

GSWA Board of Trustees Meeting
06.19.2023
Minutes

Sally Rubin convened the meeting at 8:07 a.m. Board members included David Naidu, Jordan Glatt, Carolyn Sharaway, Sue Kessel, Lisa Stevens, Carolyn Dempsey, Dave Robinson, Meisha Williams Bertels, and Reed Auerbach. Michael and Marilyn Dee later joined via phone as did Gerry-Jo Cranmer. Staff members present were Sally Rubin, Sue Levine, Wade Kirby and Val Thorpe.

Sally deferred to Sue who reviewed the balanced budget with net income/break even. The budget for next year includes the annual 4% draw from the investment funds, reviewed and approved by the Finance Committee. There are funds for advocacy put aside for unforeseen needs. Our Fall Gala has secured Congresswoman Mikie Sherrill as the keynote speaker along with a tribute to the life of Jay Delaney. It will be held on **Thursday, October 5th, 2023** at the Brooklake Country Club in Florham Park. An electronic **Save the Date** notice will be sent out following the music festival. We are hopeful that the attendance numbers will resume to prior levels. We continue to enjoy strong corporate support with a nice blend of different companies participating in their volunteer community service workdays. The very generous Victoria Foundation will end its funding next year after a three year sunset period. Their focus is changing to priorities in Newark. Sally spoke about the grants that Lynne has researched and secured in the \$20,000 - \$40,000 range. For example, GSWA will receive a grant of \$20,000 from Thrivent each year over three years.

Individual membership realized a slight decline. Stacey Valentine's thoughtful wedding invitation listed three charities to which recipients were encouraged to send contributions in lieu of a wedding gift to Stacey and Jude. GSWA was one of those charities. Stacey and Jude also hosted a dinner at The Morristown Club to which their personal guests were invited and encouraged to contribute \$250 each. The dinner yielded about \$8,000 providing GSWA with new donors and new friends! Our major donor component remains strong. Sally then passed around a list of current major donors from the last three years and asked whether any board members know anyone with whom they can help us develop a relationship. Sue explained the different components of Trustee Giving and the ways trustees can give throughout the year.

Great Swamp Great Music is coming up on Sunday, June 25th, 2023. Sally said that Mike Gambro, one of the musicians in "Lenox Underground", has strong giving potential to GSWA. Jordan offered to cultivate a relationship with him. Reed Auerbach knows him as well. He lives in Summit and is an M&A attorney in the city.

The Native Plant Sale grossed \$67,000 and sold 27,000 plants through the help of many volunteers from surrounding towns.

Our partnering with the S2S student programming is ongoing. Fall and Spring are the seasons when students participate.

The restricted individual donations from Peter Kellogg for the 6 % 401K Match have ceased. There is an expectation that board funding for the 401K will continue. All employees are encouraged to participate. Lynne is looking to see if there is another donor similar to Peter Kellogg who might want to fund this initiative. Otherwise, it comes out of operating funds. It is really the only employee benefit offered.

The Glasser Foundation funded the purchase of new kayaks last year and a second topographic model this year. We're in discussion about funding for new water quality equipment and/or possibly a better shed for the CMA. We will also be applying to Hyde & Watson for whatever Glasser doesn't fund as well as possibly some other capital items such as some new laptops.

Our website technology may need updating and the cost of utilities is expected to go up along with the possible increase for native plants.

The Gala contract is coming from Brooklake Country Club.

\$14,000 is sitting on the balance sheet for the capital campaign for work which Angeletti hasn't completed yet, until we have a definitive decision on Ferber.

A \$1.2 million dollar budget is proposed for FY2024 which includes an increase in staff hours for Sarah and Melanie.

Reed asked whether we have any competition from the Raritan Headwaters Association? Sally explained we do have some cross over in grant funders, but individuals pretty much give to their own geographic region. Although we get some of theirs and they get some of ours. They have a significantly larger endowment than GSWA, but a significantly smaller membership. Jordan suggested comparing the Forms 990. Their endowment is close to \$8 million. Sally later shared their annual report and 990 with Reed. Their budget is closer to \$2 million and they have \$500,000 draw from their endowment.

Sue then delivered her Finance Report.

FY 2024 Budget and YTD Re-forecast:

The Finance Committee Reviewed in detail the Fiscal Year 2024 Budget on May 26th. They also reviewed the budget and YTD Actuals through April compared to multiple year history. The FY 2024 Budget was approved by the committee. After the meeting, it was discovered there was a formula error in revenue. As a result, an email was sent to the Finance Committee advising them of changes proposed to keep the budget at breakeven.

We are proposing the following changes to the FY 2024 budget that was approved by the Finance Committee on May 26th:

- Added \$10k to revenue for the in / out grant funds expected for Training and Computers from Hyde & Watson, EJ Grassman, Other
- The Capital Campaign Expenses of \$15K were removed and will be captured in the balance sheet.
- Rent Cam costs were reduced by \$3k.

- Native Plant Program revenue for FY23 came in at \$67K; we increased Plant Program revenue for FY 24 by \$3k to \$63K.
- Now that Mikie Sherrill has committed to the Gala, we increased Gala revenue by \$10k
- We reduced bonuses by \$10k
- We delayed the increased programming staff hours to 1/1/2023.

In summary, revenue is projected to increase from \$1.1M to \$1.2M primarily due to a projected increase in Gala, and Foundation support which is offset by lower Corporate due to Wells Fargo timing of 2 grants in FY 2023. Expenses are expected to increase from \$1.1M to \$1.2M.

Net Ordinary Income is projected to be \$4,445.

The board voted unanimously to approve the budget for fiscal year 2023-2024. Every board member voted either in person or electronically to pass the budget. Email votes attached are to the minutes.

Balance Sheet:

We have \$0.5M at different banks. No one bank has more than FDIC limit. We have investments of \$1.7M and other assets of \$0.3M. Current Liability is the remaining Capital Campaign assessment.

Investments review at finance committee meeting recap:

Clark reviewed the Commodity Analysis Data for the finance committee. It was determined that investing in commodities doesn't add much value. It would add some level of diversification however based on the history and projects, it would not offer a longer-term significant change to our investment strategy. It was recommended that we would not invest in commodities.

Clark then discussed investing in water funds. He looked at some of the key water funds which have been around for 10+ years. The key funds have comparable returns and have tracked comparably to the S&P. We discussed whether we should sell the ESG funds and replace with a water fund. Discussion on the benefits of keeping the ESG and also investing in water funds was discussed. Water funds invest into water infrastructure, desalinization, etc.

A motion was made to invest 5% into water funds (these funds would be drawn from our current S&P 500 investment).

David motioned to invest 5% of the long term (non-operational funds) in water funds. Dot 2nd.

Unanimously approved.

Next steps will be to review the possible funds to include Invesco EFT PHO; First Trust Water EFT and any others that are within the Vanguard portfolio. We will then proceed to implement this recommendation over the next several months.

Clark did some further review of the three water funds, and he recommends we invest in First Trust Water ETF (FIW). There is not a lot to differentiate among the three funds, however his preference for FIW is based on slightly better risk profile, slightly lower expense ratio, and no non-US investments. FIW has a 15+ year track record and \$1.3 billion in assets. Since FIW is an ETF, Sue will be able to buy it through Vanguard.

After the investment is made, the investment target asset allocation will have 10% in sustainable/ESG investments and will look as follows:

Stocks: 70%

Vanguard 500 Index Fund: 20%

Vanguard Midcap Index Fund: 20%

Vanguard Intl. Stock Index Fund: 20%

iShares ESG Aware MSCI USA ETF: 5%

First Trust Water ETF: 5%

Bonds: 30%

Other side discussions:

Development to provide a target list of companies as well as seek other companies where board may have connections. David agreed to review the list that did Corporate Clean up in Summit. Development to seek federal funds for cleanup initiatives - reach out to State Senate, etc. We were asked to review and share the average gift amount. We discussed Text to Give - the Gin & Tonic in a can!

Sally updated the board on the Rolling Knolls Superfund Site. The EPA has reached out to all parties to attempt to mediate an acceptable remediation option through a facilitator.

The Ferber Property acquisition continues in a positive direction. Transfer of the Title may occur by the end of 2023. The Board of Public Utilities as well as the Chatham Township Zoning Board must approve. As the neighbors in Green Village are a bit concerned about the traffic on the property, Jordan suggested inviting them to a meet and greet. Sally is attending a meeting with PSEG representatives and some neighbors to review neighbor concerns about drainage issues.

Sally then asked if the Land Trust Accreditation film had been watched by everyone? Some board members watched on their own and emailed staff and some board members watched at the beginning of the meeting at 7:30.

We discussed in the future GSWA must receive and review the landowner expenses with our attorney prior to agreeing to consider a transaction a donation with expense reimbursement versus calling a transaction a bargain/sale. Our attorney indicated that there is no formal list of expenses that may be acceptable. The expenses must simply "pertain" to the donated property. For example, reimbursement of demolition or rehabilitation expenses requested and incurred prior to the donation, closing costs, or environmental site assessments would all be acceptable. These will have to be evaluated on a case by case basis. The board suggests that we put a clause in any future contract that says if reimbursement receipts are not received and approved prior to closing, then the transaction will be considered a purchase. This clause can then be negotiated as necessary.

The attorney opinion from Schenck Price, dated May 18, 2023, confirmed that that GSWA's 501c3 status is not jeopardized. They indicated that the transaction was clearly intended to be a reimbursement/donation. The opinion went on to specify that there was no qualitative or quantitative benefit to the donor. Our execution of the charitable donation IRS form 8283 did not validate the donor's appraised value. We simply fulfilled our obligation to acknowledge the transaction.

The attorney opinion letter did make some recommendations. The settlement statement should not have reflected the reimbursement as "sales price." We need to review the settlement statement in the future to ensure it accurately reflects the transaction. We should have specified the acceptable reimbursement expenses in the contract. Finally, our letter to the donor's accountant with the executed

8283 should have been more specific about the reimbursement. The Board agreed with the attorney opinion letter and its recommendations.

Regarding a vote on the Land Trust Policy and Procedures, Michael and Marilyn Dee were reached by phone as was Gerry-Jo Cranmer. *David Naidu made a motion to accept the policy which was then seconded by Jordan Glatt. All in favor. None opposed. The motion carried.*

Val then delivered a progress report on **Great Swamp Great Music for June 25**. Everything is in place but we need people to attend! Please help us promote the event by spreading the word and putting up flyers and posters. "Kids Corner Swamp Sprouts" is new this year and anticipated to attract families. Fingers crossed for good weather!

Sally then adjourned the meeting at 9:20 a.m.

Respectfully submitted,

Wade Kirby
Director of Development

	TOTAL		FY 2024 Budget	NOTES	
	Jul 22 - Jun 23	Budget			
Ordinary Income/Expense					
Income					
4% Fund Transfer Draw	60,986	56,000	68,000	based on \$1.7M	
401K Operational Reserve BD	0	25,000	0		
Advocacy Operational Reserve BD	0	20,000	20,000	in/out	
Total Annual Event	145,075	175,000	185,000	350ppl / 50ppl in U/W at premium ticket price	
Corporate					
Total Restricted	91,000	59,500	63,000	We received 2x from Wells Fargo in FY23; Bayer \$15k; BMS \$15k; PSEG 7.5; Wells 20K; First Energy 4.5k; Citizens \$1k	
Total Unrestricted	14,850	10,250	14,500	increase of \$5k from Columbia Bank	
Total Corporate	105,850	69,750	77,500		0
Corporate Stewardship Restricted				numbers, uncertain for 2024, super conservative	
Goldman Sachs CMA Steward Funds	7,857	8,000	0		0
Corporate Stewardship Restricted - OI	10,720	0	10,000		0
Total Corporate Stewardship Restricted	18,577	8,000	10,000	Goldman; Columbia; Enbridge; Apple; Schiseido; etc	
Deferred Income from Prior Year	-13,000	23,000	36,000	Wells Fargo 11/12 of \$15k EDU; Bayer 11/12 of \$20k EDU; Kirby \$5k trees should be done in FY23; Garden Club signs \$1k; Citizens Bank 11/12 of \$1k EDU; Summit Foundation \$2k Rain garden	
Foundation Support					0
Total Restricted Foundation Support	40,400	32,000	49,200		
Total Unrestricted Foundation Support	233,000	252,000	277,000		
Total Foundation	273,400	284,000	326,200	last year of Victoria; New Leavens aka Gibson \$25k; \$30k TBD (Mimi Starrett; Whole Foods)	
Government Grants	4,653	20,000	8,150	in/out grant - workforce development; plus Babbel which will be completed by July \$4.9k	
Total Individual - Membership	91,532	89,000	84,600	Stacey's wedding & Cocktail party in FY23	
Individual Major Donors	225,412	222,000	236,683	+5%	
Individual Trustee Giving	30,336	30,000	31,500		
Merchandise Misc	41	0	0		0
Total Music Fest Event	45,345	49,006	45,950		
Total Native Plant Program	63,330	60,750	63,750	flat - reached capacity plus increases in costs	
Total Other incomes misc	403	500	425		0
Total Programs - Education & Outreach	26,739	30,000	26,100	S2S \$17k - 16 programs;	
Total Restricted Individual Donations	25,000	5,000	0	Glasser / Sblendoria / Kellogg FY 23	

Total Income	1,103,679	1,167,006	1,219,858		0
Gross Profit	1,103,679	1,167,006	1,219,858		0
Expense	0	0	0		0
Total Administrative Expense	119,004	125,965	130,139	2 new computers; website maintenance; utilities +8%	
Total Administrative Payroll Total	739,915	737,756	829,886	increased hours 3 EE; 8% COLA; increased 401K participation; FY2023 higher bonus	
Total Advocacy / CAGs / Other	1,388	40,000	20,000	in/out	
Total Annual Event Expenses	34,096	52,069	56,803		0
Capital Campaign Exp	0	2,500	0	Angeletti group \$14k prepaid	
Total Development Expense	8,223	13,165	11,137	added Morristown Chamber & Foundation Directory subscription	
Total Education and Outreach	15,356	13,100	13,910	training on chainsaw; GIS; Kayak's - grant dependent	
Total Grant Specific Expense	13,466	0	2,200	Watershed Model in FY23; WC Meter FY24	
Total Mailing	14,504	13,360	14,788	same as FY 2023	
Total Membership	19,957	20,280	20,350	same as FY 2023	
Music Fest	17,599	19,000	19,000		
Native Plant Expenses	41,941	41,000	43,000	increased costs on plants; misc	
Total CAM	3,170	0	0		0
Total Stewardship	26,163	25,800	16,000	no Goldman in FY24; addl Hericide/equip	
Total Stewardship Land Acquisition	10,111	450	0	Ferber Acquisition	
Total Water Quality	36,578	34,350	38,200	adding addl sites; training Sara/Ginger; more travel; outsource design Loantaka loading	
Total Expense	1,101,471	1,138,795	1,215,413		0
Net Ordinary Income	2,208	28,211	4,445		0
Other Income/Expense	0	0	0		0
Other Income	0	0	0		0
Dividends Received	30,577	0	30,000		0
Sblendorio	20,000	0	0		0
UNREALIZED GAIN ON SEC	20,741	0	0		0
Total Other Income	71,318	0	30,000		0
Other Expense	0	0	0		0
Save Noe Pond Expense	13,624	0	0		0
Total Other Expense	13,624	0	0		0
Net Other Income	57,694	0	30,000		0
Net Income	59,902	28,211	34,445		0

Great Swamp Watershed Association

Budget vs. Actuals: FY_2022_2023 - FY23 P&L

July 2022 - May 2023

	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Income				
4% Fund Transfer Draw	60,986.17	56,000.00	4,986.17	108.90 %
401K Operational Reserve BD		0.00	0.00	
Advocacy Operational Reserve BD		0.00	0.00	
Annual Event	148,073.31	175,000.00	-26,926.69	84.61 %
Corporate	85,850.00	69,750.00	16,100.00	123.08 %
CorporateStewardship Restricted	10,177.00	0.00	10,177.00	
Deferred Income from Prior Year	23,000.00	23,000.00	0.00	100.00 %
Foundation Support	273,400.00	266,000.00	7,400.00	102.78 %
Government Grants	4,652.75	20,000.00	-15,347.25	23.26 %
Individual - Membership	83,309.52	78,224.71	5,084.81	106.50 %
Individual Major Donors	219,375.13	200,915.75	18,459.38	109.19 %
Individual Trustee Giving	28,643.50	26,924.51	1,718.99	106.38 %
Merchandise Misc	41.20		41.20	
Music Fest Event	28,607.70	49,006.00	-20,398.30	58.38 %
Native Plant Program	68,958.10	60,750.00	8,208.10	113.51 %
Other incomes misc	391.41	458.34	-66.93	85.40 %
Programs - Education & Outreach	18,359.45	21,250.00	-2,890.55	86.40 %
Restricted Individual Donations	45,000.00	5,000.00	40,000.00	900.00 %
Total Income	\$1,098,825.24	\$1,052,279.31	\$46,545.93	104.42 %
GROSS PROFIT	\$1,098,825.24	\$1,052,279.31	\$46,545.93	104.42 %
Expenses				
Administrative Expense	99,428.84	116,299.47	-16,870.63	85.49 %
Administrative Payroll Total	636,597.54	657,901.33	-21,303.79	96.76 %
Advocacy	1,271.41	0.00	1,271.41	
Advocacy / CAGs / Other	116.62	18,333.33	-18,216.71	0.64 %
Annual Event Expenses	32,094.80	52,069.00	-19,974.20	61.64 %
Capital Campaign Exp		2,500.00	-2,500.00	
Development Expense	4,390.12	6,322.50	-1,932.38	69.44 %
Education and Outreach	10,708.92	12,010.00	-1,301.08	89.17 %
Grant Specific Expense	8,957.53		8,957.53	
Mailing	10,529.67	8,253.50	2,276.17	127.58 %
Membership	20,394.72	19,870.17	524.55	102.64 %
Music Fest	369.91	19,000.00	-18,630.09	1.95 %
Native Plant Expenses	37,480.04	41,000.00	-3,519.96	91.41 %
Stewardship	13,196.11	16,450.00	-3,253.89	80.22 %
Stewardship Land Acquisition	10,110.05	450.00	9,660.05	2,246.68 %
Water Quality	43,227.84	28,370.83	14,857.01	152.37 %
Total Expenses	\$928,874.12	\$998,830.13	\$ -69,956.01	93.00 %
NET OPERATING INCOME	\$169,951.12	\$53,449.18	\$116,501.94	317.97 %
Other Income				
Dividends Received	30,577.59		30,577.59	

Great Swamp Watershed Association

Budget vs. Actuals: FY_2022_2023 - FY23 P&L

July 2022 - May 2023

	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
UNREALIZED GAIN ON SEC	20,740.78		20,740.78	
Total Other Income	\$51,318.37	\$0.00	\$51,318.37	0.00%
Other Expenses				
Save Noe Pond Expense	13,624.10		13,624.10	
Total Other Expenses	\$13,624.10	\$0.00	\$13,624.10	0.00%
NET OTHER INCOME	\$37,694.27	\$0.00	\$37,694.27	0.00%
NET INCOME	\$207,645.39	\$53,449.18	\$154,196.21	388.49 %

Great Swamp Watershed Association

Balance Sheet

As of May 31, 2023

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	\$471,754.22
Accounts Receivable	\$0.00
Other Current Assets	
Operational Reserve Vanguard	1,736,958.56
Total Other Current Assets	\$1,736,958.56
Total Current Assets	\$2,208,712.78
Fixed Assets	
Equipment	32,161.52
Land - in deed	416,700.00
Total Fixed Assets	\$448,861.52
Other Assets	
Authorize.net Escrow Account	6,401.73
Furniture & Fixtures	0.00
Other Asset	0.00
Prepaid	21,350.00
Prepaid insurance	9,894.78
Right of Use (Operating)	245,671.06
Total Other Assets	\$283,317.57
TOTAL ASSETS	\$2,940,891.87
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	\$14,000.00
Long-Term Liabilities	
Lease Liability (Operating)	245,671.06
Total Long-Term Liabilities	\$245,671.06
Total Liabilities	\$259,671.06
Equity	
Opening Bal Equity	0.00
Permanently restricted Endowmnt	65,080.00
Retained Earnings	-283,357.68
Retained Equity (Land)	0.00
Temporarily restricted	48,404.00
Unrestricted Net Asset	2,643,449.10
Net Income	207,645.39
Total Equity	\$2,681,220.81
TOTAL LIABILITIES AND EQUITY	\$2,940,891.87