

**NEW JERSEY SEA GRANT CONSORTIUM, INC.
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS
WITH SUPPLEMENTARY INFORMATION
September 30, 2022 and 2021**

NEW JERSEY SEA GRANT CONSORTIUM, INC.
FINANCIAL STATEMENTS
September 30, 2022 and 2021

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT.....	1-2
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION.....	3
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS.....	4
STATEMENTS OF FUNCTIONAL EXPENSES.....	5-6
STATEMENTS OF CASH FLOWS.....	7
NOTES TO FINANCIAL STATEMENTS.....	8-14
SUPPLEMENTARY INFORMATION	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS.....	15
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE.....	16
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE.....	17
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	18-19
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE.....	20-21
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	22-23

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2022, and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of New Jersey Sea Grant Consortium, Inc. as of September 30, 2022 and 2021, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of New Jersey Sea Grant Consortium, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about New Jersey Sea Grant Consortium, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 New Jersey Sea Grant Consortium, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about New Jersey Sea Grant Consortium, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule 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*, is presented for purposes of additional analysis and is 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 schedule of expenditures of federal awards and state financial assistance 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 19, 2023 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 solely 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 the effectiveness of New Jersey Sea Grant Consortium, Inc., 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., internal control over financial reporting and compliance.



German, Vreeland & Associates, LLP

Cedar Knolls, New Jersey

March 19, 2023

NEW JERSEY SEA GRANT CONSORTIUM, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2022 and 2021

<u>ASSETS</u>	2022	2021
Current assets		
Cash and cash equivalents	\$ 764,836	\$ 496,034
Grants and contracts receivable	816,903	643,994
Prepaid expenses and other assets	58,592	56,577
Total current assets	<u>1,640,331</u>	<u>1,196,605</u>
Investments	359,708	336,099
Property and equipment, net	<u>239,645</u>	<u>285,069</u>
 TOTAL ASSETS	 <u><u>\$ 2,239,684</u></u>	 <u><u>\$ 1,817,773</u></u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable and accrued expenses	\$ 78,119	\$ 72,765
Accrued rent	3,899	3,899
Due to subrecipients	771,436	523,513
Deferred revenue	56,872	39,653
Total current liabilities	<u>910,326</u>	<u>639,830</u>
Long-term liabilities		
Accrued rent, net of current portion	<u>7,795</u>	<u>11,694</u>
Total liabilities	<u>918,121</u>	<u>651,524</u>
Net assets		
Net assets without donor restrictions	1,321,563	1,166,249
Net assets with donor restrictions	-	-
Total net assets	<u>1,321,563</u>	<u>1,166,249</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 2,239,684</u></u>	 <u><u>\$ 1,817,773</u></u>

See accompanying notes.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended September 30, 2022 and 2021

	2022			2021		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE						
Grants and contract revenue	\$ 3,402,887	\$ -	\$ 3,402,887	\$ 2,303,678	\$ -	2,303,678
Paycheck Protection Program grants	-	-	-	197,552	-	197,552
Contributions	6,350	-	6,350	5,640	-	5,640
Educational and service program revenue	123,168	-	123,168	33,894	-	33,894
Membership dues	37,500	-	37,500	34,500	-	34,500
Investment income	1,039	-	1,039	1,804	-	1,804
Miscellaneous	3,612	-	3,612	766	-	766
Net assets released from restrictions	-	-	-	-	-	-
Total support and revenue	3,574,556	-	3,574,556	2,577,834	-	2,577,834
EXPENSES						
Program services						
Educational activities	312,658	-	312,658	198,989	-	198,989.00
Research activities	2,750,953	-	2,750,953	1,841,966	-	1,841,966
	3,063,611	-	3,063,611	2,040,955	-	2,040,955
General and administrative	355,631	-	355,631	434,081	-	434,081
Total expenses	3,419,242	-	3,419,242	2,475,036	-	2,475,036
CHANGE IN NET ASSETS	155,314	-	155,314	102,798	-	102,798
NET ASSETS, Beginning of year	1,166,249	-	1,166,249	1,063,451	-	1,063,451
NET ASSETS, End of year	<u>\$ 1,321,563</u>	<u>\$ -</u>	<u>\$ 1,321,563</u>	<u>\$ 1,166,249</u>	<u>\$ -</u>	<u>\$ 1,166,249</u>

See accompanying notes.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2022

	Program Services			General and	Total
	Educational	Research	Total Program	Administrative	Expenses
	Activities	Activities	Services		
Salaries	\$ 210,225	\$ 345,102	\$ 555,327	\$ 134,481	\$ 689,808
Payroll taxes and benefits	62,283	112,700	174,983	44,319	219,302
Payments to subrecipients	-	1,997,769	1,997,769	-	1,997,769
Professional fees	3,250	52,185	55,435	31,369	86,804
Supplies	10,780	8,358	19,138	12,970	32,108
Advertising	750	124	874	631	1,505
Telephone	-	4,176	4,176	12,144	16,320
Postage	198	2,462	2,660	1,795	4,455
Occupancy	-	-	-	49,318	49,318
Repairs and maintenance	603	895	1,498	14,793	16,291
Printing	205	4,456	4,661	103	4,764
Conferences and training	11,458	16,463	27,921	811	28,732
Dues and subscriptions	960	760	1,720	5,950	7,670
Awards	-	193,799	193,799	-	193,799
Miscellaneous	242	-	242	2,282	2,524
Total expenses before depreciation	300,954	2,739,249	3,040,203	310,966	3,351,169
Depreciation	11,704	11,704	23,408	44,665	68,073
Total expenses	\$ 312,658	\$ 2,750,953	\$ 3,063,611	\$ 355,631	\$ 3,419,242

See accompanying notes.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2021

	Program Services			General and	Total
	Educational	Research	Total Program	Administrative	Expenses
	Activities	Activities	Services		
Salaries	\$ 127,954	\$ 258,782	\$ 386,736	\$ 210,786	\$ 597,522
Payroll taxes and benefits	50,318	88,386	138,704	71,859	210,563
Payments to subrecipients	-	1,302,215	1,302,215	-	1,302,215
Professional fees	3,641	49,544	53,185	32,144	85,329
Supplies	3,253	4,036	7,289	8,074	15,363
Advertising	200	2,000	2,200	-	2,200
Telephone	979	4,100	5,079	9,928	15,007
Postage	83	1,941	2,024	720	2,744
Occupancy	-	-	-	42,898	42,898
Repairs and maintenance	-	-	-	6,325	6,325
Printing	-	12,658	12,658	-	12,658
Conferences and training	631	1,905	2,536	196	2,732
Dues and subscriptions	60	30	90	5,550	5,640
Awards	-	104,665	104,665	-	104,665
Miscellaneous	166	-	166	936	1,102
Total expenses before depreciation	187,285	1,830,262	2,017,547	389,416	2,406,963
Depreciation	11,704	11,704	23,408	44,665	68,073
Total expenses	\$ 198,989	\$ 1,841,966	\$ 2,040,955	\$ 434,081	\$ 2,475,036

See accompanying notes.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
STATEMENTS OF CASH FLOWS
Years Ended September 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 155,314	\$ 102,798
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	68,073	68,073
Change in net assets and liabilities		
Grants and contracts receivable	(172,909)	(140,852)
Prepaid expenses and other assets	(2,015)	(715)
Accounts payable and accrued expenses	5,354	(22,190)
Due to subrecipients	247,923	230,054
Accrued rent	(3,899)	(3,899)
Deferred revenue	17,219	(9,771)
Net cash provided by operating activities	<u>315,060</u>	<u>223,498</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	226,009	497,000
Purchase of investments	(249,618)	(374,669)
Purchase of leasehold improvements	(22,649)	-
Net cash (used in) provided by investing activities	<u>(46,258)</u>	<u>122,331</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	268,802	345,829
CASH AND CASH EQUIVALENTS, Beginning of year	<u>496,034</u>	<u>150,205</u>
CASH AND CASH EQUIVALENTS, End of year	<u><u>\$ 764,836</u></u>	<u><u>\$ 496,034</u></u>

SUPPLEMENTAL CASH FLOW INFORMATION:

No amounts were paid for interest or income taxes for the years ended September 30, 2022 and 2021.

See accompanying notes.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

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 nineteen 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 – NJSGC reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors; net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

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, 2022 and 2021

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

Revenue and Support Recognition – Contributions are recognized when the donor makes a promise to give to NJSGC that is, in substance, unconditional. Donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor 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, 2022 and 2021. There are no tax years prior to 2019 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 \$1,505 and \$2,200 for the years ended September 30, 2022 and 2021, respectively.

Investments – Investments consist of certificate of deposits with original maturities greater than three months and are stated at fair value. Investment income and gains are reported in the statement of activities net of related expenses.

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.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

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

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.

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.

Recent Accounting Pronouncements - In February 2016, FASB issued ASU 2016-02, *Leases* (Topic 842) which will require leases to be recorded as an asset on the statement of financial position for the right to use the leased asset and a liability for the corresponding lease obligation for leases with terms of more than twelve months. ASU 2016-02 is effective for not-for-profit organizations for fiscal years beginning after December 15, 2021, with early adoption permitted. NJSGC is evaluating the impact the pronouncement may have on the financial statements.

In September 2020, the FASB issued ASU 2020-07 *Presentation and Disclosures by Not-for-Profit Entities For Contributed Non Financial Assets* (Topic 958). This ASU requires that a nonprofit present contributed nonfinancial assets separately from cash contributions as well as enhanced disclosures, including valuation techniques, policy regarding monetizing, and other qualitative information. This ASU is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. NJSGC is evaluating the impact the pronouncement may have on the financial statements.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

NOTE 2 – GRANTS, CONTRACTS RECEIVABLE AND DEFERRED REVENUE

NJSGC operates under various grants and contracts. At September 30, 2022 and 2021, 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, 2022 and 2021:

<u>Grants and Contracts Receivable</u>		
<u>Funding Agency</u>	<u>2022</u>	<u>2021</u>
U.S. Department of Commerce		
National Oceanic and Atmospheric Administration		
Sea Grant Programs	\$ 602,311	\$ 491,865
U.S. Department of the Interior Fish and Wildlife Service	-	15,842
National Science Foundation	11,512	11,512
State of New Jersey – Department of Environmental Protection	203,080	124,775
	<u>\$ 816,903</u>	<u>\$ 643,994</u>
 <u>Deferred Revenue</u>		
<u>Funding Agency</u>		
State of New Jersey – Department of Agriculture	\$ 11,395	\$ 11,395
Other	45,477	28,258
	<u>\$ 56,872</u>	<u>\$ 39,653</u>

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment, net of accumulated depreciation, at September 30, 2022 and 2021 consisted of the following:

	Estimated Life (Years)	<u>2022</u>	<u>2021</u>
Building improvements	5-25	\$ 1,180,536	\$ 1,157,887
Machinery and equipment	5-12	<u>40,531</u>	<u>40,531</u>
		1,221,067	1,198,418
Less: Accumulated depreciation		<u>(981,422)</u>	<u>(913,349)</u>
Net property and equipment		<u>\$ 239,645</u>	<u>\$ 285,069</u>

Depreciation expense totaled \$68,073 and \$68,073 for the years ended September 30, 2022 and 2021, respectively.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

NOTE 4 – 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, 2022 and 2021, along with the basis for the determination of fair value:

<u>2022</u>				
	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	<u>\$ 359,708</u>	<u>\$ -</u>	<u>\$ 359,708</u>	<u>\$ -</u>
Total	<u>\$ 359,708</u>	<u>\$ -</u>	<u>\$ 359,708</u>	<u>\$ -</u>
<u>2021</u>				
	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	<u>\$ 336,099</u>	<u>\$ -</u>	<u>\$ 336,099</u>	<u>\$ -</u>
Total	<u>\$ 336,099</u>	<u>\$ -</u>	<u>\$ 336,099</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 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 \$32,054 and \$32,577 for the years ended September 30, 2022 and 2021, 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 – CONCENTRATION OF GRANT REVENUE

For the years ended September 30, 2022 and 2021, approximately 70% and 76%, respectively, of the NJSGC support came from the Department of Commerce, Sea Grant Program.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

NOTE 8 – 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, 2022 and 2021 was \$3,383 and \$3,383, respectively.

Future minimum lease payments under operating leases as of September 30, 2022 are:

<u>Year ended September 30.</u>	<u>Amount</u>
2023	\$ 3,899
2024	3,899
2025	3,896
Total	<u>\$ 11,694</u>

NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects NJSGC's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions. NJSGC has an investment account which is an operating reserve for expenses in the event needed. NJSGC does not believe it is necessary to draw on its investments currently, which are, therefore, designated as operating reserves:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 764,836	\$ 496,034
Grants and contracts receivable	816,903	643,994
Investments	359,708	336,099
Total financial assets	<u>1,941,447</u>	<u>1,476,127</u>
Contractual or donor-imposed restrictions	-	-
Operating reserves	<u>(359,708)</u>	<u>(336,099)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,581,739</u>	<u>\$1,140,028</u>

NEW JERSEY SEA GRANT CONSORTIUM, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

NOTE 10 – PAYCHECK PROTECTION PROGRAM

On April 19, 2021, NJSGC received a second draw loan from a bank under the Paycheck Protection Program (“PPP”) in the amount of \$197,552. The loan, which is in the form of a promissory note dated April 19, 2021, with a maturity date as established by the Small Business Administration (the “SBA”). If the SBA does not establish a maturity date or a range of allowable maturity dates, the maturity date will be five years. The loan bears interest at a rate of 1.00% per annum. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, rent, utilities and other qualifying expenses. NJSGC has used the entire loan amount for qualifying expenses. Under the terms of the PPP, the loan may be forgiven if it is used for qualifying expenses as described in the CARES Act. The loan was forgiven on April 11, 2022.

On June 10, 2020, the American Institute of Certified Public Accountants issued accounting guidance for PPP loans. The guidance includes multiple accounting options. NJSGC chose to account for the loan as a conditional contribution in accordance with FASB ASC 958-605 as it expects to meet the PPP’s eligibility requirements and concludes that the PPP loan represents, in substance, a grant that is expected to be forgiven. According to ASC 958-605 the loan is initially recorded as deferred revenue and is recognized as income when conditions of the grant (qualifying expenses) are substantially met. During the year ended September 30, 2022, NJSGC recognized \$197,552 of revenue.

NOTE 11 - RISKS AND UNCERTAINTIES

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, NJSGC expects that this matter may negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

NOTE 12 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 19, 2023, 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, 2022

Federal Grantor/Pass-thru Grantor/Program Title	Federal Assistance Listing 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	-	\$ 1,589,572	\$ 2,497,830
Passed through New Jersey Department of Environmental Protection				
Coastal Zone Management	11.419	CFR21-143	22,914	22,914
Total U.S. Department of Commerce			1,612,486	2,520,744
U.S. Department of the Interior Fish and Wildlife Service				
Passed through New Jersey Department of Environmental Protection				
Clean Vessel Act	15.616	FG22-008	-	16,478
Passed through New Jersey Department of Environmental Protection				
Cooperative Endangered Species Conservation Fund	15.615	NL21-003	20,700	20,700
Total U.S. Department of the Interior Fish and Wildlife Service			20,700	37,178
Environmental Protection Agency				
Passed through New Jersey Department of Environmental Protection				
Performance Partnership Grants	66.605	SR20-008	74,915	74,915
Passed through New Jersey Department of Environmental Protection				
Regional Wetland Program Development Grants	66.461	SR21-009	14,335	14,372
Total Environmental Protection Agency			89,250	89,287
National Science Foundation				
Passed through University of Georgia				
Geosciences	47.050	SUB00002211	-	12,463
Total Expenditures of Federal Awards			\$ 1,722,436	\$ 2,659,672

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.
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
Year Ended September 30, 2022

State Grantor Pass-through Grantor/Program Title	Award Number	Award Period	Passed Through to Subrecipients	Total State Expenditures
NJ Department of Environmental Protection				
Characterization of Phytoplankton	MOA	8/14/19-1/1/21	\$ 25,130	\$ 25,130
Survey of Zooplankton	MOA	4/1/19-6/30/23	24,623	24,623
Survey of Zooplankton	MOA	5/1/20-7/31/21	24,894	24,894
Branch Scale Arsenic Treatability Study	MOA	1/1/20-6/30/22	104,665	104,665
Monmouth County Beach Nesting	MOA	5/1/21-10/31/22	3,021	3,021
Identification of Diatom DNA	MOA	6/1/21-11/30/21	9,000	9,000
Estimation of Fish BAF	MOA	2/16/22-2/15/24	84,000	84,000
Lakes Management	MOA	7/1/20-6/30/22	-	39,312
Total NJ Department of Environmental Protection			275,333	314,645
Total State Financial Assistance			275,333	314,645
Total Federal Awards and State Financial Assistance			\$ 1,997,769	\$ 2,974,317

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, 2022

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, 2022. 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:

Federal Assistance		Amount Provided
<u>Listing Number</u>	<u>Program Name</u>	<u>to Subrecipients</u>
11.417	Sea Grant Support	\$ 1,589,572
11.419	Coastal Zone Management	22,914
15.615	Cooperative Endangered Species Conservation Fund	20,700
66.605	Environmental Protection Agency	74,915
66.461	Regional Wetland Program Development Grants	<u>14,335</u>
Total		<u>\$ 1,722,436</u>

GERMAN, VREELAND & ASSOCIATES, LLP

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the 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 the financial statements of New Jersey Sea Grant Consortium, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 19, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered New Jersey Sea Grant Consortium, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of New Jersey Sea Grant Consortium, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the New Jersey Sea Grant Consortium, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Jersey Sea Grant Consortium, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



German, Vreeland & Associates, LLP

Cedar Knolls, New Jersey

March 19, 2023

GERMAN, VREELAND & ASSOCIATES, LLP

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited New Jersey Sea Grant Consortium, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of New Jersey Sea Grant Consortium, Inc.'s major federal programs for the year ended September 30, 2022. New Jersey Sea Grant Consortium, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, New Jersey Sea Grant Consortium, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of New Jersey Sea Grant Consortium, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of New Jersey Sea Grant Consortium, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to New Jersey Sea Grant Consortium, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on New Jersey Sea Grant Consortium, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery,

intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about New Jersey Sea Grant Consortium, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding New Jersey Sea Grant Consortium, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of New Jersey Sea Grant Consortium, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of New Jersey Sea Grant Consortium, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

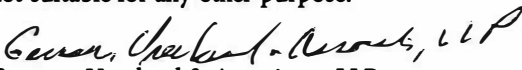
Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


German, Vreeland & Associates, LLP
Cedar Knolls, New Jersey
March 19, 2023

NEW JERSEY SEA GRANT CONSORTIUM, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2022

SECTION 1 – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Type of auditor’s report issued on compliance for major program	Unmodified
Any audit findings disclosed that are required to be reported in accordance 2 CFR section 200.516(a)	No

The following Federal programs were designated as a major programs:

Federal Assistance Listing		
<u>Number</u>	<u>Federal Agency/Department</u>	<u>Federal Program</u>
11.417	U.S. Department of Commerce National Oceanic and Atmospheric Administration	Sea Grant Support

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as a low-risk auditee?	Yes

NEW JERSEY SEA GRANT CONSORTIUM, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2022

SECTION 2 - Financial Statement Findings

No findings or questioned costs.

SECTION 3 - Financial Award Findings and Questioned Costs

No findings or questioned costs.

SECTION 4 - Status Prior Audit Findings

No prior year findings