



2017 ANNUAL REPORT

NEW JERSEY SEA GRANT CONSORTIUM



CHAIRMAN'S MESSAGE

Energy.

This one word synthesizes our essence. The dictionary states that energy is the strength and vitality required for sustained physical and mental activity. For the New Jersey Sea Grant Consortium, energy turns the idea of who we are into the reality of who we are.

The idea, as expressed in our mission statement, is to promote the wise use of New Jersey's marine and coastal resources through research, education and outreach. Ambitious? Yes. Challenging? Yes. Achievable? You bet.

Without energy, our mission is no more than an empty proclamation about humankind's relationship with the sea. With energy, our dreams become tangible.

The astounding energy of our scientists unravels the hidden power of dunes, explores the mystery of climate change on summer flounder, and discovers how to optimize fishing regulations. The boundless energy of our education staff opens the minds of 20,000 school children, nurtures college students to take up a career in marine science, and sponsors Ocean Fun Days that unite a State. The focused energy of our extension staff works with communities on addressing coastal concerns, commercial fisheries, and water quality.

All of our energy is for you. As we've mentioned so many times in these pages, Superstorm Sandy was a stark call from Mother Nature to pay her some mind. Others can debate why our world is changing; our role is figuring out how to cope with the new order. All of us reside in a coastal environment. For this reason, the work we do benefits all.

Let our energy inspire you toward action. Read about the changed landscape. Learn. Talk to your family, your neighbors. Celebrate our maritime heritage. Make a field trip to our headquarters on Sandy Hook. Our staff will truly move you. Once you are moved to action, join our crusade. We are here fighting for your present, and assuring a safe, healthy and energized future.

On behalf of the New Jersey Sea Grant Consortium, its members, its stakeholders, its trustees, and our valued staff, I am honored to present this Annual Report.



**DENNIS
KEARNEY**
Chair
Board of Trustees

EXECUTIVE DIRECTOR'S MESSAGE



**CLAIRE
ANTONUCCI**
Executive
Director

On behalf of all of us at New Jersey Sea Grant Consortium, I am pleased to offer this Annual Report. I am especially appreciative of the opportunity it gives me to acknowledge the skill and dedication of NJSGC's researchers, educators, communicators, administrators, and extension personnel, and recognize their contributions towards a resilient and sustainable future for New Jersey's marine and coastal communities.

The past year was not without its challenges. I remain grateful to our member institutions, our board of trustees and advisory boards, our many stakeholders and partners, and Congress for their faith in us and continued support. Working together we advanced important mutual goals from sustaining a healthy coastal economy and educating the next generation of environmental stewards and STEM professionals to helping coastal communities increase resilience to flooding and storms. The accomplishments noted on these pages would not have been possible without their trust and confidence in us.

While remaining fully committed to our longstanding mission and core responsibilities, we were also forward looking. A year-long iterative process resulted in a new strategic plan for the next four years of our Sea Grant program. We also joined forces with our counterparts across the country in a national effort to develop vision documents for key topics within Sea Grant's scope of work including weather and climate, responding to flooding, promoting sustainable coastal tourism, and diversity, equity and inclusion.

Thank you for making 2017 another remarkable year for NJSGC. We look forward to being here for you in 2018 and to working together to honor and protect New Jersey's remarkable marine and coastal environment.

EXTENSION



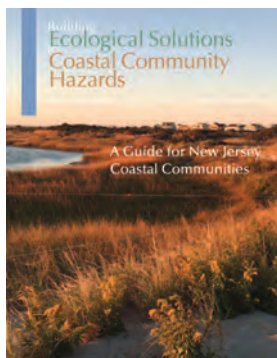
Oyster farmers, conservationists, scientists, and resource managers attended a symposium entitled *Advancing Shellfish Aquaculture and Red Knot Conservation in Delaware Bay*. The symposium fostered a balanced, collaborative, and science-based approach to co-manage the shellfish aquaculture industry and the Threatened migratory shorebird, the Red Knot. It was supported by a National Sea Grant award and led by Director of Research and Extension Dr. Peter Rowe, Shellfish Aquaculture Program Coordinator Ms. Lisa Calvo, and collaborators from Rutgers University and the Sea Grant Law Center.

Marine Recreation Extension Agent Michael Danko continued partnerships with federal, state, and local agencies to reduce sewage discharges from recreational and commercial vessels. Funds from the New Jersey Clean Vessel Act Program (NJCVAP) were provided to eight marinas to upgrade or install pumpout facilities and 30 facility operators for operation and maintenance. Coastal water quality and watershed function to coastal estuaries were improved as a result.

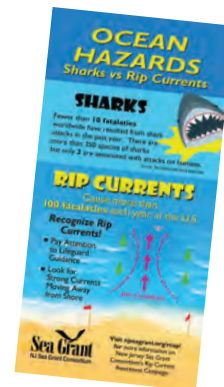


Agent Danko also coordinated NJSGC's contribution to the South Jersey Junior Science Symposium (SJJSS) by recruiting reviewers, mentors and judges for the annual competition that fosters STEM research in marine biology and oceanography at the high school level. Hosted by Ocean County Community College, the SJJSS was the regional location for the Department of Defense's 55th National Junior Science & Humanities Symposium. NJSGC also provided scholarship awards to the top environmental paper and poster presenter.

A grant from the National Fish and Wildlife Foundation permitted Coastal Processes Specialist Dr. Jon Miller and Coastal Ecosystems Extension Agent Dr. Amy Williams to work with over a dozen New Jersey communities to help them prepare for and adapt to ongoing and future changes. One outcome was the publication of a manual that describes methods of increasing coastal community resilience that work with, rather than against, nature.



Coastal Ecosystems Extension Agent Dr. Amy Williams developed an interactive game "Ocean Hazards: Sharks vs. Rip Currents" to share important information about rip current safety. She led presentations using the game for hundreds of attendees at numerous locations including Ocean Fun Days and the Philadelphia Science Festival. She also supported the Edwin B. Forsythe National Wildlife Refuge by providing weekly tours through the refuge to inform visitors on the movement of sand, the ebb and flow of tides, how rip currents form, and the evolution and benefits of dunes.

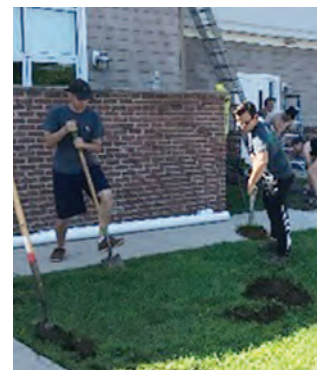


Coastal Community Resilience Specialist Dr. Thomas Herrington joined NJSGC's Extension Program to work with communities to improve understanding of coastal hazards and climate change impacts and help them develop effective policies to adapt and reduce vulnerability. He also



helped expand the Monmouth County High Watermark Initiative and initiated the development of an online coastal resilience toolbox for use in coastal adaptation planning to be released in summer 2018.

Water Resources Agent Michele Hartmann worked with seven coastal communities to assess impervious cover conditions and recommend design solutions through the implementation of green infrastructure projects to combat flooding and promote climate resiliency. Design plans were developed for Long Branch, Fair Haven, and Ocean Township. She also assisted with the design and implementation of a Girl Scout Gold Award rain garden project in Long Branch. Funded by NJSGC, the garden will capture approximately 50,000 gallons of rooftop stormwater runoff per year and provide a beautiful natural space for visitors to enjoy.



RESEARCH AWARDS

OMNIBUS RESEARCH

Effects of Climate Change on Estuarine Fish Nurseries: Analysis and Implications from Decades-Long Time-Series

Dr. Kenneth W. Able – Rutgers University

Understanding the Origins and Growth Rates of Juvenile Striped Bass in Small Rivers and Coastal Bays

Dr. Olaf P. Jensen – Rutgers University

Protecting Jersey Shore Residential and Ecological Communities by Changing the Culture of Beach Management

Dr. Jay Kelly – Raritan Valley Community College

Identifying the Impacts of Commercial Oyster Aquaculture on Foraging Behavior of Red Knots in Delaware Bay

Dr. Brooke Maslo – Rutgers University

Surf Clam Nursery and Culture Trials: New Species Development for New Jersey Shellfish Farms

Dr. Daphne Munroe – Rutgers University

At Risk: Healthy Coastal Ecosystems and Resilient Communities and Economies in an Era of Climate Change

Dr. Colette Santasieri – New Jersey Institute of Technology

A Model-Data Synthesis of the Status and Trends of New Jersey's Coastal Wetlands for Sea Level Rise Planning

Dr. Elizabeth Watson – Academy of Natural Sciences of Drexel University

Communicating About Flood Risks to Real Estate Market Segments in Coastal New Jersey

Dr. Clinton J. Andrews – Rutgers University

Managing for Biodiversity and Blue Carbon in the Face of Sea Level Rise and Barrier Island Migration

Dr. Jorge Lorenzo-Trueba – Montclair State University

PROGRAM DEVELOPMENT GRANTS

Understanding Risk Perceptions of Economic Development Officials in Coastal New Jersey Communities

Matt Campo – Rutgers University

Biochar-Coated Mulches for Alleviation of Stormwater Nitrogen for Healthy New Jersey Coastal Waters

Dr. Yang Deng – Montclair State University

NATIONAL STRATEGIC INVESTMENTS

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

Dr. David Bushek – Rutgers University

Diversifying Shellfish Aquaculture in New Jersey, Technology Transfer for Development of a Surfclam Aquaculture Industry

Dr. Daphne Munroe and Ms. Lisa Calvo – Rutgers University

Establishing Shellfish Hatchery Biosecurity Certification Standards to Facilitate Interstate Transport of Shellfish Seed

Dr. David Bushek – Rutgers University

COMMUNICATIONS

The 15th annual State of the Shore Media Event was held in Long Branch in May. NJSGC's Coastal Processes Specialist Dr. Jon Miller and NJDEP Commissioner Bob Martin gave reports on the condition of New Jersey's beaches and forecasts for the upcoming summer season. The event drew diverse press coverage and media attention.



Ocean City remains undefeated as New Jersey's overall 'Favorite Beach' in NJSGC's popular annual poll. With over 7,000 votes, Asbury Park, Seaside Heights, and Brigantine were also top picks. An awards ceremony was held on the Ocean City boardwalk in June.



Sponsored by New Jersey Natural Gas, NJSGC contributed weekly summer radio talks from the Asbury Park boardwalk about ocean safety, beach conditions, marine creatures, and other important environmental issues on "The Jersey Shore's Hit Music Channel" – 94.3 'The Point.'

NJSGC outreach continues to grow with over 4,200 'COASTodian' subscribers. This quarterly online newsletter provides information on NJSGC's funded research,



education, and outreach activities. As interactive content continues boosting social media presence, updates were shared with more than 1,550 followers on Facebook, 1,900 on Twitter, and 200 on Instagram.

NJSGC welcomed newest staff member, Communications Specialist Danica Bellini.

EDUCATION



NJSGC coordinated and hosted “Teach at the Beach,” the annual conference of the New Jersey Marine Educators Association. Despite rainy weather, 77 formal and informal educators explored Sandy Hook’s and participated in presentations on rip current awareness, coastal resilience, climate change and the web of life, understanding storm surge, and ocean and salt marsh ecology.

After a long hiatus, college programs returned to NJSGC’s Sandy Hook Headquarters. Over the summer, college students from NJSGC’s member institutions completed “hands-on” introductory courses in marine biology that utilized Sandy Hook’s coastal environments as a living laboratory for scientific investigation.



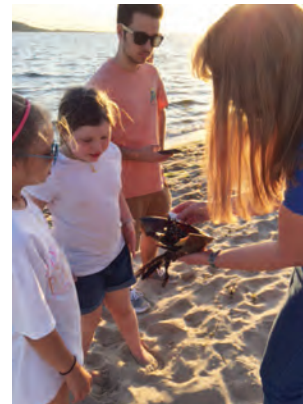
Ocean Fun Days, held in cooperation with founding partner New Jersey Natural Gas, was a complete success with over 8000 visitors. A diamondback terrapin release at Island Beach State Park presented by Project Terrapin was a new feature and a huge hit. Sandy Hook highlights included tours of the NOAA Fisheries/James J. Howard Marine Sciences Laboratory and “Build a Better Sandcastle” workshops.



Participation in NJSGC education programs hit an all time high with 28,500 participants. This includes a record-setting 2,722 girl and boy scouts who completed requirements for marine and marine-related environmental badges and an additional 347 boy scouts who earned the Boy Scout Oceanography Badge.



Seventy-five adults and children joined NJSGC educators for a “Horseshoe Crab Twilight Walk” during the full moon in early June. The program included four indoor learning stations followed by a twilight walk along the shores of Sandy Hook Bay to catch a glimpse of this fascinating creature in its native habitat.



In cooperation with Monmouth University and the County of Monmouth, a curriculum guide to the Monmouth County High Water Mark was published. Part of the National Flood Insurance Program, the High Water Mark Initiative is a community-based awareness program that increases community awareness of flood risk and encourages action to mitigate risk.

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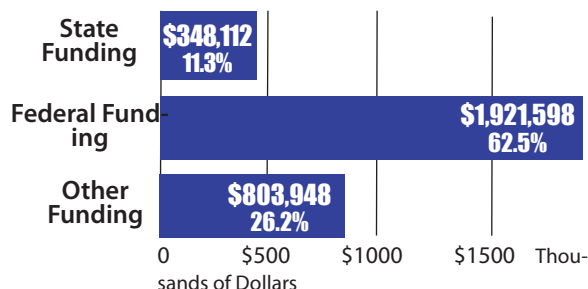
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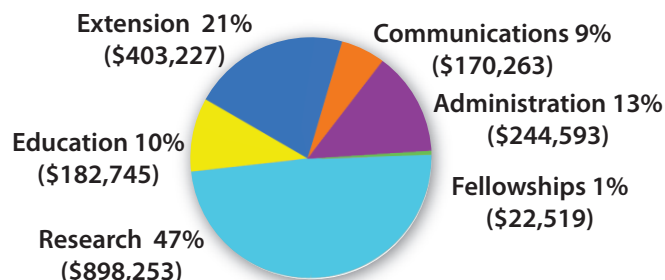
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Source of Funds



Investment of Federal Funds



See complete financials following.

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*Coastal Processes
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Dr. Amy Williams
*Coastal Ecosystems
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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, 2017 and 2016, 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, 2017 and 2016, 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.


Other Matters

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 Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 26, 2018, 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 26, 2018

NEW JERSEY SEA GRANT CONSORTIUM, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2017 and 2016

<u>ASSETS</u>	2017	2016
Current assets		
Cash and cash equivalents	\$ 214,057	\$ 583,386
Accounts receivable	3,113	9,610
Grants and contracts receivable	842,103	407,323
Accrued interest	2,407	1,070
Prepaid expenses and other assets	57,225	40,615
Total current assets	<u>1,118,905</u>	<u>1,042,004</u>
 Investments	 669,773	 420,000
 Property and equipment, net	 <u>557,361</u>	 <u>624,658</u>
 TOTAL ASSETS	 <u><u>\$ 2,346,039</u></u>	 <u><u>\$ 2,086,662</u></u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 78,865	\$ 71,578
Accrued rent	3,899	3,899
Due to subrecipients	675,798	329,662
Deferred revenue	33,424	55,934
Total current liabilities	<u>791,986</u>	<u>461,073</u>
 Long-term liabilities		
Accrued rent, net of current portion	<u>27,290</u>	<u>31,189</u>
Total liabilities	<u>819,276</u>	<u>492,262</u>
 Net assets		
Unrestricted	1,526,763	1,594,400
Temporarily restricted	-	-
Total net assets	<u>1,526,763</u>	<u>1,594,400</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 2,346,039</u></u>	 <u><u>\$ 2,086,662</u></u>

See accompanying notes.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
STATEMENTS OF ACTIVITIES
Years Ended September 30, 2017 and 2016

	2017			2016		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
SUPPORT AND REVENUE						
Grants and contract revenue	\$ 2,308,807	\$ -	\$ 2,308,807	\$ 2,205,703	\$ -	\$ 2,205,703
Contributions	3,556	-	3,556	9,205	-	9,205
Educational and service program revenue	231,852	-	231,852	212,276	-	212,276
Membership dues	39,156	-	39,156	35,760	-	35,760
Interest income	6,873	-	6,873	8,518	-	8,518
Miscellaneous	9,854	-	9,854	11,740	-	11,740
Net assets released from restrictions	-	-	-	-	-	-
Total support and revenue	<u>2,600,098</u>	<u>-</u>	<u>2,600,098</u>	<u>2,483,202</u>	<u>-</u>	<u>2,483,202</u>
EXPENSES						
Program services						
Educational activities	358,769	-	358,769	401,771	-	401,771
Research activities	1,954,514	-	1,954,514	1,782,484	-	1,782,484
	<u>2,313,283</u>	<u>-</u>	<u>2,313,283</u>	<u>2,184,255</u>	<u>-</u>	<u>2,184,255</u>
General and administrative						
Total expenses	354,452	-	354,452	333,855	-	333,855
	<u>2,667,735</u>	<u>-</u>	<u>2,667,735</u>	<u>2,518,110</u>	<u>-</u>	<u>2,518,110</u>
CHANGE IN NET ASSETS	(67,637)	-	(67,637)	(34,908)	-	(34,908)
NET ASSETS, Beginning of year	1,594,400	-	1,594,400	1,629,308	-	1,629,308
NET ASSETS, End of year	<u>\$ 1,526,763</u>	<u>\$ -</u>	<u>\$ 1,526,763</u>	<u>\$ 1,594,400</u>	<u>\$ -</u>	<u>\$ 1,594,400</u>

See accompanying notes.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2017

	Program Services				Total
	Educational Activities	Research Activities	Total Program Services	General and Administrative	Expenses
Salaries	\$ 230,368	\$ 441,842	\$ 672,210	\$ 162,420	\$ 834,630
Payroll taxes and benefits	64,619	120,100	184,719	53,623	238,342
Payments to subrecipients	-	1,305,965	1,305,965	-	1,305,965
Professional fees	20,943	18,501	39,444	20,314	59,758
Supplies	11,204	8,087	19,291	8,963	28,254
Advertising	1,474	550	2,024	25	2,049
Telephone	1,952	9,139	11,091	4,284	15,375
Postage	1,165	3,032	4,197	1,441	5,638
Occupancy	-	600	600	48,081	48,681
Repairs and maintenance	519	-	519	4,139	4,658
Printing	291	7,736	8,027	46	8,073
Conferences and training	12,101	26,417	38,518	759	39,277
Dues and subscriptions	-	455	455	5,660	6,115
Awards	-	650	650	-	650
Miscellaneous	2,693	-	2,693	280	2,973
Total expenses before depreciation	347,329	1,943,074	2,290,403	310,035	2,600,438
Depreciation	11,440	11,440	22,880	44,417	67,297
Total expenses	\$ 358,769	\$ 1,954,514	\$ 2,313,283	\$ 354,452	\$ 2,667,735

See accompanying notes.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2016

	Program Services				Total Expenses
	Educational Activities	Research Activities	Total Program Services	General and Administrative	
Salaries	\$ 242,602	\$ 456,064	\$ 698,666	\$ 145,150	\$ 843,816
Payroll taxes and benefits	68,910	122,533	191,443	52,694	244,137
Payments to subrecipients	-	1,126,412	1,126,412	-	1,126,412
Professional fees	38,337	13,789	52,126	20,357	72,483
Supplies	8,524	12,037	20,561	9,563	30,124
Advertising	5,273	700	5,973	50	6,023
Telephone	1,928	7,925	9,853	3,907	13,760
Postage	940	3,535	4,475	1,558	6,033
Occupancy	-	-	-	41,454	41,454
Repairs and maintenance	542	100	642	6,637	7,279
Printing	4,441	7,034	11,475	90	11,565
Conferences and training	14,001	19,270	33,271	414	33,685
Dues and subscriptions	157	731	888	6,400	7,288
Awards	-	650	650	-	650
Miscellaneous	4,412	-	4,412	141	4,553
Total expenses before depreciation	390,067	1,770,780	2,160,847	288,415	2,449,262
Depreciation	11,704	11,704	23,408	45,440	68,848
Total expenses	\$ 401,771	\$ 1,782,484	\$ 2,184,255	\$ 333,855	\$ 2,518,110

See accompanying notes.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
STATEMENTS OF CASH FLOWS
Years Ended September 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (67,637)	\$ (34,908)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	67,297	68,848
Change in net assets and liabilities		
Accounts receivable	6,497	26,846
Grants and contracts receivable	(434,780)	(75,570)
Accrued interest	(1,337)	(1,070)
Prepaid expenses and other assets	(16,610)	1,614
Accounts payable and accrued expenses	7,287	(5,151)
Due to subrecipients	346,136	92,011
Accrued rent	(3,899)	(3,899)
Deferred revenue	(22,510)	8,862
Net cash (used in) provided by operating activities	<u>(119,556)</u>	<u>77,583</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	<u>(249,773)</u>	<u>(420,000)</u>
Net cash (used in) investing activities	<u>(249,773)</u>	<u>(420,000)</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(369,329)	(342,417)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>583,386</u>	<u>925,803</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 214,057</u>	<u>\$ 583,386</u>

SUPPLEMENTAL CASH FLOW INFORMATION:

No amounts were paid for interest or income taxes for the years ended September 30, 2017 and 2016.

See accompanying notes.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

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.

Cash and Cash Equivalents – For purposes of the Statements of Cash Flows, NJSGC considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

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

Revenue and Support Recognition – NJSGC recognizes contributions when they are received or unconditionally pledged and records these contributions 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 contributions 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, 2017 and 2016. There are no tax years prior to 2014 open for examination by the Internal Revenue Service. Also, there were 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 \$2,049 and \$6,023 for the years ended September 30, 2017 and 2016, 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.

Accounts Receivable – Accounts receivable are stated at amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment 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 accounts receivable. As of September 30, 2017 and 2016 all accounts receivable were deemed collectible.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

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, 2017 and 2016, 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, 2017 and 2016:

<u>Grants and Contracts Receivable</u>	<u>2017</u>	<u>2016</u>
<u>Funding Agency</u>		
U.S. Department of Commerce		
National Oceanic and Atmospheric Administration		
Sea Grant Programs	\$ 737,160	\$ 265,606
U.S. Department of the Interior Fish and Wildlife Service	60,443	30,070
U.S. Department of Housing and Urban Development	17,376	31,626
State of New Jersey – Department of Environmental Protection	<u>27,124</u>	<u>80,021</u>
	<u>\$ 842,103</u>	<u>\$ 407,323</u>
<u>Deferred Revenue</u>		
<u>Funding Agency</u>		
U.S. Department of Commerce		
National Oceanic and Atmospheric Administration		
Sea Grant Programs	\$ 227	\$ 9,260
State of New Jersey – Department of Agriculture	13,703	13,911
State of New Jersey – Department of Environmental Protection	4,150	2,106
Other	<u>15,344</u>	<u>30,657</u>
	<u>\$ 33,424</u>	<u>\$ 55,934</u>

NEW JERSEY SEA GRANT CONSORTIUM, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

NOTE 3 – FAIR VALUE MEASUREMENTS

NJSGC has provided fair value disclosure information for relevant assets in these financial statements. The following table summarizes assets which have been accounted for at fair value on a recurring basis as of September 30, 2017 and 2016, along with the basis for the determination of fair value:

2017				
	Quoted Prices In Active Markets <u>Total</u> <u>(Level 1)</u>	Observable Measurement Criteria <u>(Level 2)</u>	Unobservable Measurement Criteria <u>(Level 3)</u>	
Certificates of deposit	\$ 669,773	\$ -	\$ 669,773	\$ -
Total	<u>\$ 669,773</u>	<u>\$ -</u>	<u>\$ 669,773</u>	<u>\$ -</u>
2016				
	Quoted Prices In Active Markets <u>Total</u> <u>(Level 1)</u>	Observable Measurement Criteria <u>(Level 2)</u>	Unobservable Measurement Criteria <u>(Level 3)</u>	
Certificates of deposit	\$ 420,000	\$ -	\$ 420,000	\$ -
Total	<u>\$ 420,000</u>	<u>\$ -</u>	<u>\$ 420,000</u>	<u>\$ -</u>

NJSGC values such assets using quoted market prices in active markets (Level 1) for identical assets to the extent possible. If such markets are not available, NJSGC values such assets using observable measurement criteria, including quoted market prices of similar assets in active and inactive markets and other corroborated factors (Level 2). In the event that quoted market prices in active markets and other observable measurement criteria are not available, NJSGC develops measurement criteria based on the best information available (Level 3).

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment, net of accumulated depreciation, at September 30, 2017 and 2016 consisted of the following:

	Estimated Life (Years)	2017	2016
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>(758,496)</u>	<u>(691,199)</u>
		<u>\$ 557,361</u>	<u>\$ 624,658</u>

Depreciation expense totaled \$67,297 and \$68,848 for the years ended September 30, 2017 and 2016, respectively.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2017 and 2016

NOTE 5 – 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 \$39,405 and \$39,174 for the years ended September 30, 2017 and 2016, respectively.

NOTE 6 – 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, 2017 and 2016 was \$3,383 and \$3,383, respectively.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of September 30, 2017 are:

<u>Year Ended September 30,</u>	<u>Amount</u>
2018	\$ 3,383
2019	3,383
2020	3,383
2021	3,383
2022	3,383
Thereafter	<u>9,303</u>
Total	<u>\$26,218</u>

NOTE 7 – 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 8 – CONCENTRATION OF GRANT REVENUE

For the years ended September 30, 2017 and 2016 approximately 73% and 67% of the NJSGC support came from the Department of Commerce, Sea Grant Program.

NOTE 9 – 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, 2017

Federal Grantor Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Commerce				
National Oceanic and Atmospheric Administration				
Sea Grant Support	11.417		\$ 1,020,124	\$ 1,921,597
Passed through New Jersey Department of Environmental Protection				
Coastal Zone Management	11.419	CP17-011	-	4,698
Total U.S. Department of Commerce			1,020,124	1,926,295
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	-	35,612
Passed through New Jersey Department of Environmental Protection				
Hurricane Sandy Disaster Relief-Coastal Resiliency Grants	15.153	CP15-015	107,961	111,877
Total U.S. Department of the Interior Fish and Wildlife Service			107,961	147,489
U.S. Department of Housing and Urban Development				
Passed through New Jersey Department of Environmental Protection				
Hurricane Sandy Community Development Block Grant	14.269	EC16-011	64,146	64,146
Total Expenditures of Federal Awards			\$ 1,192,231	\$ 2,137,930

NEW JERSEY SEA GRANT CONSORTIUM, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
Year Ended September 30, 2017

State Grantor Pass-through Grantor/Program Title	Award Number	Award Period	Passed Through to Subrecipients	Total State Expenditures
NJ Department of Commerce				
NJ Department of Environmental Protection				
Ecological Evaluation of Sedge Island Marine Conservation Area in Barnegat Bay	MOA	07/14/16-01/14/18	\$ 36,352	\$ 41,352
Developing and Refining Phytoplankton Index of Biotic Integrity for Barnegat Bay	MOA	07/14/16-01/14/18	77,382	92,125
Total NJ Department of Commerce			113,734	133,477
NJ Department of Agriculture Fisheries Development	MOA	02/01/07-09/30/17	-	207
Total State Financial Assistance			113,734	133,684
Total Federal Awards and State Financial Assistance			\$ 1,305,965	\$ 2,271,614

See Independent Auditor's Report.

See accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
September 30, 2017

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (the "Schedules") includes the federal and state award activity of New Jersey Sea Grant Consortium, Inc. under programs of the federal and state governments for the year ended September 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 financial position, changes in net assets, or cash flows of New Jersey Sea Grant Consortium, Inc.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedules are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget 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 allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

New Jersey Sea Grant Consortium, Inc. has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4 – 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 5 – 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	\$ 1,020,124
15.153	Hurricane Sandy Disaster Relief-Coastal Resiliency Grant	107,961
14.269	Hurricane Sandy Community Development Block Grant	64,146
Total		<u>\$ 1,192,231</u>