

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
 The Fund for New Jersey

We have audited the accompanying statements of financial position of The Fund for New Jersey (a not-for-profit organization) as of December 31, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2008 and 2007, 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.

Lutz + Carr, LLP

New York, New York
 May 7, 2009

**THE FUND OF NEW JERSEY
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
Assets		
Cash and cash equivalents (Notes 1b and 2)	\$ 7,988,021	\$ 201,376
Interest and dividends receivable	65,662	99,707
Investments, at fair value (Notes 1c and 3)	38,807,510	73,209,565
Prepaid federal excise tax (Note 1f)	53,171	-
Prepaid expenses and other assets	4,586	25,926
Equipment, net of accumulated depreciation (Notes 1d and 4)	983	4,259
Security deposit	2,970	2,970
	<u>\$ 46,922,903</u>	<u>\$73,543,803</u>
Total Assets		
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 16,366	\$ 13,198
Federal excise tax payable (Note 1f)		
Current	-	11,821
Deferred	-	197,669
Total Liabilities	<u>16,366</u>	<u>222,688</u>
Commitment (Note 7)		
Net Assets		
Unrestricted	<u>46,906,537</u>	<u>73,321,115</u>
	<u>\$ 46,922,903</u>	<u>\$73,543,803</u>
Total Liabilities and Net Assets		

See notes to financial statements.

**THE FUND FOR NEW JERSEY
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
Change in Unrestricted Net Assets		
Revenues, Gains and Losses		
Interest	\$ 1,079,362	\$ 1,046,863
Dividends	624,922	611,732
Realized gain (loss) on sale of investments	(2,231,582)	3,056,165
Other net investment income (loss)	299,633	(76,965)
Unrealized gain (loss) on investments	(22,492,192)	2,107,682
Less: Investment management and custody fees	(302,703)	(247,370)
Less: Provision for current federal excise tax	(32,364)	(47,668)
Add/Less: Provision for deferred federal excise (tax) benefit	197,669	(42,154)
Total Revenues, Gains and Losses	<u>(22,857,255)</u>	<u>6,408,285</u>
Expenses		
Program Services		
Grants (net) and Climate Control expenses	2,890,404	3,515,230
Program support	497,660	488,264
Total Program Services	<u>3,388,064</u>	<u>4,003,494</u>
Supporting Services		
Administration	169,259	162,161
Total Expenses	<u>3,557,323</u>	<u>4,165,655</u>
Increase (decrease) in net assets	(26,414,578)	2,242,630
Net assets, beginning of year	73,321,115	71,078,485
Net Assets, End of Year	<u>\$ 46,906,537</u>	<u>\$73,321,115</u>

See notes to financial statements.

**THE FUND FOR NEW JERSEY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$(26,414,578)	\$ 2,242,630
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Realized gain (loss) on sale of investments	2,231,582	(3,056,165)
Unrealized gain (loss) on investments	22,492,192	(2,107,682)
Depreciation	3,276	5,569
(Increase) decrease in:		
Interest and dividends receivable	34,045	(6,185)
Prepaid federal excise tax	(53,171)	-
Prepaid expenses and other assets	21,340	(21,330)
Increase (decrease) in:		
Accounts payable and accrued expenses	3,168	(5,437)
Federal excise tax payable	(11,821)	(7,632)
Deferred federal excise tax payable	(197,669)	42,154
Net Cash Used By Operating Activities	<u>(1,891,636)</u>	<u>(2,914,078)</u>
Cash Flows From Investing Activities		
Purchase of investments	(27,763,958)	(11,589,621)
Sale of investments	37,442,239	14,678,844
Purchase of equipment	-	(1,966)
Net Cash Provided By Investing Activities	<u>9,678,281</u>	<u>3,087,257</u>
Net increase in cash and cash equivalents	7,786,645	173,179
Cash and cash equivalents, beginning of year	201,376	28,197
Cash and Cash Equivalents, End of Year	<u>\$ 7,988,021</u>	<u>\$ 201,376</u>

See notes to financial statements.

THE FUND FOR NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

Note 1 - Organization and Summary of Significant Accounting Policies

a - Organization

The Fund for New Jersey is a not-for-profit private foundation. The Fund's purpose is to distribute grants to organizations dealing with current problems 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 unrestricted 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 - Investments

The Fund reflects investments at fair value in the statement of financial position. Unrealized gains and losses on investments are reflected in the statement of activities as increases and decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

The Fund adopted Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" ("SFAS 157"), effective January 1, 2008.

SFAS 157 clarifies that 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). Under SFAS 157, fair value measurements are not adjusted for transaction costs. SFAS 157 provides for use of a fair value hierarchy that 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.
- 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. 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.

THE FUND FOR NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007

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

c - Investments (continued)

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.

The Fund's holding in an investment fund is classified within Level 2 of the fair value hierarchy because its fair value is determined by the management of the investment fund, based on quoted prices for similar assets.

The values assigned to these investments and any unrealized gains or losses reported are based on available information and do not necessarily represent amounts that might be realized if a ready market existed and such differences could be material. The ultimate realization of such amounts depend on future events and circumstances and therefore valuation estimates may differ from the value realized upon disposition of individual positions.

d - Equipment

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

e - Financial Statement Presentation

The Fund presents its financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*.

f - Tax Status

The Fund is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code, but is subject to a 1% or 2% Federal excise tax on net investment income, as defined, which includes gains realized on the sale of investments. In addition, deferred taxes represent 2% on the unrealized appreciation in the market value of investments.

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.

g - 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.

**THE FUND FOR NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

Note 2 - Concentration of Credit Risk

The Fund maintains its cash and cash equivalents at one financial institution, which briefly exceeded federally insured limits.

The cash balance at December 31, 2008 included approximately \$7,800,000 of funds from a liquidated investment which were reinvested in January 2009.

Note 3 - Investments

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

	2008		2007	
	Cost	Market Value	Cost	Market Value
Cash equivalents	\$ 180,879	\$ 180,879	\$ 540,668	\$ 540,668
U.S. treasury, government agency obligations and corporate bonds	14,107,366	13,551,169	10,469,820	10,496,479
Mutual funds and International Equity Investment Fund	37,128,016	25,075,462	43,753,548	53,983,480
Bond index fund	-	-	8,562,088	8,188,938
	<u>\$51,416,261</u>	<u>\$38,807,510</u>	<u>\$63,326,124</u>	<u>\$73,209,565</u>

Equities and fixed income securities are reflected on the basis of quoted market values. The International Equity Investment Fund ("Investment Fund") is reflected at fair value as determined by the management of the Investment Fund. The Investment Fund is a commingled fund that invests in mainly publicly traded equity securities of companies that are headquartered outside of the United States.

The following summarizes investments at December 31, 2008 by the Levels within the fair value hierarchy used to measure their respective fair values:

	Fair Value	Level 1	Level 2
	Cash and cash equivalents	\$ 180,882	\$ 180,882
U.S. treasury, government agency obligations and corporate bonds	13,551,169	13,551,169	-
Mutual funds	17,550,091	17,550,091	-
International Equity Investment Fund	<u>7,525,368</u>	<u>-</u>	<u>7,525,368</u>
	<u>\$38,807,510</u>	<u>\$31,282,142</u>	<u>\$7,525,368</u>

**THE FUND FOR NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

Note 4 - Equipment

Equipment consists of the following at December 31:

	2008	2007
Computer equipment	\$17,689	\$17,689
Office equipment	1,295	1,295
Less: Accumulated depreciation	(18,001)	(14,725)
	<u>\$ 983</u>	<u>\$ 4,259</u>

Depreciation expense for the years ended December 31, 2008 and 2007 was \$3,276 and \$5,569, respectively.

Note 5 - Functional Allocation of Expenses

The cost of providing the program and the supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program and supporting services benefited.

Note 6 - Retirement Plan

The Fund has a defined contribution plan for the benefit of all eligible employees which provides for employer contributions based on a percentage (10%) of a participant's compensation. Contributions to the plan during 2008 and 2007 amounted to \$34,335 each year.

Note 7 - Commitment

The Fund occupies space under a lease which provides for minimum rental payments as follows:

<u>Year Ending December 31,</u>	
2009	\$46,140
2010	47,856

Rent expense for the years ended December 31, 2008 and 2007 was \$44,580 and \$43,080, respectively.