

Council of New Jersey Grantmakers

Financial Statements

December 31, 2020

Independent Auditors' Report

Board of Trustees Council of New Jersey Grantmakers

We have audited the accompanying financial statements of the Council of New Jersey Grantmakers (the "Council") which comprise the statement of financial position as of December 31, 2020 and the related statements of activities, functional expenses and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 the Council of New Jersey Grantmakers as of December 31, 2020 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Council's December 31, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 30, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

April 22, 2021

Council of New Jersey Grantmakers

Statement of Financial Position
December 31, 2020
(with comparative amounts at December 31, 2019)

| | <u>2020</u> | <u>2019</u> |
|---------------------------------------|-------------------------|-----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 990,933 | \$ 564,608 |
| Grants receivable | - | 20,000 |
| Accounts receivable | 345 | 7,075 |
| Prepaid expenses | 7,363 | 19,585 |
| Investments | 183,272 | 231,231 |
| Property and equipment, net | <u>4,848</u> | <u>696</u> |
| Total Assets | <u>\$ 1,186,761</u> | <u>\$ 843,195</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable and accrued expenses | \$ 45,580 | \$ 47,643 |
| PPP loan payable | 114,600 | - |
| Dues paid in advance | 185,806 | 177,458 |
| Sponsorships paid in advance | <u>47,000</u> | <u>15,500</u> |
| Total Liabilities | <u>392,986</u> | <u>240,601</u> |
| Net Assets | | |
| Without donor restrictions | 467,296 | 487,542 |
| With donor restrictions | <u>326,479</u> | <u>115,052</u> |
| Total Net Assets | <u>793,775</u> | <u>602,594</u> |
| Total Liabilities and Net Assets | <u>\$ 1,186,761</u> | <u>\$ 843,195</u> |

See notes to financial statements

Council of New Jersey Grantmakers

Statement of Activities Year Ended December 31, 2020 (with summarized totals for the year ended December 31, 2019)

| | 2020 | | | 2019 Total |
|--|-------------------------------|----------------------------|-------------------|-------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | |
| SUPPORT AND REVENUE | | | | |
| Contributions and sponsorships | \$ 65,850 | \$ 508,735 | \$ 574,585 | \$ 324,943 |
| In kind contributions | 44,904 | - | 44,904 | 59,894 |
| Membership dues | 535,758 | - | 535,758 | 516,342 |
| Program fees | 6,533 | - | 6,533 | 34,604 |
| Investment return | 21,031 | - | 21,031 | 27,439 |
| Net assets released from restrictions | <u>297,308</u> | <u>(297,308)</u> | <u>-</u> | <u>-</u> |
| Total Support and Revenue | <u>971,384</u> | <u>211,427</u> | <u>1,182,811</u> | <u>963,222</u> |
| EXPENSES | | | | |
| Program services | 732,387 | - | 732,387 | 680,537 |
| Management and general | 189,364 | - | 189,364 | 202,923 |
| Fundraising | <u>68,363</u> | <u>-</u> | <u>68,363</u> | <u>64,742</u> |
| Total Expenses | <u>990,114</u> | <u>-</u> | <u>990,114</u> | <u>948,202</u> |
| Change in Net Assets Before Depreciation | (18,730) | 211,427 | 192,697 | 15,020 |
| Depreciation | <u>(1,516)</u> | <u>-</u> | <u>(1,516)</u> | <u>(1,864)</u> |
| Change in Net Assets | (20,246) | 211,427 | 191,181 | 13,156 |
| NET ASSETS | | | | |
| Beginning of year | <u>487,542</u> | <u>115,052</u> | <u>602,594</u> | <u>589,438</u> |
| End of year | <u>\$ 467,296</u> | <u>\$ 326,479</u> | <u>\$ 793,775</u> | <u>\$ 602,594</u> |

See notes to financial statements

Council of New Jersey Grantmakers

Statement of Functional Expenses
 Year Ended December 31, 2020
 (with summarized totals for the year ended December 31, 2019)

| | Program Services | Supporting Services | | | Total | |
|---|---------------------|---------------------------|------------------|-------------------|-------------------|-------------------|
| | | Management and General | Fundraising | Total | 2020 | 2019 |
| Salaries | \$ 406,052 | \$ 115,614 | \$ 46,246 | \$ 161,860 | \$ 567,912 | \$ 495,082 |
| Payroll taxes | 32,384 | 9,214 | 3,686 | 12,900 | 45,284 | 38,437 |
| Employee benefits | 58,938 | 15,943 | 6,377 | 22,320 | 81,258 | 64,506 |
| Professional fees (includes \$12,000 in kind in 2019) | 2,475 | 6,930 | 495 | 7,425 | 9,900 | 29,256 |
| Contract services | 47,903 | 5,970 | 508 | 6,478 | 54,381 | 100,976 |
| Conferences and meetings | 93,796 | 4,114 | 5,086 | 9,200 | 102,996 | 81,574 |
| Insurance expense | - | 5,925 | - | 5,925 | 5,925 | 5,812 |
| Postage | - | 73 | - | 73 | 73 | 136 |
| Printing, publications and memberships | 7,631 | 2,305 | 1,398 | 3,703 | 11,334 | 13,161 |
| Rent (includes \$44,904 and \$47,894 in kind in 2020 and 2019) | 63,168 | 11,844 | 3,948 | 15,792 | 78,960 | 78,960 |
| Office expenses | 1,246 | 1,192 | 166 | 1,358 | 2,604 | 5,311 |
| Telephone and technology | 13,504 | 4,088 | 177 | 4,265 | 17,769 | 14,288 |
| Travel | 4,003 | 1,334 | - | 1,334 | 5,337 | 11,781 |
| Equipment purchase and maintenance | 1,287 | 3,325 | 276 | 3,601 | 4,888 | 7,475 |
| Advertising | - | 95 | - | 95 | 95 | - |
| Miscellaneous | - | 1,398 | - | 1,398 | 1,398 | 1,447 |
| Total Expenses Before Depreciation | 732,387 | 189,364 | 68,363 | 257,727 | 990,114 | 948,202 |
| Depreciation | 1,243 | 273 | - | 273 | 1,516 | 1,864 |
| Total Expenses | <u>\$ 733,630</u> | <u>\$ 189,637</u> | <u>\$ 68,363</u> | <u>\$ 258,000</u> | <u>\$ 991,630</u> | <u>\$ 950,066</u> |

See notes to financial statements

Council of New Jersey Grantmakers

Statement of Cash Flows Year Ended December 31, 2020 (with comparative amounts for the year ended December 31, 2019)

| | 2020 | 2019 |
|--|------------|------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 191,181 | \$ 13,156 |
| Adjustments to reconcile change in net assets to net cash from operating activities | | |
| Depreciation | 1,516 | 1,864 |
| Unrealized and realized gain on investments | (15,379) | (14,001) |
| Change in operating assets and liabilities | | |
| Grants receivable | 20,000 | 74,279 |
| Accounts receivable | 6,730 | (6,775) |
| Prepaid expenses | 12,222 | (16,965) |
| Accounts payable and accrued expenses | (2,063) | 23,190 |
| Dues paid in advance | 8,348 | 8,303 |
| Sponsorships paid in advance | 31,500 | 15,500 |
| Net Cash from Operating Activities | 254,055 | 98,551 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of equipment | (5,668) | - |
| Proceeds from investments | 75,000 | 225,000 |
| Purchase of investments | (11,662) | (120,426) |
| Net Cash from Investing Activities | 57,670 | 104,574 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from PPP loan payable | 114,600 | - |
| Net Change in Cash and Cash Equivalents | 426,325 | 203,125 |
| CASH AND CASH EQUIVALENTS | | |
| Beginning of year | 564,608 | 361,483 |
| End of year | \$ 990,933 | \$ 564,608 |

See notes to financial statements

Council of New Jersey Grantmakers

Notes to Financial Statements
December 31, 2020 and 2019

1. Organization and Tax Status

The Council of New Jersey Grantmakers (the "Council") is a not-for-profit corporation and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Council has been classified as an organization that is not a private foundation under Section 509(a)(1). The Council is the center for philanthropy in New Jersey, serving the leading independent, corporate, family and community foundations as well as public grantmakers of the state. The Council supports its members by strengthening their capacity to address New Jersey and society's most difficult problems. It also accesses the resources of the philanthropic community – funding, expertise, leverage – to provide leadership on statewide issues.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP) which requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Net Asset Classifications

The Council reports information regarding financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions - Resources that are fully available at the discretion of management and the Board of Trustees (the Board), for use in activities within the Council's charter and mission.

Net Assets With Donor Restrictions - Funds that the Council may use in accordance with donors' restrictions for specific purposes or upon the passage of time. Also included are funds where donor-imposed restrictions stipulate that the resources be maintained in perpetuity.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Council considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Council of New Jersey Grantmakers

Notes to Financial Statements
December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (*continued*)

Receivables

Receivables are stated at the amount the Council expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction in accounts receivable. As of December 31, 2020 and 2019, no allowance for doubtful accounts has been deemed necessary.

Fair Value Measurements

The Council follows US GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Investment Valuation and Investment Income Recognition

Investments are carried at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Property and Equipment

Property and equipment are carried at cost. The minimum capitalization amount for equipment acquisitions is \$1,500. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

For financial reporting purposes, property and equipment are depreciated over their useful lives on the straight-line method as follows:

| | |
|---------------------------------------|---------|
| Equipment | 3 years |
| Technology infrastructure development | 5 years |

Council of New Jersey Grantmakers

Notes to Financial Statements
December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Contributions and Unconditional Promises to Give

Contributions and unconditional promises are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When donor restrictions expire (i.e. when a purpose or time restriction is fulfilled), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in statement of activities as net assets released from restrictions.

In-kind Contributions

Contributions of services are recognized at fair value when they are received if the services either create or enhance nonfinancial assets, or require specialized skills, and those skills are provided by individuals possessing those skills, and would typically need to be purchased if not donated. Donated space is recognized at fair value on a monthly basis and goods are recorded as income and expense at the time they are received.

Membership Dues

Membership dues are recorded as revenue during the applicable membership period, the calendar year. Upon first joining the Council, membership dues are prorated for the remainder of the calendar year. Membership dues then convert to a calendar year basis. Payments received in advance from members for membership dues are reflected as dues paid in advance.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attribute to one or more program or supporting services of the Council. Those expenses include depreciation, the President's office, contract services, technology and membership services and programs. Depreciation is allocated based on a square footage basis, the President's office is allocated based on a time and cost study of where efforts are made, certain costs of contract services, technology and other membership services are allocated based on the benefit received or specific technology utilized.

Prior Year Summarized Comparative Information

The amounts shown for year ended December 31, 2019 in the accompanying statements of activities and functional expenses are included to provide a basis for comparison with 2020 and present summarized totals only. Accordingly, the 2019 totals are not intended to present all information necessary for a complete presentation in accordance with US GAAP and should be read in conjunction with the Council's 2019 financial statements.

Council of New Jersey Grantmakers

Notes to Financial Statements
December 31, 2020 and 2019

2. Summary of Significant Accounting Policies *(continued)*

Accounting for Uncertainty in Income Taxes

The Council recognizes the effect of income tax positions only when they are more likely than not of being sustained. Management has determined that the Council had no uncertain tax positions that would require financial statement recognition or disclosure. The Council is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2017.

Reclassifications

Certain amounts in the December 31, 2019 financial statements have been reclassified to conform to the December 31, 2020 presentation. The change in net assets is unchanged due to these reclassifications.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which is April 22, 2021.

3. Investments

The following are major categories of investments at fair value and cost as of December 31:

| | 2020 | | | Cost Total |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|
| | Fair Value | | | |
| | Level 1 | Level 2 | Total | |
| Mutual Funds | | | | |
| Equity index | \$ 107,871 | \$ - | \$ 107,871 | \$ 82,213 |
| Brokered certificates of deposit | - | 75,401 | 75,401 | 75,000 |
| Total investments | <u>\$ 107,871</u> | <u>\$ 75,401</u> | <u>\$ 183,272</u> | <u>\$ 157,213</u> |
| | | | | |
| | 2019 | | | Cost Total |
| | Fair Value | | | |
| | Level 1 | Level 2 | Total | |
| Mutual Funds | | | | |
| Equity index | \$ 80,275 | \$ - | \$ 80,275 | \$ 70,550 |
| Brokered certificates of deposit | - | 150,956 | 150,956 | 150,000 |
| | <u>\$ 80,275</u> | <u>\$ 150,956</u> | <u>\$ 231,231</u> | <u>\$ 220,550</u> |

Council of New Jersey Grantmakers

Notes to Financial Statements
December 31, 2020 and 2019

4. Investment Return

Investment return consists of the following as of December 31:

| | <u>2020</u> | <u>2019</u> |
|------------------------------|------------------|------------------|
| Interest and dividends | \$ 5,652 | \$ 13,438 |
| Realized and unrealized gain | <u>15,379</u> | <u>14,001</u> |
| | <u>\$ 21,031</u> | <u>\$ 27,439</u> |

5. Liquidity and Availability of Financial Assets

The Council's financial assets and resources available to meet cash needs for general expenditures within one year of the date of the statements of financial position were as follows at December 31:

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Financial assets: | | |
| Cash and cash equivalents | \$ 990,933 | \$ 564,608 |
| Grants receivable | - | 20,000 |
| Accounts receivable | 345 | 7,075 |
| Investments | <u>183,272</u> | <u>231,231</u> |
| Total financial assets | <u>1,174,550</u> | <u>822,914</u> |
| Less: Contractual or donor imposed restrictions amounts | | |
| Restricted by donor with time or purpose restrictions | <u>326,479</u> | <u>115,052</u> |
| | <u>326,479</u> | <u>115,052</u> |
| Financial assets available to meet general expenditures over the next twelve months | <u>\$ 848,071</u> | <u>\$ 707,862</u> |

As part of the Council's liquidity management strategy, the Council structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Council's working capital and cash flows have cyclical variations during the year attributable to the cash receipts of membership dues. The Council also maintains a line of credit of \$75,000 with a bank that can be drawn upon as needed during the year. It is the Council's policy to repay any borrowings in full by the end of the year. None of the Council's financial assets are subject to contractual restrictions that make them unavailable for general expenditure within one year of the date of the statement of financial position.

Council of New Jersey Grantmakers

Notes to Financial Statements
December 31, 2020 and 2019

6. Property and Equipment

Property and equipment consist of the following at December 31:

| | <u>2020</u> | <u>2019</u> |
|---------------------------------------|------------------|------------------|
| Technology infrastructure development | \$105,957 | \$100,289 |
| Equipment | 19,238 | 19,238 |
| Less accumulated depreciation | <u>(120,347)</u> | <u>(118,831)</u> |
| | <u>\$ 4,848</u> | <u>\$ 696</u> |

7. PPP Loan Payable

On April 30, 2020, the Council received loan proceeds in the amount of \$114,600 under the Paycheck Protection Program (the "PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), provides for loans to qualifying entities for amounts up to 2.5 times the 2019 average monthly payroll expenses of the qualifying entity. The PPP loan bears an interest rate of 1% per annum. All or a portion of the PPP loan principal and accrued interest is forgivable as long as the borrower uses the loan proceeds for eligible purposes, as described in the CARES Act, over a period of either eight or twenty-four weeks (the "Covered Period"). The amount of loan forgiveness could be reduced if the borrower terminates employees or reduces salaries below a certain threshold during the Covered Period and does not qualify for certain safe harbors. Although, the Council believes this loan will be substantially or fully forgiven, there can be no guarantee that the United States Small Business Administration ("SBA") will approve the loan forgiveness.

The unforgiven portion of the PPP loan, if any, is payable within two years from the date of the PPP loan with a deferral of payments of principal or interest until the amount of loan forgiveness is determined by the SBA. If the Council does not apply for forgiveness, payments begin approximately 16 months after the loan date. As of December 31, 2020 the PPP loan is recognized as a liability on the statement of financial position. The Council will recognize the income from the forgiveness of the PPP loan when it receives the notification of forgiveness from SBA in accordance with Accounting Standards Codification 470 Debt.

Principal payments on the PPP Loan are payable as follows (provided the PPP Loan is not forgiven):

| | |
|------|-------------------|
| 2021 | \$ 25,467 |
| 2022 | 76,400 |
| 2023 | <u>12,733</u> |
| | <u>\$ 114,600</u> |

Council of New Jersey Grantmakers

Notes to Financial Statements
December 31, 2020 and 2019

8. Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31 are restricted for the following purposes:

| | <u>2020</u> | <u>2019</u> |
|------------------------------|------------------|------------------|
| Purpose Restrictions: | | |
| Newark Philanthropic Liaison | \$170,566 | \$ 87,570 |
| Equipment Reserve | 22,484 | 20,462 |
| Bergen Funders | 1,900 | - |
| Racial Equity | 15,000 | - |
| COVID-19 | <u>13,792</u> | <u>-</u> |
| Total Purpose Restrictions | 223,742 | 108,032 |
| Time restrictions | <u>102,737</u> | <u>7,020</u> |
| | <u>\$326,479</u> | <u>\$115,052</u> |

Net assets with donor restrictions released from restrictions consisted of the following for the years ended December 31:

| | <u>2020</u> | <u>2019</u> |
|-------------------------------------|------------------|------------------|
| Purpose Restrictions: | | |
| Newark Philanthropic Liaison | \$164,504 | \$152,888 |
| Equipment Reserve | 8,718 | 1,498 |
| Bergen Funders | 3,100 | 9,813 |
| Racial Equity | 3,000 | - |
| COVID-19 | <u>61,208</u> | <u>-</u> |
| Total Purpose Restrictions Released | 240,530 | 164,199 |
| Time restriction released | <u>56,778</u> | <u>77,211</u> |
| | <u>\$297,308</u> | <u>\$241,410</u> |

9. In Kind Contributions

The Council rents its facilities at a nominal rate and receives donated space free of charge from Thomas Edison State College. The fair value of the donated space was \$44,904 and \$47,894 for the years ended December 31, 2020 and 2019 and such amount has been included in the statement of activities as in kind contributions with a corresponding amount in rent expense. The Council also received in kind legal services with a fair value of \$12,000 for the year ended December 31, 2019, which is reflected in the statement of activities as in kind contributions with a corresponding amount in professional fees.

Council of New Jersey Grantmakers

Notes to Financial Statements
December 31, 2020 and 2019

10. Concentration of Credit Risk

Financial instruments that potentially subject the Council to significant concentrations of credit risk consist principally of cash and cash equivalents and investments. On occasion cash balances held at financial institutions may at times be in excess of federally insured limits. The Council has not experienced any losses on its cash deposits. The Council routinely assesses the financial strength of its investment portfolio and diversifies the portfolio so that no individual or group of investments represents a significant concentration of credit risk.

As of December 31, 2019, one funding source accounted for 100% of grants receivable.

11. Line of Credit

The Council has an unsecured line of credit of \$75,000. The line expires on December 2, 2021 and has an interest rate of 5.50%. There were no amounts drawn upon or outstanding under the line as of December 31, 2020 and 2019.

12. COVID-19

The full duration and extent of the COVID-19 pandemic, related business and travel restrictions and changes to behavior intended to reduce its spread are uncertain as of the date these financial statements were available for issuance, as the pandemic continues to evolve globally. Therefore, the full extent of any adverse impact on the results of operations, financial position and cash flows in fiscal year 2021 and beyond cannot be reasonably estimated at this time.

The COVID-19 pandemic has resulted in substantial volatility in the global financial markets. As a result, the Council's investments have incurred fluctuation in their fair value since December 31, 2020. Because the value of the Council's investments has and will fluctuate in response to changing market conditions, the amount of losses, if any, that will be recognized in subsequent periods, cannot be determined.

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