

**NEW JERSEY SEA GRANT CONSORTIUM, INC.
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS
WITH SUPPLEMENTARY INFORMATION
September 30, 2018 and 2017**

GERMAN, VREELAND & ASSOCIATES, LLP

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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, 2018 and 2017, 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, 2018 and 2017, 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 March 5, 2019, 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

March 5, 2019

NEW JERSEY SEA GRANT CONSORTIUM, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2018 and 2017

<u>ASSETS</u>	2018	2017
Current assets		
Cash and cash equivalents	\$ 403,478	\$ 214,057
Accounts receivable	5,850	3,113
Grants and contracts receivable	432,084	842,103
Accrued interest	1,579	2,407
Prepaid expenses and other assets	57,099	57,225
Total current assets	<u>900,090</u>	<u>1,118,905</u>
Investments	591,529	669,773
Property and equipment, net	<u>489,288</u>	<u>557,361</u>
 TOTAL ASSETS	 <u>\$ 1,980,907</u>	 <u>\$ 2,346,039</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 81,714	\$ 78,865
Accrued rent	3,899	3,899
Due to subrecipients	333,583	675,798
Deferred revenue	234,440	33,424
Total current liabilities	<u>653,636</u>	<u>791,986</u>
Long-term liabilities		
Accrued rent, net of current portion	<u>23,391</u>	<u>27,290</u>
Total liabilities	<u>677,027</u>	<u>819,276</u>
Net assets		
Unrestricted	1,303,880	1,526,763
Temporarily restricted	-	-
Total net assets	<u>1,303,880</u>	<u>1,526,763</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 1,980,907</u>	 <u>\$ 2,346,039</u>

See accompanying notes.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
STATEMENTS OF ACTIVITIES
Years Ended September 30, 2018 and 2017

	2018			2017		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
SUPPORT AND REVENUE						
Grants and contract revenue	\$ 1,866,373	\$ -	\$ 1,866,373	\$ 2,308,807	\$ -	\$ 2,308,807
Contributions	8,448	-	8,448	3,556	-	3,556
Educational and service program revenue	211,039	-	211,039	231,852	-	231,852
Membership dues	34,300	-	34,300	39,156	-	39,156
Interest income	6,015	-	6,015	6,873	-	6,873
Miscellaneous	11,041	-	11,041	9,854	-	9,854
Net assets released from restrictions	-	-	-	-	-	-
Total support and revenue	<u>2,137,216</u>	<u>-</u>	<u>2,137,216</u>	<u>2,600,098</u>	<u>-</u>	<u>2,600,098</u>
EXPENSES						
Program services						
Educational activities	400,607	-	400,607	358,769	-	358,769
Research activities	1,550,411	-	1,550,411	1,954,514	-	1,954,514
	<u>1,951,018</u>	<u>-</u>	<u>1,951,018</u>	<u>2,313,283</u>	<u>-</u>	<u>2,313,283</u>
General and administrative	409,081	-	409,081	354,452	-	354,452
Total expenses	<u>2,360,099</u>	<u>-</u>	<u>2,360,099</u>	<u>2,667,735</u>	<u>-</u>	<u>2,667,735</u>
CHANGE IN NET ASSETS	(222,883)	-	(222,883)	(67,637)	-	(67,637)
NET ASSETS, Beginning 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>
NET ASSETS, End of year	<u>\$ 1,303,880</u>	<u>\$ -</u>	<u>\$ 1,303,880</u>	<u>\$ 1,526,763</u>	<u>\$ -</u>	<u>\$ 1,526,763</u>

See accompanying notes.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2018

	Program Services			General and	Total
	Educational	Research	Total Program	Administrative	Expenses
	Activities	Activities	Services		
Salaries	\$ 264,201	\$ 383,104	\$ 647,305	\$ 196,949	\$ 844,254
Payroll taxes and benefits	75,338	121,931	197,269	64,503	261,772
Payments to subrecipients	-	961,790	961,790	-	961,790
Professional fees	5,541	12,440	17,981	20,872	38,853
Supplies	15,179	6,399	21,578	10,450	32,028
Advertising	1,394	300	1,694	-	1,694
Telephone	1,906	9,418	11,324	4,091	15,415
Postage	2,003	2,297	4,300	734	5,034
Occupancy	-	-	-	50,505	50,505
Repairs and maintenance	316	-	316	6,963	7,279
Printing	3,537	6,323	9,860	779	10,639
Conferences and training	13,103	34,232	47,335	1,809	49,144
Dues and subscriptions	13	73	86	6,030	6,116
Awards	300	400	700	550	1,250
Miscellaneous	6,072	-	6,072	181	6,253
Total expenses before depreciation	388,903	1,538,707	1,927,610	364,416	2,292,026
Depreciation	11,704	11,704	23,408	44,665	68,073
Total expenses	\$ 400,607	\$ 1,550,411	\$ 1,951,018	\$ 409,081	\$ 2,360,099

See accompanying notes.

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

	Program Services			General and	Total
	Educational	Research	Total Program	Administrative	Expenses
	Activities	Activities	Services		
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.
STATEMENTS OF CASH FLOWS
Years Ended September 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (222,883)	\$ (67,637)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	68,073	67,297
Interest income	3,244	-
Change in net assets and liabilities		
Accounts receivable	(2,737)	6,497
Grants and contracts receivable	410,019	(434,780)
Accrued interest	828	(1,337)
Prepaid expenses and other assets	126	(16,610)
Accounts payable and accrued expenses	2,849	7,287
Due to subrecipients	(342,215)	346,136
Accrued rent	(3,899)	(3,899)
Deferred revenue	201,016	(22,510)
Net cash provided by (used in) operating activities	<u>114,421</u>	<u>(119,556)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	75,000	-
Purchase of investments	-	(249,773)
Net cash provided by (used in) investing activities	<u>75,000</u>	<u>(249,773)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	189,421	(369,329)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>214,057</u>	<u>583,386</u>
CASH AND CASH EQUIVALENTS, End of year	<u><u>\$ 403,478</u></u>	<u><u>\$ 214,057</u></u>

SUPPLEMENTAL CASH FLOW INFORMATION:

No amounts were paid for interest or income taxes for the years ended September 30, 2018 and 2017.

During the year ended September 30, 2018 fully depreciated equipment of \$117,439 was written-off.

See accompanying notes.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

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, 2018 and 2017

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, 2018 and 2017. There are no tax years prior to 2015 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 \$1,694 and \$2,049 for the years ended September 30, 2018 and 2017, 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, 2018 and 2017 all accounts receivable were deemed collectible.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

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, 2018 and 2017, 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, 2018 and 2017:

<u>Funding Agency</u>	<u>Grants and Contracts Receivable</u>	<u>2018</u>	<u>2017</u>
U.S. Department of Commerce			
National Oceanic and Atmospheric Administration			
Sea Grant Programs		\$ 371,273	\$ 737,160
U.S. Department of Commerce-Coastal Zone Management		8,306	-
U.S. Department of the Interior Fish and Wildlife Service		7,541	60,443
U.S. Department of Environmental Protection		15,640	-
U.S. Department of Housing and Urban Development		-	17,376
State of New Jersey – Department of Environmental Protection		<u>29,324</u>	<u>27,124</u>
		<u>\$ 432,084</u>	<u>\$ 842,103</u>
	<u>Deferred Revenue</u>		
<u>Funding Agency</u>			
U.S. Department of Commerce			
National Oceanic and Atmospheric Administration			
Sea Grant Programs		\$ 209,410	\$ 227
State of New Jersey – Department of Agriculture		16,483	13,703
State of New Jersey – Department of Environmental Protection		4,150	4,150
Other		<u>4,397</u>	<u>15,344</u>
		<u>\$ 234,440</u>	<u>\$ 33,424</u>

NEW JERSEY SEA GRANT CONSORTIUM, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

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, 2018 and 2017, along with the basis for the determination of fair value:

2018				
	Quoted Prices In Active Markets <u>(Level 1)</u>	Observable Measurement Criteria <u>(Level 2)</u>	Unobservable Measurement Criteria <u>(Level 3)</u>	
	<u>Total</u>			
Certificates of deposit	\$ 591,529	\$ -	\$ 591,529	\$ -
Total	<u>\$ 591,529</u>	<u>\$ -</u>	<u>\$ 591,529</u>	<u>\$ -</u>

2017				
	Quoted Prices In Active Markets <u>(Level 1)</u>	Observable Measurement Criteria <u>(Level 2)</u>	Unobservable Measurement Criteria <u>(Level 3)</u>	
	<u>Total</u>			
Certificates of deposit	\$ 669,773	\$ -	\$ 669,773	\$ -
Total	<u>\$ 669,773</u>	<u>\$ -</u>	<u>\$ 669,773</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, 2018 and 2017 consisted of the following:

	Estimated Life (Years)	2018	2017
Building improvements	5-20	\$ 1,157,887	\$ 1,157,887
Marine equipment	3-12	-	21,870
Machinery and equipment	5-12	<u>40,531</u>	<u>136,100</u>
		1,198,418	1,315,857
Less: Accumulated depreciation		<u>(709,130)</u>	<u>(758,496)</u>
		<u>\$ 489,288</u>	<u>\$ 557,361</u>

Depreciation expense totaled \$68,073 and \$67,297 for the years ended September 30, 2018 and 2017, respectively.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

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 \$42,940 and \$39,405 for the years ended September 30, 2018 and 2017, 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, 2018 and 2017 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, 2018 are:

<u>Year Ended September 30,</u>	<u>Amount</u>
2019	\$ 3,899
2020	3,899
2021	3,899
2022	3,899
2023	3,899
Thereafter	<u>7,795</u>
Total	<u>\$27,290</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, 2018 and 2017 approximately 80% and 73% 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.
NOTES TO FINANCIAL STATEMENTS
September 30, 2018 and 2017

NOTE 10- NEW ACCOUNTING PRONOUNCEMENTS

New Accounting Pronouncements

In August 2016 the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2016-14 – Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14, which is effective for fiscal years beginning after December 15, 2017 with early adoption permitted, will require a change to two areas of not-for-profit accounting and significant new financial statement presentation and disclosure requirements.

Under ASU 2016-14 (the “ASU”) underwater funds will be accounted for within net assets with donor restrictions and not within net assets without donor restrictions as is the current practice. In addition, the ASU eliminates the accounting policy election to release donor imposed restrictions over the useful life of donated property and equipment when the donor does not explicitly specify the period of time the property must be used. Instead, entities will be required to relieve the donor’s restrictions at the time the asset is placed in service. In addition to the above disclosures the ASU changes the presentation and disclosure requirements of not-for-profit entities in the following areas: expense disclosures, display of net asset classes, cash flow presentation, quantitative and qualitative liquidity disclosures and presentation of investment returns. NJSGC is currently evaluating the impact these changes will have on its future financial statements.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2018

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		\$ 868,936	\$ 1,719,729
Passed through New Jersey Department of Environmental Protection				
Coastal Zone Management	11.419	CP17-011	-	18,428
Total U.S Department of Commerce			868,936	1,738,157
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	-	23,558
Passed through New Jersey Department of Environmental Protection				
Hurricane Sandy Disaster Relief-Coastal Resiliency Grants	15.153	CP15-015	14,557	20,241
Total U.S Department of the Interior Fish and Wildlife Service			14,557	43,799
Environmental Protection Agency				
Passed through New Jersey Department of Environmental				
Protection				
Performance Partnership Grants	66.605	SR18-010	15,640	15,640
 Total Expenditures of Federal Awards			 \$ 899,133	 \$ 1,797,596

NEW JERSEY SEA GRANT CONSORTIUM, INC.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
Year Ended September 30, 2018

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				
Baslin Survey of Zooplankton in Barnegat Bay	MOA	07/14/16-01/14/18	\$ 16,275	\$ 16,275
Branch Scale Arsenic Treatability Study	MOA	07/14/16-01/14/18	37,517	37,517
Total NJ Department of Commerce			<u>53,792</u>	<u>53,792</u>
NJ Department of Agriculture				
Fisheries Development	MOA	02/01/07-09/30/18	-	220
Total State Financial Assistance			<u>53,792</u>	<u>54,012</u>
Total Federal Awards and State Financial Assistance			<u>\$ 952,925</u>	<u>\$ 1,851,608</u>

See Independent Auditor's Report.

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