

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

Financial Statements

December 31, 2023

(With Summarized Comparative Totals for 2022)



**NISIVOCCIA**  
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**The Lake Hopatcong Foundation**  
**Table of Contents**  
**December 31, 2023 and 2022**

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Independent Auditors' Report	1-3
Financial Statements:	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8

## Independent Auditors' Report

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of The Lake Hopatcong Foundation. (the "Foundation") (a nonprofit organization) which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Foundation 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.

To the Board of Trustees of  
The Lake Hopatcong Foundation

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 the Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued or 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 GAAS 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 GAAS, 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 the Foundation'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 the Foundation'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.

To the Board of Trustees of  
The Lake Hopatcong Foundation

***Report on Summarized Comparative Information***

We have previously audited the Foundation's December 31, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 8, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Mt. Arlington, New Jersey  
October 15, 2024

*Nisiroccia LLP*

**The Lake Hopatcong Foundation**  
**Statement of Financial Position**  
**December 31, 2023 and 2022**

	<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Current assets:			
Cash		\$ 616,500	\$ 647,596
Grants receivable		172,419	122,431
Accounts receivable		601	19,020
Total current assets		<u>789,520</u>	<u>789,047</u>
 Property and equipment, net		<u>1,988,149</u>	<u>1,980,306</u>
 Total assets		<u>\$ 2,777,669</u>	<u>\$ 2,769,353</u>
 <u>LIABILITIES AND NET ASSETS</u>			
Current liabilities:			
Accounts payable and accrued expenses		\$ 43,750	\$ 45,391
Deferred revenue		0	16,020
Total current liabilities		<u>43,750</u>	<u>61,411</u>
Net assets:			
Without donor restrictions:			
Undesignated		655,059	647,961
Investment in property and equipment		<u>1,988,149</u>	<u>1,980,306</u>
Total net assets without donor restrictions		<u>2,643,208</u>	<u>2,628,267</u>
With donor restrictions:			
Restricted for specific purposes		<u>90,711</u>	<u>79,675</u>
Total net assets		<u>2,733,919</u>	<u>2,707,942</u>
 Total liabilities and net assets		<u>\$ 2,777,669</u>	<u>\$ 2,769,353</u>

See accompanying notes to financial statements

**The Lake Hopatcong Foundation**  
**Statement of Activities**  
**For the Year Ended December 31, 2023**  
**(With Summarized Comparative Totals for 2022)**

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenue:				
Contributions	\$ 283,543	\$ 50,000	\$ 333,543	\$ 244,841
Programs and initiatives	105,696		105,696	78,770
Grant income - state and county	50,992		50,992	227,205
In-kind contributions	59,294		59,294	50,799
Interest income	6,733		6,733	327
Other income				64,067
Net assets released from restrictions	38,964	(38,964)		
	<u>545,222</u>	<u>11,036</u>	<u>556,258</u>	<u>666,009</u>
Special events revenue	211,593		211,593	234,873
Less: costs of direct benefits to donors	(46,891)		(46,891)	(60,127)
Net revenue from special events	<u>164,702</u>		<u>164,702</u>	<u>174,746</u>
Total support and revenue	<u>709,924</u>	<u>11,036</u>	<u>720,960</u>	<u>840,755</u>
Expenses:				
Program services	471,583		471,583	423,159
Management and general	124,672		124,672	101,379
Fundraising	98,728		98,728	86,657
Total expenses	<u>694,983</u>		<u>694,983</u>	<u>611,195</u>
Change in net assets	14,941	11,036	25,977	229,560
Net assets, beginning of year	<u>2,628,267</u>	<u>79,675</u>	<u>2,707,942</u>	<u>2,478,382</u>
Net assets, end of year	<u>\$ 2,643,208</u>	<u>\$ 90,711</u>	<u>\$ 2,733,919</u>	<u>\$ 2,707,942</u>

See accompanying notes to financial statements

**The Lake Hopatcong Foundation**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2023**  
**(With Summarized Comparative Totals for 2022)**

	2023				2022
	Program Services	Management and General	Fundraising	Total	Total
Payroll and related expenses:					
Salaries and wages	\$ 220,576	\$ 16,448	\$ 61,003	\$ 298,027	\$ 268,018
Employee benefits	40,328	3,007	11,153	54,488	45,546
Payroll taxes	20,241	1,509	5,598	27,348	25,428
Total payroll and related expenses	281,145	20,964	77,754	379,863	338,992
Programs and initiatives	37,930			37,930	31,809
Professional fees	17,500	81,076		98,576	88,659
Printing and publications	957	3,902		4,859	2,629
Merchant charges and bank fees	1,100	1,131	1,441	3,672	3,814
Office expenses and supplies	22,502	2,114	3,843	28,459	17,718
Information technology	7,301	544	2,019	9,864	6,116
Postage and delivery	1,809	135	500	2,444	1,959
Insurance	13,989	2,107	3,869	19,965	14,510
Advertising	1,394			1,394	1,254
Outside services	2,599	194	719	3,512	4,385
Utilities	19,906	736	2,094	22,736	24,186
Charitable awards		423		423	1,302
Depreciation	63,451	2,163	6,489	72,103	72,354
Membership fees		4,411		4,411	325
Travel and meetings		3,372		3,372	1,183
Credit losses		1,400		1,400	
Total functional expenses	\$ 471,583	\$ 124,672	\$ 98,728	\$ 694,983	\$ 611,195

See accompanying notes to financial statements



**The Lake Hopatcong Foundation**  
**Statement of Cash Flows**  
**For the Years Ended December 31, 2023 and 2022**

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 25,977	\$ 229,560
Adjustments to reconcile change in net assets		
net cash provided by operating activities:		
Depreciation	72,103	72,354
Donated stock	(5,505)	
Credit losses	1,400	
Changes in operating assets and liabilities:		
Grants receivable	(49,988)	(63,130)
Contributions receivable		1,651
Accounts receivable	17,019	(19,020)
Employee Retention Credit receivable		50,587
Accounts payable and accrued expenses	(1,641)	(16,535)
Deferred revenue	(16,020)	11,020
Net cash provided by operating activities	<u>43,345</u>	<u>266,487</u>
Cash flows from investing activities:		
Additions to construction in progress	(75,446)	(214,080)
Purchase of building improvements	(4,500)	
Proceeds from sale of investments	5,505	
Net cash used in investing activities	<u>(74,441)</u>	<u>(214,080)</u>
Net increase (decrease) in cash	(31,096)	52,407
Cash, beginning of year	<u>647,596</u>	<u>595,189</u>
Cash, end of year	<u>\$ 616,500</u>	<u>\$ 647,596</u>
Supplemental disclosure of noncash transactions:		
In-kind donation of goods and services	<u>\$ 59,294</u>	<u>\$ 50,799</u>
Donated stock	<u>\$ 5,505</u>	

See accompanying notes to financial statements

1. Nature of Activities

The Lake Hopatcong Foundation (the “Foundation”), which is located in Landing, NJ, was formed in 2012 as a New Jersey nonprofit corporation. The Foundation’s mission is to protect the lake environment and enhance the lake experience, bringing together public and private resources to encourage a culture of sustainability and stewardship on and around New Jersey’s largest lake, for this and future generations. Contributions, fundraising events, and grant income are the Foundation’s primary source of revenue.

The Foundation endeavors to accomplish its mission through various initiatives and programs focused on the Environment, Education, Community and Advocacy.

*Environment*

Environmental initiatives are centered on improving water quality and preventing the spread of aquatic invasive species. The improvement of water quality is addressed through initiatives to reduce the levels of phosphorus and other nutrients entering the lake via stormwater runoff, by educating area residents about the use of native plants and rain gardens, encouraging alternatives to the use of salt in the winter, and working with local municipalities to upgrade detention basins within their communities. Working with the Lake Hopatcong Commission and officials at the state and local level, the Foundation is involved in various initiatives to prevent and mitigate harmful algal blooms. In addition, the Foundation established Lake Stewards and Water Scouts programs engage the community in preventing and terminating the spread of highly invasive species, such as water chestnut.

*Education*

The Foundation’s Floating Classroom program provides area students and others “hands-on” experiential learning about lake ecology and the importance of protecting our water resources. Educational field trips on the Floating Classroom are held each year for fourth- and fifth-grade students. Annually, the Foundation’s field trip program services approximately 1,600+ students from over 30 schools across the state. The Foundation also offers Lake Ecology based Educational Tours aboard its Floating Classroom that are open to the public on Monday afternoons during the summer months, reaching over 300 individuals annually. There is also a lake-related education component embedded in all aspects of the Foundation’s activities.

*Community*

With four municipalities, two counties, and the State of New Jersey involved in various aspects of Lake Hopatcong, one of the goals of the Foundation is to build a unified lake community. The annual Lake Hopatcong Block Party, hosted and organized by the Foundation, engages 4000+ community members and showcases all facets of Lake Hopatcong life by bringing area residents together with businesses, government agencies, non-profit organizations, community groups, crafters, and food vendors for a community day of celebration. The Foundation also endeavors to engage members of the lake community in numerous areas of its programs and initiatives.

The Foundation continues to improve and expand recreation opportunities for area residents by creating new hiking trails, offering guided hikes and guided group kayak paddles, and engaging the lake community in the annual Lake Loop event, which promotes a variety of activities on, in, and around Lake Hopatcong. The Lake Hopatcong Trail, once completed, will traverse approximately 40 miles through all four municipalities encircling the lake. Public safety is always of the utmost importance on Lake Hopatcong. The Foundation works with local and state officials and first responders to address particular safety issues on the lake, as well as to raise awareness and educate lake users about important safety issues. The Foundation instituted the B-SAFE dock numbering program on Lake Hopatcong, which is designed to assist first responders to efficiently respond to emergencies by land or water.

#### *Advocacy*

The Foundation serves as Lake Hopatcong's foremost advocate, working with federal, state, county, and municipal leaders to secure increased funding and resources to improve the water quality and public access to the lake. The Foundation, working with members of the NJ State Legislature, was involved in raising awareness on issues impacting lakes in New Jersey resulting in \$10 million of state funding for public lakes in New Jersey in 2021. Additionally, the Foundation serves in a leadership role as the chair of the Public Lakes Alliance of New Jersey, coordinating advocacy efforts for public lakes across the state.

## 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 may designate, from net assets without donor restrictions, net assets to be held for specific purposes. There were no board designated net assets as of December 31, 2023 and 2022.

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.

#### Disaggregation of Revenue

In the following table, revenue is disaggregated by timing of satisfaction of performance obligations for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Performance obligations satisfied		
at a point in time	<u>\$ 317,289</u>	<u>\$ 313,643</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.

#### 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.

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.

Accounts Receivable and Grants Receivable

Receivables 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 credit losses at December 31, 2023 and 2022, as management deemed all receivables to be collectible as of the date of the financial statements. Credit losses amounted to \$1,400 and \$0 for the years ended December 31, 2023 and 2022, respectively.

#### Allowance for Credit Losses

In June 2016, the FASB issued guidance FASB ASC, *Measurement of Credit Losses on Financial Instruments* which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through change in net assets. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Foundation that are subject to the guidance in the standard were accounts receivable.

The Foundation adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and resulted in enhanced disclosures only.

#### Donated Services and Supplies

The Foundation recognizes contributed services and supplies at their fair value if the services or supplies have value to the Foundation and require specialized skills, are provided by individuals possessing those skills, and would have been purchased if not provided by contributors. If these criteria are met, the related amounts are reported as both in-kind contribution revenue and expense in the statement of activities.

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.

The Foundation follows the provisions of ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which requires nonprofits to present contributed nonfinancial assets as a separate line item in the statement of activities apart from contributions of cash or other financial assets.

#### Advertising

The Foundation expenses the costs of advertising the first-time advertising takes place. Advertising expense amounted to \$1,394 and \$1,254 for the years ended December 31, 2023 and 2022, respectively.

#### Deferred Revenue

Deferred revenue is comprised of amounts received in advance for program related field trips which will be recognized as income in future periods when the field trips are completed. Deferred revenue at December 31, 2023 and 2022, amounted to \$90 and \$16,020, respectively.

#### Investments

The Foundation records investments in accordance with FASB ASC, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under this standard, securities purchased for investment are carried at market value; those received as gifts are recorded at market value at date of gift and all investments in debt securities are reported at their fair market values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Investment income or loss (including interest and dividends) and gains/losses on sale of investments are included in the statement of activities unless the income or loss is restricted by the donor or law. A decline in the market value of an investment security below its cost that is designated to be other than temporary is recognized through an impairment charge. That impairment charge would be included in the statement of activities and a new cost basis would be established. For the years ended December 31, 2023 and 2022, the Foundation did not record any impairment charge in the statement of activities.

#### Subsequent Events

Management has reviewed subsequent events and transactions that occurred after December 31, 2023 through the date of the independent auditors' report and the date the financial statements were available to be issued, October 15, 2024. 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.

### 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 Lake Hopatcong Foundation**  
**Notes to the Financial Statements**  
**December 31, 2023 and 2022**

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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 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, 2023 and 2022, 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:

	2023	2022
Financial assets at year end:		
Cash	\$ 616,500	\$ 647,596
Grants receivable	172,419	122,431
Accounts receivable	601	19,020
Total financial assets	<u>789,520</u>	<u>789,047</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions for specified purposes	<u>(90,711)</u>	<u>(79,675)</u>
Financial assets not available to be used within one year	<u>(90,711)</u>	<u>(79,675)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 698,809</u>	<u>\$ 709,372</u>

**The Lake Hopatcong Foundation**  
**Notes to the Financial Statements**  
**December 31, 2023 and 2022**

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4. Property and Equipment

Property and equipment consisted of the following as of December 31, 2023 and 2022:

	<u>Useful Life (Years)</u>	<u>2023</u>	<u>2022</u>
Buildings and improvements	39	\$ 1,772,392	\$ 1,767,892
Floating classroom	7	147,350	147,350
Equipment	5	18,812	18,812
Furniture and fixtures	7	15,489	15,489
		<u>1,954,043</u>	<u>1,949,543</u>
Less: accumulated depreciation		(352,537)	(280,434)
Construction in progress		386,643	311,197
Net property and equipment		<u>\$ 1,988,149</u>	<u>\$ 1,980,306</u>

Depreciation expense amounted to \$72,103 and \$72,354 for the years ended December 31, 2023 and 2022, respectively.

5. Investments

Investments are stated at fair value, based on the quoted market prices. It is the Foundation's policy to liquidate donated securities in a reasonable time after receipt. There were no investments as of December 31, 2023 and 2022.

Investment activity for the years ended December 31, 2023 and 2022.

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ -	\$ -
Donated securities	5,505	
Sales	(5,505)	
	<u>\$ -</u>	<u>\$ -</u>

**The Lake Hopatcong Foundation**  
**Notes to the Financial Statements**  
**December 31, 2023 and 2022**

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6. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Train Station	\$ 19,186	\$ 19,186
Lake safety	1,400	1,400
Shed	20,125	20,475
Verhalen foundation grant		26,114
Kirby Foundation		12,500
Education program	50,000	
Total	<u>\$ 90,711</u>	<u>\$ 79,675</u>

Net assets released from donor restrictions during the years ended December 31, 2023 and 2022 by incurring expenses satisfying the specified restrictions consisted of the following:

	<u>2023</u>	<u>2022</u>
Satisfaction of purpose restrictions:		
Shed	\$ 350	
Kirby Foundation	12,500	
Verhalen foundation grant	26,114	\$ 23,386
Total	<u>\$ 38,964</u>	<u>\$ 23,386</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, 2023 and 2022, the Foundation received \$96,749 and \$32,991 respectively, in contributions from its Board of Trustees.

8. Concentrations

Major Donors

During the years ended December 31, 2023 and 2022, the Foundation received approximately \$130,000 and \$328,033, 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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Services	\$ 47,286	\$ 46,239
Supplies	12,008	4,560
	<u>\$ 59,294</u>	<u>\$ 50,799</u>

10. Other Income

In November 2022, the Organization conveyed to the County of Morris a piece of property owned by the Organization, in a sale in lieu of condemnation, in exchange for monetary consideration of \$64,067 which has been recognized as other income in the accompanying financial statements for the year ended December 31, 2022. The agreement also includes a temporary construction easement.

11. Retirement Plan

The Foundation offers its eligible employees the opportunity to participate in a defined contribution plan. The Foundation is required to contribute, as a match, up to 6% of eligible participants' gross salary. During the years ended December 31, 2023 and 2022, the Foundation made contributions of \$13,743 and \$7,925, respectively.

12. Contingencies

The Internal Revenue Service ("IRS") reserves the right to audit Employee Retention Credit funding for five years from the date that it was received. The credit was recognized in 2021 in the amount of \$50,587.

The Small Business Administration ("SBA") reserves the right to audit PPP funding forgiveness for ten years from the date that forgiveness was awarded. The Foundation received PPP loan forgiveness for both draws in 2020 and 2021, respectively, in the amount of \$51,129 and \$63,440, respectively.