

THE FUND FOR NEW JERSEY

FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
The Fund for New Jersey

Opinion

We have audited the accompanying financial statements of The Fund for New Jersey (a non-profit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Fund for New Jersey as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Fund for New Jersey and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Fund for New Jersey's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Fund for New Jersey's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Fund for New Jersey's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Lotz + Carr, LLP

New York, New York
September 26, 2024

THE FUND FOR NEW JERSEY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	2023	2022
Assets		
Cash and cash equivalents (Notes 1b and 4)	\$ 572,387	\$ 1,205,420
Contributions receivable (Notes 1c and 5)	-	800,000
Interest and dividends receivable	43,769	34,701
Investments, at fair value (Notes 1d, 1e and 6)	57,105,170	55,531,704
Prepaid federal excise tax (Note 1j)	724	12,680
Prepaid expenses	19,007	16,208
Operating lease right-of-use asset (Note 1f)	103,686	171,909
Equipment, at cost, net of accumulated depreciation (Notes 1g and 7)	4,309	6,558
Security deposit	10,913	10,913
	\$57,859,965	\$57,790,093
Total Assets		
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 128,241	\$ 70,827
Grants payable, net (Notes 1h and 8)	998,519	1,033,569
Operating lease liability (Notes 1f and 10)	105,913	173,802
Federal excise tax payable - deferred (Note 1j)	167,922	101,241
Total Liabilities	1,400,595	1,379,439
Commitments (Notes 9 and 10)		
Net Assets		
Without donor restrictions	56,419,370	54,760,654
With donor restrictions (Notes 3 and 11)	40,000	1,650,000
Total Net Assets	56,459,370	56,410,654
	\$57,859,965	\$57,790,093
Total Liabilities and Net Assets		

See notes to financial statements.

THE FUND FOR NEW JERSEY

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Change in Net Assets Without Donor Restrictions		
Support, Revenues and Gains (Losses)		
Contributions (Notes 1c and 11)	\$ -	\$ 100,000
Interest and dividends	552,618	566,810
Realized gain on sale of investments	1,192,599	2,330,622
Unrealized gain (loss) on investments	4,797,217	(13,147,583)
Revenue from Limited Partnership investments	303,456	164,380
Investment fees (Note 6)		
Advisory fees	(88,582)	(83,176)
Management fees	(126,209)	(163,134)
Provision for current federal excise tax	(26,956)	(38,504)
Provision for deferred federal excise (tax) benefit	(66,681)	182,751
	<u>6,537,462</u>	<u>(10,087,834)</u>
Net assets released from restrictions		
Satisfaction of program restrictions	<u>1,610,000</u>	<u>350,000</u>
	<u>8,147,462</u>	<u>(9,737,834)</u>
Expenses		
Program Services		
Grants	5,483,217	4,337,888
Program support	774,397	899,468
Total Program Services	<u>6,257,614</u>	<u>5,237,356</u>
Supporting Service		
Administration and other services	<u>231,132</u>	<u>116,527</u>
	<u>6,488,746</u>	<u>5,353,883</u>
Increase (Decrease) in Net Assets Without Donor Restrictions	<u>1,658,716</u>	<u>(15,091,717)</u>
Changes in Net Assets With Donor Restrictions		
Contributions (Notes 1c and 11)	-	1,650,000
Net assets released from restrictions	<u>(1,610,000)</u>	<u>(350,000)</u>
	<u>(1,610,000)</u>	<u>1,300,000</u>
Increase (decrease) in net assets	48,716	(13,791,717)
Net assets, beginning of year	<u>56,410,654</u>	<u>70,202,371</u>
Net Assets, End of Year	<u><u>\$56,459,370</u></u>	<u><u>\$56,410,654</u></u>

See notes to financial statements.

THE FUND FOR NEW JERSEY
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Program Services	Supporting Service	Total Expenses	Program Services	Supporting Service	Total Expenses
	Grants and Program Support	Administration and Other Services		Grants and Program Support	Administration and Other Services	
Grants awarded	\$5,483,217	\$ -	\$5,483,217	\$4,337,888	\$ -	\$4,337,888
Salaries	516,014	44,871	560,885	428,923	37,298	466,221
Payroll taxes and employee benefits	92,512	8,044	100,556	91,759	7,979	99,738
Professional fees	-	161,540	161,540	219,601	56,025	275,626
Lease cost	75,456	6,561	82,017	69,518	6,045	75,563
Meetings, travel and parking	21,999	-	21,999	8,769	-	8,769
Other program support	13,000	-	13,000	37,001	-	37,001
Office expenses	23,135	2,012	25,147	17,631	1,533	19,164
Website	1,064	93	1,157	415	36	451
Telephone and internet	6,974	606	7,580	7,010	610	7,620
Insurance	-	7,187	7,187	-	6,749	6,749
Dues and memberships	21,743	-	21,743	15,933	-	15,933
Postage	431	38	469	839	72	911
Total expenses before depreciation	6,255,545	230,952	6,486,497	5,235,287	116,347	5,351,634
Depreciation	2,069	180	2,249	2,069	180	2,249
Total Expenses	<u>\$6,257,614</u>	<u>\$ 231,132</u>	<u>\$6,488,746</u>	<u>\$5,237,356</u>	<u>\$ 116,527</u>	<u>\$5,353,883</u>

See notes to financial statements.

THE FUND FOR NEW JERSEY

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 48,716	\$(13,791,717)
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Amortization of right-of-use asset	68,223	67,530
Realized gain on sale of investments	(1,192,599)	(2,330,622)
Unrealized (gain) loss on investments	(4,797,217)	13,147,583
Deferred federal excise tax (benefit)	66,681	(182,751)
Depreciation	2,249	2,249
(Increase) decrease in:		
Contribution receivable	800,000	(800,000)
Interest and dividends receivable	(9,068)	(3,942)
Prepaid federal excise tax	11,956	(12,680)
Prepaid expenses	(2,799)	(9,230)
Increase (decrease) in:		
Accounts payable and accrued expenses	57,414	(25,354)
Grants payable	(35,050)	284,889
Operating lease liability	(67,889)	(65,637)
Federal excise tax payable	-	(5,816)
Net Cash Used By Operating Activities	<u>(5,049,383)</u>	<u>(3,725,498)</u>
Cash Flows From Investing Activities		
Purchase of investments	(11,914,573)	(23,443,119)
Proceeds from sale of investments	16,330,923	27,290,057
Net Cash Provided By Investing Activities	<u>4,416,350</u>	<u>3,846,938</u>
Net increase (decrease) in cash and cash equivalents	(633,033)	121,440
Cash and cash equivalents, beginning of year	<u>1,205,420</u>	<u>1,083,980</u>
Cash and Cash Equivalents, End of Year	<u>\$ 572,387</u>	<u>\$ 1,205,420</u>
Supplemental Disclosure		
Federal excise taxes paid	<u>\$ 15,000</u>	<u>\$ 57,000</u>
Operating lease right-of-use asset obtained in exchange for lease liability	<u>\$ -</u>	<u>\$ 239,439</u>

See notes to financial statements.

THE FUND FOR NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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 and Contributions Receivable

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.

The Fund received all of its contributions for special projects from two foundations during the year ended December 31, 2022 (Note 11). The amount due from two foundations represent the total contributions receivables as of December 31, 2022.

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.

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

THE FUND FOR NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

d - Fair Value Measurements (continued)

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 of America ("U.S. GAAP") 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 - Operating Lease Right-of-Use Asset and Operating Lease Liability

For its lease with an initial term greater than twelve months, the Fund's operating lease liability was initially recorded at the present value of the unpaid lease payments. The Fund's operating lease right-of-use asset was initially recorded at the carrying amount of the lease liability adjusted for initial direct costs, accruals, deferred rent liability and lease incentives, if any. Operating lease cost is recognized on a straight-line basis over the lease term.

g - Equipment

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

h - 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, 2023 AND 2022

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

i - Financial Statement Presentation

The financial statements of the Fund have been prepared in accordance with U.S. GAAP, 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.

j - Tax Status

The Fund is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as a private foundation. The Fund is subject to a 1.39% federal excise tax on net investment income, as defined, which includes gains realized on the sale 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.

k - Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

l - 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.

m - Subsequent Events

The Fund has evaluated information relating to subsequent events through September 26, 2024, the date that the financial statements are considered available to be issued.

THE FUND FOR NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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, 2023 and 2022 available to meet cash needs for general expenditures within one year are summarized as follows:

	<u>2023</u>	<u>2022</u>
Financial Assets at Year End:		
Cash and cash equivalents	\$ 572,387	\$ 1,205,420
Contributions receivable	-	800,000
Interest and dividends receivable	43,769	34,701
Investments, at fair value	<u>57,105,170</u>	<u>55,531,704</u>
Total Financial Assets	57,721,326	57,571,825
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	(40,000)	(1,650,000)
Plus: net assets with donor restrictions expected to be met in less than one year	<u>40,000</u>	<u>1,650,000</u>
Financial Assets Available to Meet General Expenditures within One Year	<u>\$57,721,326</u>	<u>\$57,571,825</u>

Note 3 - Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2023 and 2022 are restricted for social justice grants expected to be awarded in the following year.

Note 4 - Concentrations of Credit Risk

The Fund maintains its cash and cash equivalents at a single financial institution, which at times, may exceed federally insured limits.

THE FUND FOR NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 5 - Contributions Receivable

Contributions receivable at December 31, 2022 were due within one year. Uncollectible amounts were insignificant.

Note 6 - Investments

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

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 521,441	\$ 521,441	\$ 436,599	\$ 436,599
Equities - held in separately managed accounts	13,704,742	17,447,327	16,211,553	18,578,473
Fixed income - held in a separately managed account:				
Government and agency bonds	2,009,215	1,996,459	1,621,230	1,517,622
Corporate bonds and obligations	2,331,545	2,198,391	2,025,197	1,764,112
Municipal obligations	347,181	321,747	368,937	330,609
Mortgage pools and asset backed securities	1,250,239	1,227,393	943,566	858,451
Mutual Funds:				
Money market fund	1,337,771	1,337,771	2,892,451	2,892,451
Fixed income	7,075,372	8,295,783	8,279,995	8,508,578
Alternative Investments:				
Long/short equity	8,642,815	13,727,536	7,470,652	11,313,130
Global multi-strategy	7,804,142	10,031,322	7,998,034	9,331,679
	<u>\$45,024,463</u>	<u>\$57,105,170</u>	<u>\$48,248,214</u>	<u>\$55,531,704</u>

THE FUND FOR NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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, 2023:

Daily with 5 days' notice	\$ 6,770,402
Quarterly with up to 65 days' notice	<u>16,988,456</u>
	<u>\$23,758,858</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.

At December 31, 2023, the Fund's approximate ownership share of these investments ranges from 0.12% to 15.60%.

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.

The Fund is committed to invest \$8,000,000 in two limited partnerships which makes periodic capital calls. As of December 31, 2023, capital calls of \$6,250,000 have been made.

Note 7 - Equipment

Equipment consists of the following at December 31:

	<u>Life</u>	<u>2023</u>	<u>2022</u>
Equipment	3-5 years	\$53,774	\$53,774
Less: Accumulated depreciation		<u>(49,465)</u>	<u>(47,216)</u>
		<u>\$ 4,309</u>	<u>\$ 6,558</u>

THE FUND FOR NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 8 - Grants Payable

Grants payable as of December 31 are due as follows:

	<u>2023</u>	<u>2022</u>
Due in less than one year	\$ 810,000	\$ 604,688
Due in one to two years	<u>200,000</u>	<u>455,000</u>
	1,010,000	1,059,688
Less: Discounting to present value	<u>(11,481)</u>	<u>(26,119)</u>
Total	<u>\$ 998,519</u>	<u>\$ 1,033,569</u>

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

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 2023 and 2022 amounted to \$41,774 and \$46,733, respectively.

Note 10 - Operating Lease Liability

The Fund occupies space under an operating lease agreement expiring June 18, 2025.

Operating lease expense was \$69,710 during each of the years ended December 31, 2023 and 2022. There were no variable lease costs incurred. As of December 31, 2023, the remaining term of the Fund's operating lease is eighteen months and the discount rate is 1.04%.

THE FUND FOR NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 10 - Operating Lease Liability (continued)

Maturities of the Fund's operating lease liability as of December 31, 2023 are as follows:

Year ending December 31, 2024	\$ 70,935
Thereafter, through June 18, 2025	<u>35,857</u>
	106,792
Less: Amount attributable to interest	<u>(879)</u>
	<u>\$105,913</u>

Note 11 - Special Projects

The Fund has been awarded several grants from Robert Wood Johnson Foundation and Geraldine R. Dodge Foundation in 2022 that were recorded as contribution income. The purpose of these grants was to address structural racism in New Jersey's institutions, policies, and practices and to advance racial equity and justice.