

The Lake Hopatcong Foundation (A New Jersey Non-Profit Corporation)

Financial Statements

December 31, 2020

(With Comparative Totals for 2019)



NISIVOCCIA
ASSURANCE · TAX · ADVISORY

The Lake Hopatcong Foundation
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December 31, 2020 and 2019

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Independent Auditors' Report

To the Board of Trustees
The Lake Hopatcong Foundation
Lake Hopatcong, New Jersey

Report on Financial Statements

We have audited the accompanying financial statements of The Lake Hopatcong Foundation (a non-profit organization) (the "Foundation"), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Trustees of
The Lake Hopatcong Foundation

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Lake Hopatcong Foundation as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited The Lake Hopatcong Foundation's 2019 financial statements, and in our report dated August 20, 2020, we expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Nisiroccia LLP

Mt. Arlington, New Jersey
May 26, 2021

The Lake Hopatcong Foundation
Statement of Financial Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets:		
Cash and cash equivalents	\$ 476,146	\$ 475,274
Grants receivable	4,282	38,078
Other receivable	<u>17,255</u>	<u>31,866</u>
Total current assets	497,683	545,218
Property and equipment, net	<u>1,847,097</u>	<u>1,906,166</u>
Total assets	<u>\$ 2,344,780</u>	<u>\$ 2,451,384</u>
Current liabilities:		
Accounts payable and accrued expenses	\$ 18,947	\$ 39,933
Deferred revenue	<u>200</u>	<u></u>
Total current liabilities	<u>19,147</u>	<u>39,933</u>
Net assets:		
Without donor restrictions:		
Undesignated	427,725	462,703
Investment in property and equipment	<u>1,847,097</u>	<u>1,906,166</u>
Total net assets without donor restrictions	<u>2,274,822</u>	<u>2,368,869</u>
With donor restrictions:		
Restricted for specific purposes	30,811	12,582
Restricted for specific time period	<u>20,000</u>	<u>30,000</u>
Total net assets with donor restrictions	50,811	42,582
Total net assets	<u>2,325,633</u>	<u>2,411,451</u>
Total liabilities and net assets	<u>\$ 2,344,780</u>	<u>\$ 2,451,384</u>

See accompanying notes to financial statements

The Lake Hopatcong Foundation
Statement of Activities
For the Year Ended December 31, 2020
(With Comparative Totals for 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenue:				
Contributions	\$ 222,625	\$ 43,312	\$ 265,937	\$ 232,821
Special events	147,116		147,116	163,221
Initiative income	21,226		21,226	66,672
Grant income	54,028		54,028	163,371
Governmental grant - PPP	51,129		51,129	
In-kind contributions	36,595		36,595	5,437
Interest income	2,027		2,027	1,805
Net assets released from restrictions	35,083	(35,083)		
Total support and revenue	<u>569,829</u>	<u>8,229</u>	<u>578,058</u>	<u>633,327</u>
Expenses:				
Program services	317,835		317,835	318,737
Management and general	122,724		122,724	146,944
Fundraising	223,317		223,317	138,396
Total expenses	<u>663,876</u>		<u>663,876</u>	<u>604,077</u>
Change in net assets	(94,047)	8,229	(85,818)	29,250
Net assets, beginning of year	<u>2,368,869</u>	<u>42,582</u>	<u>2,411,451</u>	<u>2,382,201</u>
Net assets, end of year	<u>\$ 2,274,822</u>	<u>\$ 50,811</u>	<u>\$ 2,325,633</u>	<u>\$ 2,411,451</u>

See accompanying notes to financial statements

The Lake Hopatcong Foundation
Statement of Functional Expenses
For the Year Ended December 31, 2020
(With Comparative Totals for 2019)

	2020				2019
	Program Services	Management and General	Fundraising	Total	Total
Payroll and related expenses:					
Salaries and wages	\$ 149,687	\$ 44,724	\$ 78,477	\$ 272,888	\$ 250,901
Employee benefits	17,551	5,244	9,202	31,997	27,357
Payroll taxes	15,918	4,756	8,345	29,019	23,354
Total payroll and related expenses	183,156	54,724	96,024	333,904	301,612
Projects and initiatives	38,219			38,219	36,223
Professional fees	23,279	34,614	50,919	108,812	81,132
Printing and publications	598	982	2,326	3,906	1,848
Event expenses	60	236	14,276	14,572	48,128
Office expense and supplies	10,327	9,692	28,066	48,085	30,838
Postage and delivery	865	1,375	165	2,405	2,779
Insurance	4,173	904	1,587	6,664	12,768
Advertising	1,909	1,180	1,059	4,148	5,495
Outside services	835	1,037	1,974	3,846	3,216
Interest expense					99
Occupancy	14,034	3,432	6,023	23,489	26,087
Charitable awards		50		50	1,250
Depreciation	39,688	11,858	20,807	72,353	45,392
Membership	204	2,210		2,414	2,220
Travel and meetings	488	430	91	1,009	4,990
Total functional expenses	\$ 317,835	\$ 122,724	\$ 223,317	\$ 663,876	\$ 604,077

See accompanying notes to financial statements

The Lake Hopatcong Foundation
Statement of Cash Flows
For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ (85,818)	\$ 29,250
Adjustments to reconcile change in net assets		
net cash provided by (used in) operating activities:		
Depreciation	72,353	45,392
Governmental grant - PPP	(51,129)	
Donor restricted contributions for investment		
in property and equipment		(125,375)
Changes in operating assets and liabilities:		
Grants receivable	33,795	116,659
Contributions receivable		378
Other receivable	14,612	12,499
Prepaid expenses and other assets		2,852
Accounts payable and accrued expenses	(20,986)	(147,774)
Deferred revenue	200	
Refundable advance	51,129	
Net cash provided by (used in) operating activities	<u>14,156</u>	<u>(66,119)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(13,284)	(229,709)
Future reimbursement for purchases of assets restricted		
to investment in property and equipment		38,075
Net cash used in investing activities	<u>(13,284)</u>	<u>(191,634)</u>
Cash flows from financing activities:		
Principal payments on note payable		(8,482)
Collection of contributions restricted for purchase of		
property and equipment		87,300
Net cash provided by financing activities		<u>78,818</u>
Net increase (decrease) in cash and cash equivalents	872	(178,935)
Cash and cash equivalents, beginning of year	<u>475,274</u>	<u>654,209</u>
Cash and cash equivalents, end of year	<u>\$ 476,146</u>	<u>\$ 475,274</u>
Supplemental cash flow information:		
Cash paid during the year for:		
Interest	<u>\$ -</u>	<u>\$ 99</u>
Supplemental disclosure of noncash transactions:		
In-kind donation of goods and services	<u>\$ 36,595</u>	<u>\$ 5,437</u>

See accompanying notes to financial statements

The Lake Hopatcong Foundation
Notes to Financial Statements
December 31, 2020 and 2019

1. Nature of Activities

The Lake Hopatcong Foundation (the “Foundation”), which is located in Lake Hopatcong, N.J., was formed in 2012 as a New Jersey nonprofit corporation. The primary purpose of the Foundation is to protect the lake environment and enhance the lake experience for those on and around New Jersey’s largest lake. Contributions, fundraising events, and grant income are the Foundation’s primary source of revenue. Initiatives include:

- Support the health of Lake Hopatcong through supporting projects that prevent algae blooms, phosphorus growth, and the spread of invasive species.
- Protect those who use the lake through added safety measures, including supplemental police patrols, growing a dock numbering program, and supporting the first responders on the lake with equipment purchases.
- Educate those who live around the lake about how best to care for the watershed, including through a spring field trip program, Floating Classroom excursions, a children’s book, and educational talks and films.
- Create a trail system that fully surrounds Lake Hopatcong
- Bring together the Lake Hopatcong community through an annual Block Party and community events at the Lake Hopatcong Environmental and Cultural Center.
- Share arts and cultural experiences at the Lake Hopatcong Environmental and Cultural Center, including museum exhibits, informative lectures, and a native plant garden with signage.
- Coordinate with other organizations and governmental entities on water quality issues and weed control alternatives.
- Advocate for the lake by furnishing information to elected and governmental officials and encouraging a coordinated lake community response to issues as they arise.

2. Summary of Significant Accounting Policies

A summary of the significant accounting policies followed by the Foundation in the preparation of the accompanying financial statements is set forth below:

Accounting Method

The financial statements of the Foundation are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Foundation prepares its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) *Accounting for Contributions Received and Made* and *Financial Statements of Not-for-Profit Organizations*. FASB ASC *Financial Statements of Not-for-Profit Organizations* establishes standards for external financial reporting by not-for-profit organizations and requires that information regarding the Foundation’s financial position, activities, and cash flows be reported in two classes of net assets: net assets without donor restrictions and net assets with donor restrictions based upon the existence or absence of donor-imposed restrictions.

FASB ASC *Accounting for Contributions Received and Made* requires that unconditional promises to give be recorded as receivables and revenue and requires the Foundation to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net assets without donor restrictions are comprised of net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for to be held for specific purposes.

Net assets with donor restrictions represent amounts with donor or certain grantor-imposed restrictions. 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Support Recognition

Revenue is measured based on consideration specified in a contract with a customer. This occurs with the transfer of control of the sale at a specific point in time. The Foundation recognizes initiative income when the services are provided. The Foundation records special events revenue equal to the fair value of direct benefits to donors, and contribution revenue for the excess received when the event takes place. There are no multi-year contracts and performance obligations are typically satisfied within one year or less.

The Foundation recognizes contributions and pledges when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. State contracts and grants are conditioned upon certain performance requirements.

A portion of the Foundation's revenue is derived from cost-reimbursable state 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 Foundation has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

The Lake Hopatcong Foundation
Notes to Financial Statements
December 31, 2020 and 2019

Disaggregation of Revenue

In the following table, revenue is disaggregated by timing of satisfaction of performance obligations for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Performance obligations satisfied at a point in time	<u>\$ 168,342</u>	<u>\$ 229,893</u>

Revenue from performance obligations satisfied at a point in time consists of initiative income from the Foundation's various programs and the Foundation's fundraising efforts.

Cash Equivalents

The Foundation considers all highly liquid investing instruments purchased with an original maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost when purchased or at fair value at date of gift, when donated. The Foundation capitalizes additions of property and equipment in excess of \$1,000 cost per unit; the fair value of donated fixed assets is similarly capitalized. Proceeds from the sale of fixed assets, if without donor restrictions, are transferred to net assets without donor restrictions, or, if with donor restrictions, to deferred amounts restricted for fixed asset acquisitions.

Depreciation of assets is provided for by the straight-line method over their estimated useful lives. Leasehold improvements are amortized over the useful life of the asset. Expenditures for maintenance, repairs, and renewals of minor items are charged to earnings as incurred. Major renewals and improvements are capitalized.

The Foundation continually evaluates whether current events or circumstances warrant adjustments to the carrying value or estimated useful lives of fixed assets in accordance with the provisions of FASB ASC, *Accounting for the Impairment or Disposal of Long-Lived Assets*.

Income Taxes

The Foundation is a non-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and, therefore, is exempt from federal income taxes on income that is related to its tax-exempt purposes pursuant to Section 501(a) of the Code. The Foundation is also exempt under Title 15 of the State of New Jersey *Corporations and Associations Not-for-Profit Act*. Accordingly, no provision for federal or state income tax has been presented in the accompanying financial statements.

The Lake Hopatcong Foundation
Notes to Financial Statements
December 31, 2020 and 2019

As required by law, the Foundation files informational returns with both the United States federal and New Jersey State jurisdictions on an annual basis - Form 990 with the Internal Revenue Service, and Form CRI-300R with New Jersey State. These returns are subject to examination by these authorities within certain statutory periods from the latest filing date for federal and for New Jersey.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Costs are allocated between program services, management and general, and fundraising based on evaluations of the related benefits. Program services include protecting the Lake Hopatcong environment and enhancing the lake experience for those on and around Lake Hopatcong. 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 Foundation. Fundraising relates to direct cost of special events and development activities carried on by the Foundation as well as the allocation of employees' salaries, when applicable, and other costs involved in fundraising and special events.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, employee benefits, payroll taxes, insurance, office expense and supplies, occupancy, travel and meetings, professional fees, printing and publications, postage and delivery, advertising, outside services, and membership which are allocated on the basis of estimates of time and effort. Depreciation is allocated on a usage basis. Charitable awards and interest expense are direct program expenses, while event expenses are allocated based on the specific costs associated with each event.

Grants and Other Receivable

Grants and other receivable are stated at the amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. There was no allowance for uncollectible grants and other receivable at December 31, 2020 and 2019, as management deemed all receivables to be collectible as of the date of the financial statements.

Fair Value Measurement

In accordance with FASB ASC, *Fair Value Measurements and Disclosures*, fair value is defined as a market-based measurement, not an entity-specific measurement. The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability). A fair value measurement assumes that the transaction to sell the asset or transfer the liability either occurs in the principal market (or in its absence, the most advantageous market) for the asset or liability.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020 and 2019.

The carrying amounts of *cash and cash equivalents, grants receivable, other receivable, accounts payable and accrued expenses, and deferred revenue* approximate fair value because of the short-term maturity of these instruments.

Donated Services

The Board of Trustees makes significant contributions of time relative to general management and operations of the Foundation. Additionally, a substantial number of unpaid volunteers have made significant contributions of their time to the programs sponsored by the Foundation. The value of this contributed time is not reflected in the financial statements since it does not meet the requirements for recognition under U.S. generally accepted accounting principles.

Advertising

The Foundation expenses the costs of advertising the first time advertising takes place. Advertising expense amounted to \$4,148 and \$5,495 for the years ended December 31, 2020 and 2019, respectively.

Deferred Revenue

Deferred revenue is comprised of amounts received in advance for future special events which will be recognized as income in future periods when the special events are held. Deferred revenue at December 31, 2020 and 2019, amounted to \$200 and \$0, respectively

New Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 requires all lessees to record a lease liability at lease inception, with a corresponding right of use asset, except for short-term leases. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021. The amendments in this update should be applied retrospectively. The Foundation is currently evaluating the impact of this standard.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted. The FASB ASU requires nonprofits to present contributed nonfinancial assets as a separate line items in the statement of activities apart from contributions of cash or other financial assets along with expanded disclosure requirements. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. Management is evaluating the impact this ASU will have on its financial statements.

3. Liquidity and Availability

The Foundation receives a majority of its funding as governmental grants utilized for capital improvements, special events, and contributions. Certain contributions are given with donor restrictions and must be used in accordance with those specific purposes, however a majority of contributions are without donor restrictions to support the Foundation's mission. The Foundation considers the contributions with and without donor restrictions and the special event revenue for use in the administration of its current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

General expenditures include administrative and general expenses, fundraising expenses and charitable awards expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Foundation's fiscal year.

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that all commitments and obligations to support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

The Lake Hopatcong Foundation
Notes to Financial Statements
December 31, 2020 and 2019

The Foundation's Board of Trustees meets regularly to review and approve funding requests. The Foundation strives to maintain financial assets available to meet general expenditures at a level that represents 100% of annual expenses for administrative, general, and fundraising expenses plus a surplus to meet unexpected expenses which may arise. In addition to these available financial assets, a significant portion of the Foundation's annual expenditures will be funded by current year operating revenues including contributions, special events, initiative, and grant income.

As of December 31, 2020 and 2019, the following table shows the total financial assets held by the Foundation and the amounts of those financial assets that could readily be made available within one year of the statement of financial position date to meet general expenditures:

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 476,146	\$ 475,274
Grants receivable	4,282	38,078
Other receivable	<u>17,255</u>	<u>31,866</u>
Total financial assets	<u>497,683</u>	<u>545,218</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions for specified purposes	<u>(30,811)</u>	<u>(12,582)</u>
Financial assets not available to be used within one year	<u>(30,811)</u>	<u>(12,582)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 466,872</u>	<u>\$ 532,636</u>

4. Other Receivable

In November 2016, the Foundation entered into a tuition loan agreement with the then Executive Director whereby non-interest-bearing advances up to one-half of the cost of tuition, fees, and books to a maximum of \$25,000 per year for up to two years were to be made for education finance assistance. The Foundation advanced \$25,000 in 2017 and another \$25,000 in 2018 for a total of \$50,000 as per the agreement. The agreement provides, among other provisions, that the Executive Director resumes her employment with the Foundation upon completion of her degree for a period of at least four years and in return the funds advanced will be repaid in lieu of additional salary over a four-year period. The agreement also provides for full repayment of the loan over a period not to exceed two years, with payments to be made at least quarterly and amortized evenly over eight quarters if the Executive Director does not resume her employment with the Foundation. In the event the Executive Director resumes employment with the Foundation, but her employment terminates less than four years after her return, the amount to be repaid will be based on the amount of time worked. Starting in the first year of employment, 25% of the funds advanced will be deemed earned each year as compensation. As of December 31, 2020 and 2019, the balance of the receivable amounted to \$17,255 and \$31,866, respectively.

The Lake Hopatcong Foundation
Notes to Financial Statements
December 31, 2020 and 2019

5. Property and Equipment

Property and equipment consisted of the following as of December 31, 2020 and 2019:

	<u>Useful Life (Years)</u>	<u>2020</u>	<u>2019</u>
Construction in progress		\$ 33,280	
Buildings and improvements	39	1,767,892	\$ 1,787,887
Floating classroom	7	147,350	147,350
Equipment	5	18,812	16,181
Furniture and fixtures	7	15,489	18,120
		<u>1,982,823</u>	<u>1,969,538</u>
Less: accumulated depreciation		<u>(135,726)</u>	<u>(63,372)</u>
Net property and equipment		<u>\$ 1,847,097</u>	<u>\$ 1,906,166</u>

Depreciation expense amounted to \$72,353 and \$45,392 for the years ended December 31, 2020 and 2019, respectively.

6. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Office relocation	\$ 1,977	\$ 2,657
Train Station	19,812	
Lake safety	5,000	5,000
Smithsonian YES stories	3,500	
Field trips	522	2,500
AV equipment		2,425
Total	<u>\$ 30,811</u>	<u>\$ 12,582</u>

Net assets with donor restrictions are restricted for the following time period as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified time period:		
Year ended December 31, 2021	<u>\$ 20,000</u>	
Year ended December 31, 2020		<u>\$ 30,000</u>

The Lake Hopatcong Foundation
Notes to Financial Statements
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Net assets released from donor restrictions during the years ended December 31, 2020 and 2019 by incurring expenses satisfying the specified restrictions consisted of the following:

	<u>2020</u>	<u>2019</u>
Satisfaction of time and/or purpose restrictions:		
Office relocation	\$ 680	\$ 13,680
Lake Hopatcong community cleanup		5,119
Floating classroom	1,978	
AV equipment	2,425	2,575
Verhalen foundation grant	30,000	
Total	<u>\$ 35,083</u>	<u>\$ 21,374</u>

7. Related Party Transactions

The Foundation engages in certain transactions for the purchase of goods and services with businesses located within the community that are owned or operated by certain members of its Board of Trustees.

During the years ended December 31, 2020 and 2019, the Foundation received \$1,196 and \$111,743 respectively, in contributions from one member of its Board of Trustees.

8. Concentrations

Major Donors

During the years ended December 31, 2020 and 2019, the Foundation received approximately \$175,250 and \$165,343, respectively, in contributions from three donors.

Credit Risk

The Foundation maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risks related to cash.

9. In-Kind Contributions

The Foundation records contribution revenue for certain in-kind donations received at their fair value. In-kind contributions consisted of the following items as of December 31, 2020 and 2019:

The Lake Hopatcong Foundation
Notes to Financial Statements
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	<u>2020</u>	<u>2019</u>
Professional fees	\$ 7,449	\$ 1,015
Services	8,215	2,794
Supplies	<u>20,931</u>	<u>1,628</u>
	<u>\$ 36,595</u>	<u>\$ 5,437</u>

For the years ended December 31, 2020 and 2019, the following in-kind contributions were received from companies controlled by members of its Board of Trustees:

	<u>2020</u>	<u>2019</u>
Professional fees		\$ 1,015
	<u>\$ -</u>	<u>\$ 1,015</u>

10. Refundable Advance – Paycheck Protection Program

In April 2020, the Foundation received \$51,129 under the United States Small Business Administration’s (SBA) Paycheck Protection Program (PPP). The PPP funding is legally structured as a forgivable loan by the SBA. In order to achieve forgiveness of the loan, the Foundation must spend the funding for specific purposes and also must generally maintain its full-time equivalent level of staffing over a defined time period. The Foundation expects to meet the PPP’s eligibility criteria and, therefore, has concluded that the PPP Loan represents, in substance, a grant that is expected to be forgiven. As a result, the Foundation has accounted for the PPP funding as a conditional contribution in accordance with FASB ASC Topic 958-605 *Revenue Recognition*. Revenue is recognized only when conditions have been substantially met. The Foundation initially recorded the amount received as a refundable advance followed by a reduction in the advance and recognition of revenue as the aforementioned conditions are substantially met. During the year ended December 31, 2020, the Foundation has used the entire proceeds for purposes consistent with the PPP, resulting in recognition of the entire PPP funding of \$51,129 as contribution revenue (governmental grant) in the accompanying financial statements.

11. Risk and Uncertainty

The ongoing COVID-19 pandemic has caused an economic downturn on a global scale, disrupted global supply chains, and created significant uncertainty, volatility, and disruption across economies and financial markets. The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Foundation and financial results will depend on future developments, including the duration and spread of the outbreak within the markets in which the Foundation operates and the related impact on consumer confidence and spending, all of which are highly uncertain.

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12. Subsequent Events

Management has reviewed subsequent events and transactions that occurred after December 31, 2020 through the date of the independent auditors' report and the date the financial statements were available to be issued, May 26, 2021. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no nonrecognized subsequent events that require additional disclosure.

As of January 2021, the Foundation has received full forgiveness for the \$51,129 in PPP funding received during the year ended December 31, 2020.