

**NEW JERSEY TREE FOUNDATION, INC.**

**Financial Statements**

**For the years ended June 30, 2020 and 2019**

**(With Independent Auditor's Report thereon)**

**NEW JERSEY TREE FOUNDATION, INC.**  
**Table of Contents**

	<b>PAGE</b>
Independent Auditor's Report	1-2
Statements of Financial Position	3
Statements of Activities	4
Statement of Functional Expenses For the year ended June 30, 2020	5
Statement of Functional Expenses For the year ended June 30, 2019	6
Statements of Cash Flows	7
Notes to Financial Statements	8-16



## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
New Jersey Tree Foundation, Inc.

We have audited the accompanying financial statements of New Jersey Tree Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Jersey Tree Foundation, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**HOLMAN FRENIA ALLISON, P.C.**  
*Certified Public Accountants*

November 12, 2020  
Toms River, New Jersey

**NEW JERSEY TREE FOUNDATION, INC.**  
**Statements of Financial Position**  
**June 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 564,132	\$ 427,530
Investments	557,871	593,570
Grants receivable	125,176	55,617
Contracts receivable	612	20,447
Prepaid expenses	1,549	1,549
Total current assets	1,249,340	1,098,713
Non-current assets:		
Property and equipment, net	52,037	45,171
Total non-current assets	52,037	45,171
Total assets	\$ 1,301,377	\$ 1,143,884
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 1,275	\$ 1,279
Accrued payroll	8,975	6,680
Accrued expenses	10,482	10,360
Accrued vacation	72,204	86,159
Deferred revenue	46,400	86,250
PPP loan payable	50,000	-
Total liabilities	189,336	190,728
Net assets:		
Without donor restrictions	1,112,041	953,156
Total net assets	1,112,041	953,156
Total liabilities and net assets	\$ 1,301,377	\$ 1,143,884

The accompanying notes are an integral part of these financial statements.

**NEW JERSEY TREE FOUNDATION, INC.**  
**Statements of Activities**  
**For the years ended June 30, 2020 and 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues:						
Government grants - nonexchange	\$ -	142,429	142,429	\$ -	230,000	230,000
Corporation and foundation grants - nonexchange	66,500	314,270	380,770	39,000	422,404	461,404
General support and contributions	81,279	-	81,279	20,502	-	20,502
Service revenue	131,262	-	131,262	271,645	-	271,645
In kind ontributions	17,500	-	17,500	17,230	-	17,230
Other income	8,086	-	8,086	5,862	-	5,862
Net assets released from restrictions	456,699	(456,699)	-	652,404	(652,404)	-
Total support and revenues	761,326	-	761,326	1,006,643	-	1,006,643
Expenses:						
Program services	551,347	-	551,347	850,870	-	850,870
General and administrative	66,489	-	66,489	77,699	-	77,699
Total expenses	617,836	-	617,836	928,569	-	928,569
Other income:						
Investment return, net of related expenses	15,395	-	15,395	23,473	-	23,473
Total other income	15,395	-	15,395	23,473	-	23,473
Change in net assets	158,885	-	158,885	101,547	-	101,547
Net assets without donor restrictions, beginning of year	953,156	-	953,156	851,609	-	851,609
Net assets without donor restrictions, end of year	\$ 1,112,041	\$ -	\$ 1,112,041	\$ 953,156	\$ -	\$ 953,156

**NEW JERSEY TREE FOUNDATION, INC.****Statement of Functional Expenses****For the year ended June 30, 2020**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Payroll	\$ 237,798	\$ 43,287	\$ 281,085
Trees and plant materials	78,041	-	78,041
Insurance	49,213	6,051	55,264
Pass-through grants	33,100	-	33,100
Landscaping	28,771	-	28,771
Payroll taxes	22,128	4,028	26,156
Depreciation	22,322	-	22,322
Trucks and trailers	13,275	-	13,275
Planting tools and supplies	11,647	-	11,647
Professional fees	618	10,354	10,972
Rent, storage facility - in kind	9,000	-	9,000
Travel	7,502	565	8,067
Printing	6,977	291	7,268
Shipping and freight	5,654	-	5,654
Computer expenses	2,908	1,250	4,158
Payroll processing	3,289	599	3,888
Food - for workshops and programs	3,466	-	3,466
Landscaping - in kind	2,834	-	2,834
Trees and plant materials - in kind	2,833	-	2,833
Professional fees - in kind	2,833	-	2,833
Telephone	2,558	-	2,558
Educational materials	1,106	-	1,106
Web site	1,006	-	1,006
Outside services	951	-	951
Office supplies and expenses	581	65	646
Miscellaneous	299	-	299
Training	593	-	593
Uniforms	43	-	43
	<u>551,347</u>	<u>66,489</u>	<u>617,836</u>
Total expenses	<u>\$ 551,347</u>	<u>\$ 66,489</u>	<u>\$ 617,836</u>

The accompanying notes are an integral part of these financial statements.

**NEW JERSEY TREE FOUNDATION, INC.**

**Statement of Functional Expenses**

**For the year ended June 30, 2019**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Payroll	\$ 288,556	\$ 52,527	\$ 341,083
Trees and plant materials	214,939	-	214,939
Pass-through grants	125,194	-	125,194
Insurance	40,123	4,934	45,057
Trucks and trailers	30,890	-	30,890
Payroll taxes	25,762	4,690	30,452
Landscaping	24,129	-	24,129
Depreciation	17,457	-	17,457
Professional fees	4,070	12,494	16,564
Planting tools and supplies	15,756	-	15,756
Travel	10,632	800	11,432
Shipping and freight	9,475	-	9,475
Rent, storage facility - in kind	9,000	-	9,000
Printing	7,494	312	7,806
Food - for workshops and programs	5,802	-	5,802
Payroll processing	3,140	572	3,712
Telephone	3,397	-	3,397
Trees and plant materials - in kind	2,743	-	2,743
Landscaping - in kind	2,743	-	2,743
Professional fees - in kind	2,743	-	2,743
Computer expenses	269	1,250	1,519
Uniforms	1,205	-	1,205
Office supplies and expenses	1,076	120	1,195
Educational materials	1,150	-	1,150
Web site	1,077	-	1,077
Training	950	-	950
Outside services	815	-	815
Miscellaneous	284	-	284
	<u>284</u>	<u>-</u>	<u>284</u>
 Total expenses	 <u>\$ 850,870</u>	 <u>\$ 77,699</u>	 <u>\$ 928,569</u>

The accompanying notes are an integral part of these financial statements.

**NEW JERSEY TREE FOUNDATION, INC.**  
**Statements of Cash Flows**  
**For the years ended June 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Reconciliation of change in net assets to net cash from operating activities:</b>		
Change in net assets	\$ 158,885	\$ 101,547
Items which did not use/(provide) cash:		
Depreciation	22,322	17,457
Unrealized gain on investment	34,611	23,071
Working capital changes which provided (used) cash:		
Grants receivable	(69,559)	25,369
Contracts receivable	19,835	-
Accounts payable	(4)	(4)
Accrued payroll	2,295	-
Accrued expenses	122	(15,611)
Accrued vacation	(13,955)	-
Deferred revenue	(39,850)	23,872
Net cash provided by operating activities	114,702	175,701
<b>Cash flows from investing activities:</b>		
Acquisition of property and equipment	(29,188)	-
Purchases of investments	(442,070)	(790,998)
Sale of investments	443,158	339,919
Net cash used in investing activities	(28,100)	(451,079)
<b>Cash flows from financing activities:</b>		
Proceeds from PPP loan	50,000	-
Net cash provided by financing activities	50,000	-
Net change in cash and cash equivalents	136,602	(275,378)
Cash and cash equivalents, beginning of year	427,530	702,908
Cash and cash equivalents, end of year	\$ 564,132	\$ 427,530

The accompanying notes are an integral part of these financial statements.

**NEW JERSEY TREE FOUNDATION, INC.**  
**Notes to Financial Statements**

**NOTE 1: FOUNDATION AND PURPOSE**

New Jersey Tree Foundation, Inc., (“the Foundation”), is a non-profit foundation that was founded to plant trees in urban areas where the need is greatest. The Foundation is dedicated to the enhancement and development of urban and community forestry activities in New Jersey through education, volunteerism, community outreach, partnerships, and grants. The Foundation is committed to providing exceptional forestry programs, services, and opportunities to New Jersey’s cities and towns. In pursuit of its foundational purpose, the Foundation operates a variety of programs to revitalize urban communities. Among these are projects to provide environmental education, train low-income individuals to acquire skills in horticultural occupations and assist residents in keeping their neighborhoods clean and green with local tree planting and landscaping projects.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor imposed (or certain grantor imposed) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Foundation reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other 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 and reported in the statements of activities as net assets released from restrictions. As of June 30, 2020 and 2019, the Foundation did not have any net assets with donor restrictions.

**Cash and cash equivalents**

For purposes of the statements of cash flows, cash and cash equivalents includes all cash balances and highly liquid investments with a maturity of three months or less. The Foundation maintains cash balances at several high quality financial institutions located in New Jersey. At times, the balance on deposit may exceed federally insured limits. The Foundation has not experienced any losses in such account and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

**NEW JERSEY TREE FOUNDATION, INC.**  
**Notes to Financial Statements (continued)**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Contracts and Grants Receivable**

Contracts receivable are primarily unsecured non-interest-bearing amounts due from customers for work performed. Grant receivables are carried at cost. On a periodic basis, management evaluates its receivables to determine if any portion is uncollectible. Management has determined that all open receivables are collectible and therefore no allowance account is deemed necessary.

**Revenue and Support Recognition**

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

The Foundation accounts for contract revenues, which are exchange transactions, in the statement of activities to the extent that the expenses have been incurred for the purpose specified by the contract during the period. In applying this concept, the legal and contractual requirements of each individual program are used as guidance. All monies not expended in accordance with the contract are recorded as a liability to the contract, as the Foundation does not maintain any equity in the contract. Additionally, funds received in advance of their proper usage are accounted for as deferred revenue in the statements of financial position.

Grant revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants.

**In-Kind Contributions**

In-kind contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor-imposed stipulations regarding how long those assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

In-kind contributions of landscaping supplies and program equipment for the years ended June 30, 2020 and 2019 totaled \$8,500 and \$8,230, respectively. In-kind contributions for rental of storage space totaled \$9,000 for each of the years ended June 30, 2020 and 2019.

The Foundation benefits from services provided by a substantial number of volunteers who have donated significant amounts of time and service in the Foundation's program operations.

**NEW JERSEY TREE FOUNDATION, INC.**  
**Notes to Financial Statements (continued)**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**In-Kind Contributions (continued)**

However, the majority of the contributed services do not meet the criteria for recognition in financial statements. Those services were primarily forestry activities in various New Jersey cities and towns.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Property and Equipment**

Property and equipment are recorded at cost, except for donated items, which are recorded at their fair market values on the date of donation. Additions and major renewals considered to be betterments, costing \$5,000 or more, are capitalized. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Equipment	5 years
Trucks	5 years

Repairs and maintenance, which do not extend the useful lives of the related assets, are expensed as incurred.

**Income Taxes**

The Foundation is a non-profit entity as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Accordingly, there is no provision for income taxes.

The Foundation is required to file Form 990, *Return of Foundation Exempt from Income Tax*, with the Internal Revenue Service and the *New Jersey Charities Registration & Investigation Form (CRI)*. The Foundation follows the income tax standards for uncertain tax positions.

This standard had no impact on the Foundation's financial statements. The Foundation's income tax returns are subject to review and examination by federal and state authorities. The Foundation is not aware of any activities that would jeopardize its tax-exempt status or any activities that are subject to tax on unrelated business income taxes.

**Functional Allocation of Expenses**

The statements of functional expenses present the natural classification detail of expenses by function. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

**NEW JERSEY TREE FOUNDATION, INC.**  
**Notes to Financial Statements (continued)**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Fair Value Measurements**

The Foundation categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable inputs (Level III). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

*Level I* – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access. Fair values for these instruments are estimated using pricing models or quoted prices of securities with similar characteristics.

*Level II* – Inputs that include quoted market prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

*Level III* – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's assumptions, as there is little, if any, related market activity. Fair values for these instruments are estimated using appraised values.

Subsequent to initial recognition, the Foundation may re-measure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value. The following methods and assumptions were used by the Foundation in estimating the fair value of its financial instruments:

*Certificate of deposit* – The carrying amount reported in the statements of financial position approximates the net asset value (NAV) of the certificate held by the Foundation at year-end.

*Registered investment funds* – The carrying amount reported in the statements of financial position approximates the NAV of shares held by the Foundation at year-end.

**Impact of Recently Issued Accounting Pronouncements**

*Recently Issued Pronouncements Not Yet Adopted*

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases*. The new ASU will require lessees to recognize for all leases (with terms of more than 12 months) at the commencement date the following a) a lease liability, which is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis, and b) a right-of-use asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term. The new lease guidance also simplified the accounting for sale and lease back transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with a source of off-statement of financial position financing. This standard will be effective for nonpublic businesses for fiscal years beginning after December 15, 2021. Early implementation will be

**NEW JERSEY TREE FOUNDATION, INC.**  
**Notes to Financial Statements (continued)**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Impact of Recently Issued Accounting Pronouncements (continued)**

*Recently Issued Pronouncements Not Yet Adopted (continued)*

permitted. The Foundation has not yet implemented this ASU and is currently evaluating the impact of the adoption of this standard on the financial statement and related disclosures.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which is applicable for all entities that enter into contracts with customers to transfer goods and services or enter into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (for example, insurance or lease contracts). This ASU supersedes the revenue recognition requirements in Topic 605, *Revenue Recognition*, the most industry-specific guidance. The core principal of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects. There are five steps to achieve this core principle. Entities can either apply this standard retrospectively to each prior reporting period presented or retrospectively apply with the cumulative effect at the date of initial application. This statement is effective for annual reporting periods beginning after December 15, 2019. Early adoption is permitted for fiscal years beginning after December 15, 2016. The Foundation has not yet implemented this ASU and is currently evaluating the impact of the adoption of this standard on the financial statement and related disclosures.

In September 2020, the FASB issued ASU 2020-07, *Not for Profit Entities (Topic 958) – Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments in this update improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets for not-for-profits, including additional disclosure requirements for recognized contributed services. The amendments will not change the recognition and measurement requirements in Subtopic 958-605 for those assets. The amendments in this update should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The Foundation has not yet implemented this ASU and is currently evaluating the impact Foundation the adoption of this standard on the financial statements and related disclosures.

*Recent Pronouncements Adopted in the Current Year*

In June 2018, the FASB issued ASU 2018-08, *Not for Profit Entities – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new ASU will assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of *Topic 958, Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The amendments in this Update should be applied on a modified prospective basis. Retrospective application is permitted. Organizations should apply this standard on contributions received to annual periods beginning after December 15, 2018. The Foundation implemented this ASU during the current year and applied the standard retrospectively to each prior reporting period presented.

**NEW JERSEY TREE FOUNDATION, INC.**  
**Notes to Financial Statements (continued)**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Subsequent Events**

New Jersey Tree Foundation, Inc. has evaluated subsequent events occurring after June 30, 2020 through November 12, 2020 which is the date the financial statements were available to be issued. See Note 12 for further information.

**NOTE 3: CASH AND CASH EQUIVALENTS**

The deposits held by the Foundation reported at fair value, consisted of demand deposits totaling \$564,132 and \$427,530 as of June 30 2020 and 2019, respectively.

**A. Custodial Credit Risk**

Deposits in financial institutions, reported as components of cash and cash equivalents, had a bank balance of \$569,267 and \$445,466 as of June 30, 2020 and 2019, respectively. Of the bank balance, \$500,137 and \$357,729 was fully insured by the FDIC (Federal Depository Insurance Corporation) as of June 30, 2020 and 2019, respectively.

**B. Concentration of Credit Risk**

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash. As of June 30, 2020 and 2019, New Jersey Tree Foundation, Inc.'s cash investments were held by TD Bank, Capital One, and Merrill Lynch.

**NOTE 4: LIQUIDITY AND AVAILABILITY**

The following represents the Foundation's financial assets as of June 30, 2020 and 2019, 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 or internal designations.

	<u>2020</u>	<u>2019</u>
Current financial assets:		
Cash and cash equivalents	\$ 564,132	\$ 427,530
Investments	557,871	593,570
Grants receivable	125,176	55,617
Contracts receivable	<u>612</u>	<u>20,447</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,247,791</u>	<u>\$ 1,097,164</u>

The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Foundation has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 120 days of normal operating expenses, which are, on average, approximately \$206,000. As part of its liquidity management, the Foundation invests cash in excess of daily requirements in various short-term investments including certificates of deposits and short-term treasury instruments.

**NEW JERSEY TREE FOUNDATION, INC.**  
**Notes to Financial Statements (continued)**

**NOTE 5: INVESTMENTS**

The following table sets forth by level, within the fair value hierarchy, the plan's assets at fair value as of June 30, 2020 and 2019:

<i>Assets at Fair Value as of June 30, 2020</i>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Registered investment funds	\$ 557,871	\$ -	\$ -	\$ 557,871
Total assets at fair value	<u>\$ 557,871</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 557,871</u>

<i>Assets at Fair Value as of June 30, 2019</i>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Registered investment funds	\$ 485,844	\$ -	\$ -	\$ 485,844
Certificates of deposit	107,726	-	-	107,726
Total assets at fair value	<u>\$ 593,570</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 593,570</u>

There were no transfers between the levels during the year. At June 30, 2020 and 2019 the Foundation does not have any investments measured using Level 2 or 3 inputs.

**NOTE 6: PROPERTY AND EQUIPMENT**

Property and equipment consists of the following:

	<u>2020</u>	<u>2019</u>
Equipment	\$ 63,440	\$ 63,440
Trucks	116,475	114,151
Subtotal	179,915	177,591
Less: accumulated depreciation	<u>(127,878)</u>	<u>(132,420)</u>
Property and equipment, net	<u>\$ 52,037</u>	<u>\$ 45,171</u>

Depreciation expense for the years ended June 30, 2020 and 2019 was \$22,322 and \$17,457, respectively.

**NOTE 7: IN KIND CONTRIBUTIONS**

The following in kind contributions were provided to the Foundation for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Storage rental	\$ 9,000	\$ 9,000
Program equipment, services, and supplies	<u>8,500</u>	<u>8,230</u>
Total in kind contributions	<u>\$ 17,500</u>	<u>\$ 17,230</u>

**NEW JERSEY TREE FOUNDATION, INC.**  
**Notes to Financial Statements (continued)**

**NOTE 8: RETIREMENT PLAN**

The Foundation participates in a defined contribution, individual account, money purchase, retirement plan that covers substantially all of its full-time employees. This plan is available for the benefit of all full-time employees of the Foundation who have completed one year of service to the Foundation.

Contributions are made through salary reductions. Participants are immediately vested in their contributions plus actual earnings on the participant's contributions. The plan does not provide for employer matching.

**NOTE 9: PPP LOAN**

On April 21, 2020, the Foundation received loan proceeds in the amount of approximately \$50,000 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Foundation intends to use the proceeds for purposes consistent with the PPP. The Foundation currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan. As of the date of this report, the amount that will be forgiven has not been determined.

**NOTE 10: CONCENTRATION OF RISK**

For the year ended June 30, 2020, four grantors accounted for 57% of grants revenue; 27% of the grant revenue was attributed to the USDA, Forest Service; 19% was attributed to grants from the MKM Foundation; and 11% was attributed to grants from the William Penn Foundation. Management believes that these grants will continue.

For the year ended June 30, 2019, three grantors accounted for 54% of grants revenue - 25% of the grant revenue was attributed to the USDA, Forest Service; 14% was attributed to grants from the alliance of TD Bank and Arbor Day Foundation; and 15% was attributed to grants from the William Penn Foundation. Management believes that these grants will continue.

One supplier accounted for 24% and 24% of the Foundation's expenses for the years ended June 30, 2020 and 2019, respectively. Management believes that other suppliers could provide similar products on comparable terms.

The majority of the Foundation's contributions and grants are received from corporations, organizations and individuals located in the greater New Jersey metropolitan area and from agencies of the state of New Jersey. As such, the Foundation's ability to generate resources via contributions and grants is dependent upon the economic health of that area and of the state of New Jersey, as these grants comprise 57% and 47% of the Foundation's total support and revenues for the years ended June 30, 2020 and 2019, respectively.

**NEW JERSEY TREE FOUNDATION, INC.**  
**Notes to Financial Statements (continued)**

**NOTE 10: CONCENTRATION OF RISK (continued)**

The Foundation's investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to the Foundation's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such chances could materially affect the amounts reported in the financial statements.

**NOTE 11: FUNCTIONAL EXPENSES**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated are payroll and payroll taxes, payroll processing, professional fees, insurance, printing, travel, supplies, and computer expenses.

Payroll and payroll taxes and payroll processing costs are allocated based on actual time and effort worked in each function. Professional fees, insurance, printing, travel, supplies, payroll processing and computer expenses are allocated based on costs of actual expenses utilized.

**NOTE 12: SUBSEQUENT EVENT**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic that continues to spread throughout the United States. On March 21, 2020, the Governor of New Jersey declared a health emergency and issued an order to close all non-essential businesses until further notice. In light of the uncertainty as to the severity and duration of the pandemic and actions that may be taken by governmental authorities, management will continue to monitor and adjust programing activities accordingly in response to the changing environment.