

F.M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM

DATE: April 7, 2021

REQUEST DATE: March 19, 2021

Last grant acknowledgement: Yes

Program Area: Environment/Animals

APPLICANT:

The Nature Conservancy in New Jersey
New Jersey Chapter Office
Elizabeth D. Kay Environmental Center
200 Pottersville Road
Chester, NJ 07930

CONTACT: Barbara Brummer, Ph.D., State Director

PHONE: 908-879-7262 x 350

PAYEE OTHER THAN ADDRESSEE:

AMOUNT REQUESTED: \$150,000 **NATURE OF REQUEST:** For general operating support - \$100,000; toward the New Jersey Chapter Operations endowment - \$50,000

GRANT HISTORY

LAST GRANT DATE: 4/29/2020

LAST GRANT AMOUNT: \$140,000

FYE DATE: 6/30/2020

AFS DATE: 12/22/2020

2016	\$135,000	12/8/2016	Toward the continued formation of the land protection blueprint to be shared by New Jersey conservation organizations-\$35,000
2017	\$115,000	4/28/2017	Toward support for a stewardship endowment for acquired land in northwestern New Jersey-\$25,000
2018	\$135,000	4/23/2018	Toward the Campaign for the Real Nature of New Jersey-\$25,000 toward stewardship endowment for land acquired in northwestern New Jersey; toward the New Jersey Chapter Operations endowment-\$35,000
2019	\$130,000	4/15/2019	Toward the New Jersey Chapter Operations endowment-\$50,000
2020	\$140,000	4/29/2020	Toward the New Jersey Chapter Operations endowment-\$40,000

See Site Visit Report attached.

DLK COMMENTS: Financial analysis attached.

ECC COMMENTS: This request does a great job in highlighting partnerships with other FMKF grantees. For example, it looks like that, in addition to the Ridge and Valley Conservancy partnership described in our recent site visit, TNC-NJ has formed a new partnership with The Land Conservancy of New Jersey in their work in and around Bobcat Alley. Even more excitingly, the partnership was a result of working together on the NJ Conservation Blueprint project which we fund through Rowan University – a true connecting the dots moment! Together, the two organizations have recently preserved two parcels within the Yards Creek Preserve that were both highly ranked for climate adaptation and wildlife migration within the Blueprint.

Another partnership has been with New Jersey Conservation Foundation in protecting 261 acres along the northern flank of the Sourland Mountains, in addition to the existing collaboration

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between the two on the aforementioned Blueprint. The Blueprint now has an average of 2K users per month and is being used by the State and local governments, as well as the largest land preservers in the state. *Another* FMKF grantee, ANJEC, has particularly been promoting the Blueprint to local environmental commissions, as well.

The request covers a number of really intriguing projects, especially throughout the Paulins Kill watershed and its floodplains. I'd particularly like to highlight their Greening Our Cities program which will be an inaugural initiative led by their new Urban Program Director who joined in March 2020. This program will be oriented around addressing environmental justice and equity issues in urban communities, an area of programming that is relatively new to TNC in the grand scheme of their lifecycle. It seems the majority of the Greening Our Cities projects are based in Elizabeth and Newark, but they will be looking to expand by using the Conservation Blueprint to identify community green space opportunities in other urban areas. They will also be hiring a second position for this program in the next year.

Organizationally, the chapter just completed its seven-year campaign, capping off at \$87 million and beyond the initial goal (\$80M). Encouragingly, in addition to incorporating equity and diversity components to internal goals, they will be developing an Equitable Conservation Framework informed by insight and stewardship practices from local Indigenous communities, such as the Ramapough Lunaape Nation in northern NJ and the Nanticoke Lenni-Lenape in southern NJ. This is really great to read, as the exclusion of indigenous voices in national conservation efforts has long been a criticism of TNC Global and other conservationists. To see this made a primary focus both in the parent organization and on local chapter levels is quite promising and hopefully will have a significant impact on the field of environmentalism as a whole.

I recommend the targeted \$140K with \$40K towards the New Jersey Operations Endowment. We should keep an eye on where the Greening Our Cities program and Equitable Conservation Framework efforts go in the next few years – these may warrant some additional support as DEI efforts continue.

JJK COMMENTS: One of the more interesting insights of the request – which we did not cover in our site visit – was the broader application of the NJ Conservation Blueprint to urban areas. Heretofore, the Blueprint appeared to be mostly used for pinpointing the most ecologically prized areas for conservation, those relatively few remaining green spaces, still insulated from the complete “build out” of New Jersey. But now, the Blueprint will hopefully soon have further use in areas that are already “built out” but might have abandoned lots, riverfront areas, or other potential green spaces. The request notes 1,400 vacant lots in the city of Newark; an enhanced Blueprint has the potential to help identify and transform some of these lots, increasing tree cover, providing solutions to heat island effect, and perhaps building more community gardens (note the collaboration with the Greater Newark Conservancy). Beginning with this partnership in Newark, TNC-NJ will eventually develop a Blueprint with new data layers for urban areas, such as identifying areas most in need of open space (a sort of flip side of the Blueprint’s current use) and “addressing other community needs including stormwater management and opportunities for active outdoor recreation.” Not only does this represent more “bang for the buck” on the Blueprint, which we have long supported, but it also reflects a new direction for Nature Conservancy of NJ, as they dedicate more resources to urban areas and community engagement.

There appears to be a thread running through the entire request which concerns making New Jersey more resilient to a changing climate. While TNC-NJ has four areas of focus, all of them appear

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designed to develop lands and waters that can adapt to an uncertain future. Whether it be in the Highlands' Bobcat Alley or in the saltwater marshes of Barnegat Bay, TNC-NJ seems to be making calculated and strategic moves to prevent climate change crises as much as possible. The addition of urban areas will help in this as well.

Nature Conservancy's seniority among environmental groups likely gives it increased clout with business and corporations, so it is positive to see plans to work with 40 companies in 2021 in helping them accelerate progress on emission-reduction goals. Similarly, TNC-NJ evidently has strong ties in state and local government, as they advise counties and municipalities on dam removal as well as work with the larger state government on Offshore Wind development.

For 2021, I recommend the targeted \$140K with \$40K towards the New Jersey Operations Endowment (in sum, this would represent 2% of project "donor support" in their FY21 budget). I very much like how we have helped develop the long-term sustainability of organizations like Adirondack Land Trust and TNC-NJ through endowment designations. While we invited TNC-NJ to request operations endowment support this year, 2022 may be a good year to consider new areas of support. Perhaps, following ECC's suggestion, we consider designating a portion of future grants to the "Greening Our Cities" or Equitable Conservation work.

SDK COMMENTS: Concur with the recommendations, and also with the possible direction next year. TPL has been a key player in Newark to date (and of course Greater Newark Conservancy), so good to see TNC-NJ get into the action via the Project Greenprinting.

FM KIRBY FOUNDATION
Financial Statement Analysis

Grantee Name:	The Nature Conservancy in New Jersey	Date:	<u>3/24/2021</u>
Prepared By:	DLK		
Grant Request Amt.	<u>\$100 GOS/ \$50 Endowment</u>	Type of Financial Report Submitted	<u>Audit (parent co.)</u>
Budgeted Amt.	<u>\$ 140,000</u>	Period Covered in Financial Report	<u>6/30/2020</u>
Audit Firm	<u>Pricewaterhousecoopers</u>	Date of Report Issuance	<u>12/22/2020</u>
Opinion	<u>Present fairly</u>		
Basis of Acctg.	<u>GAAP</u>		

Current Ratio (Liquidity Ratio/Working Capital Ratio)	1.50	Amount of Unrestricted Net Assets (Operating Reserve)	\$ 5,593,696 (in thousands)
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Note: A current ratio measures an organization's ability to pay short-term and long-term obligations. The higher the ratio, the more capable the organization is of paying its obligations. A ratio under 1 indicates that the organization's liabilities are greater than its assets.

Allocation of Functional Expenses	6/30/2020	%	Must Read Financial Statement Notes
A. Conservation	\$ 661,329	67%	Ideally program expenses should be at least 70% of total budget.
B. Management and General	\$ 180,679	18%	
C. Fundraising	\$ 138,127	14%	
D. Total Expenses	<u>\$ 980,135</u>	<u>100%</u>	
	(in thousands)		

Comments/ Notes:

FY21 NJ Budget: The FY21 Budget projects a \$2.7M surplus for FY21 vs a surplus of \$3.5M for F20. Total dues/contributions (includes donor support and world office membership) are budgeted to grow by \$1.2M (18%). However, due to Wetlands Mitigation Credit Sales of \$1.5M in FY20, along with a negative swing of \$330K in intracompany transfers, total revenues are budgeted to decline by \$604K (6%). Expenses are budgeted to grow by \$196K (3%).

Audit: The audit is for the parent company. There was a \$273M operating surplus for FY20 versus a \$55M operating surplus for FY19. Total net assets grew by \$250M. TNC had investments totaling \$2.6B, of which \$1.4B were endowment-related. To maintain diversification and mitigate risk, The Conservancy's portfolio is divided among 70 to 75 separate managers! The Conservancy uses debt to finance the acquisition of conservation lands and easements. At June 30, 2020, the Conservancy was in compliance with all debt covenants, including requirements to maintain specified liquidity rates. Interest expense incurred on total notes payable for the year ended June 30, 2020 was \$13M. The Conservancy received **\$6.8M in contribution revenue** and **\$4.9M in pledges receivable from current and former Board members** (impressive), and also has an unsecured zero-interest loan agreement payable of \$10M to a current Board member (payable in full in 2026). The Conservancy has \$67M of pledges receivable that are conditioned upon The Conservancy raising matching gifts or acquiring certain conservation lands and will be booked as contribution revenue when the donor-imposed conditions are substantially met. No red flags raised as a result of my review.

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DISPOSITION:

- Declination
- Hold for review on/about:
- Approval for: **\$140,000**
- Hold for Board Review
- Insert Information: **Toward the New Jersey Chapter Operations endowment-
\$40,000**
- Other:

Initials: jdl Date: 4/6/21

Check #: _____ Date: _____

SITE VISIT REPORT

Report No: 2

Grantee:

The Nature Conservancy in New Jersey
New Jersey Chapter Office
Elizabeth D. Kay Environmental Center
200 Pottersville Road
Chester, NJ 07930

Program Area: Environment/Animals

Most Recent Grant Amount and Date: \$140,000.00 - 4/29/2020

Primary Contact: Barbara Brummer, Ph.D., State Director

Phone: 908-879-7262

Met With: Bob Allen, Assistant State Director; Eric Olsen, Director of Lands and Rivers; and Erin Daly, Associate Director of Philanthropy

Location: Same as above

Date Visited: February 18, 2021

F. M. Kirby Foundation Representative: Justin J. Kiczek, Executive Vice President; Erin C. Clifford, Program Officer

Site Visit Guide: Matrix Score [Rating Scale from a high of 4 to a low of 1]

<i>A. Personnel: Turnover, Professional Development and Career Advancement</i>	<i>3.0</i>
<i>B. Board: Involvement, Development, and Training</i>	<i>3.5</i>
<i>C. Financial: Net Assets, Fundraising Performance and Capacity</i>	<i>3.0</i>
<i>D. Strategic Planning, Review and Implementation</i>	<i>3.75</i>
<i>E. Program Evaluation and Quality Assurance</i>	<i>3.0</i>
Total:	16.25
Average Score:	3.25

Comments: TNC-NJ has 31 full-time employees and 1 part-time employee. Notably, TNC Global has upheld a hiring freeze since March 2020 (unless absolutely essential), so the New Jersey conservation team has been operating with fewer staff than usual for the past year (down about 25% of usual). There have been no lay-offs in this time, but merit salary increases were cut and there has been some restructuring. For example, Eric Olsen now oversees the Lands and Rivers teams, an expansion from his previous role as

Delaware River and Bay Whole System Project Director. This has also pushed TNC-NJ to have higher levels of cross-team collaboration. TNC-NJ's primary volunteer activity is the Conservancy Council, which is essentially a volunteer advisory committee made up of 30 members and co-chaired by Anne H. Jacobson and Dennis Hart (Bill Leavens is a member, as well). Professional development is a significant value at TNC, with management trainings, online resources, DEI trainings, and leadership trainings available on three levels of management.

Barbara Brummer has returned from her 4-6 month interim position as Director of the Caribbean Chapter last year. We inquired about a succession plan once again – they responded that Barbara does not plan to step down any time soon but they do have succession steps in place for when that time comes.

TNC-NJ Programs were generally not negatively affected by the pandemic. They did have to regulate visitor behavior to enforce safety standards at their nature preserves (new signage, limited hours, etc.), but as we have heard from nearly all of our environmental grantees, the public understands just how valuable having access to outdoor spaces are in the face of a pandemic.

In Bobcat Alley, they have preserved over one-third (approx. 1,330 acres) of the 3,500-acre goal, with an average parcel size of 40 acres and a pace of closing 2-3 projects per year. They are now expanding their focus to create protected linkages with adjoining states, enhancing wildlife migration corridors. Due to their Director of Protection who heads up the Bobcat Alley project leaving just prior to COVID and the hiring freeze, closings on easements in this area have been slow moving this year. It appears that with TNC-NJ's new strategic plan coming up (more on that below), they will be looking to transition the bulk of the on-the-ground land deals to local land trusts and maintain a grantmaking /advisory role with this project. Specifically, they are making grants to Ridge and Valley Conservancy to lead the targeted landowner outreach as RVC is based in Blairstown, has strong local networks, and has already taken the lead on two deals so far. While Bobcat Alley has been TNC-NJ's star project for the past few years, it seems wise of them to recognize that local, smaller organizations may have more leeway when dealing with private landowners in Northwestern NJ and that their influence could be more effective/complementary on other stages. Strategic planning work later this year will help determine direction they go from here.

Work on dam removal continues. Two additional dam removals are in the permitting stage. There have been some delays in Paulins Kill River dam removal (the Paulins is a tributary of the Delaware) due to US Fish & Wildlife concerns about damage to freshwater mussels. That said, there are already signs of increased invertebrate populations in Paulins versus a control water sample.

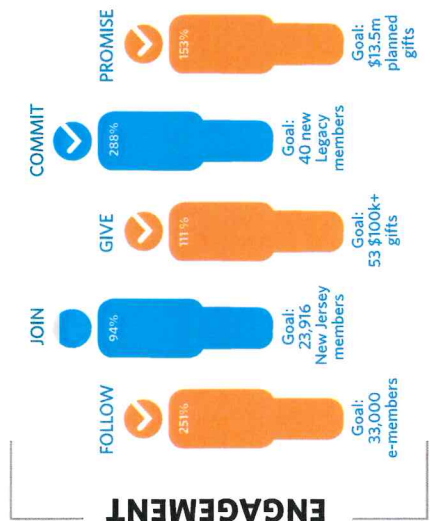
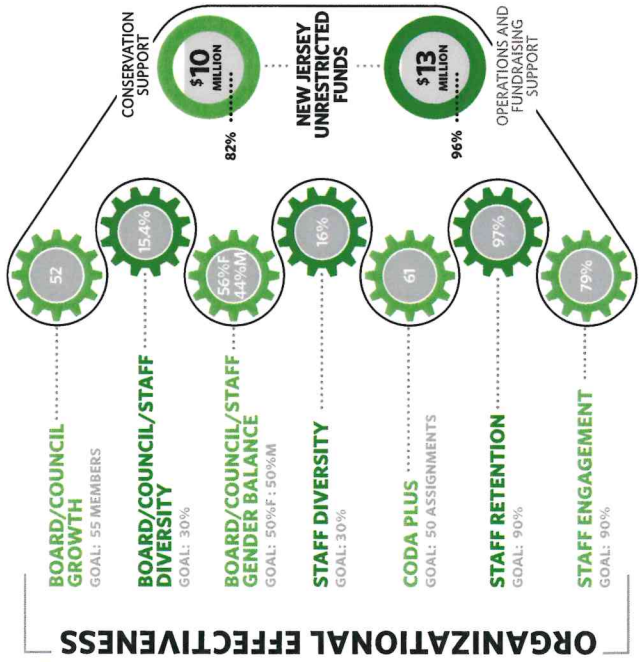
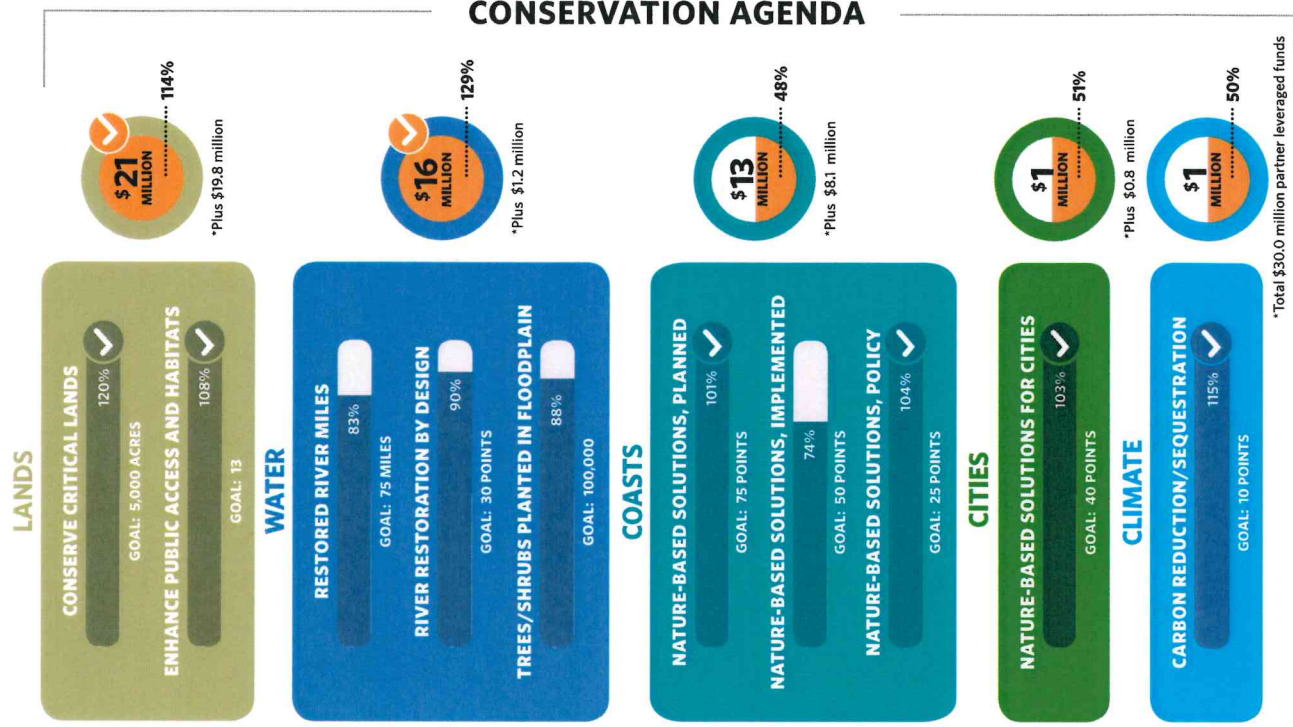
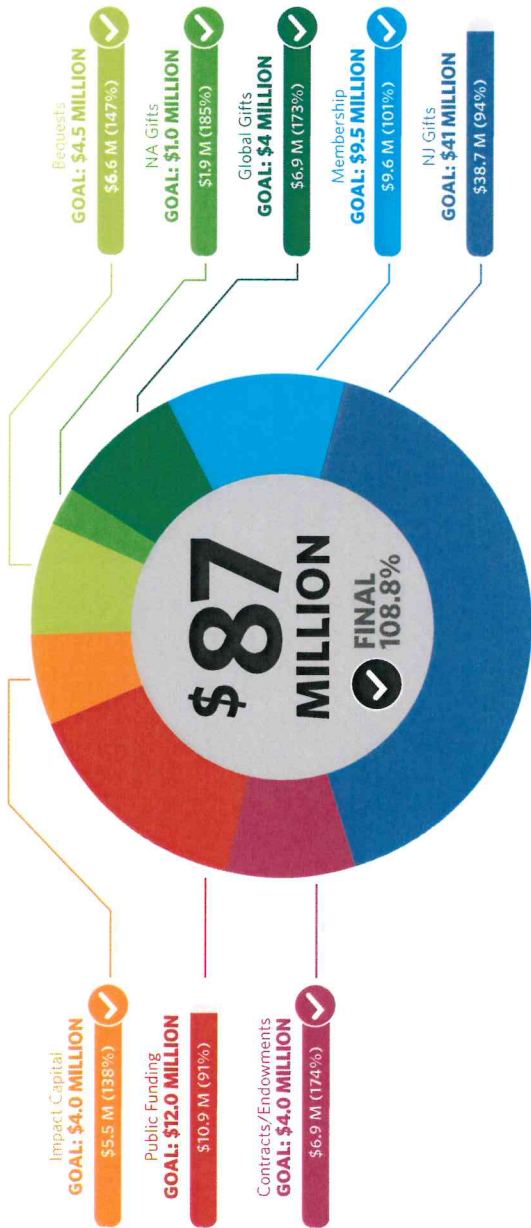
Financially, donor giving “pretty much tracked with the S&P 500” throughout 2020. While their wealthiest donors primarily remained giving at equal or increased levels, TNC-NJ saw the biggest shifts in middle-ground donors and in lower membership purchases. They did however have an unexpectedly large and unrestricted gift arrive from

an individual donor (they did not share the name) just in time for their fiscal year end (6/30). They did not receive any PPP funding. The New Jersey operations endowment now stands at \$5.63 million. They completed the \$80M Real Nature of New Jersey Campaign with a final total of \$87M (108.8% of initial target). While a wrap campaign, the attached dashboard visual breaks down allocations towards the five campaign goals: Lands, Water, Coasts, Cities, and Climate. They did highlight that a number of the goals in the conservation agenda that are marked incomplete were simply due to COVID restrictions (i.e. prevention of en masse planting).

The Organization and Committees meet four times per year. There is an informal give/get policy but also value expertise, community leadership, and “ambassador” connections over strictly funding. Term limits are 3 three-year terms and most generally serve all three. Areas of expertise that they would like to see on the Board include environmental engineering (as their current environmental engineers are rotating off), urban planning, green-building design, and renewable energy. They currently have 21 members but want to get up to 25. Erin offered to connect them with Bloustein professors since their urban planning program is number one in the country. They mentioned they would follow up for those connections and also mentioned they would love to meet with graduate students in the environmental studies concentration as they are considering a junior advisory board, as well.

Finally, TNC-NJ had approved a new strategic plan back in April 2020 and the essential staff members are meeting this month to update the plan in light of COVID and the national focus on equity. Bob pointed out that, as an organization committed to protecting biodiversity, there was a challenge to meeting the needs of urban populations in that biodiversity tends to be most present outside of cities. However, he cited the Passaic River as a great example of how to align biodiversity-focused work with people-focused work. There was also an acknowledgment that any environmental justice work should not fall only on the shoulders of the Director of Urban Programs (who was hired shortly before the pandemic). A new strategic plan will include a strong focus on moving their conservation work toward positive equity outcomes, particularly taking into account whom their work is benefitting. This aligns with shifting goals of TNC-Global, who has been criticized in the past for a lack of diversity/equity focus and not incorporating indigenous voices into conservation efforts. Thus, both Global and its chapters will be reprioritizing its conservation portfolios and community partnerships. In New Jersey, this will include working with new partners and an emphasis on their Greening Our Cities program to increase inclusivity. Brummer highlights in her State Director Report sent out this week that they will be working with the Ramapough Lunaape Turtle Clan, who they were introduced to by the Ridge and Valley Conservancy, to allow seasonal hunting access for the Turtle Clan and raise awareness of Native American culture in New Jersey on TNC preserves. They have also begun preliminary conversations about transfer of TNC-owned lands to their nonprofit Ramapough Culture and Land Foundation in the future, helping to rematriate natural land to the descendants of its original inhabitants. “The New Jersey Chapter is at the beginning of our journey to becoming more equitable, just, and inclusive. Our efforts will include Greening Our Cities, river restoration, and addressing the effects of our changing climate, particularly in communities already

overburdened by environmental degradation and a lack of green spaces. But most importantly, we will work in partnership with these communities to address the conservation needs they identify, amplifying their voices as well as assisting with science-based planning and securing resources.” We should look for more updates on these initiatives and the strategic plan in the coming months.



*Total \$30.0 million partner leveraged funds

All funds raised by the Chapter for the support of our Conservation Agenda. It includes private philanthropic revenue as well as funds from impact capital projects (e.g., sale of Wetland Mitigation Credits), Public Funding (e.g., grants from local, state and federal agencies), revenue from endowment funds, and revenue from private contracts.

PRIVATE

Bequests: Funds received from realized bequests and other planned giving instruments designated to NJ.

North American Gifts: Funds received from NJ donors in support of North American priorities.

Global Gifts: Funds received from NJ donors in support of Global priorities.

Membership: Funds received from NJ donors through the WO-driven membership program.

New Jersey Gifts: Funds received from NJ donors to the NJ chapter. Also includes NJ managed donors giving to other programs.

OTHER REVENUE

Impact Capital: Revenue from sales of Wetland Mitigation Credits, other forms of mitigation and other innovative approaches to new revenue sources.

Public Funding: Revenue from public agencies (local, state or federal) typically through grants that support our Conservation Agenda.

Contracts/Endowment: Revenue generated through private contracts for services and from chapter endowments to support our conservation agenda.

Follow: Measures the increase in e-subscribers (source of data: NJ State Supporter Count with valid email addresses). Starting point: 17,352 e-members. Goal is 33,000 e-members (up 53%) from FY14.

Join: Reports on the number of New Jersey members over the last 12 months (source of data: NJ State Supporter Count - having given or been coded as active member). Starting point: 20,029 members. Growth assumption: 3% annually. Goal is 23,916 (up 19.4%) from FY14.

Give: Reports on the number of \$100K+ gifts during the campaign. Multiple gifts that total \$100K or more, from one donor within a year, would count as 1. Goal is 54 gifts.

Commit: Number of New Planned gifts (source of data: Deferred Gifts Progress Report). Goal is 40 new Legacy (planned) gifts.

Promise: Dollar amount of new planned gifts (source of data: Deferred Gifts Progress Report). Goal is \$17.3 M.

Board/Council Growth:

Increase number or trustees from 17 to 25 and initiate formation of the Conservancy Council and identify at least 30 Council members. Goal is 55 trustee/council members.

Board/Council/Staff Diversity:

Diversity is defined as self-identified human differences, including those based on culture, race, color, religion, sex, national origin, age, disability, sexual orientation, gender identity, military or veteran status or other status protected by law. We expect to increase our diversity to a minimum of 30% (excluding gender and age).

Board/Council/Staff Gender Balance:

Achieve a combined 50:50 balance of male/female trustees, council members and staff.

Coda Plus:

Counts the number of assignments for individuals that focus on career advancement and the development of leadership skills. These assignments are typically outside of regular chapter responsibilities. In addition to WO endorsed CODA assignments, the Chapter recognizes participation in TNC projects outside our state program (e.g., Whole System or North American assignments), projects outside TNC (e.g., being asked to serve on a government appointed panel), or taking on an assignment outside of an individual's current discipline to expand learning as Coda Plus. Goal 50 assignments.

Staff Retention:

Tracking of "high performers" that are consistently rated as Exceeds or above. Goal is a 90% retention rate. Promotions or movement within TNC do not count against retention. The objective is to retain our high performers within TNC. This is not the same as "high potential" individuals (which rates "promotability") or turnover (which measures changes in staffing but does not take performance into account).

Staff Engagement:

Staff members are surveyed every year (People Survey) to identify areas for improvement. A new action plan is developed each year to address areas for improvement.

Conservation Support:

Defined as including costs to fund Government Relations efforts, Science Program, maintenance of our conservation facilities, Communications/Marketing and General Administrative support for Conservation staff.

Operations & Fundraising:

Includes costs to fund our General & Administrative activities (Finance, HR) and Fundraising activities (development staff, events and campaign).

Our land acquisition, management, and policy work.

Conserve 5,000 acres of critical lands

All acres protected as a result of TNC efforts and/or funding (includes fee simple acquisitions, assists or co-grant applications).

Enhance public access and habitats on 13 preserves

Counts preserves that have been upgraded to include greater public access and improved signage. Also counts preserves with significant habitat improvements, possibilities include reforestation or major meadow habitat projects.

WATER

Statewide work on rivers including Delaware & Raritan watersheds and Freshwater policy.

Restored River Miles (Goal: 75 miles)

Counts river miles where TNC-led conservation actions and partnerships have taken place and is measured by miles of reconnected forested floodplains and miles of reconnected rivers and streams (post dam removal and/or restoration and tree planting).

River Restoration by Design (Goal: Total of 30 points)

Tracks progress on the multi-year, multi-step projects including dam removal and major floodplain restoration projects requiring engineering, permitting, etc. 10 milestones that each count as one point for a total of up to 10 points per dam removal or other major restoration project; feasibility study underway, feasibility study complete, design and engineering underway, design and engineering complete, permitting underway, permitting complete, obtaining construction funding underway, obtaining construction funding complete, deconstruction/restoration underway, and deconstruction/restoration complete.

Trees planted in floodplains (Goal: 100,000)

Counts trees/shrubs planted in NJ floodplains and immediate surrounding areas.

COASTS

Our Delaware and Atlantic coast work.

Nature-based Solutions planning in 25 communities (Goal: Total of 75 points)

Tracks progress on community planning activities, three milestones for each community project: introductory meeting with community leaders, plan initiated, and community adopts plan

Nature-based Solutions Implementation in 10 communities (Goal: Total of 50 points)

Tracks progress on implementing nature-based solution projects. Six possible points for each project (additive for each project): initiation of engineering studies for specific projects, completion of project design, completion of permitting, completion of construction phase, completion of monitoring (pre and 1-year post), and measurement of economic/ecosystem service benefits when relevant

Living Shoreline/Nature-based Policy Improvements (Goal: Total of 25 points)

TNC influenced policy and practice improvements at the local, state and/or federal level that facilitate bringing nature-based solutions to coastal communities. Scoring: one point for draft/proposed improvements and an additional point for adoption.

CITIES

Primarily stormwater or floodplain work in densely populated cities and resiliency improvements in highly developed areas adjacent to coastlines

Green solutions, plans and projects in 10 developed communities (Goal: 40 points)

Measures progress on multi-year, multi-step nature-based solutions in developed communities including TNC/project plans and projects. Milestones count as one point per project, for a total of up to 8 points per plan/project; meaningful meeting(s) with community leaders that will likely lead to nature-based solutions, plan or analyses initiated, plan or analyses completed, project identified with community, feasibility/design/engineering completed, funding obtained, project implementation begun, and project implementation completed

CLIMATE

Carbon reduction and sequestration policy and practices

Policy and practices at the state and federal levels to reduce carbon pollution (Goal: 10 points)

Measures progress on multi-year, multi-step carbon reduction policies and practices. One point per milestone for each practice and policy including practice feasibility and testing/implementation and evidence of state and federal support for TNC-supported legislation and policy

CONSERVATION AGENDA

REVENUE

ENGAGEMENT