1,117	95,816
Travel	10,687	28,896	18,018	57,601	6,236	670	64,507
Professional fees and contracts	167,298	246,283	96,317	509,898	147,867	515,026	1,172,791
Program expenses	48,001	47,050	37,344	132,395	1,268	3,560	137,223
Repairs and maintenance	72,482	6,860	-	79,342	4,316	3,582	87,240
Direct costs of special events	-	-	-	-	-	25,950	25,950
Depreciation	162,635	18,445	-	181,080	14,939	-	196,019
Bad debt expense	2,000	-	-	2,000	-	-	2,000
	<u>2,250,525</u>	<u>1,692,941</u>	<u>662,804</u>	<u>4,606,270</u>	<u>609,734</u>	<u>1,417,656</u>	<u>6,633,660</u>
Less: Direct costs of special events netted with revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,950)</u>	<u>(25,950)</u>
	<u>\$ 2,250,525</u>	<u>\$ 1,692,941</u>	<u>\$ 662,804</u>	<u>\$ 4,606,270</u>	<u>\$ 609,734</u>	<u>\$ 1,391,706</u>	<u>\$ 6,607,710</u>

The Notes to Financial Statements are an integral part of this statement.

New Jersey Audubon Society
Statement of Functional Expenses
Year Ended August 31, 2020

	Program Services			Total Program Services	Management and General	Development	Total
	Education and Sanctuaries	Stewardship	Research				
Salaries	\$ 1,226,365	\$ 943,193	\$ 304,584	\$ 2,474,142	\$ 352,262	\$ 542,012	\$ 3,368,416
Fringe benefits	265,132	197,946	57,889	520,967	62,850	101,422	685,239
Supplies	10,529	13,945	16,005	40,479	3,816	2,584	46,879
Insurance	65,069	43,341	6,047	114,457	16,164	10,332	140,953
Telephone	28,677	14,740	2,478	45,895	2,920	5,202	54,017
Printing	68,611	24,250	7,452	100,313	104	89,796	190,213
Postage	19,776	5,210	1,653	26,639	1,058	42,526	70,223
Advertising	16,244	566	-	16,810	-	-	16,810
Equipment	18,804	5,774	630	25,208	3,381	5,213	33,802
Occupancy	60,398	33,703	4,600	98,701	519	1,206	100,426
Travel	15,652	42,419	26,865	84,936	4,819	1,583	91,338
Professional fees and contracts	163,281	282,769	73,504	519,554	125,529	434,117	1,079,200
Program expenses	154,545	26,312	24,792	205,649	7,559	6,434	219,642
Repairs and maintenance	52,936	12,511	-	65,447	4,244	3,933	73,624
Direct costs of special events	-	-	-	-	-	22,386	22,386
Interest expense	-	-	-	-	569	-	569
Depreciation	149,576	30,307	-	179,883	18,510	-	198,393
Bad debt expense	2,000	-	-	2,000	-	-	2,000
	<u>2,317,595</u>	<u>1,676,986</u>	<u>526,499</u>	<u>4,521,080</u>	<u>604,304</u>	<u>1,268,746</u>	<u>6,394,130</u>
Less: Direct costs of special events netted with revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,386)</u>	<u>(22,386)</u>
	<u>\$ 2,317,595</u>	<u>\$ 1,676,986</u>	<u>\$ 526,499</u>	<u>\$ 4,521,080</u>	<u>\$ 604,304</u>	<u>\$ 1,246,360</u>	<u>\$ 6,371,744</u>

The Notes to Financial Statements are an integral part of this statement.

New Jersey Audubon Society

Notes to Financial Statements

August 31, 2021 and 2020

1. THE SOCIETY AND PURPOSE

New Jersey Audubon Society (the “Society” or “NJA”), founded in 1897, is a New Jersey not-for-profit corporation incorporated in 1937. The overall purposes of the Society are to connect all people with nature and to steward the nature of today for all people of tomorrow. New Jersey Audubon’s conservation programs are focused on recovering wildlife, stewarding habitat and connecting people to nature. NJA has set forth its 2020-22 organizational and programmatic Conservation Priorities which contain ambitious goals in connecting people with nature, saving wildlife and restoring habitat. NJA implements strategies that directly address the impacts of climate change and seek to create resilient communities for wildlife and people, while also ensuring that NJA is a diverse, equitable and inclusive environment. The Society’s significant source of revenues are from contributions, grants and contracts, sales of merchandise, special events and income from programs operated to promote the Society’s purpose.

Diversity, Equity, Inclusion and Justice

Diversity, Equity, Inclusion, and Justice (“DEIJ”) remains a key priority for New Jersey Audubon. Following incidents of racial injustice in 2020, New Jersey Audubon revised its By-Laws to reflect its commitment to DEIJ; NJA formalized an Organizational DEIJ Commitment, a DEIJ Organizational Statement, DEIJ definitions, and provided a DEIJ toolkit for staff and board. In 2021, recognizing the need to develop a strong culture of inclusivity internally, NJA hired BCT Partners – a nationally known DEIJ consulting firm to conduct a comprehensive, data driven assessment. BCT Partners has collaborated with NJA board, staff, volunteers, and stakeholders to guide the development of a DEIJ Action Plan. While strengthening DEIJ in its organizational structure, NJA continued to build and integrate DEIJ into its vision and mission through collaborative efforts in land stewardship, wildlife monitoring, advocacy, and public outreach – and NJA is seeing a positive impact, particularly in underserved communities. Students who are mostly non-white and economically disadvantaged are learning the value of environmental stewardship and taking actions to improve their communities and to be good caretakers of the planet. NJA believes in Nature for All, and by connecting people with nature where they live, work, and play, NJA promotes a greater understanding and respect for diversity and nature by all whose lives we touch.

Where We Work

NJA provides leadership for large-scale conservation initiatives and organizes its work around three regions: forests and farms, coasts and wetlands, and cities and towns.

Forests and Farms

New Jersey Audubon conducted active management, deployed conservation practices, and engaged stakeholders on forests and farms across the state. NJA was awarded over \$1.5M in competitive grant funding. Staff progressed four Forest Stewardship Plans benefiting over 800 acres and created over 400 acres of young forest habitat for Golden-winged Warbler across 26 unique properties. Over 10,000 native plants were installed, and 25 acres of native warm season grasses were established. Five acres of Bog Turtle habitat were managed on six private properties. Three distinct wetland restoration projects were conducted, enhancing 69 acres to benefit Black Ducks and other species. Staff visited 72 agricultural properties in southern New Jersey and enrolled over 40 landowners into conservation programs, including 399 acres of cover crop installation. Invasive plant management occurred on over 100 acres of public and private land. Staff worked with U.S. Fish and Wildlife to protect Swamp Pink populations by fencing two sites totaling 17 acres. Finally, staff created 43 acres of Northern Bobwhite habitat on two properties and co-authored two related scientific publications. NJA advocated for the development of Forest Management Plans on forested land of 25 acres and above purchased using state funds such as Green Acres. NJA increased prescribed burning statewide and recruited private landowners to burn several thousand acres. Staff engaged with NJDEP and policy makers to advocate for funding to study harmful algal blooms in lakes. New Jersey Audubon sponsored a series of webinars presenting the current science of forest management including forests’ ability to sequester carbon, and we hosted an in-person tour of the Forest Management Area at Sparta Mountain.

New Jersey Audubon Society
Notes to Financial Statements
August 31, 2021 and 2020

Coasts and Wetlands

New Jersey Audubon continued its leadership role in shorebird conservation, research, and monitoring despite stalled international collaborations given COVID-19. The Horseshoe Crab Recovery Coalition continued to advance Horseshoe Crab conservation by working to reduce bait and biomedical harvest. This included working with partners in various states to adopt regulations curtailing crab harvest for bait and engagement with pharmaceutical companies to adopt a synthetic alternative to using Horseshoe Crab blood in medical testing. In collaboration with the USFWS, staff conducted surveys for the Endangered Species Act listed Black Rail and worked with state partners to monitor beach nesting bird populations in southern New Jersey to assess the long-term effectiveness of beach restoration projects. Staff engaged with NJDEP on climate change impacts in New Jersey, regional working groups to develop effective assessment of offshore wind projects and participated in the New Jersey Climate Change Alliance. Policy efforts helped achieve a ban on single-use plastics.

Cities and Towns

Statewide, NJA educated and engaged more than 400,000 people through direct programming and a diversified platform of communications. NJA engaged close to 40,000 people in ecology, birding, nature exploration, sustainability, land stewardship, gardening for wildlife and wildlife migration, despite COVID-19. The vast majority of NJA's over 2,000 programs were held outdoors while also providing some remote learning components in order to meet the needs of each individual audience. NJA supported over 1,500 teachers who impacted over 40,000 students utilizing STEM learning and skills including "at-home" sustainability challenges, virtual nature walks, masked and socially distanced nature camps and youth-led climate symposiums. Volunteers provided several thousand hours, helping with land stewardship, programs, visitor engagement, and administrative tasks. Through coalitions, NJA is engaging with environmentally overburdened communities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Financial reporting by not-for-profit organizations requires that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions. The Society has recorded accounting transactions in two net asset categories as follows:

Net assets without donor restrictions: Assets that are not subject to donor imposed restrictions.

Net assets with donor restrictions: Assets subject to donor imposed restrictions that will be fulfilled by the passage of time or actions of the Society.

Revenues and gains and losses on investments and other assets are reported as changes in net assets without donor restrictions unless limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in net assets without donor restrictions and are allocated to functional categories depending upon the ultimate purpose of the expenditure. Releases of net assets with donor restrictions which include either the satisfaction of a donor requirement or the passage of time are reported as net assets released from restrictions in the statements of activities and changes in net assets.

Cash and Cash Equivalents

Cash and cash equivalents are short term, highly liquid investments with a maturity date of three months or less on the date of acquisition.

New Jersey Audubon Society
Notes to Financial Statements
August 31, 2021 and 2020

Investments

Investments in equity securities with readily determinable values and all investments in debt securities are measured at fair value in the statements of financial position. Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the statements of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless the use was restricted by explicit donor stipulations or by law.

Merchandise Inventory

Inventory, consisting entirely of merchandise purchased for resale, is valued at the lower of cost or net realizable value. Costs are determined on a first-in, first-out basis.

Property and Equipment

Buildings, improvements and land without donor restrictions are recorded at cost, except for donated items which are recorded at fair value based on the assessed value at the date of donation. Buildings located on permanently restricted land sites have been recorded as net assets with donor restrictions by the Society and will be depreciated over their useful lives.

All personal property has been recorded as net assets without donor restrictions, as there have been no restrictions placed on the contributions by the donors.

Furniture and equipment are recorded at cost, except for donated items which are recorded at the fair market value on the date of donation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

The principal rates for computing depreciation by major asset category are as follows:

<u>Description</u>	<u>Estimated Life (Years)</u>
Buildings and improvements	5-40
Furniture and equipment	3-5

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. Significant estimates in these financial statements include the calculation of estimated useful lives of property and equipment, the net present value of pledges receivable, the calculation of the allowance for doubtful accounts, the fair value of investments and the value of the beneficial interests in funds held by others.

Restricted Land

The Society has recorded contributions of land as net assets with donor restrictions, based on the donors' written or implied request to maintain these sites as wildlife sanctuaries into perpetuity.

Valuation of Long-Lived Assets

In accordance with the provisions of the accounting pronouncement on accounting for the impairment or disposal of long-lived assets, the Society reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment was required for the periods presented in these financial statements.

New Jersey Audubon Society
Notes to Financial Statements
August 31, 2021 and 2020

Fair Value of Financial Instruments

The carrying amounts of financial instruments including cash and cash equivalents, grants and contracts receivable, unconditional promises to give, loans receivable, and accounts payable and accrued expenses approximate their fair values because of the relatively short maturity of these instruments. The value of unconditional promises to give reasonably approximates fair value as they are presented using estimated future cash flows discounted by a market rate of interest. Beneficial interests in funds held by others approximates fair value as they are adjusted regularly to reflect the Society's fair value of the associated investment less the present value of estimated future distributions.

Income Taxes

New Jersey Audubon Society is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the financial statements do not reflect a provision for federal income taxes. There were no uncertain tax positions at August 31, 2021 and 2020. The Society did not have any income tax related penalties or interest for the years presented.

Revenue and Support Recognition

Contributions and Promises to Give

The Society recognizes contributions, including bequests, as revenue when they are received or unconditionally pledged and records these revenues as without donor restriction or with donor restriction support according to donor stipulations that limit the use of these assets due to time or purpose restrictions. Membership dues are deemed to be contributions based upon the associated member benefits received. When a donor restriction expires, net assets with donor restrictions are reclassified and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Conditional promises to give, which include those with a barrier or other measurable performance requirement and a right of return or release, are not recognized as revenue until the conditions on which they depend have been substantially met. Payments received in advance of conditions being met are recorded as refundable advances on the statements of financial position.

Special Events

The Society accounts for special event income in the statements of activities and changes in net assets net of direct costs related to the events. Funds received in advance for ticket sales or sponsorships are recorded as contract liabilities until the event occurs. Revenues are recognized at a point in time, at the date of the event held.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Society.

Revenue from Contracts with Customers

Revenues from contracts with customers include revenues from grants, sale of merchandise and program fees. These are treated as exchange transactions in the statements of activities and changes in net assets. There are no significant financing components as payment is received at or shortly after the point of sale. Funds received in advance from customers for services that have not been performed have been recorded as contract liabilities in the statements of financial position. Sales taxes collected concurrent with the revenue-producing activities are excluded from revenue. Any obligations for refunds are not material and accordingly related disclosures are not provided.

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Sale of Merchandise

Revenues from the sale of merchandise are recorded at the time the goods have been shipped or when taken by the customer, which is a specific point in time. Rates are set for each item sold. These revenues are shown as support with no donor restrictions in the statements of activities and changes in net assets.

Program Fees

Revenues from program fees are recorded once the program has occurred, which is a specific point in time. Refunds are allowed in limited situations prior to the occurrence of the program and occur infrequently. These revenues are shown as support with no donor restrictions in the statements of activities and changes in net assets. Program fees received in advance are classified as contract liabilities.

Other revenues are received from investment income. These revenues are used to offset program and management and general expenses, unless restricted by the donor. Revenues from these sources are recognized at the time the investment income is received.

New Accounting Pronouncements Adopted in the Current Year

In August 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standard Update (“ASU”) 2018-13, *Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement* (Topic 820). This ASU amends ASC Topic 820, Fair Value Measurement, by removing and modifying certain disclosure requirements related to fair value measurements, including Level 3 fair value measurement disclosures. During 2021, the Organization has adopted ASU 2018-13. The effect of this adoption was not material to the financial statements.

New Accounting Pronouncements Issued Not Yet Effective

Gifts in Kind

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements. The Organization does not expect this ASU to have a significant impact on the Organization’s financial statements.

Leases

In February 2016, the FASB issued ASU 2016-02 *Leases* (Topic 842) which requires the recognition of a “right to use” asset and a lease liability, initially measured at the present value of the lease payments, on the statements of financial position for all of the Society’s lease obligations. This ASU is effective for fiscal years beginning after December 15, 2021. The Society is currently evaluating the effect that this pronouncement will have on its financial statements and related disclosures.

Functional Expense Classifications

The expenses of the Society are presented in the statements of activities and changes in net assets under the following classifications which describe the Society’s program activities:

- Education and sanctuaries - To promote educational awareness and environmental protection through summer camps, field trips, lectures and weekend events and to maintain wildlife sanctuaries, educational centers and other properties.
- Stewardship - To encourage and support sound conservation and stewardship practices and laws.
- Research - To disseminate and advance knowledge of the natural environment through educational and research programs and publications.

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All expenses which were not directly associated with the above service categories, primarily management and fundraising expenses are categorized as management and general expenses or development expense. Expenses are allocated on a functional basis between the above classifications. Expenses that can be identified within a specific program or support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are prorated among the functions. Certain costs have been allocated among program service, management and general and development expense. Such allocations are determined by management on an equitable basis. The expenses that are allocated and the method of allocation are as follows:

<u>Expense Category</u>	<u>Allocation Methodology</u>
Supplies	Direct expense
Insurance	Headcount, direct expense
Telephone	Direct expense
Printing	Direct expense
Postage	Direct expense
Occupancy	Direct expense

Advertising

Advertising is expensed in the period incurred. Advertising amounted to \$41,182 and \$16,810 at August 31, 2021 and 2020, respectively.

3. CONTRIBUTIONS AND BEQUESTS RECEIVABLE

At August 31, contributions and bequests receivable consisted of the following:

	<u>2021</u>	<u>2020</u>
Total contributions receivable	\$ 2,332,155	\$ 1,469,190
Total bequests receivable	19,250	530,901
Less: Discount to net present value	<u>(30,064)</u>	<u>(16,101)</u>
Net contributions and bequests receivable	2,321,341	1,983,990
Less: Current portion	<u>660,114</u>	<u>896,091</u>
Contributions and bequest receivable, long term	<u>\$ 1,661,227</u>	<u>\$ 1,087,899</u>

At both August 31, 2021 and 2020, contributions and bequests receivable were discounted using the year-end risk-free rate which was 1.00%.

Maturities of contributions and bequests receivable at August 31:

In one year or less	\$ 660,114
Between one and five years	1,656,469
More than five years	<u>4,758</u>
	<u>\$ 2,321,341</u>

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4. GRANTS AND CONTRACTS RECEIVABLE

The Society operates under various grants and contracts. At August 31, the Society was due certain amounts from funding sources which resulted from expenditures incurred in excess of payments received. The following details the amounts due to the Society by contract:

Funding Agency and Program	2021	2020
City of Linden	\$ 8,681	\$ 5,543
National Fish & Wildlife Foundation	71,915	76,203
PSE&G	36,122	85,253
U.S. Fish and Wildlife Service, Nongame	69,215	33,895
National Wildlife Federation	20,000	44,815
New Jersey Natural Land Trusts	3,513	6,765
Natural Resources Conservation Service	4,401	6,816
Other	61,867	58,790
	\$ 275,714	\$ 318,080

5. LOANS RECEIVABLE

The Society operates a revolving loan program that provides low interest, short term loans to assist with equipment purchases, improvements or supplies for approved farmers that are participating in an assistance program operated by an outside federal agency. Once the project has been approved by the federal agency, a loan is made from the revolving loan account. Repayments are made directly to the Society from the state program once the project has been completed. The loan bears interest at 1% and normally are for terms ranging from 30 to 90 days. At August 31, 2021 and 2020, the loans receivable outstanding were \$1,687 and \$2,663, respectively, and were all current. Management reviews the loans receivable regularly for balances that will not be collected. Management deems the amounts to be fully collectible.

6. FAIR VALUE MEASUREMENTS

The Society has provided fair value disclosure information for relevant assets and liabilities in these financial statements. For applicable assets (liabilities) subject to this pronouncement, the Society will value such assets (liabilities) using quoted market prices in active markets for identical assets to the extent possible (Level 1). To the extent that such market prices are not available, the Society will next attempt to value such assets (liabilities) using observable measurement criteria, including quoted market prices of similar assets (liabilities) 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 Society will develop measurement criteria based on the best information available (Level 3).

The following is a description of the valuation methodologies used for assets measured at fair value:

Mutual funds

Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the U.S. Securities and Exchange Commissions. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

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The following table summarizes assets (liabilities) which have been accounted for at fair value on a recurring basis as of August 31, along with the basis for the determination of fair value:

	2021			
	Total	Quoted Prices in Active Markets (Level 1)	Observable Measurement Criteria (Level 2)	Unobservable Measurement Criteria (Level 3)
Mutual funds - stocks				
Foreign Large Blend	\$ 1,326,985	\$ 1,326,985	\$ -	\$ -
Large Blend	795,634	795,634	-	-
Large Growth	373,106	373,106	-	-
Large Value	381,163	381,163	-	-
Mid Cap Blend	160,237	160,237	-	-
Small Growth	156,302	156,302	-	-
Social Index Fund Admiral	380,929	380,929	-	-
Mutual funds - fixed income				
Corporate Bond	527,582	527,582	-	-
Intermediate Term Bond	1,275,720	1,275,720	-	-
Short-term Bond	725,715	725,715	-	-
	<u>\$ 6,103,373</u>	<u>\$ 6,103,373</u>	<u>\$ -</u>	<u>\$ -</u>
	2020			
	Total	Quoted Prices in Active Markets (Level 1)	Observable Measurement Criteria (Level 2)	Unobservable Measurement Criteria (Level 3)
Mutual funds - stocks				
Foreign Large Blend	\$ 1,043,818	\$ 1,043,818	\$ -	\$ -
Large Blend	576,840	576,840	-	-
Large Growth	292,073	292,073	-	-
Large Value	279,602	279,602	-	-
Mid Cap Blend	111,913	111,913	-	-
Small Growth	126,897	126,897	-	-
Social Index Fund Admiral	298,449	298,449	-	-
Mutual funds - fixed income				
Corporate Bond	517,575	517,575	-	-
Intermediate Term Bond	1,274,890	1,274,890	-	-
Short-term Bond	732,152	732,152	-	-
	<u>\$ 5,254,209</u>	<u>\$ 5,254,209</u>	<u>\$ -</u>	<u>\$ -</u>

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Investment return, net related to these investments is included with investment income earned by cash and cash equivalents on the statements of activities and changes in net assets at August 31, 2021 and 2020 and was comprised of the following:

	<u>2021</u>	<u>2020</u>
Interest and dividend income	\$ 179,519	\$ 169,968
Realized gain	43,393	92,810
Unrealized gain	<u>675,281</u>	<u>282,023</u>
	898,193	544,801
Less: Investment fees	<u>(17,733)</u>	<u>(16,727)</u>
	<u>\$ 880,460</u>	<u>\$ 528,074</u>

7. PROPERTY AND EQUIPMENT

Property and equipment at August 31, was comprised of the following:

	<u>2021</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Land	\$ 1,000,000	\$ -	\$ 1,000,000
Buildings and improvements	5,087,092	1,244,752	6,331,844
Furniture and equipment	<u>670,989</u>	<u>-</u>	<u>670,989</u>
	6,758,081	1,244,752	8,002,833
Less: Accumulated depreciation	<u>(3,353,061)</u>	<u>(989,004)</u>	<u>(4,342,065)</u>
	<u>\$ 3,405,020</u>	<u>\$ 255,748</u>	<u>\$ 3,660,768</u>
	<u>2020</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Land	\$ 1,000,000	\$ -	\$ 1,000,000
Buildings and improvements	5,069,783	1,237,052	6,306,835
Furniture and equipment	<u>655,735</u>	<u>-</u>	<u>655,735</u>
	6,725,518	1,237,052	7,962,570
Less: Accumulated depreciation	<u>(3,168,373)</u>	<u>(977,673)</u>	<u>(4,146,046)</u>
	<u>\$ 3,557,145</u>	<u>\$ 259,379</u>	<u>\$ 3,816,524</u>

Depreciation expense charged to operations amounted to \$196,019 and \$198,393 for the years ended August 31, 2021 and 2020, respectively.

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8. BENEFICIAL INTEREST IN FUNDS HELD BY OTHERS

The Society is the remainder beneficiary of an interest in a charitable remainder annuity trust held by an outside trustee. The fair value of the trust at August 31, 2021 and 2020 was \$672,895 and \$473,077, respectively. The change in value of the beneficial interest in funds held by others of \$199,818 and \$17,270 has been reflected in the statements of activities and changes in net assets at August 31, 2021 and 2020, respectively.

The Society is the remainder beneficiary of an interest in two charitable gift annuities held by outside trustees. The fair value of the annuities at August 31, 2021 and 2020 was \$41,178 and \$22,222, respectively.

9. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of August 31, 2021 and 2020, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses and fulfillment of liabilities, were as follows:

	<u>2021</u>	<u>2020</u>
Financial assets at year end		
Cash and cash equivalents	\$ 1,255,289	\$ 1,338,648
Grants and contracts receivable	84,152	136,697
Contract assets	191,562	181,383
Loans receivable	1,687	2,663
Investments	6,103,373	5,254,209
Promises to give receivable, without donor restrictions	2,302,091	1,453,089
Bequests receivable	<u>19,250</u>	<u>530,901</u>
Financial assets	9,957,404	8,897,590
Less: Net assets with donor restrictions	<u>(5,292,028)</u>	<u>(3,545,155)</u>
	4,665,376	5,352,435
Liquidity Resources		
Available line of credit	2,000,000	2,000,000
Estimated annual draw from investment funds	<u>173,000</u>	<u>173,000</u>
Total financial assets and liquidity resources	<u>\$ 6,838,376</u>	<u>\$ 7,525,435</u>

The financial assets above are not subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. The Society manages its financial assets to be available as its operating expenditures, liabilities and other obligations come due. Excess cash is invested in mutual funds and sufficient cash is held on hand to manage operating expenses.

10. LINE OF CREDIT

The Society has a \$2,000,000 line of credit, bearing interest at 0.25% above the prevailing prime rate which expires in April 2023, secured by the investments and all property of the Society. For each of the years ended August 31, 2021 and 2020, there was no outstanding balance.

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11. CONTRACT ASSETS AND LIABILITIES

Contract assets represent receivables which are not billed but have been earned. Contract liabilities represent funds received in advance of services provided or performance obligations being met. Receivables represent amounts billed for the services provided.

Receivables, contract assets and contract liabilities were as follows:

	Grants and		Contract Assets		Contract Liabilities	
	Contracts Receivable					
	2021	2020	2021	2020	2021	2020
Beginning of year	\$ 136,697	\$ 85,974	\$ 181,383	\$ 383,623	\$ 650,547	\$ 460,699
End of year	\$ 84,152	\$ 136,697	\$ 191,562	\$ 181,383	\$ 497,152	\$ 650,547

The Society received funds in excess of expenditures incurred, resulting in deferred revenue on contracts that continue into the subsequent year and amounted to \$450,140 and \$645,053 at August 31, 2021 and 2020, respectively. Other contract liabilities have been recorded for program fees that are associated with programs occurring in the next fiscal year and amounted to \$47,012 and \$5,494 at August 31, 2021 and 2020, respectively.

12. REFUNDABLE ADVANCE

In April 2020, the Organization issued an unsecured promissory note (the "PPP Loan") for \$816,100 through the Paycheck Protection Program ("PPP") established under the Coronavirus Aid, Relief and Economic Security Act ("CARES") and administered by the U.S. Small Business Administration ("SBA"). The Organization concluded that the PPP loan should be accounted for as a government grant. Under the provisions of ASC 958-605, the PPP loan represents, in substance, a grant that is expected to be forgiven (a conditional contribution). The conditional contribution is recognized as grant income at a point in time once the conditions of release have been met or explicitly waived; or over a period of time as it incurs qualifying PPP expenses. The Society recognized income of \$107,629 and \$708,473 during the years ended August 31, 2021 and 2020, respectively, based on eligible use of the loan proceeds in accordance with the CARES Act. During the year ended August 31, 2021, the Organization was informed that its application for forgiveness of \$816,100 of the PPP Loan was approved.

During the year ended August 31, 2020, the Organization also received an Economic Injury Disaster Loan administered by the SBA in the amount of \$10,000. The amount was included as a refundable advance as of August 31, 2020. During the year ended August 31, 2021, the Organization was informed that the amount was forgiven, and the Society recognized income of \$10,000 during the year ended August 31, 2021.

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13. COST OF GOODS SOLD

Cost of goods sold for the years ended August 31, 2021 and 2020 was computed as follows:

	<u>2021</u>	<u>2020</u>
Beginning merchandise inventory	\$ 474,701	\$ 598,262
Purchases	<u>570,523</u>	<u>374,918</u>
Goods available for sale	1,045,224	973,180
Less: Ending merchandise inventory	<u>402,556</u>	<u>474,701</u>
Cost of goods sold	<u>\$ 642,668</u>	<u>\$ 498,479</u>

14. LEASES

Operating Lease

The Society leases office space in Trenton, NJ through December 31, 2021. The Society's rent expense pursuant to the operating lease included in occupancy was \$25,200 and \$20,800 for the years ended August 31, 2021 and 2020, respectively. Future minimum payments are \$8,400 for the year ended August 31, 2022.

15. EMPLOYEE RETIREMENT PLAN

All employees of the Society who have completed minimum service requirements are eligible to participate in the New Jersey Audubon Society's Retirement Plan (the "Plan"), a defined contribution plan. Participants in the Plan are eligible to contribute amounts up to the maximum allowed by law on an annual basis. Discretionary employer contributions are determined by the Society and amounted to \$83,589 and \$86,707 for the years ended August 31, 2021 and 2020, respectively.

16. NET ASSETS

Components of net assets with donor restrictions at August 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
With donor restrictions - restricted by donor for programmatic use as follows:		
Education	\$ 685,186	\$ 193,938
Government relations	25,000	22,256
Stewardship	199,182	502,632
Capital expenditures	-	518,702
SOAR campaign	<u>997,415</u>	<u>-</u>
	1,906,783	1,237,528
Time restricted	<u>2,302,091</u>	<u>1,147,924</u>
	4,208,874	2,385,452
Donor endowed principal	1,083,154	1,159,703
Beneficial interest in residual trust	672,895	473,077
Charitable gift annuity	41,198	-
Land restricted as site or sanctuary	<u>16,833,729</u>	<u>16,833,729</u>
Total net assets with donor restrictions	<u>\$ 22,839,850</u>	<u>\$ 20,851,961</u>

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Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	<u>2021</u>	<u>2020</u>
Purpose restrictions		
Research	\$ 13,407	\$ -
Government relations	22,256	2,983
Education	217,749	42,672
Stewardship	64,919	41,538
SOAR campaign	101,147	-
	<u>419,478</u>	<u>87,193</u>
Satisfaction of time restrictions	132,834	2,000
Release from endowment	79,049	-
Total released from restrictions	<u>\$ 631,361</u>	<u>\$ 89,193</u>

17. ENDOWMENT FUNDS

Endowment Funds

The Society's endowment consists of approximately 6 individual funds established by donors for a variety of purposes. Additionally, there is a board restricted endowment included in the total investment pool, which is included in net assets without donor restrictions and is subject to the spending policy of the Society as well as to additional board direction as to use. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The endowment funds established by the donors are included in net assets with donor restrictions with land along with other components such that has been restricted by donors and a beneficial interest in a residual trust. These other components of net assets with donor restrictions are not included in the information below related to endowment funds as they are not subject to investment management practices by the Society.

Interpretation of Relevant Law

The State of New Jersey has enacted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") effective June 2009. Prior to that New Jersey operated under the Uniform Management of Institutional Funds Act ("UMIFA"). Both UPMIFA and its predecessor, UMIFA, provide guidance on the maintenance and spending of endowment funds when the intent of the donors is not clear. UPMIFA provides new guidelines for the expenditure of an endowment fund with donor restriction, absent explicit donor stipulations. UPMIFA eliminates UMIFA's requirement for a permanent endowment to be maintained at its historic dollar value amount and instead allows not-for-profits to adopt prudent spending policies which can allow for invasion of corpus. Furthermore, the permanent endowments of the Society are subject to written instruments in which the donor's intent as to purpose and spending policies are explicitly indicated.

The Society has interpreted state law as requiring the preservation of the value of the endowment fund with primary consideration given to the donor intent expressed in the gift instrument. For those donations subject to UPMIFA, the Society has followed the donor instruments in classifying as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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- (1) The duration and preservation of the fund
- (2) The purposes of the Society and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Society
- (7) The investment policies of the Society.

Return Objectives and Risk Parameters

The Society has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Society must hold in perpetuity. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to minimize risk and maximize current income. The Society expects its endowment funds, over time, to provide an average rate of return of approximately 4.5% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Society relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Society targets an asset allocation that equally balances equities and fixed income investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Society has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value. Effective September 1, 2017, the Society will reduce the distribution by .25% each year until the rate is reduced to 3%. For the years ended August 31, 2021 and 2020, the spending rates were 3.25% and 3.50% respectively. In establishing this policy, the Society's investment portfolio is expected to keep up with inflation over the long-term.

Additional appropriations from the endowment without donor restriction can be made at the discretion of the Board for capital improvements or other strategic initiatives. This is consistent with the Society's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The following tables provide information regarding the change in the endowment net assets for the years ended August 31:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning	\$ 3,947,610	\$ 1,402,354	\$ 5,349,964
Investment return			
Investment income	145,046	13,572	158,618
Realized gain	39,681	3,713	43,394
Unrealized gain	617,500	57,781	675,281
	<u>4,749,837</u>	<u>1,477,420</u>	<u>6,227,257</u>
Contributions received	57,788	29,879	87,667
Redesignation of funds	79,049	(79,049)	-
Appropriated for expenditure	(196,971)	(14,580)	(211,551)
Endowment net assets, ending	<u>\$ 4,689,703</u>	<u>\$ 1,413,670</u>	<u>\$ 6,103,373</u>

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	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning	\$ 4,084,563	\$ 1,357,731	\$ 5,442,294
Investment return			
Investment income	140,076	11,466	151,542
Realized gain	86,237	7,059	93,296
Unrealized loss	<u>260,685</u>	<u>21,339</u>	<u>282,024</u>
	4,571,561	1,397,595	5,969,156
Contributions received	-	20,030	20,030
Appropriated for expenditure	<u>(623,951)</u>	<u>(15,271)</u>	<u>(639,222)</u>
Endowment net assets, ending	<u>\$ 3,947,610</u>	<u>\$ 1,402,354</u>	<u>\$ 5,349,964</u>

The value of the beneficial interest in funds held by others included in total net assets with donor restrictions is not included in the above tables. See Note 8 for details on the beneficial interest.

The value of land held in perpetuity included in total net assets with donor restrictions is not included in the tables above. See Note 8 for a description of land held in perpetuity.

18. RELATED PARTY TRANSACTIONS

For the years ended August 31, 2021 and 2020, contributions from members of the Board of Directors amounted to approximately \$908,000 and \$2,197,000, respectively.

19. RISKS AND UNCERTANTIES

The Society's financial instruments that are exposed to concentrations of credit risk consist primarily of its cash, cash equivalents, investments, grants receivable and contributions and pledges receivable. At times during the years, cash of the Society deposited in financial institutions exceeds the FDIC limit of \$250,000. The management of the Society deposits cash funds in high quality institutions to lessen the amount of uninsured exposure. Cash equivalents and investments are in high-quality securities. Although subject to market fluctuations, this investment policy somewhat limits the Society's exposure to concentrations of credit risk.

The Society has a long-standing history of collecting its pledges and contributions receivable which are from various individuals, corporations and foundations. An allowance for uncollectible accounts is normally recorded in the financial statements for any amounts considered uncollectible. This limits the Society's exposure to credit risk.

Coronavirus Pandemic

The current outbreak of the novel strain of coronavirus ("COVID-19") is continuing to significantly impact businesses across the world. While the duration of business interruption from this outbreak and related financial impact cannot be reasonably estimated at this time, financial results, including investment results, may be adversely affected in 2022. The extent to which the coronavirus impacts operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others.

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20. SUBSEQUENT EVENTS

The Society has evaluated subsequent events occurring after the statement of financial position date through the date of March 7, 2022, the date the financial statements were available for release. Based upon this evaluation, the Society has determined no subsequent events require disclosure or adjustment in the financial statements.

SUPPLEMENTARY INFORMATION

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
New Jersey Audubon Society:

We have audited 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 ("GAS"), the financial statements of New Jersey Audubon Society (the "Organization"), which comprise the statement of financial position as of August 31, 2021, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements and have issued our report thereon dated March 7, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting ("internal control") as a basis for designing 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 financial statements. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Withum Smith + Brown, PC

March 7, 2022