



**GREATER NEWARK CONSERVANCY, INC.
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2022 and 2021**

GREATER NEWARK CONSERVANCY, INC.
FINANCIAL STATEMENTS
June 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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. 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 Greater Newark Conservancy, Inc. 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 these 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 Greater Newark Conservancy, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

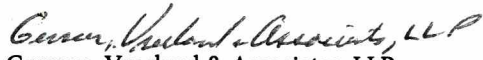
Auditor's Responsibilities for the Audit of the Financial Statements

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 generally accepted 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 generally accepted 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 Greater Newark Conservancy, Inc.'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 Greater Newark Conservancy, Inc.'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.


German, Vreeland & Associates, LLP
Cedar Knolls, New Jersey
December 15, 2022

GREATER NEWARK CONSERVANCY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

ASSETS	2022	2021
Current assets		
Cash and equivalents	\$ 1,133,635	\$ 1,270,307
Contributions receivable, net	409,310	106,843
Due from government agency	44,251	-
Accounts receivable	40,987	11,347
Prepaid expenses	19,098	9,665
Total current assets	<u>1,647,281</u>	<u>1,398,162</u>
Property and equipment, net	8,184,583	8,330,220
Other assets		
Cash and investments restricted for capital campaign	2,315,650	2,243,217
Contributions receivable restricted for capital campaign, net	915,997	933,106
Trademark	2,525	2,525
Total other assets	<u>3,234,172</u>	<u>3,178,848</u>
TOTAL ASSETS	<u>\$ 13,066,036</u>	<u>\$ 12,907,230</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 169,327	\$ 91,379
Refundable advances	-	48,510
Deferred revenue	-	50,000
Total current liabilities	<u>169,327</u>	<u>189,889</u>
NET ASSETS		
Net assets without donor restrictions		
Board designated	483,442	299,442
Undesignated	8,777,058	8,911,899
Total net assets without donor restrictions	<u>9,260,500</u>	<u>9,211,341</u>
Net assets with donor restrictions	3,636,209	3,506,000
Total net assets	<u>12,896,709</u>	<u>12,717,341</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 13,066,036</u>	<u>\$ 12,907,230</u>

See accompanying notes.

GREATER NEWARK CONSERVANCY, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2022 and 2021

	2022			2021		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE						
Contributions						
Foundation grants	\$ 476,600	\$ 551,000	\$ 1,027,600	\$ 239,691	\$ 454,656	\$ 694,347
Corporate grants	183,137	-	183,137	85,350	49,950	135,300
Government grants	64,769	-	64,769	49,401	-	49,401
Paychex Protection Program Grants	50,000	-	50,000	187,447	-	187,447
Trustee contributions	32,610	-	32,610	37,506	4,975	42,481
Individual and memorial contributions	162,390	23,679	186,069	43,657	8,342	51,999
Special events, net of direct expenses of \$23,428 and \$36,095 in 2022 and 2021, respectively	133,155	-	133,155	171,961	-	171,961
Program service fees	74,908	-	74,908	59,454	-	59,454
Investment income	517	2,833	3,350	2,855	-	2,855
In-kind contributions	5,490	-	5,490	400	-	400
Miscellaneous income	1,709	-	1,709	213	2,457	2,670
	1,185,285	577,512	1,762,797	877,935	520,380	1,398,315
Net assets released due to satisfaction of time and purpose restrictions	409,514	(409,514)	-	604,842	(604,842)	-
Total support and revenue	1,594,799	167,998	1,762,797	1,482,777	(84,462)	1,398,315
EXPENSES						
Program services	1,083,534	-	1,083,534	1,042,420	-	1,042,420
Management and general	527,768	-	527,768	373,102	-	373,102
Fundraising	287,230	-	287,230	162,011	-	162,011
Total expenses	1,898,532	-	1,898,532	1,577,533	-	1,577,533
CHANGE IN NET ASSETS BEFORE OTHER INCOME	(303,733)	167,998	(135,735)	(94,756)	(84,462)	(179,218)
OTHER INCOME						
Realized and unrealized losses on investments	-	(37,789)	(37,789)	-	-	-
Employee retention credit	352,892	-	352,892	-	-	-
Total other income	352,892	(37,789)	315,103	-	-	-
CHANGE IN NET ASSETS	49,159	130,209	179,368	(94,756)	(84,462)	(179,218)
NET ASSETS, Beginning of year	9,211,341	3,506,000	12,717,341	9,306,097	3,590,462	12,896,559
NET ASSETS, End of year	\$ 9,260,500	\$ 3,636,209	\$ 12,896,709	\$ 9,211,341	\$ 3,506,000	\$ 12,717,341

See accompanying notes.

GREATER NEWARK CONSERVANCY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

	Program Services						Total
	Youth and Family Education	Community Greening and Urban Farming	Workforce Development	Emergency Food Distribution	Program Services	Management and General	
Salaries	\$ 168,708	\$ 127,038	69,491	\$ -	\$ 365,237	\$ 237,091	\$ 117,590 \$ 719,918
Fringe benefits	34,546	26,013	14,230	-	74,789	48,549	24,079 147,417
Occupancy	14,252	10,732	5,871	-	30,855	20,029	9,934 60,818
Telephone and internet	2,274	1,713	937	-	4,924	3,196	1,585 9,705
Office supplies	4,051	3,051	1,669	-	8,771	5,693	2,824 17,288
Postage	-	-	-	-	-	-	2,929 2,929
Emergency food distribution	-	-	-	69,202	69,202	-	- 69,202
Repairs and maintenance	12,569	9,464	5,177	-	27,210	21,228	5,195 53,633
Dues and subscriptions	405	305	167	-	877	569	282 1,728
Insurance	19,701	14,835	16,115	-	50,651	19,686	13,731 84,068
Travel and vehicle expense	5,474	4,122	2,255	-	11,851	11,258	250 23,359
Professional services	19,312	14,542	7,955	-	41,809	97,510	102,780 242,099
Program expenses	90,258	72,244	1,904	-	164,406	6,127	292 170,825
Conferences and seminars	1,832	540	-	-	2,372	1,756	56 4,184
Depreciation	210,293	8,689	5,699	-	224,681	46,541	5,694 276,916
Bank and interest charges	-	-	-	-	-	8,100	- 8,100
Miscellaneous expenses	189	142	78	-	409	435	9 853
In-Kind expenses	-	5,490	-	-	5,490	-	- 5,490
Total expenses	\$ 583,864	\$ 298,920	\$ 131,548	\$ 69,202	\$ 1,083,534	\$ 527,768	\$ 287,230 \$ 1,898,532

See accompanying notes.

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

	Program Services						Total
	Youth and Family Education	Community Greening and Urban Farming	Workforce Development	Emergency Food Distribution	Program Services	Management and General	
Salaries	\$ 136,731	\$ 116,723	\$ 75,974	\$ 60,509	\$ 389,937	\$ 173,055	\$ 665,271
Fringe benefits	40,608	28,319	18,861	14,491	102,279	45,863	173,870
Occupancy	14,810	2,288	6,178	6,566	29,842	9,530	41,578
Telephone	2,850	1,976	1,714	949	7,489	4,883	14,186
Office supplies	2,022	1,626	3,896	298	7,842	11,381	19,870
Postage	-	644	-	-	644	976	2,007
Equipment	1,613	1,285	930	639	4,467	3,538	9,143
Repairs and maintenance	612	-	-	4,552	5,164	16,875	22,039
Dues and subscriptions	599	-	-	-	599	1,790	2,479
Insurance	17,967	15,022	14,541	4,133	51,663	17,426	76,913
Printing	1,758	-	-	1,400	3,158	1,990	5,288
Travel and vehicle expense	664	6,670	8,880	5,149	21,363	4,277	25,640
Professional services	7,642	2,450	4,226	56,632	70,950	32,514	116,614
Program expenses	41,481	25,760	15,739	38,934	121,914	-	121,914
Conferences and seminars	-	-	28	-	28	-	28
Depreciation	210,293	8,689	5,699	-	224,681	46,541	277,830
Bank and interest charges	-	-	-	-	-	2,463	2,463
In-Kind expenses	400	-	-	-	400	-	400
Total expenses	\$ 480,050	\$ 211,452	\$ 156,666	\$ 194,252	\$ 1,042,420	\$ 373,102	\$ 1,577,533

See accompanying notes.

GREATER NEWARK CONSERVANCY, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 179,368	\$ (179,218)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	276,916	277,830
Realized and unrealized losses on investments	37,789	-
Change in net assets and liabilities		
Contributions receivable	(285,358)	313,252
Due from governmental agencies	(44,251)	141,830
Accounts receivable	(29,640)	4,065
Prepaid expenses	(9,433)	(768)
Accounts payable and accrued expenses	77,948	(47,655)
Refundable advances	(48,510)	48,510
Deferred revenue	(50,000)	(33,442)
Contributions restricted for capital campaign	(139,679)	(202,500)
Net cash (used in) provided by operating activities	<u>(34,850)</u>	<u>321,904</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in restricted cash, investments and contributions receivable	(110,222)	(4,975)
Purchases of property and equipment	(131,279)	-
Net cash (used in) investing activities	<u>(241,501)</u>	<u>(4,975)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for capital campaign	139,679	202,500
Net cash provided by financing activities	<u>139,679</u>	<u>202,500</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(136,672)	519,429
CASH AND CASH EQUIVALENTS, Beginning of year	<u>1,270,307</u>	<u>750,878</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 1,133,635</u>	<u>\$ 1,270,307</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Donated materials and supplies	<u>\$ 5,940</u>	<u>\$ 400</u>

GREATER NEWARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 1 – ORGANIZATION AND PURPOSE OF THE CORPORATION

Greater Newark Conservancy, Inc. (the “Conservancy”) is a New Jersey not-for-profit organization that fosters collaboration at the intersection of environmental, food, and racial justice to promote the health and wellbeing of all Newark residents. Since 1987, our programs have worked to reverse the long history of systemic racism to improve social determinants of health by expanding access to green spaces, nutritious food, wellness education, and youth development.

The Conservancy’s youth and family education program provides innovative, hands-on, science-based lessons and field trips for school children in Newark and beyond. Educators, families and other community members are also provided with nutrition and other programs. Programming focuses on the urban environment and includes activities at the Prudential Outdoor Learning Center, the Conservancy’s school gardens and the Hawthorne Avenue Farm. Activities include in-class reverse field trips, outdoor teaching gardens at Newark schools, nutritional health lessons and activities, and farm to school programming.

The Conservancy’s community greening and urban farming program annually serves Newark residents through its community gardens with resident-adopted planting plots; urban farm lots that generate fresh produce; and a farm stand operation that makes nutritious, healthy foods accessible to Newark residents and beyond. The Conservancy’s 3-acre Hawthorne Avenue Farm is a primary source of fresh produce in Newark’s south ward.

The Conservancy’s workforce development program, the Newark Youth Leadership Project (“NYLP”), provides supervised training in horticulture, environmental justice, and urban farming for up to 25 Newark high school youth each year, seeking to increase employability. The program provides participants with exposure to green careers, an appreciation for the urban environment, and opportunities for pursuing higher education.

Impact of Covid 19 pandemic – Beginning in March 2020 and for most of the year ended June 30, 2021 and for the year ended June 30, 2022, a portion the Conservancy’s youth and family education programming transitioned to a virtual format.

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.

GREATER NEWARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

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

Revenue Recognition

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

Contributions Receivable

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

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

Accounts receivable

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

Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for uncollectible accounts receivable is provided based upon management's judgement including such factors as prior collection history and type of contribution. Management has determined that no allowance was required as of June 30, 2022 and 2021.

Estimates

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

Property and Equipment

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

Cash and Cash Equivalents

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

GREATER NEWARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

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

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.

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, 2022 and 2021. 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, 2022 and 2021 and has incurred no interest or penalties related to income taxes for the periods presented in the financial statements.

Donated Materials and Supplies

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

New Accounting Pronouncements

Issued

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

GREATER NEWARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 3 – CASH AND INVESTMENTS RESTRICTED TO CAPITAL CAMPAIGN

The Conservancy's investment portfolio consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash and equivalents	\$ 162,863	\$ 1,747,224
Government securities	770,621	-
Certificates of Deposit	<u>1,382,166</u>	<u>495,993</u>
Total	<u>\$2,315,650</u>	<u>\$ 2,243,217</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.

NOTE 4 – 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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,133,635	\$ 1,270,307
Due from government agencies	44,251	-
Contributions receivable	1,325,307	1,039,949
Accounts receivable	40,987	11,347
Cash and investments	<u>2,315,650</u>	<u>2,243,217</u>
Total financial assets	4,859,830	4,564,820
Contractual and donor-imposed restrictions	<u>(3,636,209)</u>	<u>(3,506,000)</u>
Financial assets available to meet cash needs		
For general expenditures within one year	<u>\$ 1,223,621</u>	<u>\$ 1,058,020</u>

GREATER NEWARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 5 – CONTRIBUTIONS RECEIVABLE

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

	<u>2022</u>	<u>2021</u>
Less than one year	\$ 1,314,810	\$ 998,675
1-5 years	11,000	43,000
	1,325,810	1,041,675
Less: Unamortized discount	(503)	(1,726)
Net unconditional promises to give	<u>\$ 1,325,307</u>	<u>\$ 1,039,949</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 – DUE FROM GOVERNMENT AGENCIES

Due from government agencies at June 30, are as follows:

	<u>2022</u>	<u>2021</u>
US Department of Agriculture	<u>\$ 44,251</u>	<u>\$ -</u>

NOTE 7 – PROPERTY AND EQUIPMENT, NET

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

	Estimated Useful Life (Years)	<u>2022</u>	<u>2021</u>
Land	N/A	\$ 74,325	\$ 74,325
Main Building (Education Center)	40	6,150,138	6,150,138
Field equipment	5	31,838	31,838
Vehicles	5	136,836	136,836
Office equipment	5	229,881	229,881
Leasehold improvements	15	122,577	50,198
Outdoor Learning Center	40	3,247,483	3,247,483
Office building and improvements	40	894,774	894,774
Tent	5	11,775	11,775
Construction in progress	-	58,900	-
		10,958,527	10,827,248
Less: accumulated depreciation		(2,773,944)	(2,497,028)
Property and equipment, net		<u>\$ 8,184,583</u>	<u>\$ 8,330,220</u>

Depreciation expense amounted to \$276,916 and \$277,830 for the years ended June 30, 2022 and 2021, respectively.

GREATER NEWARK CONSERVANCY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 8 – NET ASSETS

Board designated net assets

Board designated net assets are classified as net assets without donor restrictions in the statement of financial position. The Conservancy established the 25th anniversary fund in 2012 and has accepted contributions to support this fund. The purpose of this fund, as designated by the Board, is to provide the Conservancy with resources in the event of an economic downturn or in the event that short-term cash flow is required to cover necessary expenses. At June 30, 2022 and 2021, the balance of this fund was \$299,442. A Board resolution is required to use these funds. In addition, the Conservancy has appropriated \$184,000 of the employee retention credit for expenditure in the fiscal year ending June 30, 2023.

Donor restricted net assets

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

	<u>2022</u>	<u>2021</u>
Time and purpose restrictions		
Capital projects	\$ 3,222,145	\$ 3,176,323
Purpose restrictions		
Community greening and Urban Farming	15,000	77,327
Education	3,000	3,000
Repairs and maintenance	25,000	-
Newark Youth Leadership Project	-	41,921
Other reentry	-	30,496
Emergency food distribution	-	64,203
Time restrictions	371,064	112,730
	<u>\$ 3,636,209</u>	<u>\$ 3,506,000</u>

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

	<u>2022</u>	<u>2021</u>
Time and purpose restrictions		
Capital projects	\$ 58,900	\$ -
Purpose restrictions		
Community greening and Urban Farming	69,955	38,623
Education	-	90,000
Summer Camp -education	41,921	21,221
Nutrition education/healthcare	-	20,000
Newark Youth Leadership Program	15,000	67,299
Other reentry	30,496	19,709
Covid-19 related	64,203	-
401(k) matching	-	7,048
Emergency food distribution	-	159,172
Repairs and maintenance	(17,628)	-
Time restrictions	146,667	181,770
	<u>\$ 409,514</u>	<u>\$ 604,842</u>

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NOTE 9 - REFUNDABLE ADVANCES

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

NOTE 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 used the entire loan amount for qualifying expenses. Under the terms of the PPP, the loan may be forgiven if it is used for qualifying expenses as described in the CARES Act. The Conservancy applied for forgiveness and was granted forgiveness for the entire amount of the loan in August 2021.

On February 17, 2021, the Conservancy received a second draw loan from a bank under the PPP in the amount of \$154,005. The loan is in the form of a promissory note dated February 17, 2021. The loan matures on February 17, 2026 and bears interest at a rate of 1.00% per annum. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, rent, utilities and other qualifying expenses. The Conservancy used the entire loan amount for qualifying expenses. Under the terms of the PPP, the loan may be forgiven if it is used for qualifying expenses as described in the CARES Act. The Conservancy applied for forgiveness and was granted forgiveness for the entire amount of the loan in March 2022.

On June 10, 2020, the American Institute of Certified Public Accountants issued accounting guidance for PPP loans. The guidance includes multiple accounting options. The Conservancy chose to account for the loan as a conditional contribution in accordance with FASB ASC 958-605 as it expects to meet the PPP's eligibility requirements and concludes that the PPP loan represents, in substance, a grant that is expected to be forgiven. According to ASC 958-605 the loan is initially recorded as deferred revenue and is recognized as income when conditions of the grant (qualifying expenses) are substantially met. During the years ended June 30, 2022 and 2021, the Conservancy recognized \$50,000 and \$187,447, respectively, of revenue.

NOTE 11 - LINE OF CREDIT

The Conservancy has a line of credit from a financial institution for a maximum borrowing of \$250,000 expiring January 1, 2024. Interest is computed at the floating rate of the Wall Street Journal Prime Rate and shall be accrued on any outstanding balances. The interest will adjust immediately upon any change to the Wall Street Journal Prime Rate. At no time shall the rate fall below 4.0%. The borrowings are secured by the Conservancy's assets. At June 30, 2022, no amount was outstanding on this line of credit.

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NOTE 12 – 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, 2022 and 2021, was \$-0- and \$9,432, respectively.

NOTE 13 – 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>
2023	\$ 7,487
2024	7,487
2025	<u>3,744</u>
Total	<u>\$18,718</u>

NOTE 14 – EMPLOYEE RETENTION CREDIT

The CARES Act provides an employee retention credit (“CARES Employee Retention credit”), which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extend and expand the qualified wage caps on these credits through September 30, 2021. Based on these additional provisions, the tax credit is now equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to \$10,000 of qualified wages per quarter. The Conservancy qualifies for the tax credit under the CARES Act. During the year ended June 30, 2022, the Conservancy recorded \$352,892 related to the CARES Employee Retention Credit. As indicated in Note 8, the Conservancy has appropriated \$184,000 of the employee retention credit for expenditure in the fiscal year ending June 30, 2023.

NOTE 15 – RISKS AND UNCERTAINTIES

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

NOTE 16 – RECLASSIFICATIONS

Certain amounts included in the June 30, 2021 financial statements were reclassified to make them comparable to June 30, 2022.

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 15, 2022, the date on which the financial statements were available to be issued. There were no subsequent events or disclosures that require recognition or disclosure in the financial statements.