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INDEPENDENT AUDITORS' 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, 2009 and 2008, 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, 2009 and 2008, 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 17, 2010

**THE FUND OF NEW JERSEY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Assets		
Cash and cash equivalents (Notes 1b and 2)	\$ 159,164	\$ 7,988,021
Interest and dividends receivable	124,315	65,662
Investments, at fair value (Notes 1c, 1f and 3)	49,384,942	38,807,510
Prepaid federal excise tax (Note 1g)	42,667	53,171
Prepaid expenses and other assets	4,586	4,586
Equipment, net of accumulated depreciation (Notes 1d and 4)	328	983
Security deposit	2,970	2,970
	<u> </u>	<u> </u>
Total Assets	<u>\$49,718,972</u>	<u>\$ 46,922,903</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 26,212	\$ 16,366
Grant payable	75,000	-
Total Liabilities	<u>101,212</u>	<u>16,366</u>
Commitment (Notes 6 and 7)		
Net Assets		
Unrestricted	<u>49,617,760</u>	<u>46,906,537</u>
	<u> </u>	<u> </u>
Total Liabilities and Net Assets	<u>\$49,718,972</u>	<u>\$ 46,922,903</u>

See notes to financial statements.

**THE FUND FOR NEW JERSEY
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Change in Unrestricted Net Assets		
Revenues, Gains and Losses		
Interest	\$ 476,984	\$ 1,079,362
Dividends	832,464	624,922
Realized loss on sale of investments	(3,916,844)	(2,231,582)
Other net investment income	58,724	299,633
Unrealized gain (loss) on investments	8,514,533	(22,492,192)
Less: Investment management and custody fees	(153,667)	(302,703)
Less: Provision for current federal excise tax	(10,504)	(32,364)
Add: Provision for deferred federal excise tax benefit	-	197,669
	<u> </u>	<u> </u>
Total Revenues, Gains and Losses	<u>5,801,690</u>	<u>(22,857,255)</u>
Expenses		
Program Services		
Grants, net of refunds of \$307 (2008)	2,462,500	2,890,404
Program support	458,322	497,660
Total Program Services	<u>2,920,822</u>	<u>3,388,064</u>
Supporting Services		
Administration	169,645	169,259
	<u> </u>	<u> </u>
Total Expenses	<u>3,090,467</u>	<u>3,557,323</u>
Increase (decrease) in net assets	2,711,223	(26,414,578)
Net assets, beginning of year	46,906,537	73,321,115
	<u> </u>	<u> </u>
Net Assets, End of Year	<u>\$49,617,760</u>	<u>\$ 46,906,537</u>

See notes to financial statements.

**THE FUND FOR NEW JERSEY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 2,711,223	\$(26,414,578)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Realized loss on sale of investments	3,916,844	2,231,582
Unrealized (gain) loss on investments	(8,514,533)	22,492,192
Depreciation	655	3,276
(Increase) decrease in:		
Interest and dividends receivable	(58,653)	34,045
Prepaid federal excise tax	10,504	(53,171)
Prepaid expenses and other assets	-	21,340
Increase (decrease) in:		
Accounts payable and accrued expenses	9,846	3,168
Grant payable	75,000	-
Federal excise tax payable	-	(11,821)
Deferred federal excise tax payable	-	(197,669)
Net Cash Used By Operating Activities	<u>(1,849,114)</u>	<u>(1,891,636)</u>
Cash Flows From Investing Activities		
Purchase of investments	(28,729,203)	(27,763,958)
Sale of investments	22,749,460	37,442,239
Net Cash Provided (Used) By Investing Activities	<u>(5,979,743)</u>	<u>9,678,281</u>
Net increase (decrease) in cash and cash equivalents	(7,828,857)	7,786,645
Cash and cash equivalents, beginning of year	7,988,021	201,376
Cash and Cash Equivalents, End of Year	<u>\$ 159,164</u>	<u>\$ 7,988,021</u>

See notes to financial statements.

**THE FUND FOR NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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.

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.
- 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.

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 FOR NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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**THE FUND FOR NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

Note 2 - Concentration of Credit Risk

The Fund maintains its cash and cash equivalents at one financial institution, which at times, exceeds 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:

	<u>2009</u>		<u>2008</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Cash equivalents	\$ 676,549	\$ 676,549	\$ 180,879	\$ 180,879
U.S. Treasury, government agency obligations and corporate bonds	11,028,764	11,029,928	14,107,366	13,551,169
Mutual funds and International Equity Investment Fund	<u>41,773,847</u>	<u>37,678,465</u>	<u>37,128,016</u>	<u>25,075,462</u>
	<u>\$53,479,160</u>	<u>\$49,384,942</u>	<u>\$51,416,261</u>	<u>\$38,807,510</u>

Equities and fixed income securities are reflected on the basis of quoted market values. The International Equity Investment Fund (the "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, 2009 and 2008 by the levels within the fair value hierarchy used to measure their respective fair values:

	<u>2009</u>		
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Cash and cash equivalents	\$ 676,549	\$ 676,549	\$ -
U.S. Treasury, government agency obligations and corporate bonds	11,029,928	11,029,928	-
Mutual funds	31,472,295	31,472,295	-
International Equity Investment Fund	<u>6,206,170</u>	<u>-</u>	<u>6,206,170</u>
	<u>\$49,384,942</u>	<u>\$43,178,772</u>	<u>\$6,206,170</u>

**THE FUND FOR NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

Note 3 - Investments (continued)

	<u>2008</u>		
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
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>

Note 4 - Equipment

Equipment consists of the following at December 31:

	<u>2009</u>	<u>2008</u>
Computer equipment	\$17,689	\$17,689
Office equipment	<u>1,295</u>	<u>1,295</u>
	18,984	18,984
Less: Accumulated depreciation	<u>(18,656)</u>	<u>(18,001)</u>
	<u>\$ 328</u>	<u>\$ 983</u>

Depreciation expense for the years ended December 31, 2009 and 2008 was \$655 and \$3,276, 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.

**THE FUND FOR NEW JERSEY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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 2009 and 2008 amounted to \$30,774 and \$34,335, respectively.

Note 7 - Commitment

The Fund occupies space under a lease which provides for minimum rental payments through December 31, 2010 of \$47,856.

Rent expense for the years ended December 31, 2009 and 2008 was \$46,448 and \$44,580, respectively.