

ANNUAL REPORT

2015



The **vision** of NJSGC is a sustainable future for New Jersey's coastal environment.

Our **mission** is to promote responsible use of New Jersey's coastal and marine environment.

Chairman's Message

"If you want to build a ship, don't drum up people to collect wood...teach them to long for the endless immensity of the sea." *Antoine de Saint-Exupery*

We are ship builders. Someone needs to be. New Jersey boasts 130 miles of Atlantic coastline and 1800 miles of tidal shore. That is not a misprint: New Jersey is that connected to the sea.

Our core mission – research, education, and outreach – has been our hallmark since 1969. Few would contest that it is more compelling now than at any time in our history. Our State and its relationship with the ocean is changing at a rate faster than ever recorded. Global sea levels rose 3 inches from the 10th through the 15th centuries. Contrast that with the past 100 years when sea levels rose an astounding 5.5 inches. Don't look now, but the relentless rise of the sea continues. And it's picking up the pace.

New Jersey Sea Grant Consortium is at the forefront in understanding this changing landscape. In partnership with NOAA and 23 New Jersey colleges and universities, we fund and manage the research projects highlighted on these pages. Thanks to our outstanding education staff, almost 20,000 school-age children experienced our living lab called Sandy Hook. Sand between a child's toes, seaweed in her fingers, and a look of wonder on her face trumps a textbook every time. Our outreach program works with municipalities on building better dunes and with our fishermen on building a cleaner environment.

I stand in awe and gratitude for a staff that is motivated by their passion for the sea, rather than by a paycheck. We manage our grant money at one of the highest rates of return among the nation's Sea Grant programs, and we are the only program that comprises nearly two dozen institutions of higher education, so that all of New Jersey benefits from our work, not just a small portion.

Perhaps I misspoke. We are not shipbuilders. We are master shipbuilders. Yes, we are constructing a ship, but we do not ask that you collect wood. We ask only that you open your minds and hearts to the endless sea.

On behalf of the Board of Trustees, our member institutions, and our staff, I am proud to offer this Annual Report.



**DENNIS
KEARNEY**
Chairman
Board of Trustees

Executive Director's Message



**CLAIRE
ANTONUCCI**
Executive
Director

Welcome to New Jersey Sea Grant Consortium's 2015 Annual Report. Each year, we look forward to sharing with you the progress we've made towards greater knowledge, appreciation, and science-based, well-informed utilization of New Jersey's coast.

A few highlights of the past year include:

- Funding targeted research projects on key issues from shellfish species development to planning for sea level rise;
- Providing tools and training to municipal leaders on dune, beach and shoreline management;
- Training educators to integrate hazard resilience and climate science into their programming;
- Helping those who serve the public to better communicate storm warnings and coastal hazard risks, and;
- Connecting with nearly 20,000 children through our K-12 programs.

We've also embarked on a new format for this year's report. By design, it's a mere glimpse into many accomplishments. I hope it piques your interest and will inspire you to visit our website, sign up for our newsletter, follow us on social media, or simply call or visit our Sandy Hook home. Your participation in our program is crucial to us, as are your thoughts and ideas for the road ahead.



Extension Highlights



Marine Recreation Extension Agent Michael Danko worked with other Mid-Atlantic Sea Grant extension agents and the recreational fishing industry to develop and test a multi-fish descent device in order to increase survival of fish suffering from barotraumas.



Shellfish Aquaculture Program Coordinator Lisa Calvo worked with researchers and the oyster industry to examine how aquaculture practices can minimize the

naturally occurring bacteria *Vibrio* in farmed oysters in order to reduce human illness that can be associated with consumption of raw and undercooked seafood.



Community Resilience and Climate Adaptation Specialist Dr. Michael Schwebel worked with more than two dozen towns along the Jersey Shore to improve their resilience to current and future impacts of climate change.

Director of Research and Extension Dr. Peter Rowe coordinated and hosted the Coastal Storms Awareness Project partners workshop at NJIT with his New York and Connecticut Sea Grant partners

highlighting the results of ten research projects that investigated the response of Superstorm Sandy-affected communities and individuals.

<http://njseagrant.org/?s=Coastal+Storms+Awareness+Project+>



Water Resources Agent Michelle Hartmann worked with seven coastal communities in New Jersey to develop impervious cover assessments and impervious cover action reduction plans, resulting in design solutions that implement green infrastructure to manage stormwater runoff and help preserve and protect our coastal waters.

Coastal Processes Specialist Dr. Jon Miller and Coastal Ecosystems Extension Agent Dr. Amy Williams were co-authors of NJSGC's Dune Manual and conducted numerous workshops to assist

communities in the planning and implementation of dune restoration projects.

<http://njseagrant.org/dunemanual>



Research Awards

Facilitating Natural Dune Building

Dr. Nancy L. Jackson - Center for Natural Resources Development and Protection, New Jersey Institute of Technology

Advancing Eastern Oyster Aquaculture through Marker Assisted Selection

Dr. Ximing Guo - Haskin Shellfish Research Laboratory, Institute of Marine and Coastal Sciences, Rutgers, The State University of New Jersey

Development of Historically-Calibrated Sea Level Rise Projections for Risk Management Along the New Jersey Shore

Dr. Robert E. Kopp - Department of Earth and Planetary Sciences, Rutgers, The State University of New Jersey

Determining Sustainable Catch Limits for Data-Poor Fisheries in New Jersey: Validation and Refinement of a Data-Poor Harvest Control Rule

Dr. John Wiedenmann - Institute of Marine and Coastal Sciences, Rutgers, The State University of New Jersey

Understanding the Impacts of Climate Change on the Distribution, Population Connectivity, and Fisheries for Summer Flounder (*Paralichthys dentatus*) in the Mid-Atlantic

Dr. Malin Pinsky - Department of Ecology, Evolution and Natural Resources, Rutgers, The State University of New Jersey

Genetic Monitoring to Improve Fish Stock Assessments

Dr. Malin Pinsky - Department of Ecology, Evolution and Natural Resources, Rutgers, The State University of New Jersey

A Green Technology for Nutrient and Metals Reduction in New Jersey Coastal Waters

Dr. Dibyendu Sarkar - Department of Earth and Environmental Studies, Montclair State University

Development of Climate Change Adaptation Elements for Municipal Land Use Plans: Building Resiliency in Ventnor City, New Jersey

Dr. Karen W. Lowrie - Bloustein School of Planning and Public Policy, Rutgers, The State University of New Jersey



Minimizing Risks of Vibrio Bacteria in Farm-Raised Oysters Grown in Mid-Atlantic Intertidal Environments

Dr. David Bushek - Haskin Shellfish Research Laboratory, Rutgers, The State University of New Jersey

Collaborative Climate Adaptation Planning for Urban Coastal Flooding

Dr. Philip Orton - Stevens Institute of Technology

Enhancing the Effectiveness of Decision Support Tools for Coastal Resilience

Dr. Richard Lathrop - Center for Remote Sensing and Spatial Analysis, Department of Ecology, Evolution and Natural Resources, Rutgers, The State University of New Jersey

Evaluation of Climate Resilient Stormwater Management Practices for the Mid-Atlantic Region

Dr. Christopher Obropta - Rutgers, The State University of New Jersey

Best Practices in Coastal Storm Risk Communication

Dr. Cara Cuite - Department of Human Ecology, Rutgers, The State University of New Jersey

They Had the Facts, Why Didn't They Act? Understanding and Improving Public Response to NWS Coastal Flooding Forecasts

Rachel Hogan Carr - Nurture Nature Center

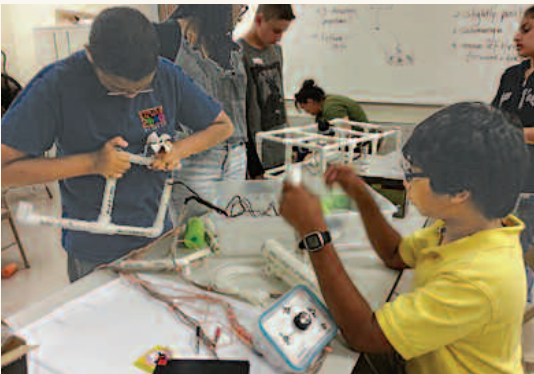
Adolescent and Family Decision Making in Time of Disaster

Dr. Cristina Hoven - Division of Child and Adolescent Psychiatry, Columbia University

Education Highlights



NJSGC's education team worked with just under 20,000 school-age children in 2015. Whether teaching occurred in the field or the classroom, activities were always interactive and thought provoking.



The interdisciplinary nature of marine science is perfect for STEM education. Building and testing underwater robots challenged science, technology, engineering, and mathematics skills in a real-world, integrated, and exciting way.



Even college students enjoy a day of learning in the field! Besides hosting courses for students from NJSGC member institutions, college groups from throughout the region came to Sandy Hook to explore the science of our shoreline with our staff.



Five week-long sessions of summer camp combined science education with outdoor fun and exploration. Activities like squid and shark dissections prepared campers for the school year ahead.



Nearly 10,000 visitors turned out for Ocean Fun Days hosted by NJSGC and New Jersey Natural Gas. Additional partners included NJDEP Division of Parks and Forestry, Gateway National Recreation Area, Sandy Hook Unit, the Asbury Park Press, and the NOAA Fisheries Service James J. Howard Marine Sciences Laboratory.



Nearly 350 Boy Scouts earned their environmental science or oceanography badge with NJSGC scout program leaders. Many more scouts participated in NJSGC's growing roster of scout programs.

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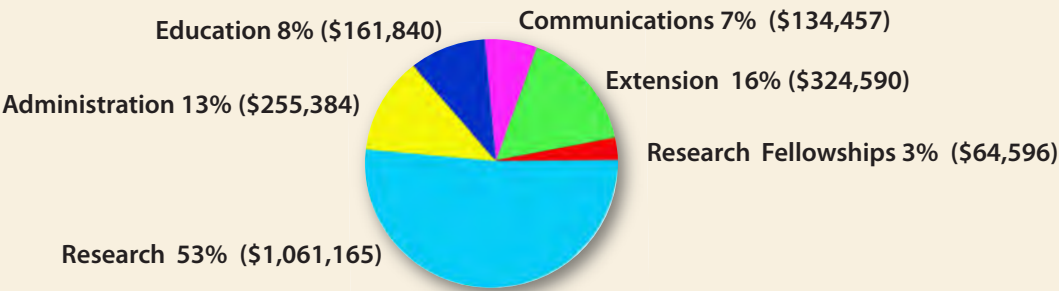
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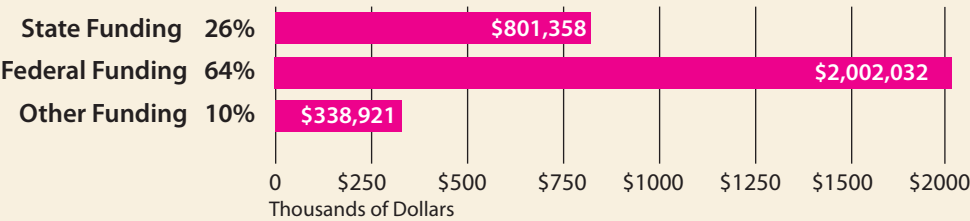
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Elizabeth and Briana Scarano
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Budget Overview

Core Federal Funding - Fiscal Year 2015



All Funding Sources - Fiscal Year 2015



For complete financials, visit njseagrant.org

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Matthew McGrath
Communications Specialist

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K-12 Program Coordinator/
Sea Grant Associate

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Marine Science Summer
Camp Coordinator

Rosemary Higgins
College and Special
Programs Coordinator

Jody Sackett
Scout Program Coordinator

Sandra Varone
Education Associate

Mindy Voss
Education Specialist

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Lisa Calvo
Shellfish Aquaculture Extension
Program Coordinator

Michael Danko
Assistant Director of Extension
Marine Recreation Agent –
Fisheries & Boating

Michelle Hartmann
Water Resources Agent

Dr. Jon Miller
Coastal Processes Specialist

Dr. Michael Schwebel
Community Resilience and
Climate Adaptation Specialist

Dr. Amy Williams
Coastal Ecosystems
Extension Agent

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Carolyn Cornely
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New Jersey Sea Grant Consortium

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NEW JERSEY SEA GRANT CONSORTIUM, INC.
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS
September 30, 2015 and 2014

NEW JERSEY SEA GRANT CONSORTIUM, INC.
FINANCIAL STATEMENTS
September 30, 2015 and 2014

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
New Jersey Sea Grant Consortium, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of New Jersey Sea Grant Consortium, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditor's 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 entity'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 entity'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.

Opinion

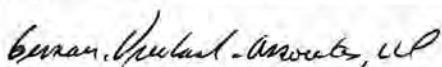
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Jersey Sea Grant Consortium, Inc. as of September 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2016, on our consideration of New Jersey Sea Grant Consortium Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New Jersey Sea Grant Consortium, Inc.'s internal control over financial reporting and compliance.



German, Vreeland & Associates, LLP

Cedar Knolls, New Jersey

February 22, 2016

NEW JERSEY SEA GRANT CONSORTIUM, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2015 and 2014

ASSETS	2015	2014
Current assets		
Cash and cash equivalents	\$ 925,803	\$ 1,307,275
Accounts receivable	36,456	11,932
Grants and contracts receivable	331,753	523,728
Prepaid expenses and other current assets	42,229	53,456
Total current assets	<u>1,336,241</u>	<u>1,896,391</u>
Property and equipment, net	<u>693,506</u>	<u>762,354</u>
 TOTAL ASSETS	 <u>\$ 2,029,747</u>	 <u>\$ 2,658,745</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 76,729	\$ 76,937
Accrued rent	3,899	3,899
Due to subrecipients	237,651	362,358
Deferred revenue	47,072	537,672
Total current liabilities	<u>365,351</u>	<u>980,866</u>
Long-term liabilities		
Accrued rent, net of current portion	<u>35,088</u>	<u>38,987</u>
Total liabilities	<u>400,439</u>	<u>1,019,853</u>
Net assets		
Unrestricted	1,629,308	1,631,155
Temporarily restricted	-	7,737
Total net assets	<u>1,629,308</u>	<u>1,638,892</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 2,029,747</u>	 <u>\$ 2,658,745</u>

See accompanying notes.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
STATEMENTS OF ACTIVITIES
Years Ended September 30, 2015 and 2014

	2015			2014		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
SUPPORT AND REVENUE						
Grants and contract revenue	\$ 2,844,152	\$ -	\$ 2,844,152	\$ 2,395,393	\$ -	\$ 2,395,393
Contributions	22,647	-	22,647	53,556	-	53,556
Educational and service program revenue	213,955	-	213,955	204,368	-	204,368
Membership dues	44,294	-	44,294	37,191	-	37,191
Interest income	5,609	-	5,609	2,443	-	2,443
Miscellaneous	11,654	-	11,654	12,724	-	12,724
Net assets released from restrictions	7,737	(7,737)	-	-	-	-
Total support and revenue	<u>3,150,048</u>	<u>(7,737)</u>	<u>3,142,311</u>	<u>2,705,675</u>	<u>-</u>	<u>2,705,675</u>
EXPENSES						
Program services	353,717	-	353,717	376,839	-	376,839
Educational activities	2,409,508	-	2,409,508	2,097,960	-	2,097,960
Research activities	2,763,225	-	2,763,225	2,474,799	-	2,474,799
General and administrative	388,670	-	388,670	330,721	-	330,721
Total expenses	<u>3,151,895</u>	<u>-</u>	<u>3,151,895</u>	<u>2,805,520</u>	<u>-</u>	<u>2,805,520</u>
CHANGE IN NET ASSETS	(1,847)	(7,737)	(9,584)	(9,845)	-	(9,845)
NET ASSETS, Beginning of year	1,631,155	7,737	1,638,892	1,731,000	7,737	1,738,737
NET ASSETS, End of year	<u>\$ 1,629,308</u>	<u>\$ -</u>	<u>\$ 1,629,308</u>	<u>\$ 1,631,155</u>	<u>\$ 7,737</u>	<u>\$ 1,638,892</u>

See accompanying notes.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2015

	Program Services				Total
	Educational Activities	Research Activities	Total Program Services	General and Administrative	
Salaries	\$ 240,062	\$ 437,142	\$ 677,204	\$ 139,650	\$ 816,854
Payroll taxes and benefits	58,553	108,856	167,409	51,625	219,034
Payments to subrecipients	-	1,755,502	1,755,502	-	1,755,502
Professional fees	3,432	32,794	36,226	43,720	79,946
Supplies	16,162	8,440	24,602	11,937	36,539
Advertising	2,553	2,664	5,217	-	5,217
Telephone	1,932	7,507	9,439	4,041	13,480
Postage	833	4,822	5,655	1,034	6,689
Occupancy	950	-	950	71,731	72,681
Repairs and maintenance	278	100	378	7,442	7,820
Printing	995	8,870	9,865	370	10,235
Conferences and training	11,873	29,098	40,971	1,456	42,427
Dues and subscriptions	92	759	851	5,625	6,476
Awards	3,650	1,250	4,900	-	4,900
Miscellaneous	648	-	648	4,599	5,247
Total expenses before depreciation	342,013	2,397,804	2,739,817	343,230	3,083,047
Depreciation	11,704	11,704	23,408	45,440	68,848
Total expenses	<u>\$ 353,717</u>	<u>\$ 2,409,508</u>	<u>\$ 2,763,225</u>	<u>\$ 388,670</u>	<u>\$ 3,151,895</u>

See accompanying notes.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2014

	Program Services				Total
	Educational Activities	Research Activities	Total Program Services	General and Administrative	Expenses
Salaries	\$ 237,517	\$ 409,253	\$ 646,770	\$ 140,030	\$ 786,800
Payroll taxes and benefits	73,075	118,040	191,115	35,395	226,510
Payments to subrecipients	-	1,452,516	1,452,516	-	1,452,516
Professional fees	11,165	43,693	54,858	22,815	77,673
Supplies	14,765	13,207	27,972	11,837	39,809
Advertising	2,165	2,958	5,123	-	5,123
Telephone	1,318	7,889	9,207	4,833	14,040
Postage	1,033	4,336	5,369	1,825	7,194
Occupancy	975	-	975	47,546	48,521
Repairs and maintenance	-	100	100	6,841	6,941
Printing	1,786	6,697	8,483	221	8,704
Conferences and training	14,197	26,357	40,554	1,935	42,489
Dues and subscriptions	243	910	1,153	6,035	7,188
Awards	3,500	300	3,800	-	3,800
Miscellaneous	3,396	-	3,396	5,968	9,364
Total expenses before depreciation	365,135	2,086,256	2,451,391	285,281	2,736,672
Depreciation	11,704	11,704	23,408	45,440	68,848
Total expenses	\$ 376,839	\$ 2,097,960	\$ 2,474,799	\$ 330,721	\$ 2,805,520

See accompanying notes.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
STATEMENTS OF CASH FLOWS
Years Ended September 30, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (9,584)	\$ (99,845)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	68,848	68,848
Change in net assets and liabilities		
Accounts receivable	(24,524)	163,862
Grants and contracts receivable	191,975	(262,783)
Prepaid expenses and other assets	11,227	(5,410)
Accounts payable and accrued expenses	(208)	(23,345)
Due to subrecipients	(124,707)	174,882
Accrued rent	(3,899)	(3,899)
Deferred revenue	(490,600)	281,120
Net cash (used in) provided by operating activities	<u>(381,472)</u>	<u>293,430</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(381,472)	293,430
CASH AND CASH EQUIVALENTS, Beginning of year	<u>1,307,275</u>	<u>1,013,845</u>
CASH AND CASH EQUIVALENTS, End of year	<u><u>\$ 925,803</u></u>	<u><u>\$ 1,307,275</u></u>

SUPPLEMENTAL CASH FLOW INFORMATION:

No amounts were paid for interest or income taxes for the years ended September 30, 2015 and 2014.

See accompanying notes.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the New Jersey Sea Grant Consortium, Inc. ("NJSGC") have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Organization – NJSGC is a 501(c)(3) institution dedicated to the care, conservation and sustainable-utilization of New Jersey's marine and coastal resources. The Sandy Hook-based Consortium currently consists of twenty-two colleges, universities and other organizations dedicated to advancing knowledge and stewardship of New Jersey's marine and coastal environment, and meets its mission through innovative research, education and extension programs.

New Jersey's coastline is a natural treasure and NJSGC is dedicated to understanding and caring for this resource. NJSGC programs range from sponsored research and marine science education for school-children to extension services for coastal municipalities, maritime businesses and the public.

Since NJSGC was founded in 1969, it has contributed leading research in the field of marine and environmental science. Since 1976, it has managed the New Jersey Sea Grant Program ("NJSGP"), part of a national network administered by the National Oceanic and Atmospheric Administration ("NOAA") that funds competitive research focusing on specific priority areas as well as education and outreach activities.

The Extension Program at NJSGC provides useful information to people employed or interested in fields related to marine resources-fishermen, coastal engineers, maritime industry personnel, resource managers, decision makers, and the general public. Extension Program personnel expertise includes biology, sociology, economics, public policy, and engineering. Each Extension Program professional works directly with coastal communities and business professionals to transfer information and effect change by applying science-based information to daily decision-making.

The Education Program at NJSGC is committed to assuring that New Jerseyans understand, value, and appreciate their marine and coastal environment and are able to apply sound evidence and science-based information to make well-informed decisions regarding its use, management, and care. This is accomplished through the wide range of educational services and products that the Education Program provides. The Program's teaching and learning activities range from direct instruction such as field trips, camps, scout programs, in-school presentations, college coursework, public outreach events to information preparation and dissemination including fact sheets, posters, lesson plans, activity guides, video conferences, web-based publications and other teaching materials.

Learn more about the NJSGC by visiting www.njseagrant.org.

Basis of Presentation – External financial reporting by not-for-profit organizations requires that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions. The unrestricted net asset category represents net assets that are not subject to donor imposed restrictions, the temporarily restricted net asset category represents net assets that are subject to time or purpose donor imposed restrictions and the permanently restricted net asset category represents net assets that are subject to donor imposed restrictions that cannot be satisfied by either the passage of time or by actions of NJSGC.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue and Support Recognition – NJSGC recognizes contributions as revenue when they are received or unconditionally pledged and records these revenues as unrestricted or restricted support according to donor stipulations that limit the use of these assets due to time or purpose restrictions. When a donor restriction expires, temporarily restricted net assets are reclassified and reported in the statements of activities as net assets released from restrictions. However, the receipt of restricted contributions whose restrictions expire or are otherwise satisfied within the period of receipt are reported as unrestricted revenues in the statements of activities.

NJSGC accounts for those contract revenues which have been determined to be exchange transactions in the statements of activities to the extent that expenses have been incurred for the purpose specified by the grantor during the period. Program revenues received in advance of their usage are classified as deferred revenue in the statements of financial position. In applying this concept, the legal and contractual requirements of each individual contract are used as guidance.

Additional unrestricted revenues are obtained from educational and service program revenue, membership dues, and investment income. These revenues are used to offset program expenses as well as the cost of property and equipment acquisitions and general and administrative expenses.

Tax Status and Incorporation – NJSGC is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. Accordingly, the financial statements do not reflect a provision for Federal income taxes. NJSGC has no uncertain tax positions at September 30, 2015 and 2014. There are no tax years prior to 2012 open for examination by the Internal Revenue Service. In addition, there was no interest or penalties related to income taxes included in the financial statements.

Valuation of Long-Lived Assets – In accordance with the accounting pronouncements related to accounting for the impairment or disposal of long-lived assets, NJSGC reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment was required for the periods presented in these financial statements.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures included in the financial statements. Accordingly, actual results could differ from those estimates.

Advertising – Advertising is expensed in the period incurred. Advertising expense was \$5,217 and 5,123 for the years ended September 30, 2015 and 2014, respectively.

Property, Equipment and Depreciation – Property and equipment of \$5,000 or greater is recorded at cost when purchased, or at fair value at date of gift. Depreciation is provided for by the straight-line method over the estimated useful lives of the assets. Major renewals and betterments are charged to fixed assets; maintenance, minor repairs and replacements which do not improve or extend the life of the respective assets are expensed currently.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2015 and 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Expense Classification – The expenses of NJSGC are presented in the statements of activities under the following classifications which describe NJSGC program activities:

Educational activities – supports the educational goals of NJSGC by planning and conducting a wider range of K-12, college, teacher, and public education programs.

Research activities – aids and encourages scholarly activities in marine related subjects through cost reimbursement contracts. This category also includes a management program that administers aforementioned research contracts, an extension program that applies results of research contracts and a communications program that broadcasts scholarly information in marine related to a wide expanse of user groups.

All expenses which were not directly associated with the above service categories are categorized as general and administrative expenses. Additionally, there is a de minimis amount of fundraising expense that has been included in general and administrative expenses.

NOTE 2 – GRANTS AND CONTRACTS RECEIVABLE AND DEFERRED REVENUE

NJSGC operates under various grants and contracts. At September 30, 2015 and 2014, NJSGC was due certain amounts from funding sources which resulted from expenditures incurred in excess of payments received. In addition, NJSGC received funds from certain funding sources which represent payments in excess of expenditures incurred which has been recorded as deferred revenue. The following details grants and contracts receivable and deferred revenue at September 30, 2015 and 2014:

<u>Grants and Contracts Receivable</u>	<u>2015</u>	<u>2014</u>
<u>Funding Agency</u>		
U.S. Department of Commerce		
National Oceanic and Atmospheric Administration		
Sea Grant Programs	\$ 215,827	\$ 385,688
U.S. Department of Fish and Wildlife Service	11,082	9,981
State of New Jersey – Department of Environmental Protection	104,844	120,546
Other	-	7,513
	<u>\$ 331,753</u>	<u>\$ 523,728</u>
 <u>Deferred Revenue</u>		
 <u>Funding Agency</u>		
U.S. Department of Commerce		
National Oceanic and Atmospheric Administration		
Sea Grant Programs	\$ 20,974	\$ 454,317
State of New Jersey – Department of Agriculture	15,299	17,866
State of New Jersey – Department of Environmental Protection	2,106	40,000
Other	8,693	25,489
	<u>\$ 47,072</u>	<u>\$ 537,672</u>

NEW JERSEY SEA GRANT CONSORTIUM, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2015 and 2014

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment, net of accumulated depreciation, at September 30, 2015 and 2014 consisted of the following:

	Estimated Life (Years)	2015	2014
Building improvements	5-20	\$ 1,157,887	\$ 1,157,887
Marine equipment	3-12	21,870	21,870
Machinery and equipment	5-12	<u>136,100</u>	<u>136,100</u>
		1,315,857	1,315,857
Less: Accumulated depreciation		<u>(622,351)</u>	<u>(553,503)</u>
		<u>\$ 693,506</u>	<u>\$ 762,354</u>

Depreciation expense totaled \$68,848 and \$68,848 for the years ended September 30, 2015 and 2014, respectively.

NOTE 4 – RETIREMENT PLAN

NJSGC has a 403(b) contributory defined contribution retirement plan (the "Plan") for those employees who meet eligibility requirements. Employees must have one year of service and 1,000 hours to be eligible to participate in the Plan. Participants must contribute a minimum of 2 percent of eligible salaries in order to receive a 6 percent contribution from NJSGC to the Plan. Pension expense was \$33,163 and \$31,776 for the years ended September 30, 2015 and 2014, respectively.

NOTE 5 – LEASED FACILITIES

NJSGC occupies facilities owned by the National Park Service at Fort Hancock, New Jersey. NJSGC pays for all operating costs including, but not limited to, utilities, repairs and maintenance. NJSGC entered into a twenty-year lease agreement expiring June 30, 2025, which was amended in 2012 and calls for minimum lease payments of \$3,383 annually. Rental expense for these facilities for the years ended September 30, 2015 and 2014 was \$3,383 and \$3,383, respectively.

NOTE 6 – CONCENTRATIONS OF CREDIT RISK

Financial investments which potentially subject NJSGC to concentrations of credit risk consist of cash and receivables. In an attempt to limit credit risk, NJSGC places all funds with high quality financial institutions. Management has not experienced any losses. Receivables are due from various governmental agencies with which NJSGC has a long history of collecting payments, which reduces credit risk.

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date on which the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2015

Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Commerce			
National Oceanic and Atmospheric Administration	11.417		\$ 1,625,166
Sea Grant Support			
National Oceanic and Atmospheric Administration	11.483		355,768
Coastal Storm Awareness Program			
Passed through New Jersey Department of Environmental Protection			
Coastal Zone Management Administration Awards	11.419	SA7528121-C	112,227
Total U.S. Department of Commerce			<u>2,093,161</u>
Department of Homeland Security			
Passed through New Jersey Department of Environmental Protection			
Cooperating Technical Partners	97.045	EC13-006	16,136
U.S. Department of the Interior Fish and Wildlife Service			
Passed through New Jersey Department of Environmental Protection			
Clean Vessel Act	15.616	FG12-040	<u>47,111</u>
Total Expenditures of Federal Awards			<u>\$ 2,156,408</u>

NEW JERSEY SEA GRANT CONSORTIUM, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
Year Ended September 30, 2015

State Grantor	Award Number	Award Period	State Expenditures
Pass-through Grantor/Program Title			
NJ Department of Commerce			
NJ Department of Environmental Protection			
Baseline Characterization of Zooplankton in Barnegat Bay	MOA	01/10/12-11/30/14	\$ 14,149
Tidal Freshwater and Salt Marsh Wetland Studies of Changing Ecological Function	MOA	06/05/13-06/30/15	99,985
Phosphorous Dynamics in Barnegat Bay	MOA	07/10/14-10/10/15	75,000
Barnegat Bay Diatom Water Quality Calibration	MOA	05/16/13-12/31/14	52,650
Baseline Characterization of Phytoplankton and Harmful Algae Blooms	MOA	05/16/13-12/16/14	33,138
Ecological Evaluation of Sedge Island Marine Conservation in Barnegat Bay	MOA	04/17/13-02/01/16	16,317
Baseline Characterization of Zooplankton in Barnegat Bay	MOA	06/05/13-11/30/15	19,428
Barnegat Bay Nutrient Inference Model	MOA	05/19/14-12/19/15	67,500
Baseline Characterization of Phytoplankton and Harmful Algae Blooms	MOA	05/19/14-12/19/15	64,500
Baseline Survey of Zooplankton in Barnegat Bay	MOA	02/03/14-01/30/16	44,492
Living Shorelines	MOA	08/12/13-03/31/15	37,084
Building Ecological Solutions to Coastal Community Hazards	MOA	03/01/15-03/01/17	21,215
Periphyton Speciation Project	MOA	02/22/13-08/21/15	11,000
New Jersey Sea Grant Clean Marina Program	MOA	01/01/13-07/31/15	28,844
Implementation of Sediment Impairment Index	MOA	11/21/12-11/21/15	41,000
Total NJ Department of Commerce			<u>626,302</u>
NJ Department of Agriculture			
Fisheries Development	MOA	02/01/07-09/30/16	745
Total State Financial Assistance			<u>627,047</u>
Total Federal Awards and State Financial Assistance			<u>\$ 2,783,455</u>

NEW JERSEY SEA GRANT CONSORTIUM, INC.
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
September 30, 2015

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (the "Schedule") includes the federal and state grant activity of New Jersey Sea Grant Consortium, Inc. under programs of the federal and state governments for the year ended September 30, 2015. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of New Jersey Sea Grant Consortium, Inc., it is not intended to and does not present the financial position, changes in net assets of cash flows of New Jersey Sea Grant Consortium, Inc.

NOTE 2 – BASIS OF ACCOUNTING

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 – RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Expenditures of Federal awards and state financial assistance are reported on the statements of functional expenses as program services or general and administrative expenses. In certain programs, the expenditures reported in the basic financial statements may differ from the expenditures reported in the schedule of expenditures of Federal awards and state financial assistance due to program expenditures exceeding grant or contract budget limitations, matching or in-kind contributions or capitalization policies required under accounting principles generally accepted in the United States of America.

NOTE 4 – SUBRECIPIENT FUNDING

Of the federal expenditures presented in the Schedule, New Jersey Sea Grant Consortium, Inc. provided federal awards to subrecipients as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount Provided to Subrecipients</u>
11.417	Sea Grant Support	\$ 775,226
11.483	Coastal Storm Awareness Program	281,919
97.045	Cooperating Technical Partners	14,941
11.419	Coastal Zone Management Administration Awards	<u>107,949</u>
Total		<u>\$1,180,035</u>