

**FRIENDS OF HOPEWELL VALLEY OPEN SPACE, INC.**  
Financial Statements  
and  
Independent Auditors' Report  
*Years Ended December 31, 2022 and 2021*

**FRIENDS OF HOPEWELL VALLEY OPEN SPACE, INC.**  
*Years Ended December 31, 2022 and 2021*

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To the Board of Trustees of  
Friends of Hopewell Valley Open Space, Inc.  
Pennington, New Jersey 08534

## INDEPENDENT AUDITORS' REPORT

### **Opinion**

We have audited the accompanying financial statements of Friends of Hopewell Valley Open Space, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, 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 Friends of Hopewell Valley Open Space, Inc. as of December 31, 2022 and 2021, 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 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Friends of Hopewell Valley Open Space, Inc. 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.

To the Board of Trustees of  
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Pennington, New Jersey 08534

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 Friends of Hopewell Valley Open Space, Inc.'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 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 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 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 Friends of Hopewell Valley Open Space, 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 Friends of Hopewell Valley Open Space, Inc.'s ability to continue as a going concern for a reasonable period 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.

To the Board of Trustees of  
Friends of Hopewell Valley Open Space, Inc.  
Pennington, New Jersey 08534

### **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of additional information required by the State of New Jersey and the Schedule of Expenditures of Federal and State Awards, prepared in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and/or the State of New Jersey, Department of Treasury, OMB Circular 15-08 and Policy Circular 7.06*, as required by OMB Circular 15-08, 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 information 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 October 12, 2023, on our consideration of Friends of Hopewell Valley Open Space, 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 solely 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 Friends of Hopewell Valley Open Space, 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 Friends of Hopewell Valley Open Space, Inc.'s internal control over financial reporting and compliance.

### **Emphasis of Matter**

As discussed in the notes to the financial statements, Friends of Hopewell Valley Open Space, Inc. adopted Accounting Standards Update (ASU) No. 2016-02 Leases (Topic 842) and its amendments (including amendments contained in ASU No. 2018-11), effective January 1, 2022. Our opinion is not modified with respect to these matters.

***HAMILTON FINANCIAL GROUP, LLC***

Mercerville, New Jersey  
October 12, 2023

# FRIENDS OF HOPEWELL VALLEY OPEN SPACE, INC.

## Statements of Financial Position

*December 31, 2022 and 2021*

<u>Assets</u>	<u>2022</u>	<u>2021</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 226,922	\$ 241,277
Contributions receivable	81,597	56,031
Prepaid expenses	7,563	7,266
Total current assets	316,082	304,574
<b>Property and equipment, net</b>	17,575	25,526
<b>Other assets:</b>		
Land held for conservation	8,254,503	7,978,903
Investments	3,060,645	3,752,059
Website costs, net	6,375	-
Total other assets	11,321,523	11,730,962
Total assets	<u>\$ 11,655,180</u>	<u>\$ 12,061,062</u>
 <u>Liabilities and Net Assets</u>		
<b>Current liabilities:</b>		
Accounts payable	\$ 3,756	\$ 35,196
Accrued expenses	26,642	10,493
Total current liabilities	30,398	45,689
<b>Net assets:</b>		
Net assets without donor restrictions	3,294,383	3,957,862
Net assets with donor restrictions	8,330,399	8,057,511
Total net assets	11,624,782	12,015,373
Total liabilities and net assets	<u>\$ 11,655,180</u>	<u>\$ 12,061,062</u>

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

# FRIENDS OF HOPEWELL VALLEY OPEN SPACE, INC.

## Statements of Activities and Changes in Net Assets

*Years Ended December 31, 2022 and 2021*

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenues:</b>						
County and local grants	\$ 57,441	\$ 275,000	\$ 332,441	\$ 91,090	\$ -	\$ 91,090
Membership dues and contributions	259,600	64,354	323,954	224,645	67,588	292,233
Special events income	126,227	-	126,227	65,149	-	65,149
Fee for service income	85,107	-	85,107	57,261	-	57,261
In-kind contributions - rent	27,600	-	27,600	27,600	-	27,600
Miscellaneous income	7,893	-	7,893	4,345	-	4,345
Non-cash contribution – land	-	600	600	-	40,500	40,500
Investment return, net	(538,449)	-	(538,449)	621,341	-	621,341
Total support and revenues	25,419	339,954	365,373	1,091,431	108,088	1,199,519
Net assets released due to satisfaction of time and/or purpose restrictions	67,066	(67,066)	-	23,982	(23,982)	-
Total	92,485	272,888	365,373	1,115,413	84,106	1,199,519
<b>Expenses:</b>						
Program services	638,016	-	638,016	547,650	-	547,650
Management and general	68,960	-	68,960	63,430	-	63,430
Fundraising	48,988	-	48,988	35,186	-	35,186
Total expenses	755,964	-	755,964	646,266	-	646,266
<b>Changes in net assets</b>	(663,479)	272,888	(390,591)	469,147	84,106	553,253
Net assets, beginning of year	3,957,862	8,057,511	12,015,373	3,488,715	7,973,405	11,462,120
<b>Net assets, end of year</b>	<u>\$ 3,294,383</u>	<u>\$ 8,330,399</u>	<u>\$ 11,624,782</u>	<u>\$ 3,957,862</u>	<u>\$ 8,057,511</u>	<u>\$ 12,015,373</u>

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

**FRIENDS OF HOPEWELL VALLEY OPEN SPACE, INC.**

## Statement of Functional Expenses

*Year Ended December 31, 2022*

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Payroll	\$ 407,864	\$ 30,832	\$ 21,353	\$ 460,049
Land stewardship	60,925	102	-	61,027
Payroll taxes and fringe benefits	42,534	3,211	2,219	47,964
Outdoor equity alliance	16,366	5,340	6,246	27,952
Occupancy	19,320	5,520	2,760	27,600
Invasive species strike team	24,879	-	-	24,879
Insurance	19,911	2,161	2,161	24,233
Annual gala expenses	9,205	-	9,205	18,410
Office and related expenses	5,645	8,035	4,379	18,059
Land acquisition costs	10,690	-	-	10,690
Professional fees	-	10,500	-	10,500
Depreciation and amortization	6,661	1,665	-	8,326
Brochures and newsletters	4,653	1,329	665	6,647
Real estate taxes	5,181	-	-	5,181
Land trust alliance	3,500	-	-	3,500
Subcontractors	682	-	-	682
Miscellaneous expenses	-	265	-	265
Total expenses	<u>\$ 638,016</u>	<u>\$ 68,960</u>	<u>\$ 48,988</u>	<u>\$ 755,964</u>

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



**FRIENDS OF HOPEWELL VALLEY OPEN SPACE, INC.**

## Statement of Functional Expenses

*Year Ended December 31, 2021*

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Payroll	\$ 242,732	\$ 21,405	\$ 15,209	\$ 279,346
Subcontractors	70,840	7,697	3,848	82,385
Invasive species strike team	72,057	-	-	72,057
Land stewardship	58,632	139	-	58,771
Payroll taxes and fringe benefits	24,219	2,176	1,537	27,932
Occupancy	19,320	5,520	2,760	27,600
Insurance	17,514	3,710	-	21,224
Annual gala expenses	7,275	-	6,945	14,220
Office and related expenses	3,878	6,357	3,314	13,549
Outdoor equity alliance	8,630	3,132	1,039	12,801
Professional fees	-	10,500	-	10,500
Land acquisition costs	9,180	-	-	9,180
Depreciation	6,361	1,590	-	7,951
Brochures and newsletters	3,738	1,068	534	5,340
Land trust alliance	2,800	-	-	2,800
Real estate taxes	474	-	-	474
Miscellaneous expenses	-	136	-	136
Total expenses	<u>\$ 547,650</u>	<u>\$ 63,430</u>	<u>\$ 35,186</u>	<u>\$ 646,266</u>

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

# FRIENDS OF HOPEWELL VALLEY OPEN SPACE, INC.

## Statements of Cash Flows Years Ended December 31, 2022 and 2021

	2022	2021
<b>Cash flows from operating activities:</b>		
Changes in net assets	\$ (390,591)	\$ 553,253
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization	8,326	7,951
Realized and unrealized investment loss (gains) - net	778,190	(315,094)
Non-cash contributions	(21,884)	(40,500)
Changes in assets and liabilities:		
Contributions receivable	(25,566)	(13,622)
Prepaid expenses	(297)	(127)
Accounts payable	(31,440)	23,370
Accrued expenses	16,149	6,809
Net cash provided by operating activities	<u>332,887</u>	<u>222,040</u>
<b>Cash flow from investing activities:</b>		
Purchase of investments	(239,678)	(146,063)
Proceeds from sale of investments	174,186	-
Purchase of land	(275,000)	-
Website costs	<u>(6,750)</u>	<u>-</u>
<b>Net cash (used in) investing activities</b>	<u>(347,242)</u>	<u>(146,063)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(14,355)	75,977
Cash and cash equivalent, beginning	<u>241,277</u>	<u>165,300</u>
<b>Cash and cash equivalent, ending</b>	<u><u>\$ 226,922</u></u>	<u><u>\$ 241,277</u></u>
<b>Supplemental disclose of cash flow information:</b>		
Cash paid during the year for:		
Taxes	<u>\$ -</u>	<u>\$ -</u>
Interest	<u>\$ -</u>	<u>\$ -</u>

The Organization received land donations with fair market values of \$600 and \$40,500 in 2022 and 2021.

The Organization received stock donations with a fair market value of \$21,284 in 2022.

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

# **FRIENDS OF HOPEWELL VALLEY OPEN SPACE, INC.**

## **Notes to Financial Statements**

*Years Ended December 31, 2022 and 2021*

### **1. Nature of Organization**

Friends of Hopewell Valley Open Space, Inc. (the “Organization”) is a regional non-profit organization formed in 1987 to promote conservation in the Hopewell Valley Region through open space preservation, informed land use, wise stewardship, education and outreach.

### **2. Summary of Significant Accounting Policies**

#### **Basis of Accounting**

The Organization utilizes the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. Accordingly, revenues are recognized when they are earned and expenses are recognized when they are incurred.

#### **Basis of Presentation**

The Organization classifies resources for accounting and reporting purposes based on the existence or absence of donor-imposed restrictions. This is accomplished by classification of net assets into two classes: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories and the types of transactions affecting each category are as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions.

With Donor Restrictions – Net assets that are subject to donor-imposed restrictions that will be met either by the passage of time or by fulfillment by the actions of the Organization.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets are reported as reclassifications between the applicable classes of net assets. The Organization adopted a policy to classify donor restricted contributions as contributions without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

#### **Revenue and Support Recognition**

The Organization reports gifts of cash and other assets in the appropriate category of net assets in the period received. Conditional promises to give are not recognized in the financial statements until the conditions are substantially met.

The Organization accounts for those grant and contract revenues which are determined to be exchange transactions in the statements of activities and changes in net assets to the extent that expenses have been incurred for the purpose specified by the grantor during the period.

## FRIENDS OF HOPEWELL VALLEY OPEN SPACE, INC.

Notes to Financial Statements  
Years Ended December 31, 2022 and 2021

### 2. Summary of Significant Accounting Policies (continued)

#### Revenue and Support Recognition (continued)

Unexpended contract funds are recorded as grant or contract payables at the end of the contract period. Funds received in advance of their use are accounted for as grant advances in the statements of financial position. In applying this concept, the legal and contractual requirements of each individual contract are used as guidance.

The Organization recognizes fee for service income at the time the service is provided to the respective recipient. The performance obligation of delivering the service is simultaneously received and consumed by the recipient. Revenue from membership dues is recognized over the term of the membership as the performance obligation is satisfied ratably throughout the membership period.

Other revenues are obtained through public contributions and special events. These revenues are used to offset management and general expenses. Revenues from these sources are recognized at the time they are received or unconditionally pledged.

The Organization's revenue disaggregated according to the timing of when revenue is recognized is as follows:

	2022	2021
Revenue recognized at a point in time (ASC 606)		
Fee for service income	\$ 85,107	\$ 57,261
Total revenue recognized at a point in time	85,107	57,261
Revenue recognized over time (ASC 606)		
None	-	-
Total revenue recognized over time	-	-
Contributions and other revenue not subject to ASC 606		
County and local grants	332,441	91,090
Membership dues and contributions	323,954	292,233
Special events income	126,227	65,149
In-kind contributions – rent	27,600	27,600
Miscellaneous income	7,893	4,345
Non-cash contribution – land	600	40,500
Investment return, net	(538,449)	621,341
Total contributions and other revenue	280,266	1,142,258
Total revenue	\$ 365,373	\$ 1,199,519

## **FRIENDS OF HOPEWELL VALLEY OPEN SPACE, INC.**

### **Notes to Financial Statements**

*Years Ended December 31, 2022 and 2021*

#### **2. Summary of Significant Accounting Policies (continued)**

##### **Cash and Cash Equivalents**

For purposes of the Statements of Cash Flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

##### **Allowance for Doubtful Accounts**

No allowance for doubtful accounts is deemed necessary. Bad debts are written off when they are deemed uncollectible.

##### **Income Taxes**

The Organization is a tax-exempt organization under Section 501 (c) (3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes has been recorded in the financial statements.

Generally accepted accounting principles prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It requires that computations of current and deferred income taxes only consider tax positions that are more likely than not to be sustained if the tax authorities examine the position. The Organization evaluates statutes of limitations, changes in tax law and new authoritative rulings and accrues for liabilities if applicable. The Organization's analysis found no uncertain tax positions.

Federal and state tax returns are subject to examination by the taxing authorities generally for a period of three years after they are filed. Any penalties and interest assessed by taxing authorities are included in operating expenses. No interest and penalties have been recorded for the years ended December 31, 2022 and 2021.

##### **Property and Equipment**

Property and equipment is recorded at cost, except for donated items which are recorded at fair value on the date of donation. Depreciation is provided utilizing the straight-line method over the assets' estimated useful lives of three to forty years. Repairs and maintenance costs are expensed, while additions and betterments are capitalized. At the time of retirement or other disposition of assets, the cost and accumulated depreciation are removed from the accounts and any gains or losses are reflected in revenues or expenses.

Donated property and equipment is recorded as net assets with donor restrictions when donors stipulate how long the assets must be used. In the absence of such stipulation, contributions of property and equipment will be reported as net assets without donor restrictions and recognize the expiration of restrictions when the asset is placed in service.

## **FRIENDS OF HOPEWELL VALLEY OPEN SPACE, INC.**

### **Notes to Financial Statements**

*Years Ended December 31, 2022 and 2021*

## **2. Summary of Significant Accounting Policies (continued)**

### **Land and Easements**

The Organization receives as donations, purchases, and acquires by bargain sale fee simple interests in land. Donated fee simple properties are recorded at fair market value. Purchased fee simple properties are recorded at the Organization's acquisition cost.

Most of the Organization's properties were purchased using grants provided by the State of New Jersey, Mercer County or a municipality. These grants generally prohibit subdivision or development of the properties, restrict their use to passive recreation or agricultural uses, and contain other restrictions. Most of these properties may only be sold to a governmental agency or to an entity that is qualified to maintain such protected properties, and require the approval of the New Jersey Department of Environmental Protection and the proceeds of sale must be shared with the Department. Accordingly, these protected properties are characterized as Restricted Land and are included in net assets with donor restrictions.

The Organization also receives as donations, purchases and acquisition by bargain sale conservation easements in land. These easements restrict the use of the underlying property, are meant to be held in perpetuity and are not separately marketable. These easements generally obligate the Organization for conservation easement stewardship and to enforce the easement terms. No value is assigned to these easements because of the obligations of the easement holder. The costs of acquiring these easements, as well as ongoing stewardship and enforcement are expensed as incurred. The impact of the present value of future costs of these monitoring and enforcement obligations on the financial statements cannot be determined.

The expenses of ancillary costs related to land and easement acquisitions are expensed as incurred. These costs are such items as appraisals, title searches, etc. In most cases the expenses are partially reimbursed by the state and partially reimbursed by the seller.

### **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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the financial statement date and the reported amounts of revenues and expenses during the year then ended. Actual results could differ from those estimates.

### **Functional Allocation of Expenses**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The significant expenses that are allocated are

## **FRIENDS OF HOPEWELL VALLEY OPEN SPACE, INC.**

### **Notes to Financial Statements**

*Years Ended December 31, 2022 and 2021*

## **2. Summary of Significant Accounting Policies (continued)**

### **Functional Allocation of Expenses (continued)**

payroll, payroll taxes and fringe benefits, and subcontractors, which are allocated on the basis of estimates of time and effort; occupancy costs and telephone, which are allocated on a percentage of payroll. The Organization incurs joint costs for its annual gala which are used to educate participants, build awareness of its programs, recognize program volunteers, and for other fundraising purposes. The allocation of these costs is identified on the accompanying statements of functional expenses.

### **Donated Services**

The Organization pays for most services requiring specific expertise. However, the Organization does receive donated services from unpaid volunteers to support program activities. No amounts have been recognized in the statements of activities because the criteria for recognition under generally accepted accounting principles have not been satisfied.

### **Fair Value of Financial Instruments**

The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at December 31, 2022 and 2021 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position. The estimated fair value amounts have been determined by the Organization using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value and, accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

### **Reclassification**

Certain prior year balances have been reclassified to conform with the current year's presentation.

### **Adoption of FASB ASC 842**

Effective January 1, 2022, the Organization adopted FASB ASC 842, *Leases*. The Organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the assets during the contract period and other facts and circumstances. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification. This new lease standard had minimal impact on the financial statements.

### **Subsequent Events**

The Organization has evaluated subsequent events through October 12, 2023, the date the financial statements were available to be issued.

# **FRIENDS OF HOPEWELL VALLEY OPEN SPACE, INC.**

## **Notes to Financial Statements**

*Years Ended December 31, 2022 and 2021*

### **3. Financial Assets and Liquidity**

The Organization has certain donor-restricted net assets that may be available for general expenditures within one year of December 31, 2022 and 2021 because the restrictions on the net assets are expected to be met in the normal course of operations. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year.

The following reflects the Organization's financial assets as of December 31, 2022 and 2021 reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	2022	2021
Cash and cash equivalents	\$ 226,922	\$ 241,277
Contributions receivable	81,597	56,031
Investments	3,060,645	3,752,059
Total financial assets available to meet cash needs for general expenditures within one year	3,369,164	4,049,367
Less: net assets with donor or board restrictions	(2,877,006)	(3,526,935)
	<u>\$ 492,158</u>	<u>\$ 522,432</u>

The Organization's board authorized up to 6% of the Organization's investment account to be used for operating purposes in the years ending and ended December 31, 2023 and 2022. Only this percentage of investments is included in financial assets available to be used within one year of December 31, 2022 and 2021.

### **4. Contributions Receivable**

Contributions receivable at December 31, 2022 and 2021 represent unconditional promises to give, which have been made by donors but have not yet been received by the Organization. Contributions which will not be received in the subsequent year have been discounted using an estimated rate of return which could be earned if such contributions had been made in the current year. The Organization considers contributions receivable to be fully collectible; accordingly, no allowance for uncollectable pledges has been provided.

Contributions receivable at December 31, 2022 and 2021 amounted to \$81,597 and \$56,031, respectively.

### **5. Investments**

The Organization carries investments in marketable securities with readily determinable values, all investments in debt securities are at fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date. In accordance with generally accepted accounting principles, FASB ASC 820-10-50, Fair Value Measurements, establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and



# **FRIENDS OF HOPEWELL VALLEY OPEN SPACE, INC.**

## **Notes to Financial Statements**

*Years Ended December 31, 2022 and 2021*

### **5. Investments (continued)**

minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market, as well as U.S. Treasury securities.

Level 2: Observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S. Government and agency mortgage-backed debt securities, corporate-debt securities and alternative investments.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private debt and equity instruments and alternative investments.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset. In addition, the disclosed fair values do not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed.

Investments at December 31, 2022 consisted of the following:

	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Mutual funds (1)	\$ 2,808,635	\$ 3,042,698	\$ 234,063
Common stock (1)	915	17,527	16,612
Money market funds (1)	420	420	-
	<u>\$ 2,809,970</u>	<u>\$ 3,060,645</u>	<u>\$ 250,675</u>

**FRIENDS OF HOPEWELL VALLEY OPEN SPACE, INC.**

## Notes to Financial Statements

*Years Ended December 31, 2022 and 2021***5. Investments (continued)**

Investments at December 31, 2021 consisted of the following:

	Cost	Fair Market Value	Unrealized Appreciation (Depreciation)
Mutual funds (1)	\$ 2,718,003	\$ 3,748,684	\$ 1,030,681
Common stock (1)	915	3,140	2,225
Money market funds (1)	235	235	-
	<u>\$ 2,719,153</u>	<u>\$ 3,752,059</u>	<u>\$ 1,032,906</u>

Investment return for the years ended December 31, 2022 and 2021 consisted of the following:

	2022	2021
Dividend and interest income	\$ 239,741	\$ 306,247
Net realized and unrealized gains and losses	(778,190)	315,094
	<u>\$ (538,449)</u>	<u>\$ 621,341</u>

**6. Property and Equipment**

Property and equipment at December 31, 2022 and 2021 consisted of the following:

	2022	2021
Vehicles	\$ 38,636	\$ 38,636
Equipment	22,672	22,672
	61,308	61,308
Less: accumulated depreciation	(43,733)	(35,782)
	<u>\$ 17,575</u>	<u>\$ 25,526</u>

Depreciation expense for the years ended December 31, 2022 and 2021 was \$7,951, respectively.

**7. Intangible Assets**

Intangible assets at December 31, 2022 and 2021 consisted of the following:

	2022	2021
Website costs	\$ 6,750	\$ -
Less: accumulated amortization	(375)	-
Website costs, net	<u>\$ 6,375</u>	<u>\$ -</u>

## **FRIENDS OF HOPEWELL VALLEY OPEN SPACE, INC.**

### **Notes to Financial Statements**

*Years Ended December 31, 2022 and 2021*

#### **8. Land Acquisition**

In February 2022, the Organization accepted a donation of property located on Pennington-Titusville Road in Hopewell Township, New Jersey. The property was valued at \$600.

In October 2020, the Organization entered into an agreement with other parties for the purchase of conservation easements on a property in Hopewell Township, NJ, whereby the Organization agreed to contribute \$100,000 in exchange for a 20% interest in this easement. The agreement was later amended to show that the Organization would contribute \$50,000. These funds were received from a Green Acres Nonprofit grant and paid to the lead partner, D&R Greenway, in February 2022.

In November 2020, the Organization entered into an agreement to acquire the Walker Property on Woosamonsa Road, Hopewell Township, New Jersey, contingent upon the New Jersey Green Acres Program and Mercer County Open Space funds providing the Organization at least 90% of the purchase price of \$250,000. The acquisition was completed in May 2022 using a Green Acres Nonprofit Grant of \$109,720, a Mercer County Open Space Grant of \$115,280, and a contribution from Hopewell Township of \$25,000.

In June 2022, the Organization's Board of Trustees approved the use of its Green Acres funding to partner in upcoming land acquisition projects in Hopewell Township. The agreed amount of Green Acres funding to be contributed is \$300,000.

#### **9. Net Assets**

Net Assets Without Donor Restrictions at December 31, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Unrestricted general use	\$ 2,723,904	\$ 3,291,537
Board designated: Land stewardship	<u>570,479</u>	<u>666,325</u>
	<u>\$ 3,294,383</u>	<u>\$ 3,957,862</u>

Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of contributions that are programmatically restricted. Net assets with donor restrictions at December 31, 2022 and 2021 consisted of the following:

## **FRIENDS OF HOPEWELL VALLEY OPEN SPACE, INC.**

### **Notes to Financial Statements**

*Years Ended December 31, 2022 and 2021*

#### **9. Net Assets (continued)**

	2022	2021
Land required to be permanently preserved	\$ 8,224,503	\$ 7,948,903
Time restrictions – for use in following year	60,000	10,000
Strategic Plan	11,578	-
Preserve upgrades	9,934	9,820
Interactive planet walk	7,214	7,214
Careers in conservation internship	5,000	17,000
Agrihood internship	5,000	5,000
Invasive and rare species management	3,155	493
Outdoor equity alliance	2,700	51,986
Hopewell elementary reflection garden	1,315	1,315
Community conservation	-	5,000
Pennington/Toll gate outdoor classroom	-	780
	<u>\$ 8,330,399</u>	<u>\$ 8,057,511</u>

#### **10. Concentration of Risk**

The Organization maintains cash balances at local financial institutions which from time to time may exceed Federal Deposit Insurance Corporation (FDIC) limits.

#### **11. Retirement Plan**

The Organization has a defined contribution retirement savings plan (Simple Plan). The plan is available to employees who meet certain eligibility requirements. The Organization made matching contributions totaling \$7,121 and \$3,347 for the years ended December 31, 2022 and 2021.

#### **12. Occupancy**

The Organization leases its offices at the Baldpate Visitors Center from the Mercer County Park Commission at a rate of \$1 per year renewable annually effective March 30 of each year. The landlord has valued this space at \$2,300 per month. Accordingly, the Organization has reflected \$27,600 as both contribution income and occupancy expense in each of the years ended December 31, 2022 and 2021.

#### **13. Contingencies**

PennEast Pipeline Co. LLC (PennEast) filed a lawsuit in 2018 to force property owners to sell land needed for the construction of a potential pipeline. The Organization owns approximately 0.2 acres of land included in this matter and will be represented by counsel for the majority land owners. During 2021, the lawsuit filed against the Organization was dismissed.

#### **14. Compensated Absences**

Employees are entitled to paid vacation, paid sick days and paid personal days, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

**FRIENDS OF HOPEWELL VALLEY OPEN SPACE, INC.**

## Schedule of Expenditures of Federal and State Awards

*Year Ended December 31, 2022*

<u>Federal or State Grantor/ Passthrough Grantor/ Program Title</u>	<u>Grantor's Number</u>	<u>Grant Award</u>	<u>Funds Received (repaid)</u>	<u>Total Expenditures*</u>
<b><u>Federal Awards</u></b>				
U.S. Department of Agriculture: Forest Services		\$ 43,869	\$ 43,869	<u>\$ 43,869</u>
Total federal awards				<u>\$ 43,869</u>
<b><u>State Awards</u></b>				
State of New Jersey Department of Environmental Protection: Green Acres Program	11-93-06	\$ 164,329	\$ 164,329	\$ 164,329
Mercer County, New Jersey		115,280	115,280	115,280
Springfield Township, New Jersey		8,963	8,963	<u>8,963</u>
Total state awards				<u><u>\$ 288,572</u></u>

\*No subrecipient expenditures

**FRIENDS OF HOPEWELL VALLEY OPEN SPACE, INC.**  
Notes to Schedule of Expenditures of Federal and State Awards  
*Year Ended December 31, 2022*

1. General Information:

The accompanying Schedule of Expenditures of Federal and State Awards includes the federal and state awards activity of Friends of Hopewell Valley Open Space, Inc. under programs of the federal and state government for the year ended December 31, 2022. All financial awards received directly from federal and state agencies as well as financial awards passed through other governmental agencies or not-for-profit organizations are included on the schedule. The information in the 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)*. Because the Schedule presents only a selected portion of the operations of Friends of Hopewell Valley Open Space, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Friends of Hopewell Valley Open Space, Inc.

2. Basis of Accounting:

The accompanying Schedule of Expenditures of Federal and State Awards is presented using the accrual basis of accounting. The amounts recognized follow the cost principles contained in *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and/or OMB Circular A-122, Cost Principles for Non-Profit Organizations* where in certain types of expenditures are not allowable or are limited as to reimbursement. If present, negative amounts reflected in the schedule represent adjustments or credits resulting from the normal course of business to amounts reported as expenditures in prior years. The amounts reported in the schedule as expenditures may differ from certain financial reports submitted to federal and state funding agencies due to those reports being submitted on either a cash or modified accrual basis of accounting.

3. Relationship to Basic Financial Statements:

Federal and State Award expenditures are reported on the Statement of Functional Expenses as program services. In certain programs, the expenditures reported in the financial statements may differ from the expenditures reported in the Schedule of Expenditures of Federal and State Awards due to program expenditures exceeding grant or contract budget limitations, matching or in-kind contributions or capitalization policies required under accounting principles generally accepted in the United States of America.

4. Indirect Cost Rate:

Friends of Hopewell Valley Open Space, Inc. has elected not to use the 10% de minimus indirect cost rate as allowed under Uniform Guidance.

See independent auditors' report on page 1.

To the Board of Trustees of  
Friends of Hopewell Valley Open Space, Inc.  
Pennington, New Jersey 08534

INDEPENDENT AUDITORS' 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

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 Friends of Hopewell Valley Open Space, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 12, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Friends of Hopewell Valley Open Space, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Friends of Hopewell Valley Open Space, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Friends of Hopewell Valley Open Space, Inc.'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.

To the Board of Trustees of  
Friends of Hopewell Valley Open Space, Inc.  
Pennington, New Jersey 08534

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 were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Friends of Hopewell Valley Open Space, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***HAMILTON FINANCIAL GROUP, LLC***

Mercerville, New Jersey  
October 12, 2023



**FRIENDS OF HOPEWELL VALLEY OPEN SPACE, INC.**

*Year Ended December 31, 2022*

Additional Information Required by the  
State of New Jersey – Funding Sources

1. All Federal and State payroll tax returns were filed timely and all required tax payments were made.
2. The IRS 990 tax return for the year ended December 31, 2021 was filed and the IRS 990 for the year ended December 31, 2022 will be filed in compliance with statutory requirements.
3. The CRI-300R New Jersey tax return for the year ended December 31, 2021 was filed and the CRI-300R for the year ended December 31, 2022 will be filed in compliance with statutory requirements.
4. There were no questioned costs as a result of this audit.