

GREAT SWAMP WATERSHED ASSOCIATION

A NON-PROFIT ORGANIZATION

FINANCIAL STATEMENTS

JUNE 30, 2024

(With Independent Auditor's Report)

GREAT SWAMP WATERSHED ASSOCIATION
Financial Statements
June 30, 2024

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Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Great Swamp Watershed Association
Morristown, New Jersey

Opinion

We have audited the accompanying financial statements of Great Swamp Watershed Association (a non-profit organization), which comprise the statement of financial position as of June 30, 2024, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Great Swamp Watershed Association as of June 30, 2024, 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. 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 Great Swamp Watershed Association, 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 Great Swamp Watershed Association'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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.



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- 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 Great Swamp Watershed Association'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 Great Swamp Watershed Association'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.

P&K CPAs LLC

Parsippany, New Jersey
January 15, 2025

Great Swamp Watershed Association
Statement of Financial Position
June 30, 2024

ASSETS

Current Assets

Cash and cash equivalents	\$ 423,941
Contributions receivable	5,250
Prepaid expenses and other current assets	<u>26,042</u>

Total current assets	<u>455,233</u>
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Property and equipment, net

444,134

Other Assets

Investments	2,225,594
Right-of-use assets - operating lease	<u>233,045</u>

Total other assets	<u>2,458,639</u>
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Total assets	<u>\$ 3,358,006</u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable and accrued expenses	\$ 58,281
Lease liability-current	34,500
Deferred contributions	<u>21,334</u>

Total current liabilities	<u>114,115</u>
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Long term Liabilities

Lease liability - long term	<u>198,545</u>
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Total long-term liabilities	<u>198,545</u>
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Total liabilities	<u>312,660</u>
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Net Assets

Without donor restrictions	2,980,266
With donor restrictions	<u>65,080</u>

Total net assets	<u>3,045,346</u>
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Total liabilities and net assets	<u>\$ 3,358,006</u>
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Great Swamp Watershed Association
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2024

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues and Support			
Cash contributions	\$ 516,679	\$ 173,618	\$ 690,297
Program revenue	157,316	173,000	330,316
Annual events	173,424	-	173,424
Miscellaneous income	82,453	-	82,453
Memberships	75,915	-	75,915
Special events	36,779	-	36,779
Government grants	6,480	-	6,480
Net assets released from restrictions	363,468	(363,468)	-
Total revenues and support	1,412,514	(16,850)	1,395,664
Expenses			
Program services			
Education and outreach	382,139	-	382,139
Water quality	224,360	-	224,360
Advocacy	141,642	-	141,642
Stewardship	154,413	-	154,413
Total program services	902,554	-	902,554
Supporting services			
Fundraising	144,130	-	144,130
General and administrative	95,547	-	95,547
Total supporting services	239,677	-	239,677
Total program and supporting services	1,142,231	-	1,142,231
Change in net assets from operating activities	270,283	(16,850)	253,433
Non-operating income			
Interest income	6,281	-	6,281
Dividend income	52,855	-	52,855
Realized gain on investments	102,615	-	102,615
Unrealized gain on investments	20,501	-	20,501
Total non-operating income	182,252	-	182,252
Change in net assets	452,535	(16,850)	435,685
Net assets , beginning of year	2,527,731	81,930	2,609,661
Net assets , end of year	\$ 2,980,266	\$ 65,080	\$ 3,045,346

	Program services				Supporting Services				
	Education and Outreach	Water Quality	Advocacy	Stewardship	Program Services	Fundraising	General and Administration	Supporting Services	Total
	\$ 248,264	\$ 133,484	\$ 55,791	\$ 89,766	\$ 567,305	\$ 89,250	\$ 76,085	\$ 165,335	\$ 732,640
Salaries and wages	43,125	-	-	-	43,125	-	-	-	43,125
Native plan program	5,215	5,215	5,216	5,216	20,862	20,862	-	20,862	41,724
Annual events/Gala	-	36,986	-	-	36,986	-	-	-	36,986
Water quality	12,132	6,523	4,680	4,387	27,722	4,362	3,718	8,080	35,802
401K plan contribution	12,738	6,849	4,915	4,606	29,108	1,276	1,136	2,412	31,520
Membership & meetings	12,196	6,558	4,706	4,410	27,870	1,879	1,566	3,445	31,315
Operating lease expense	5,298	5,298	5,297	5,298	21,191	2,277	37	2,314	23,505
Postage and printing	4,821	4,820	4,820	4,820	19,281	755	756	1,511	20,792
Computer Expense	2,048	2,048	2,048	2,047	8,191	12,286	-	12,286	20,477
Special events / Music festival	-	-	-	20,079	20,079	-	-	-	20,079
Stewardship	7,095	3,815	2,738	2,565	16,213	1,131	1,508	2,639	18,852
Insurance expense	4,383	4,383	4,382	4,383	17,531	-	-	-	17,531
Strategic plan/Capital consulting	5,324	2,862	2,054	1,925	12,165	849	1,132	1,981	14,146
Utilities	12,377	-	-	-	12,377	-	-	-	12,377
Education and outreach Expenses	818	440	316	296	1,870	294	9,032	9,326	11,196
Professional fees	-	-	-	-	-	8,307	-	8,307	8,307
Development expense	1,355	1,355	1,356	1,356	5,422	-	-	-	5,422
Grant specific	1,724	927	665	623	3,939	270	294	564	4,503
Repairs and maintenance	898	478	343	321	2,030	320	272	592	2,622
Office supplies	34	18	13	12	77	12	11	23	101
Miscellaneous expense									
Total expenses before depreciation	379,836	222,058	139,340	152,111	893,345	144,130	95,547	239,677	1,133,022
Depreciation expense	2,303	2,302	2,302	2,302	9,209	-	-	-	9,209
Total Expenses	\$ 382,139	\$ 224,360	\$ 141,642	\$ 154,413	\$ 902,554	\$ 144,130	\$ 95,547	\$ 239,677	\$ 1,142,231

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Great Swamp Watershed Association
Statement of Cash Flows
Year Ended June 30, 2024

Cash flows from operating activities

Change in net assets \$ 435,685

Adjustments to reconcile change in net assets

to net cash provided by (used in) operating activities

Depreciation 9,209

Unrealized gain on investments (20,501)

Change in operating assets and liabilities

Contribution receivable (4,250)

Prepaid expenses and other current assets (1,961)

Accounts payable and accrued expenses 6,359

Deferred contributions (16,733)

Net cash provided by operating activities 407,808

Cash flows from investing activities

Purchase of equipment (12,973)

Purchases of securities (522,153)

Proceeds from sale of securities 122,801

Net cash used in investing activities (412,325)

Net decrease in cash and cash equivalents (4,517)

Cash and cash equivalents, beginning of year 428,458

Cash and cash equivalents, end of year \$ **423,941**

Supplemental disclosure of cash flow information

Cash used in operating activities - operating lease \$ 34,095

GREAT SWAMP WATERSHED ASSOCIATION

Notes to Financial Statements

June 30, 2024

NOTE 1 – NATURE OF OPERATIONS

Great Swamp Watershed Association (the “Organization” or “GSWA”) is a New Jersey non-profit organization founded in 1981 with the mission to protect and improve the water resources of the Passaic River region, from the Great Swamp headwaters to Newark Bay. Based in Harding Township and Chatham Township, New Jersey, the Organization monitors and protects water quality, and investigates and participates in land use issues in the Great Swamp Watershed and Passaic River region.

Since its incorporation, the Organization has gradually acquired around 86 acres of land, of which 73 acres are in Harding Township and 13 acres in Chatham Township. These lands contain wetlands, forested areas and network of trails that are open to the public to enjoy natural recreations.

Through education, advocacy, science, land preservation and stewardship, in collaboration with partners, the Organization works to instill its communities with an awareness of water’s effect on health and the beauty of the environment, from source to sea. The Organization evaluates the conservation values of its properties and creates a property stewardship and management plan to enhance those values. Some of the properties the Organization owns have undergone significant restoration to improve conservation values including wetlands and stream restoration efforts.

Volunteers are a growing resource for the Organization's land stewardship and management efforts. Volunteers have assisted with restoration planting and trail building. The Organization monitors its properties and the conservation easements it holds on privately owned land annually.

In August 2017, the Organization was designated as an accredited national land trust by the Land Trust Accreditation Commission of the Land Trust Alliance. In December 2023, the Commission approved and renewed the accreditation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Consequently, revenue is recognized when earned and expenses are recorded as obligations are incurred.

CLASSIFICATION OF NET ASSETS

- *Net Assets without Donor Restrictions* – Represent funds 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.
- *Net Assets with Donor Restrictions* – Represent funds subject to donor-imposed restrictions, either for a specific purpose, subject to the passage of time or when the original dollar value is to remain in perpetuity as a permanent endowment of the Organization. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or by actions of the Board.

GREAT SWAMP WATERSHED ASSOCIATION

Notes to Financial Statements

June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTING PRONOUNCEMENTS ADOPTED

In March 2022, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2022-02, Financial Instruments – Credit Losses (Topic 326). This new standard, effective for reporting years after December 15, 2022, requires organizations to consider future events and forecasts in estimating credit losses on financial instruments such as contributions receivable. On January 1, 2023, the Organization adopted the new accounting guidance related to the allowance for credit losses on contributions receivable. The impact of adoption of this standard was not material.

The FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* which is a comprehensive new revenue recognition standard that supersedes existing revenue recognition guidance. This ASU became effective for annual reporting periods beginning after December 15, 2019. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The entity should recognize revenue when (or as) the entity satisfies a performance obligation. Further, judgment is required to bifurcate transactions between contribution and exchange components. The Organization has adopted this ASU as of and for the year ended June 30, 2024. Management has determined that this ASU does not have a significant impact on the financial statements.

MEASURE OF OPERATIONS

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing services and interest earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include demand deposits held in checking, savings, and money market accounts. The Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

CONTRIBUTIONS RECEIVABLE

Contributions receivable are pledges by donors that are expected to be collected within one year and are reported at net realizable value.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of assets over five to seven years. Additions and improvements of \$5,000 or more are capitalized, while general repairs and maintenance are expensed as incurred. The cost and related accumulated depreciation of assets sold or retired are eliminated from the accounts and any gains or losses are included in the change in net assets. Certain property acquired by the Organization for conservation purposes may be deed restricted, which substantially reduces its use and its fair market value. Property is written down to zero value when the conservation easement is placed on the property. Conservation easements have no economic value and minimal cost to maintain.

GREAT SWAMP WATERSHED ASSOCIATION
Notes to Financial Statements
June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS

The Organization has investments in securities with readily determinable market values and reports these investments at fair value. Market values for stocks are determined by quoted prices. The market value for mutual funds is determined by the fund manager. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Purchase and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

DEFERRED CONTRIBUTIONS

Contributions related to receipts collected prior to the occurrence of special events is deferred and recognized in the period in which the special event is held. Deferred contributions as of June 30, 2024, were \$21,334.

CONTRIBUTIONS, SUPPORT AND REVENUE

Contributions of cash, including unconditional promises to give, are available for unrestricted use, unless specifically restricted by the donor and are recognized as support in the period the unconditional promise is given. Unconditional contributions are recognized upon receipt or the date the promises are received.

Grants and other contributions of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions of nonfinancial assets includes donated property and services. They are recorded at their fair values in the period received as restricted or unrestricted revenue, depending upon the donor's stipulations. For the year ended June 30, 2024, contributed nonfinancial assets totaled \$68,041.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and support services have been summarized on a functional basis on the accompanying statement of activities. The statement of functional expenses presents expenses by function and natural classification. Accordingly, expenses are summarized and categorized based upon their functional classification as either program or supporting services. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function and are allocated based on time and effort.

LEASES

The Financial Accounting Standards Board (FASB) issued ASC 842 which is the new lease accounting standard effective for all non-profit organizations for years ending after December 15, 2021. The standard requires companies to record their long-term leases on the balance sheet. Lessees are required to classify leases as either finance or operating leases, and the pattern of expense recognition in the income statement will depend on the lease's classification. Leases of 12 months or less are to be accounted for similar to existing guidance for operating leases.

The Organization adopted ASC 842, Leases, effective January 1, 2022. The Organization determines if an arrangement is a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Operating lease assets are amortized on a straight-line basis over the lease term as rental expense in the statement of activities.

GREAT SWAMP WATERSHED ASSOCIATION

Notes to Financial Statements

June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES

Great Swamp Watershed Association is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal and New Jersey income taxes. It is further classified as an Organization that is not a private organization under Section 509(a)(3) of the Code.

The Organization files Form 990, annually with the Internal Revenue Service, as well as equivalent State filings. The Organization's returns prior to 2020 are no longer subject to examination by Federal or State Authorities due to the statute of limitations.

FINANCIAL INSTRUMENTS

The Organization considers the carrying amounts of financial instruments, including cash, contributions receivable and accounts payable to approximate their fair values because of their relatively short maturities.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject GSWA to concentrations of credit risk consist principally of cash deposits held in financial institutions. GSWA maintains its cash in bank deposit accounts, which, at times may exceed \$250,000 federally insured limits as guaranteed by the Federal Deposit Insurance Corporation (FDIC). GSWA has not experienced any losses on its cash deposits to date as it relates to FDIC insurance limits. At June 30, 2024, uninsured balances in bank accounts were \$0.

GSWA invests funds in a committee managed portfolio. Such investments are exposed to market and credit risks. Therefore, GSWA's investments may be subject to significant fluctuations in fair value.

NOTE 3 - CONTRIBUTIONS

All contributions come from private foundations, trusts, business entities and individual donors. Additional income is received from the Organization's fundraising events. There was one major donor, who contributed more than 10% of the total contributions for the year ended June 30, 2024.

GSWA received approximately 16% of total contributions from its annual fund-raising gala and music festival event held during the year ended June 30, 2024.

NOTE 4 - INVESTMENTS

Investments are carried at fair value based on quoted prices in active markets (all Level 1 measurements) and consist of the following at June 30, 2024:

<u>Investments</u>	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	\$1,441,779	\$1,800,609
Money Market	194,016	194,016
Equity	<u>181,493</u>	<u>230,969</u>
Total	<u>\$1,817,288</u>	<u>\$2,225,594</u>

GREAT SWAMP WATERSHED ASSOCIATION
Notes to Financial Statements
June 30, 2024

NOTE 5 – FAIR VALUE MEASUREMENTS

FASB ASC 820, Fair Value Measurement, defines fair value, provides the framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurements. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to un-adjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under *FASB ASC 820* are as follows:

Level 1 – Inputs, that reflect unadjusted, quoted market prices in active markets for identical assets or liabilities accessible at the measurement date.

Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

Level 3 – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining fair value.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Mutual Funds and Money Market Accounts: The fair values of equity and fixed income mutual funds and money market accounts totaling \$2,225,594 as of June 30, 2024, respectively, are calculated at quoted market prices in active markets and are Level 1 measurements.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although Great Swamp Watershed Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, GSWA's investments at fair value as of June 30, 2024:

	<u>Investments at Fair Value June 30, 2024</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Investments</u>				
Mutual funds	\$1,800,609	\$ -	\$ -	\$1,800,609
Money Market	194,016	-	-	194,016
Equity	230,969	-	-	230,969
Total investments at fair value	<u>\$2,225,594</u>	<u>-</u>	<u>-</u>	<u>\$2,225,594</u>

There have been no changes in the methods or assumptions used during the years ended June 30, 2024, and there were no transfers between various levels.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and Equipment, as of June 30, 2024, consists of the following-

Land	\$416,700
Equipment	82,722
Total	499,422
Less: accumulated depreciation	(55,288)
Property and Equipment	<u>\$444,134</u>

Depreciation expense for the year ended June 30, 2024 was \$9,209.

GREAT SWAMP WATERSHED ASSOCIATION
Notes to Financial Statements
June 30, 2024

NOTE 6 – PROPERTY AND EQUIPMENT (CONTINUED)

The Organization owns 33.25 acres of land that is not deed restricted. As of June 30, 2024, the Organization also owns and manages preserved properties, acquired for conservation purposes, totaling 52.23 acres in Harding Township. Its fair market value is zero and it has no resale value.

Additionally, the Organization maintains three easements totaling 5.31 acres with no economic value and minimum cost to maintain, as such there are no recorded values on the financial statements.

NOTE 7 – RIGHT-OF-USE ASSETS – OPERATING LEASE

The Organization adopted the new accounting standard for leases (*FASB ASC 842*) on July 1, 2022. The major impact of this new standard on the financial statements is related to space that is leased for administrative operations of the Organization. These arrangements are operating leases and have been recorded on the financial statements as right-of-use assets – operating leases (“ROU”). Upon adoption of the standard, the Organization recognized operating ROU assets of \$291,609. The right-of-use assets – operating leases are amortized on the straight-line basis over the term of the respective leases.

Right-of-use assets consist of the following on June 30, 2024:

Right-of-use-assets	\$262,619
Accumulated amortization	<u>(29,574)</u>
Total Lease Liability	<u>\$233,045</u>

NOTE 8 - LEASE COMMITMENTS

The organization entered into an operating lease agreement for office space. Lease expense for the year was \$34,500. The total monthly base rent is \$2,875. The current lease is set to expire September 2031. The monthly rent will be adjusted by the Consumer Price Index each year starting in the second year of the lease. The Organization can opt out of the lease at any time upon ninety days written notice to the lessor. The future minimum lease payments under the lease for the next five years ended June 30:

6-30-2025	\$ 34,500
6-30-2026	34,500
6-30-2027	34,500
6-30-2028	34,500
6-30-2029	34,500
Thereafter	<u>77,625</u>
Total	250,125
Less: present value discount	<u>(17,080)</u>
Total Lease Liability	<u>\$233,045</u>

NOTE 9 – LINE OF CREDIT

The Organization has a revolving line of credit of \$350,000 with Citizens Bank. Balance outstanding as of June 30, 2024 was \$0. Interest expense on the line of credit for the year ended June 30, 2024 was \$0.

NOTE 10 - RESTRICTIONS ON ASSETS

A portion of the Organization’s fund balance is restricted by donors and the Board of Trustees for the purpose of stewardship of preserved properties and annual monitoring. For the year ended June 30, 2024, net assets with donor restrictions had a balance of \$65,080.

GREAT SWAMP WATERSHED ASSOCIATION
Notes to Financial Statements
June 30, 2024

NOTE 11 - NET ASSETS

Net assets consists of the following components as of June 30, 2024:

<u>Net Assets with Donor Restrictions</u>	
Donor-restricted for continued investment	\$ 65,080
Net assets without donor restrictions	<u>2,980,266</u>
Total Net Assets	<u>\$3,045,346</u>

NOTE 12 - GRANTS

The organization received grants totaling \$256,000 from three foundations during the year ended June 30, 2024. These grants are for general operating support, including various program services.

NOTE 13 – FUNDRAISING EVENTS AND COSTS

Ticket income derived from such events amounted to \$57,204 for the year ended June 30, 2024. Other contributions were also received from donors at these events.

The entity incurs various costs to raise funds and solicit additional contributions. Fundraising costs include expenses for hall rentals, food, guest speakers, audio and visual, printing, supplies and security.

NOTE 14 - RELATED PARTY TRANSACTIONS

Board members and/or their related entities contribute to GSWA's revenues and support. Board members and/or their related entities contributed \$36,547 during the year ended June 30, 2024.

NOTE15 - DONATED GOODS AND SERVICES

Great Swamp receives a significant amount of donated services from unpaid volunteers who assist in fund-raising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition has not been satisfied.

Certain services and goods provided to Great Swamp without charge or at reduced cost are reflected in the financial statements, including the following during the year ended June 30, 2024

Stock Donations	\$ 5,011
Auction Sales	<u>63,030</u>
Total In-Kind Gifts	<u>\$68,041</u>

NOTE 16 – RETIREMENT PLAN

The Organization has a retirement plan under section 401(k) of the Internal Revenue Code (the "Plan"), for the benefit of all eligible employees. Employees of the Organization are eligible to make Elective Deferral Contributions and receive Safe Harbor Matching Contributions on the first day of the calendar month, after completing 3 months of service. The Organization may also make Non-Elective Contributions to the plan to eligible employees who have completed 12 months of service.

The Plan allows employees to defer their compensation to a maximum of \$22,500 for 2023 and \$23,000 for 2024 with a catch-up contribution of \$7,500 for 2023 and 2024 for employees aged 50 or older, adjusted annually for cost of living by IRS. Participants may increase or decrease their elective deferral contributions at monthly intervals throughout the plan year.

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NOTE 16 – RETIREMENT PLAN (CONTINUED)

The Organization will make safe harbor matching contributions of the first 6% of the compensation contributed as an elective deferral.

Participants are always 100% vested in their Elective Deferrals, Rollover Contributions and Safe Harbor Matching Contributions. For Non-Elective Contributions, participants are vested based on Years of Vesting Service as defined in the Summary Plan Description. Contributions made by GSWA for the year ended June 30, 2024 were \$35,802.

NOTE 17 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following schedule reflects the Organization's financial assets as of June 30, 2024, reduced by amounts not available for general use within one year.

Financial Assets:

Cash and cash equivalents	\$ 423,941
Contributions receivable	5,250
Investments	<u>2,225,594</u>
Total financial assets	2,654,785

Less amounts unavailable for general expenditures within one year:

Donor-imposed restrictions for continued investment (65,080)

**Financial assets available to meet cash needs for general
expenditures within one year** **\$2,589,705**

The Organization's policy is to structure its financial assets to become available as general expenditures, liabilities and other obligations become due, operating within a prudent range of financial soundness and stability while maintaining and monitoring reserves to provide reasonable assurance that long-term program goals will continue to be met.

NOTE 18 - SUBSEQUENT EVENTS

Management has evaluated the impact of all subsequent events on the financial statements, through January 15, 2025, the date the financial statements were available to be issued. There were no other subsequent events requiring recognition or disclosure in the financial statements.