

PINELANDS PRESERVATION ALLIANCE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2023

PINELANDS PRESERVATION ALLIANCE, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Pinelands Preservation Alliance, Inc.
Southampton, New Jersey

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **PINELANDS PRESERVATION ALLIANCE, INC.** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year 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 **PINELANDS PRESERVATION ALLIANCE, INC.** as of December 31, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **PINELANDS PRESERVATION ALLIANCE, INC.** and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 **PINELANDS PRESERVATION ALLIANCE, INC.**'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 and *Government 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 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 and *Government 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 **PINELANDS PRESERVATION ALLIANCE, INC.**'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 **PINELANDS PRESERVATION ALLIANCE, INC.**'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and expenditures of state financial assistance, are presented for purposes of additional analysis, and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2024, on our consideration of **PINELANDS PRESERVATION ALLIANCE, INC.**'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of **PINELANDS PRESERVATION ALLIANCE, INC.**'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **PINELANDS PRESERVATION ALLIANCE, INC.**'s internal control over financial reporting and compliance.

Haefele, Flanagan & Co., p.c.

Maple Shade, New Jersey
November 14, 2024

PINELANDS PRESERVATION ALLIANCE, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,110,816
Marketable securities	2,342,313
Pooled investments	2,057,478
Grants and other current receivables	127,899
Prepaid expenses	57,965
Inventory	34,737
Total current assets	5,731,208

PROPERTY AND EQUIPMENT, NET	<u>3,752,848</u>
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Total Assets	<u><u>\$ 9,484,056</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Current portion of long-term debt	8,445
Accounts payable	102,241
Accrued expenses and other current liabilities	44,461
Fees received in advance	133,235
Security deposits	1,255
Total current liabilities	<u>289,637</u>

LONG-TERM DEBT, NET	<u>2,112</u>
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NET ASSETS

Without donor restrictions	
Board designated	3,451,906
Undesignated	4,084,465
Total without donor restrictions	<u>7,536,371</u>
With donor restrictions	<u>1,655,936</u>
Total net assets	<u>9,192,307</u>

Total Liabilities and Net Assets	<u><u>\$ 9,484,056</u></u>
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The accompanying notes are an integral part of these financial statements.

PINELANDS PRESERVATION ALLIANCE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants and contributions			
Government grants	\$ 412,414	\$ -0-	\$ 412,414
Employee retention tax credit	505,858	-0-	505,858
Contributions			
Foundations	446,492	167,787	614,279
Corporations	20,855	-0-	20,855
Individuals	579,327	-0-	579,327
Bequests	115,824	-0-	115,824
Trustees	34,615	-0-	34,615
Special projects	45,795	-0-	45,795
Other revenue			
Programs and events - Pinelands Adventures	238,490	-0-	238,490
Programs and events - other	104,467	-0-	104,467
Event space rental	336,886	-0-	336,886
Merchandise sales, net of direct costs of \$26,496	46,980	-0-	46,980
Produce sales and shares	181,868	-0-	181,868
Loss on disposal of fixed assets	(1,681)	-0-	(1,681)
Investment income, net	624,073	-0-	624,073
Net assets released from restrictions	32,000	(32,000)	-0-
Total revenue and support	3,724,263	135,787	3,860,050
EXPENSES			
<u>Program services</u>			
Constituency building, science, and stewardship	2,264,342	-0-	2,264,342
Public intervention	405,568	-0-	405,568
Total program services			
	2,669,910	-0-	2,669,910
<u>Support services</u>			
Management and general	291,729	-0-	291,729
Fundraising	362,113	-0-	362,113
Total support services			
	653,842	-0-	653,842
Total expenses	3,323,752	-0-	3,323,752
Change in net assets	400,511	135,787	536,298
Net assets, beginning of year	7,135,860	1,520,149	8,656,009
Net assets, end of year	<u>\$ 7,536,371</u>	<u>\$ 1,655,936</u>	<u>\$ 9,192,307</u>

The accompanying notes are an integral part of these financial statements.

PINELANDS PRESERVATION ALLIANCE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services			Support Services			
	<u>Constituency Building, Science, and Stewardship</u>	<u>Public Intervention</u>	<u>Total Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Support</u>	<u>Total Expenses</u>
Payroll and related expenses	\$ 1,137,519	\$ 281,720	\$ 1,419,239	\$ 222,943	\$ 182,573	\$ 405,516	\$ 1,824,755
Dues and subscriptions	6,401	1,586	7,987	1,255	1,028	2,283	10,270
Educational programs and events	51,760	7,552	59,312	-0-	26,045	26,045	85,357
Equipment and software	50,941	12,617	63,558	9,984	8,177	18,161	81,719
Insurance	62,030	15,363	77,393	12,157	9,956	22,113	99,506
Meetings and professional development	7,841	1,942	9,783	1,537	1,259	2,796	12,579
Occupancy	169,672	29,893	199,565	23,656	19,373	43,029	242,594
Office expense	23,797	5,894	29,691	4,664	3,820	8,484	38,175
Professionals and consultants	147,897	11,754	159,651	12,825	52,760	65,585	225,236
Publications and publicity	22,640	33,825	56,465	-0-	54,904	54,904	111,369
Rancocas Creek Farm operations	55,578	-0-	55,578	-0-	-0-	-0-	55,578
Special projects	381,285	-0-	381,285	-0-	-0-	-0-	381,285
Telephone and internet	11,535	2,857	14,392	2,261	1,852	4,113	18,505
Travel	2,284	565	2,849	447	366	813	3,662
Total expenses before depreciation	2,131,180	405,568	2,536,748	291,729	362,113	653,842	3,190,590
Depreciation	133,162	-0-	133,162	-0-	-0-	-0-	133,162
Total expenses	<u>\$ 2,264,342</u>	<u>\$ 405,568</u>	<u>\$ 2,669,910</u>	<u>\$ 291,729</u>	<u>\$ 362,113</u>	<u>\$ 653,842</u>	<u>\$ 3,323,752</u>

The accompanying notes are an integral part of these financial statements.

PINELANDS PRESERVATION ALLIANCE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 536,298
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	133,162
Loss on disposal of equipment	1,681
Unrealized gain on investments	(517,435)
(Increase) decrease in operating assets:	
Grants and other current receivables	9,307
Prepaid expenses	1,884
Inventory	(3,375)
Increase (decrease) in operating liabilities:	
Accounts payable	51,902
Accrued expenses and other current liabilities	(1,385)
Fees received in advance	(12,580)
Security deposits	1,000
Net cash provided by operating activities	200,459

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property and equipment	(94,926)
Purchases of pooled investments	(81,203)
Purchases of marketable securities	(1,075,395)
Proceeds from sale of marketable securities	550,000
Net cash used in investing activities	(701,524)

CASH FLOWS FROM FINANCING ACTIVITIES

Repayments on long-term debt	(8,445)
Net cash used in financing activities	(8,445)
Net decrease in cash and cash equivalents	(509,510)
Cash and cash equivalents, beginning of year	1,620,326
Cash and cash equivalents, end of year	<u><u>\$ 1,110,816</u></u>

The accompanying notes are an integral part of these financial statements.

PINELANDS PRESERVATION ALLIANCE INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 1 – Nature of Activities

Pinelands Preservation Alliance, Inc. (the “Organization”) is a New Jersey not-for-profit charitable organization established in 1989. The Organization's primary purpose is to protect and preserve the resources of the New Jersey Pinelands by involving the public and educating them on the values of Pinelands resources and the issues involved in their preservation. Pursuant to this goal, the Organization monitors public agency decisions and activities and provides public information concerning such activities for educational purposes.

The Organization has two additional initiatives: Pinelands Adventures, an outdoor recreation program aimed at fostering public understanding of and devotion to the Pinelands, and Rancocas Creek Farm, a sustainable, chemical-free farm connected to its mission to protect the Pinelands.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Organization prepares its financial statements on the accrual basis of accounting, and accordingly, reflects all significant receivables, payables, and other liabilities. Consequently, revenue is recognized as described below in the section entitled Revenue and Revenue Recognition and expenses are recognized when the obligations are incurred.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Subtopic 958-205, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC Subtopic 958-205, to ensure the observance of limitations and restrictions placed on the use of resources available to the Organization, its net assets and revenues have been reported according to the following 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 Organization. These net assets may be used at the discretion of the Organization's management and the Board of Trustees. See Note 13 to the financial statements for detail of net assets without donor restrictions, which include board designated net assets without donor restrictions.

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 Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. See Note 12 to the financial statements for detail of net assets with donor restrictions.

PINELANDS PRESERVATION ALLIANCE INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although management believes the estimates that have been used are reasonable, actual results could vary from the estimates that were used.

Revenue and Revenue Recognition

Contributions and Grants

Contributions are recognized when cash, donated investments or other assets, unconditional promises to give, or other various notifications of a beneficial interest is received. Conditional contributions, including those received as conditional promises to give, that is, those with a measurable performance or other barrier, and right of return or release of assets, are not recognized until the conditions on which they depend have been substantially met. Conditional contributions for which conditions are met in the reporting period as when the conditional contribution is granted are reported as contribution revenue and increases in net assets without donor restrictions.

At December 31, 2023, conditional contributions of \$180,000, for which no amounts have been received in advance, have not been recognized in the accompanying financial statements.

Unconditional contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

The Organization also derives revenue from cost-reimbursable federal, state, and local contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as conditional contributions or grants in the Statement of Financial Position, as described above.

PINELANDS PRESERVATION ALLIANCE INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

Program Fee Income

The Organization recognizes program fee income as either a contribution or an exchange transaction. Program fees are considered exchange transactions as services are received with substantive benefits. Services provided are earned under agreements with various municipal and county governments and other social service organizations. While the value placed on these is difficult to ascertain, benefits are certainly not negligible. The performance obligations connected with the services are recognized as an over-time benefit exchange based on the service rates stipulated in each agreement. The revenues for fees received for services to be performed after year end are deferred and disclosed as fees received in advance on the Statement of Financial Position.

Contributed Services, Materials, and Facilities

Volunteers contribute significant amounts of time to program and support services; however, the financial statements do not include the value of these contributed services because they do not meet the necessary criteria for recognition under GAAP. The Organization recognizes contributed volunteer services if the services received (1) create or enhance non-financial assets or (2) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided by donation. Contributed services, materials, and facilities, if any, are recorded as both revenue and expenses and therefore, there is no effect on the change in net assets.

Grant and Other Current Receivables

Grant and other current receivables are stated at the amount management expects to collect from outstanding balances. The allowance for credit losses reduces the receivable balance to the estimated net realizable value which is the amount that is expected to be collected. The allowance is established using assessments of current creditworthiness of contributors, historical collection experience, and the aging of receivables, which are adjusted using currently available evidence and expected future trends to prepare reasonable and supportable forecasts. Grant and other current receivables balances are written off against the allowance if a final determination of uncollectibility is made after management has used reasonable collection efforts. Actual collections of grant and other current receivables could differ from estimates due to changes in future economic or industry conditions or a specific contributor's financial condition.

Inventory

Inventory is stated at the lower of cost or net realizable value and consists of educational materials and supplies related to the Organization's programs.

PINELANDS PRESERVATION ALLIANCE INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

Marketable Securities

The Organization's marketable securities consist of investments in equity and debt securities. In accordance with GAAP, marketable securities are reported at fair value in the Statement of Financial Position.

Unrealized gains and losses on these securities are included in the change in net assets in the Statement of Activities. Investment income, including realized and unrealized gains or losses, is reported as an increase or decrease in net assets without donor restrictions on a net basis in the reporting period in which the income or loss is recognized and is used to support operations. All investment income is presented net on the Statement of Activities.

Pooled Investments

Pooled investments are board-designated funds invested with the Community Foundation of New Jersey. The Organization carries these pooled investments in marketable securities with readily determinable fair values at fair value and investments in collective investment funds at the net asset value ("NAV") as a practical expedient in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investment income and gains on principal are reported as increases in net assets without donor restriction.

Fair Value

Accounting standards for fair value measurements establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value is the price the Organization would receive to sell marketable securities in an orderly transaction between market participants. For those marketable securities recorded or disclosed at fair value, the Organization determines the fair value based upon the quoted market price, if available. If a quoted market price is not available for identical marketable securities, the fair value is based upon the quoted price of similar marketable securities. The fair values are assigned a level within the fair value hierarchy as defined below:

Level 1 Inputs: Observable inputs such as quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 Inputs: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3 Inputs: Unobservable inputs that reflect the reporting entity's own assumptions.

PINELANDS PRESERVATION ALLIANCE INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

Fair Value (continued)

The fair value of pooled investments, at December 31, 2023, is valued using the NAV as a practical expedient and are not leveled in the fair value hierarchy. There are no restrictions on the redemption of the collective investment funds.

The Organization's marketable securities and pooled investments are shown in Notes 6, 7, and 8 to the Financial Statements.

Property and Equipment and Depreciation

Property and equipment are recorded at cost if purchased or at fair value at the time of donation, if donated. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of assets for financial reporting purposes are as follows: building and improvements, 5 to 40 years; and furniture and equipment, 2 to 10 years. When items of property or equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income. Depreciation expense for the year ended December 31, 2023 was \$133,162.

The Organization reviews the carrying value of its property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. Based on these reviews, there were no adjustments to the carrying value of long-lived assets for the year ended December 31, 2023.

Functional Allocation of Expenses

The costs of providing program services and other activities have been summarized on a functional basis in the Statement of Activities and Statement of Functional Expenses. Accordingly, certain expenses have been allocated among program services and supporting services benefited. Payroll and related expenses are allocated on the basis of time and effort. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses may be attributable to more than one program or supporting function, but are charged directly to that function as their usage is directly identifiable. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

PINELANDS PRESERVATION ALLIANCE INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (“IRC” or the “Code”). The Organization follows the accounting guidance for uncertainty in income taxes, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on various related matters such as derecognition, interest, penalties, and disclosures required. The Organization believes that it has appropriate support for any tax position taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Organization’s Federal Exempt Organization Income Tax Returns (Form 990) for 2023, 2022, and 2021 are subject to examination by the Internal Revenue Service (“IRS”), generally for three years after they were filed.

Cash and Cash Equivalents

For financial statement purposes, cash equivalents include demand deposits, money market accounts, and highly liquid debt instruments with an original maturity of three months or less.

Recent Adopted Accounting Pronouncements

Credit Losses

In June 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-13 “Financial Instruments – Credit Losses (ASC Topic 326).” The ASU requires instruments measured at amortized cost, including accounts receivable to be presented at the net amount expected to be received. The ASU requires organizations to measure all expected credit losses for financial instruments held at the reporting date using a methodology that requires consideration of a broad range of information, including, but not limited to, historical experience, current information and reasonable and supportable forecasts. The guidance is effective for fiscal years beginning after December 15, 2022. The Organization adopted this standard as of January 1, 2023 which adoption did not have a material effect on the Organization’s financial statements.

Note 3 – Cash and Cash Equivalents

The Organization maintains cash and cash equivalents at various financial institutions and investment brokerage firms. Cash and cash equivalents include investments in money market securities. Accounts at these financial institutions and investment brokerage firms are insured by the Federal Deposit Insurance Corporations (“FDIC”) up to \$250,000 per depositor or the Securities Investor Protection Corporation (“SIPC”) up to \$500,000 per depositor. At times such amounts may exceed the insurance limits provided by the financial institutions and the investment brokerage firms. At December 31, 2023, the Organization had an uninsured cash balance of \$651,482.

PINELANDS PRESERVATION ALLIANCE INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 4 – Availability and Liquidity

The following represents Pinelands Preservation Alliance's financial assets which are available to meet general expenditures at December 31, 2023:

Financial assets at year-end:	
Cash	\$ 1,110,816
Investments	4,595,772
Grants and other current receivables	<u>127,899</u>
	5,638,506
 Net assets with donor restrictions	 1,655,936
 Less net assets with donor restrictions able to be used within one year	 <u>1,622,623</u>
 Total amounts not available to be used within one year	 <u>33,313</u>
 Financial assets available to meet general expenditures within one year	 <u>\$ 5,605,193</u>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while striving to maximize the investment of its available funds. The Organization typically maintains its financial assets in cash accounts with a goal of having funds available when needed.

Note 5 – Property and Equipment

Property and equipment consists of the following at December 31, 2023:

Land	\$ 878,412
Building and improvements	3,404,476
Furniture and equipment	<u>318,754</u>
	4,601,642
 Less: accumulated depreciation	 <u>(848,794)</u>
	<u>\$ 3,752,848</u>

PINELANDS PRESERVATION ALLIANCE INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 6 – Marketable Securities

The following is a summary of marketable securities at December 31, 2023:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Holding Gains</u>
Mutual funds	\$ 1,779,263	\$ 1,853,496	\$ 74,233
Treasury bills	480,918	488,817	7,899
	<u>\$ 2,260,181</u>	<u>\$ 2,342,313</u>	<u>\$ 82,132</u>

During the year ended December 31, 2023, treasury bills were redeemed for a total of \$550,000.

Accounting standards for fair value measurements establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The Organization uses appropriate valuation techniques based on the available inputs to measure fair value of its investments when available.

The fair value of marketable securities have been measured on a recurring basis using Level I inputs, which are based on unadjusted quoted market prices within active markets. There have been no changes in valuation techniques and related inputs. During the year ended December 31, 2023, the organization recognized a realized gain of \$49,916 and an unrealized gain of \$82,132 in marketable securities.

In accordance with the Organization's investment policy, earnings and dividends from marketable securities are reinvested in the form of additional units or shares of the respective security. These noncash reinvestments are not reflected in the statement of cash flows but are included in the fair value of marketable securities as of the reporting date. The total amount of noncash reinvestments during the year ended December 31, 2023 was \$49,916.

Note 7 – Pooled Investments

Investments are held in pooled funds invested with Community Foundation of New Jersey (“CFNJ”). As a participant in the pooled funds, the Organization's ownership interest is based on the allocation of the fair value of the Organization's units to the total fair value of the investment pool. The investment pool is managed using a long-term diversified strategy and is invested on a total return basis. Total return describes the change in fund value over time resulting from interest, dividends and capital appreciation as a result of both realized and unrealized gains. The pool is revalued monthly and income and gains or losses are allocated to the participants based on their units.

PINELANDS PRESERVATION ALLIANCE INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 7 – Pooled Investments

All investments are measured at NAV in the Statement of Financial Position. The change in the value of pooled funds invested with CFNJ is included in net realized and unrealized loss on investments within investment income as net assets without donor restrictions unless the income or loss is restricted by donor or law. During the year ended December 31, 2023, the organization recognized a realized gain of \$6,290 and an unrealized gain of \$435,304 in pooled investments.

In accordance with the Organization's investment policy, earnings and dividends from pooled investment funds are reinvested in the form of additional units or shares of the respective pooled fund. These noncash reinvestments are not reflected in the statement of cash flows but are included in the fair value of pooled investments as of the reporting date. The total amount of noncash reinvestments for the period was \$6,290.

Note 8 – Investment Income

Investment income is reported net of related expenses in the Statement of Activities. Net investment income includes interest, dividends, realized and unrealized gains and losses, and is reported net investment expenses. Investment expenses totaled \$15,760 for the year ended December 31, 2023.

The components of net investment income for the year ended December 31, 2023 are as follows:

Interest and dividends	\$ 66,192
Net realized and unrealized gain on investments	573,641
Less: investment expense	<u>(15,760)</u>
Investment income, net	<u>\$ 624,073</u>

Note 9 – Long-Term Debt

Long-term debt consists of the following as of December 31, 2023:

Loans payable in monthly installments of \$704, non-interest bearing, due March 2025, secured by related equipment	\$ 10,557
Less: current portion	<u>(8,445)</u>
Long-term debt, net of current portion	<u>\$ 2,112</u>

Principal maturities of long-term debt obligations as of December 31, 2023 are as follows:

Year ending December 31, 2025	<u>\$ 2,112</u>
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PINELANDS PRESERVATION ALLIANCE INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 10 – Retirement Plan

The Organization sponsors a 403(b) retirement plan. Employees are eligible to receive employer contributions after completing an initial 1,000 hours of service and are fully vested in employer contributions after 6 years of service. Employer contributions match employee elective deferrals up to \$6,000 per employee per year. The Organization's contribution to the plan totaled \$29,679 for the year ended December 31, 2023 and is included within payroll and related expenses on the Statement of Functional Expenses.

Note 11 – Employee Retention Credit

The Coronavirus Aid, Relief, and Economic Security (“CARES”) Act provides an employee retention credit (“ERC”), which is a refundable tax credit against certain employment taxes of up to \$7,000 per employee for eligible employers. The tax credit is equal to 70% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee per quarter through September 30, 2021. The Organization qualified for the tax credit under the CARES Act for the second, third, and fourth quarters of 2020, as well as the first, second, and third quarters of 2021.

The Organization applied for the ERC amounting to \$505,858 during the year ended December 31, 2023 and received payments totaling \$455,156. As of the date of these financial statements, payment for the remaining \$50,702 has not yet been received and the receivable is shown as current on the Balance Sheet as of December 31, 2023.

Note 12 – Net Assets with Donor Restrictions

Net assets with donor restrictions were as follows as of December 31, 2023:

Specified purpose:

Delaware River Watershed Initiative	\$ 21,062
Fossil Fuel Infrastructure Projects	10,000
Nature for Everyone Project	126,725
Food Sovereignty Initiative Planning Project	10,000
Land acquisition	<u>1,454,836</u>
	1,622,623

Restricted in perpetuity:

Land	<u>33,313</u>
Total with donor restrictions	<u>\$ 1,655,936</u>

PINELANDS PRESERVATION ALLIANCE INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 13 – Net Asset without Donor Restrictions

Net assets without donor restrictions were as follows as of December 31, 2023:

Board Designated	\$ 3,451,906
Undesignated	<u>4,084,465</u>
	<u>\$ 7,536,371</u>

Note 14 – Subsequent Events

The Organization evaluated subsequent events through November 14, 2024, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in these financial statements.

PINELANDS PRESERVATION ALLIANCE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

Federal Grantor Pass-Through Grantor Program Title	Federal Assistance Listing Number	Award Amount	Program Grant Period	Total Received for the Year	Accrued Revenue at January 1, 2023	Revenue Recognized	Expenditures	Accrued Revenue at December 31, 2023
United States Department of Interior								
National Fish & Wildlife Foundation:								
Addressing Flooding & Stormwater in Burlington County, NJ	15.153	\$ 154,000	9/4/2020-9/9/2022	\$ 127,657	\$ 127,657	\$ -0-	\$ -0-	\$ -0-
Delaware River Landscape Makeover Program	15.670	443,750	9/1/2022-9/1/2024	123,112	-0-	160,230	160,230	37,118
US Fish & Wildlife Service:								
Habitat Management and Outplanting of Schwalbea Americana	15.657	31,375	9/1/2020-12/31/2022	8,375	8,000	375	375	-0-
Total United States Department of Interior				259,144	135,657	160,605	160,605	37,118
United States Department of Commerce								
Expanding Access to Coastal Resources for People with Disabilities	11.419	28,500	2/10/2023-2/9/2024	28,500	-0-	28,500	28,500	-0-
Total United States Department of Commerce				28,500	-0-	28,500	28,500	-0-
United States Department of Agriculture								
Conservation Stewardship	10.924	15,047	8/12/2022-12/31/2026	3,178	-0-	3,178	3,178	-0-
South Jersey Food Sovereignty Initiative	10.225	25,000	7/1/2023-6/30/2024	20,000	-0-	20,000	20,000	-0-
Total United States Department of Agriculture				23,178	-0-	23,178	23,178	-0-
United States Environmental Protection Agency								
National Estuary Program	66.456	20,000	2/3/2023-2/3/2024	18,869	-0-	18,869	18,869	-0-
Total United States Department of Commerce				18,869	-0-	18,869	18,869	-0-
Total Expenditures of Federal Awards				\$ 329,691	\$ 135,657	\$ 231,152	\$ 231,152	\$ 37,118

See auditor's report and notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

PINELANDS PRESERVATION ALLIANCE, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2023

State Grantor Department and Program Title	Award Amount	Program Grant Period	Total Received for the Year	Accrued Revenue at January 1, 2023	Revenue Recognized	Expenditures	Accrued Revenue at December 31, 2023
New Jersey Department of Human Services							
Division of Disability Services - Inclusive Healthy Communities	\$ 105,000	1/1/2023-12/31/2023	\$ 105,000	\$ -0-	\$ 105,000	\$ 105,000	\$ -0-
Division of Disability Services - Inclusive Healthy Communities	10,000	2/1/2023-6/30/2023	10,000	-0-	10,000	10,000	-0-
Total Department of Human Services			115,000	-0-	115,000	115,000	-0-
New Jersey Economic Development Authority							
Small Business Improvement Grant	43,372	1/1/2023-12/31/2023	43,372	-0-	43,372	43,372	-0-
Total New Jersey Economic Development Authority			43,372	-0-	43,372	43,372	-0-
New Jersey Conservation Foundation							
Trails for Everyone	22,890	1/1/2023-12/31/2023	-0-	-0-	22,890	22,890	22,890
Total New Jersey Conservation Foundation			-0-	-0-	22,890	22,890	22,890
 Total Expenditures of State Financial Assistance			<u>\$ 158,372</u>	<u>\$ -0-</u>	<u>\$ 181,262</u>	<u>\$ 181,262</u>	<u>\$ 22,890</u>

See auditor's report and notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

PINELANDS PRESERVATION ALLIANCE INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
DECEMBER 31, 2023

Note 1. Basis of Presentation

The accompanying schedules of expenditures of federal awards and state financial assistance (the “schedules”) include the federal and state grant activity of the Organization under programs of the federal and state government for the year ended December 31, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and the State of New Jersey Circular Letter 15-08-OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of **PINELANDS PRESERVATION ALLIANCE, INC.**, they are not intended to and do not present the financial position, change in net assets, or cash flows of **PINELANDS PRESERVATION ALLIANCE, INC.**. The financial activity of the aforementioned awards is reported in the Organization’s Statement of Activities.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Reconciliation of Accrued Revenue Amounts per the Schedule of Federal Awards to the Statement of Net Position

Grants and other current receivables	\$ 127,899
Less: other current receivables	<u>(90,781)</u>
Total accrued revenue	<u>\$ 37,118</u>

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees of
Pinelands Preservation Alliance, Inc.
Southampton, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **PINELANDS PRESERVATION ALLIANCE, INC.** (a nonprofit organization), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise **PINELANDS PRESERVATION ALLIANCE, INC.’s** basic financial statements, and have issued our report thereon dated November 14, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered **PINELANDS PRESERVATION ALLIANCE, INC.’s** internal control over financial reporting (“internal control”) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **PINELANDS PRESERVATION ALLIANCE, INC.’s** internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether **PINELANDS PRESERVATION ALLIANCE, INC.**'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Haefele, Flanagan & Co., p.c.

Maple Shade, New Jersey
November 14, 2024