

**THE FUND FOR NEW JERSEY**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**



**LUTZ AND CARR**

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees of  
The Fund for New Jersey

We have audited the accompanying financial statements of The Fund for New Jersey (a not-for-profit organization), which comprise the statements of financial position as of December 31, 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.

### **Auditors' 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 The Fund for New Jersey as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 12 to the financial statements, in March 2020, the United States of America declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. As a result, at the direction of state and local governmental authorities, The Fund for New Jersey temporarily suspended some of its programmatic work and staff began to work remotely. Our opinion is not modified with respect to this matter.

*Lutz + Carr, LLP*

New York, New York  
July 13, 2021

**THE FUND FOR NEW JERSEY**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Cash and cash equivalents (Notes 1b and 4)	\$ 469,713	\$ 1,852,483
Contribution receivable (Notes 1c and 5)	50,000	-
Interest and dividends receivable	13,062	48,724
Investments, at fair value (Notes 1d, 1e and 6)	64,014,650	58,082,038
Prepaid federal excise tax (Note 1i)	4,468	-
Prepaid expenses	13,436	12,868
Equipment, at cost, net of accumulated depreciation (Notes 1f and 7)	5,909	-
Security deposit	10,913	8,834
	<u>10,913</u>	<u>8,834</u>
<b>Total Assets</b>	<u>\$64,582,151</u>	<u>\$60,004,947</u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 68,748	\$ 41,676
Grants payable, net (Notes 1g and 8)	574,130	475,010
Federal excise tax payable (Note 1i)		
Current	-	100,303
Deferred	175,980	90,594
Total Liabilities	<u>818,858</u>	<u>707,583</u>
Commitments and Contingency (Notes 9, 10 and 12)		
Net Assets		
Without donor restrictions	63,643,293	59,297,364
With donor restrictions (Notes 3 and 11)	120,000	-
Total Net Assets	<u>63,763,293</u>	<u>59,297,364</u>
<b>Total Liabilities and Net Assets</b>	<u>\$64,582,151</u>	<u>\$60,004,947</u>

See notes to financial statements.

## THE FUND FOR NEW JERSEY

## STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>Change in Net Assets Without Donor Restrictions</b>		
Support, Revenues and Gains		
Contributions (Notes 1c and 11)	\$ 580,000	\$ 250,000
Interest and dividends	474,876	1,055,210
Realized gain on sale of investments	2,068,743	10,742,434
Unrealized gain (loss) on investments	6,142,842	(2,108,943)
Investment fees (Note 6)		
Advisory fees	(76,661)	(74,938)
Management fees	(137,020)	(78,802)
Provision for current federal excise tax	(31,229)	(115,852)
Provision for deferred federal excise (tax) benefit	(85,386)	81,936
	<u>8,936,165</u>	<u>9,751,045</u>
Expenses		
Program Services		
Grants	3,751,424	3,166,692
Program support	726,098	752,819
Total Program Services	<u>4,477,522</u>	<u>3,919,511</u>
Supporting Service		
Administration and other services	112,714	100,628
	<u>4,590,236</u>	<u>4,020,139</u>
	4,345,929	5,730,906
<b>Changes in Net Assets With Donor Restrictions</b>		
Contributions (Notes 1c and 11)	<u>120,000</u>	<u>-</u>
Increase in net assets	4,465,929	5,730,906
Net assets, beginning of year	<u>59,297,364</u>	<u>53,566,458</u>
	<u>\$63,763,293</u>	<u>\$59,297,364</u>
<b>Net Assets, End of Year</b>		

See notes to financial statements.

**THE FUND FOR NEW JERSEY**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<b>2020</b>			<b>2019</b>		
	<b>Program Services</b>	<b>Supporting Service</b>	<b>Total Expenses</b>	<b>Program Services</b>	<b>Supporting Service</b>	<b>Total Expenses</b>
	<b>Grants and Program Support</b>	<b>Administration and Other Services</b>		<b>Grants and Program Support</b>	<b>Administration</b>	
Grants awarded	\$3,751,424	\$ -	\$3,751,424	\$3,166,692	\$ -	\$3,166,692
Salaries	447,375	33,673	481,048	430,854	27,501	458,355
Payroll taxes and employee benefits	135,101	10,169	145,270	135,869	8,672	144,541
Professional fees	-	51,410	51,410	-	46,378	46,378
Occupancy	65,960	4,965	70,925	65,845	4,203	70,048
Meetings, travel and parking	7,285	3,043	10,328	36,282	6,177	42,459
Other program support	30,150	-	30,150	46,091	-	46,091
Office expenses	8,664	652	9,316	8,512	543	9,055
Website	688	52	740	837	53	890
Equipment rental and service contracts	6,043	455	6,498	8,185	522	8,707
Telephone and internet	7,429	559	7,988	5,904	377	6,281
Insurance	-	5,636	5,636	-	6,130	6,130
Dues and memberships	16,235	-	16,235	13,335	-	13,335
Postage	558	42	600	1,105	72	1,177
Miscellaneous	-	2,012	2,012	-	-	-
Total expenses before depreciation	4,476,912	112,668	4,589,580	3,919,511	100,628	4,020,139
Depreciation	610	46	656	-	-	-
Total Expenses	<u>\$4,477,522</u>	<u>\$ 112,714</u>	<u>\$4,590,236</u>	<u>\$3,919,511</u>	<u>\$ 100,628</u>	<u>\$4,020,139</u>

See notes to financial statements.

**THE FUND FOR NEW JERSEY**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 4,465,929	\$ 5,730,906
Adjustments to reconcile increase in net assets to net cash used by operating activities:		
Realized gain on sale of investments	(2,068,743)	(10,742,434)
Unrealized (gain) loss on investments	(6,142,842)	2,108,943
Depreciation	656	-
(Increase) decrease in:		
Contribution receivable	(50,000)	-
Interest and dividends receivable	35,662	(7,843)
Prepaid federal excise tax	(4,468)	4,549
Prepaid expenses	(568)	6,207
Security deposit	(2,079)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	27,072	14,582
Grants payable	99,120	400,010
Federal excise tax payable	(100,303)	100,303
Deferred federal excise tax payable	85,386	(81,936)
Net Cash Used By Operating Activities	<u>(3,655,178)</u>	<u>(2,466,713)</u>
 <b>Cash Flows From Investing Activities</b>		
Purchase of investments	(24,436,063)	(38,113,588)
Proceeds from sale of investments	26,715,036	42,158,909
Purchase of equipment	(6,565)	-
Net Cash Provided By Investing Activities	<u>2,272,408</u>	<u>4,045,321</u>
 Net increase (decrease) in cash and cash equivalents	(1,382,770)	1,578,608
Cash and cash equivalents, beginning of year	<u>1,852,483</u>	<u>273,875</u>
 <b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 469,713</u>	<u>\$ 1,852,483</u>
 <b>Supplemental Disclosure</b>		
Excise and unrelated business taxes paid	<u>\$ 25,000</u>	<u>\$ 12,000</u>

See notes to financial statements.

**THE FUND FOR NEW JERSEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 1 - Organization and Summary of Significant Accounting Policies**

a - Organization

The Fund for New Jersey (the "Fund") is a not-for-profit private foundation. The Fund's purpose is to distribute grants to organizations dealing with current public policy issues facing New Jersey in order to promote social improvement within the State of New Jersey.

b - Cash and Cash Equivalents

For purposes of the statement of cash flows, the Fund considers all highly liquid debt instruments, purchased with a maturity of three months or less, to be cash equivalents, except for those short-term investments managed by the Fund's investment managers as part of their long-term investment strategies.

c - Contributions

Contributions are recognized when the donor makes a promise to give to the Fund, that is, in substance, unconditional. Conditional promises to give, that is, those with a measurable performance-related or other barrier and right of return of assets transferred or release of a promisor's obligation to transfer assets in the future, are not recognized until the conditions on which they depend have been met.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. Other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

During the years ended December 31, 2020 and 2019, the Fund received 100% of contributions for special projects from a single foundation (Note 11).

d - Fair Value Measurements

Fair value is an estimate of the exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e., the exit price at the measurement date). Fair value measurements are not adjusted for transaction costs. A fair value hierarchy prioritizes inputs to valuation techniques used to measure fair value into three levels:

Level 1      Unadjusted quoted prices in active markets for identical assets or liabilities.



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**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

d - Fair Value Measurements (continued)

Level 2 Quoted prices for similar assets or liabilities, or inputs that are observable, either directly or indirectly, and reasonably available. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the Fund.

Level 3 Unobservable inputs reflect the assumptions that the Fund develops based on available information about what market participants would use in valuing the asset or liability.

An asset or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Availability of observable inputs can vary and is affected by a variety of factors. Level 3 assets and liabilities involve greater judgment than Level 1 or Level 2 assets or liabilities.

e - Investments

Investments in cash, equities, fixed income securities and mutual funds are measured at fair value based on quoted market prices. Investment income, including realized and unrealized gains and losses on investments, are reflected in the statement of activities as increases and decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

The Fund's alternative investments, which do not have readily determinable fair values, are reported based upon the underlying net asset value per share or its equivalent as a practical expedient. The net asset value per share is estimated at fair value by the fund manager or general partner in a manner consistent with accounting principles generally accepted in the United States for investment companies. The Fund relied on its investment consultant to review and evaluate the values provided by the fund managers and general partners and agrees with the valuation methods and assumptions used in determining the net asset values of these investments. These estimated fair values may differ significantly from the values that would have been used had a ready market for these investments existed.

f - Equipment

Equipment is recorded at cost and depreciated on a straight-line basis over its estimated useful life.

g - Grants Payable

Unconditional grants are accrued at the time awarded. Grants contingent upon the grantee's performance of specific obligations are recorded when the obligations have been met.

**THE FUND FOR NEW JERSEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

h - Financial Statement Presentation

The financial statements of the Fund have been prepared in accordance with U.S. generally accepted accounting principles, which require the Fund to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Fund. These net assets may be used at the discretion of the Fund's management and Board of Trustees.

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Fund or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

i - Tax Status

The Fund is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as a private foundation. Through December 31, 2019, the Fund was subject to a 1% or 2% federal excise tax on net investment income, as defined, which includes gains realized on the sale of investments. Effective in 2020, the federal excise tax rate was modified to a flat rate of 1.39%.

The Tax Reform Act of 1969 and subsequent amendments require that certain minimum distributions be made in accordance with a specified formula. The Fund has made distributions and expenditures in excess of the amounts required.

j - 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.

k - Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Expenses are applied directly to programs where applicable or allocated on a reasonable and consistent basis. A substantial portion of the Fund's expenses are directly related to program activities. The expenses that are allocated include salaries and benefits, depreciation, office expenses, occupancy costs, equipment rental and telephone, which are allocated on the basis of time and effort.

**THE FUND FOR NEW JERSEY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

I - Subsequent Events

The Fund has evaluated information relating to subsequent events through July 13, 2021, the date that the financial statements are considered available to be issued.

**Note 2 - Information Regarding Liquidity and Availability**

The Fund's income is generated from its investment portfolio, which is without donor restrictions. The Fund regularly monitors its liquidity to meet its operating needs and other commitments and obligations. The Fund considers general expenditures to consist of all expenses related to its ongoing program activities, and expenses related to general and administrative activities undertaken to support those activities. Management prepares disbursement requests quarterly, based on cash flow projections sufficient to cover ninety days of expenditures.

The Fund's financial assets as of December 31 and those available within one year to meet cash needs for general expenditures are summarized as follows:

	<u>2020</u>	<u>2019</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$ 469,713	\$ 1,852,483
Contribution receivable	50,000	-
Interest and dividends receivable	13,062	48,724
Investments	<u>64,014,650</u>	<u>58,082,038</u>
Total Financial Assets	64,547,425	59,983,245
Less: Amounts not Available to be Used within One Year:		
Net assets with donor restrictions, subject to expenditure for specific purposes or passage of time	(120,000)	-
Plus: net assets with donor restrictions expected to be met in less than one year	<u>120,000</u>	<u>-</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$64,547,425</u>	<u>\$59,983,245</u>

**THE FUND FOR NEW JERSEY**  
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**Note 3 - Net Assets With Donor Restrictions**

Net assets with donor restrictions of \$120,000 at December 31, 2020 are restricted for social justice grants expected to be awarded in 2021.

**Note 4 - Concentrations of Credit Risk**

The Fund maintains its cash and cash equivalents at two financial institutions, which at times, may exceed federally insured limits.

**Note 5 - Contribution Receivable**

Contribution receivable is due within one year. Uncollectible amounts are expected to be insignificant.

**Note 6 - Investments**

Investments are reflected at fair value and consist of the following:

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 551,075	\$ 551,075	\$ 365,622	\$ 365,622
Equities - held in separately managed accounts	17,212,483	21,097,354	10,981,714	11,341,458
Fixed Income - held in separately managed accounts				
Government and agency bonds	-	-	82,257	80,171
Corporate bonds and obligations	-	-	3,494,233	3,728,358
Municipal obligations	-	-	275,107	290,500
Foreign government and corporate obligations	-	-	359,172	384,338
Mutual Funds				
Money market fund	5,727,228	5,727,228	4,103,052	4,103,052
Fixed income	7,331,694	7,365,365	7,179,510	7,266,764
Equities	11,500,000	13,864,892	15,692,043	18,342,900
Alternative Investments				
Long/short equity	7,531,759	12,699,852	7,531,759	10,020,690
Global multi-strategy	1,500,000	2,708,884	1,500,000	2,158,185
Non-US equity	-	-	-	-
	<u>\$51,354,239</u>	<u>\$64,014,650</u>	<u>\$51,564,469</u>	<u>\$58,082,038</u>

**THE FUND FOR NEW JERSEY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 6 - Investments (continued)**

The following summarizes the fair value of the investments that are measured on a recurring basis at December 31:

	<b>2020</b>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 551,075	\$ 551,075	\$ -	\$ -
Equities	21,097,354	21,097,354	-	-
Mutual Funds				
Money market fund	5,727,228	5,727,228	-	-
Fixed income	7,365,365	7,365,365	-	-
Equities	<u>13,864,892</u>	<u>13,864,892</u>	-	-
Total Assets in Fair Value Hierarchy	48,605,914	<u>\$48,605,914</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at net asset value	<u>15,408,736</u>			
Total Investments	<u>\$64,014,650</u>			
	<b>2019</b>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 365,622	\$ 365,622	\$ -	\$ -
Equities	11,341,458	11,341,458	-	-
Fixed Income:				
Government and agency bonds	80,171	80,171	-	-
Corporate bonds and obligations	3,728,358	3,728,358	-	-
Municipal obligations	290,500	290,500	-	-
Foreign government and corporate obligations	384,338	384,338	-	-
Mutual Funds:				
Money market fund	4,103,052	4,103,052	-	-
Fixed income	7,266,764	7,266,764	-	-
Equities	<u>18,342,900</u>	<u>18,342,900</u>	-	-
Total Assets in Fair Value Hierarchy	45,903,163	<u>\$45,903,163</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at net asset value	<u>12,178,875</u>			
Total Investments	<u>\$58,082,038</u>			

**THE FUND FOR NEW JERSEY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Note 6 - Investments (continued)**

The alternative investment funds included in the Fund's investment portfolio using net asset value are redeemable based on the following terms and conditions at December 31, 2020:

Daily with 5 days' notice	\$ 7,311,807
Quarterly with up to 65 days' notice	<u>8,096,929</u>
	<u>\$15,408,736</u>

The following are descriptions of the investment strategies of these investments:

*Long/Short Equity* - Invests in long and short securities with varying degrees of exposure and leverage. These strategies may be broadly diversified or focused by region or sector.

*Global Multi-Strategy* - Broadly diversified hedge fund which utilizes several strategies (event driven, relative value, equity hedge, and macro) within the same pool of assets. Multi-strategy hedge funds are designed to reduce overall portfolio volatility and decrease asset-class and single-strategy risks.

*Non-US Equity* - Invests in securities of public companies listed on exchanges outside the United States.

The Fund pays a fixed fee on a quarterly basis for advisory services. It also pays fees based on a percentage of assets under management for its separately managed accounts. The fees charged for mutual funds and alternative investments are embedded in the income from those investments and are not separately reported.

**Note 7 - Equipment**

Equipment consists of the following at December 31:

	<u>Life</u>	<u>2020</u>	<u>2019</u>
Equipment	3-5 years	\$49,095	\$42,530
Less: Accumulated depreciation		<u>(43,186)</u>	<u>(42,530)</u>
		<u>\$ 5,909</u>	<u>\$ -</u>

**THE FUND FOR NEW JERSEY**  
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**Note 8 - Grants Payable**

Grants payable as of December 30 are due as follows:

	<u>2020</u>	<u>2019</u>
Due in less than one year	\$527,000	\$255,000
Due in one to two years	<u>50,000</u>	<u>230,000</u>
	577,000	485,000
Less: Discounting to present value	<u>(2,870)</u>	<u>(9,900)</u>
Total	<u>\$574,130</u>	<u>\$475,100</u>

Grants payable due after one year are discounted to net present value using a discount rate of 3%.

The Fund has approved a grant that contains certain matching provisions that must be met prior to the grantee receiving the final payment. As of December 31, 2020, \$37,000 has been awarded but not recorded within the financial statements of the Fund.

**Note 9 - Retirement Plan**

The Fund has a defined contribution plan for the benefit of all eligible employees, which provides for employer contributions equal to 10% of a participant's compensation. Contributions to the plan during 2020 and 2019 amounted to \$46,420 and \$42,153, respectively.

**Note 10 - Commitment**

The Fund leases space under a new lease agreement signed in December 2019, which provides for approximate minimum rental payments as follows:

<u>Year Ending December 31,</u>	
2021	\$66,000
2022	68,000
2023	69,000
2024	71,000
Thereafter, through June 18, 2025	36,000

Rent expense for the years ended December 31, 2020 and 2019 was \$67,495 and \$66,468, respectively.

**THE FUND FOR NEW JERSEY**  
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**Note 11 - Special Projects**

In June 2019, the Fund was awarded a pledge of up to \$500,000 by the Robert Wood Johnson Foundation to make grants supporting coordinated and strategic efforts to promote Census participation in New Jersey, particularly among hard-to-count populations. \$250,000 was received and expended in 2019. The balance of \$250,000 was conditional upon the Fund meeting certain requirements. The Fund met the requirements during the year ended December 31, 2020, and recorded a contribution for \$250,000.

In June 2020, the Fund was awarded a second grant from the Robert Wood Johnson Foundation for \$450,000 to commit to New Jersey's recovery from COVID-19 to restructuring institutions, policies, and practices to produce racial equity and justice. \$330,000 was expended during 2020 and the balance of \$120,000 is reflected as net assets with donor restrictions.

**Note 12 - Risks and Uncertainties**

In March 2020, the United States of America declared the global pandemic novel coronavirus COVID-19 outbreak a national emergency. As a result, at the direction of state and local governmental authorities, the Fund temporarily suspended some of its programmatic work and staff began to work remotely. Management believes that its current financial assets are sufficient to support the Fund's operations on an ongoing basis.