



New Jersey
Marine Sciences Consortium

Annual Report 2006



Celebrating 38 Years
of Excellence in
Marine Research,
Education
& Outreach

NJMSC . . .

MAKING A DIFFERENCE



Founded in 1969, the New Jersey Marine Sciences Consortium (NJMSC) is a non-profit affiliation of colleges, universities and other organizations whose mission is to serve New Jersey and the region through innovative research, education and outreach designed to address coastal issues, develop marine technology, promote science-based management policy, and improve science literacy and informed decision making.

Since 1976, NJMSC has served as the managing agent for the New Jersey Sea Grant College Program. As part of the National Sea Grant Network, the New Jersey Sea Grant Program funds competitive research in prioritized areas that currently include coastal ecosystems health, biotechnology, ecosystem models and fisheries and aquaculture. In 1989, the program was designated as a full Sea Grant College Program, in recognition of its academic and research excellence and strong statewide support.

The results of New Jersey Sea Grant funded research are transferred into practical applications by the New Jersey Sea Grant Extension Program. Extension Agents and Specialists assist stakeholders and decision makers in developing cost-effective solutions to coastal problems, in consensus building, in formulating science-based policy and in fostering stewardship ethics.

NJMSC's own recent research focus has included the creation of an ongoing, comprehensive, multidisciplinary habitat initiative which has firmly established NJMSC as a leader in restoration ecology, and contributed science-based policy for wetlands management throughout the coastal United States.

NJMSC education programs provide equal learning opportunities for students from pre-K to graduate levels. Curricula are geared towards increasing science literacy and informed decision making. More than 25,000 students participate in NJMSC education programs each year.

Through all these activities, NJMSC continues to provide broad and unbiased information that helps sustain New Jersey's coastal economy and fosters the environmental stewardship that improves our quality of life.

For additional copies of this report or information about NJMSC,
contact:

**The New Jersey Marine Sciences Consortium
Building #22**

Fort Hancock, New Jersey 07732

Tel. 732-872-1300 Fax 732-291-4483

or visit www.njmssc.org

PRESIDENT'S REMARKS



MICHAEL P.
WEINSTEIN,
PH.D.

The most rewarding ten years of my career have been spent reasserting the New Jersey Marine Sciences Consortium's (NJMSC) role as a custodian of New Jersey's \$50 billion coastal economy and its quality of life, second to none among coastal states. In late 1996, a new Sandy Hook Administration and revitalized Board of Trustees set out to stabilize our finances, and build a renewed base of support

throughout the region. It was clear that our very survival depended on re-establishing the principles that created the NJMSC and our service to the people of New Jersey. A snapshot of this decade of renewal attests not only to our success, a result of the hard work of staff and a dedicated Board, but to the renewed support of the New Jersey Legislature, the Governor's and Treasurer's Offices and stakeholder communities throughout the region:

NJMSC 10-Year Performance Record

	1996	2006
Total Worth (Millions)	1.9	5.1
Debt/Assets	[\$420,000]	\$1,400,000
Audited Overhead Rate	115%	39%
K-12 Fee-Based Programs	—	> \$1,000,000
Grants and Contracts	—	\$5,800,000

In my first President's Remarks, I tried to take a look back to the future by revisiting the political realities that made us increasingly accountable to our constituencies, and the need for sustained "technology transfer" of research findings to practical uses. Through its research, outreach and education programs, I felt the NJMSC was positioned to make renewed contributions to a sustainable New Jersey coast.

In that first message, I proposed that the needs of the public could best be served by NJMSC:

- Providing a *focal point* to bring together the public, industry and the scientific community on marine affairs;
- Serving as a *platform* to help air issues concerning coastal resources and wise human use of the coastal zone while remaining strictly apolitical;
- Serving as a *forum* to put the results of marine research to work for New Jersey through education, outreach and the NJ Sea Grant Extension Program; and
- *Facilitating* the integration of diverse sets of environmental, social and economic information to support decision making.

There is insufficient space to fully document the successes of the past decade, but a few highlights in the form of co-organizing and planning of symposia, workshops, training, forums, etc. included:

Sustainable Management of Coastal Ecosystems, People's Republic Of China - United States Joint Symposium, Tianjin, China
Restoration/Rehabilitation of Ariake Bay, Keynote Address, Kyushu University, Fukuoka, Japan



Linking Elements of the Integrated Ocean Observing System (IOOS) with the Planned National Water Quality Monitoring Network, NOAA Workshop, New Brunswick, NJ

Building Capacity for Coastal Solutions, Workshop Foundation, Washington, DC

Achieving the Vision – A Strategy for the Next Six Years. Plenary, Restore America's Estuaries, Seattle, WA

Monitoring the Human Dimension Aspects of Coastal Restoration, Workshop, Amherst, MA

The Role of Nearshore Ecosystems as Fish and Shellfish Nurseries Congressional and NOAA Briefing, Washington, DC.

Sustainability Science and Estuarine Habitat Restoration: An International Perspective on Integrating Ecology and the Social Sciences. Symposium, Estuarine Research Federation, Seattle, WA

Functional Restoration/Recovery of Coastal Ecosystems, U.S.-Japan Cooperative Program in Natural Resources (UJNR)/Coastal Environmental Science & Technology Panel (CEST), Yokosuka, Japan

Phragmites australis: A Sheep in Wolf's Clothing? Technical Forum & Workshop, Vineland, NJ

Brown Tide Workshop, Monmouth University, West Long Branch, NJ

Environmental Windows for Dredging Projects Workshop, National Academy of Science, Washington, DC



National Strategy for Coastal Habitat Restoration, National Working Group, Washington, DC

Sediment Toxicity Risk Assessment: Where are we, and Where Should we be Going?

Symposium, MIT, Cambridge, MA

The Use of Dredged Material for Erosion Control and Wetland Creation, Symposium, MIT, Cambridge, MA

A National Marine and Estuarine Classification System, Workshop, Marathon, FL

Evaluation of the Nursery Role of Wetlands and Seagrasses for Better Conservation and Management, National Center for Analysis of Ecological Systems (NCEAS), Santa Barbara, CA

The Significance of Atmospheric Pollutant Loading to the New York-New Jersey Harbor Estuary and Watershed, Workshop, Monmouth University, Long Branch, NJ

Wetlands and Stream Restoration Training Project, Association of State Wetland Managers, Washington, DC

Coastal Lagoons and Salt Ponds Symposium, Estuarine Research Federation, New Orleans, LA

Restoration Principles, White Paper, ERF/RAE Initiative to Restore America's Estuaries

Role of Estuaries in Sustaining Coastal Fisheries: Is There One? Symposium, AAAS Annual Meeting and Science Innovation Exposition, Anaheim, CA

Ecological Engineering Applied to River and Wetland Restoration, Workshop, Scientific Committee on Problems of the Environment (SCOPE), Paris, France

Concepts and Controversies in Tidal Marsh Ecology, International Symposium, Vineland, NJ

Climate, Coastal Hazards and the New Jersey Shore, Workshop, Toms River, NJ

Managing Estuarine and Marine Shallow Water Habitats, Conference, Atlantic City, NJ

Wetlands or Wastelands: Were our Forefathers Correct? Symposium, Estuarine Research Federation, Corpus Christi, TX

Similarly, NJMSC is proud to acknowledge support in the form of many legislative resolutions recognizing its excellence, and other awards and recognition conferred by national and regional organizations:

Coastal America's *Spirit Award*
- Habitat Initiative
USEPA *Environmental Quality Award* - Education



The Governor's *Tourism Award* for 2004

The Monmouth-Ocean Development Council's *Silver Gull Award* – Coast Day NJ

NJBIA *Award for Excellence*

Marquis Who's Who in America

Monmouth County WRA *Good Citizens Award*

Apex Awards for *Publication Excellence*

The next few years will be highlighted by efforts to complete the restoration/rehabilitation of Building #22, NJMSC's primary administrative and education facilities at Sandy Hook.

Through our fund raising efforts, NJMSC is now poised to initiate the first two phases of its approved

Preservation Plan — complete restoration of the building exterior, and interior work that will bring the facility up to date with New Jersey's building codes. As yet unfunded, the last construction phase estimated at \$600,000 will include disabled persons' access to Building #22 in the form of a wheel chair lift, elevator and ADA compliant restroom facilities.



I cannot complete these remarks without addressing our lack of success in finding a benefactor to endow this venerable institution. Admittedly, it has been quite frustrating – for example, the Harbor Branch Oceanographic Institution in Fort Pierce, Florida was founded in 1971, two years after NJMSC at roughly the same initial funding level, yet is now a \$95,000,000 organization. A large part of its early success derived from the support of Seward Johnson, of the Johnson & Johnson Corporation, a New Jersey-based business! We may yet realize success since I will continue the search at the highest priority level.

Please accept my eternal gratitude for the warm support proffered to myself and my colleagues at NJMSC.



CHAIRMAN'S REMARKS

"We are tied to the ocean. And when we go back to the sea...we are going back from whence we came."

- President John F. Kennedy



DENNIS T.
KEARNEY

The New Jersey Marine Sciences Consortium and its twenty-seven member institutions, countless educators, dedicated staff and board members share and reflect President Kennedy's awareness that our destiny is linked to the oceans and recognize the moral imperative to honor and respect the sea.

Our natural environment is under tremendous stress. Ocean conditions are changing more rapidly than at any time in recorded history. Our charge is that of the public good. At the same time, we are challenged in difficult times to maintain our funding. As a not-for-profit organization, we rely on the benevolence of the State for part of our budget, the Federal government for another portion, grants-in-aid for a piece, and the backs of our employees for the rest. Our success is clearly demonstrated by the fact that we can guarantee a ten-to-one return on every dollar raised.

Throughout these pages, you will be moved by the ability of dedicated people to make the most out of our financial resources. You will also

recognize that NJMSC is becoming a respected global resource, as illustrated by the fact that in 2006 its expertise was tapped by the emerging Chinese economy. We should all be proud that while we may not fully understand ocean ecology, we are world leaders in our fields. I have the privilege of oversight of an organization whose staff is smart, savvy and consumed by a love of the sea and we will continue to press the message that our tasks are not only admirable, they are essential.

Anyone who has ever stuck their toes in the sand, or tasted the saltiness of the sea on their skin, knows what President Kennedy meant. We at the New Jersey Marine Sciences Consortium also recognize that we are deeply tied to the ocean and plan on being here as long as the tides flow.

On behalf of your trustees, I am proud to present this Annual Report for 2006.



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The New Jersey Marine Sciences Consortium gratefully acknowledges and thanks the following people for their photographic and other artistic contributions to this publication:

Brian Harris, Kim Kosko

Design: Rory Joyce

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Marine Terminal
Bob Nixon – NY Container
Terminal
Jack Olthius – Sandy Hook Pilots
Earl Vizzzone – FAPS



NJ SEA GRANT COLLEGE PROGRAM

In 2006, the New Jersey Sea Grant College Program (NJSGCP) celebrated its 30th year under the management of NJMSC, conducting research, education and outreach activities focusing on coastal ecosystems health, biotechnology, ecosystem models and fisheries and aquaculture.

Through interdisciplinary partnership efforts, the New Jersey Sea Grant College Program was able to sustain and strengthen its current programs and participate in and launch several new initiatives, some of which achieved statewide and national awards and recognition.

A critical activity of the New Jersey Sea Grant College Program rests in the “technology transfer” of Sea Grant research to practical uses that protect people and property, enhance coastal economic vitality, sustain coastal communities and conserve and protect coastal habitats and resources. To that end, the New Jersey Sea Grant Extension Program (NJSGEP) worked with Sea Grant scientists and engaged stakeholders in coastal communities throughout New Jersey on a myriad of topics, including rip current awareness, clean marinas, Clean Vessel Act, dredged materials management, the state of New Jersey’s beaches, habitat restoration, aquaculture and fisheries promotion, recreational angling ethics, ecotourism and maritime culture and heritage.



NJ SEA GRANT EXTENSION PROGRAM

Over the past decade, the New Jersey Sea Grant Extension Program has evolved from a satellite outreach arm of the New Jersey Sea Grant College Program into a cohesive team of professionals whose efforts significantly impact the state's coastal environment and economy. In 1996, The New Jersey Sea Grant Marine Advisory Service (MAS) as it was then known, consisted of four staff members, technically part of the Rutgers University Cooperative Extension system and housed at various Extension Offices between New Brunswick and Cape May. These four marine agents, each with their own area of interest and expertise, unquestionably laid important groundwork for producing resource materials and providing important information and services to the thousands of people who use the state's marine and coastal resources for work, recreation and education. In 1999, to comply with National Sea Grant Program guidelines for uniformity, the MAS was renamed the New Jersey Sea Grant Extension Program and began a seven-year period of rebuilding and restructuring.

As NJMSC and its New Jersey Sea Grant College Program began broadening their activities and capabilities, it became essential for outreach efforts to follow suit. Between 2000 and 2006, the New Jersey Sea Grant Extension Program continued its renaissance and maintained successful cost-share partnerships by leveraging federal dollars to help build and support staff

and special projects, as it finally began to move toward its mandate to create a fully staffed and vital Extension program.

In 2006, the New Jersey Sea Grant Extension Program consisted of three full time staff people and six agents. In addition to Director Dr. Peter Rowe, the Extension Program permanent full-time staff at Sandy Hook included Mr. Mike Danko, Marine Fisheries Agent, and Ms. Jenny Laiso, Sustainable Coastal Communities Agent. The Extension Program maintained successful cost-share partnerships with the USEPA, Stevens Institute of Technology and Cumberland County College which supported Ms. Cathy Yuhas, New York-New Jersey Harbor Technical Specialist; Dr. Thomas Herrington, Coastal Processes Specialist; Dr. Timothy Jacobsen, Aquaculture Specialist and Mr. Stewart Tweed, Sustainable Communities/Fisheries-Aquaculture Agent respectively. The Extension Program further expanded its partnerships with Stevens Institute of Technology to hire Coastal Processes Agent Dr. Jon Miller, and with Rutgers University Cooperative Extension for the addition of a Water Resources Agent, Mr. Gregory Rusciano.

The Extension Program looks forward to a future filled with continued growth through the dedicated work of its agents and specialists and guidance received from the Sea Grant Advisory Council.





The following list highlights some of the successful activities, projects, programs and publications initiated, completed or continued in the New Jersey Sea Grant Extension Program's core areas of coastal processes, fisheries and aquaculture, coastal communities and ecosystem health (urban estuaries) in 2006.

COASTAL PROCESSES

Presented an Overview of Coastal Hazards at the Jacques Cousteau NERR Coastal Training Program meeting, April 2006, Tuckerton, NJ

Co-hosted American Shore and Beach Preservation Association National Conference in October 2006, Long Branch, NJ

Produced the *State of the Shore* Report and Participated in the Annual Pre-Summer Media Conference, May 2006, Sandy Hook, NJ



Presented a Rip Current Awareness Talk at the Atlantic County Municipal Joint Insurance Fund Lifeguard Symposium, July 2006



Co-sponsored a Pre-July 4th 2006 Rip Current Awareness Media Event in Seaside Heights



Hosted Workshop on Improved Coastal Management, Preparedness and Response Through Real-Time Weather and Ocean Observations, Stevens Institute of Technology, July 27, 2006, Hoboken, NJ

FISHERIES AND AQUACULTURE

Reprinted and distributed *Catch and Release: Ethical Angling* Brochure



Continued management of the New Jersey Clean Marina Program (including several workshops, handouts and guides)

Increased participation in the New Jersey Clean Vessel Act Program (including the design, production and distribution of Pump Out Guides)

Conducted Boat Ramp Count and Condition Assessment in Tidal Waters of NJ

Development and implementation of Marina Display Case and Fishing Regulations Project funded by *I Boat NJ*

Continued to develop the Cape May County Fishermen's Loan Program

Co-hosted the Aquaculture Business Workshop in January 2006 with Cumberland County College and the NJ Dept. of Agriculture

Supported the Development of the 'Fish Barn' (Tilapia Aquaculture) and Aquaculture Technology Information Center

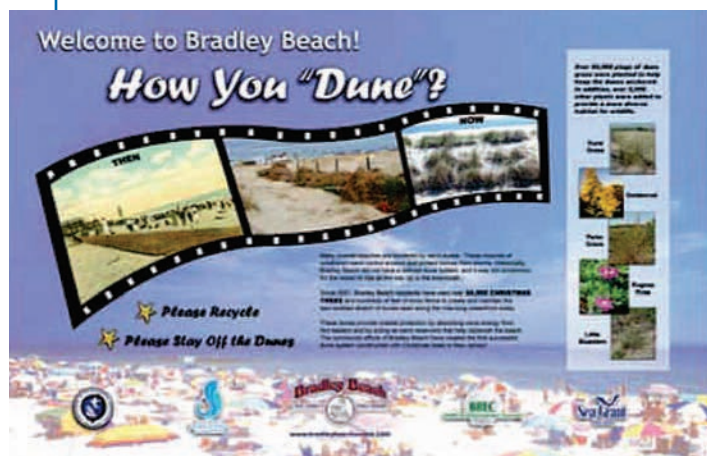
Supported High School and Bayside State Prison Aquaculture Projects

Continued on next page

NJ SEA GRANT EXTENSION PROGRAM (CONT'D.)

COASTAL COMMUNITIES

Developed and produced *How You Dune?* Signs for Borough of Bradley Beach



Continued New Jersey Seafood Initiative: NJ Seafood and Science – A Recipe for Success

Co-hosted Delaware Estuary Fish Consumption Summit, Temple University, May 31-June 1, 2006

Co-hosted Coast Day NJ at Viking Village, Long Beach Island and Lobster House, Cape May



Produced Proceedings from *Linking Elements of the Integrated Ocean Observing System (IOOS) with the Planned National Water Quality Monitoring Network*, NOAA Workshop, New Brunswick, NJ

ECOSYSTEM HEALTH (URBAN ESTUARIES)

Participated in Webcast for 'Estuary Live' at Liberty State Park's Caven Point Beach in Jersey City, NJ and Jamaica Bay, NJ Sept 2006



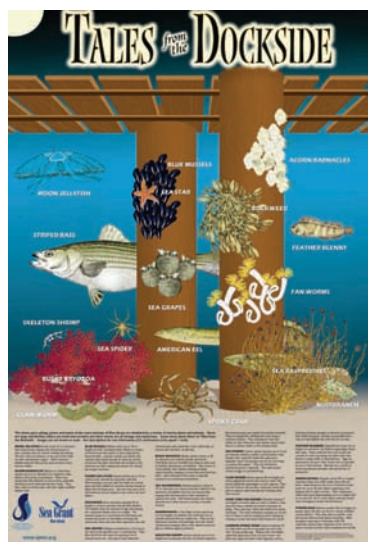
Produced Harbor Herons Brochure





EDUCATIONAL POSTERS

Designed, produced
and Distributed
“Tales from the
Dockside”
Educational Poster



COMMUNICATIONS



Although considered a separate program component, Communications continued to play a pivotal role throughout 2006 supporting the mission of the New Jersey Marine Sciences Consortium, the New Jersey Sea Grant

College Program *and* its Extension Program by providing reliable, useful information based on sound science, and delivering it to the public.

In the past decade, Communications has evolved from a single-person staff consisting of Director of Communications Kim Kosko, to a thriving, productive award-winning team of talented media professionals that in 2006 included Marsha Samuel, full-time Communications Specialist and part-time Graphic Designer and Communications Associate, Rory Joyce. Through the skillful and creative use of print and electronic media and computer technology, the Communications staff continued to produce publications and

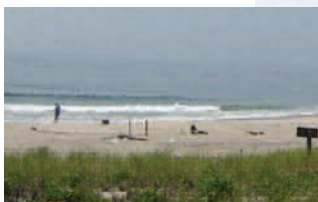


information
resource
products
designed to
inform a wide
cross section of
the New Jersey
public and targeted constituencies
about the critical marine and coastal
issues affecting the state and the
region.



NJ SEA GRANT RESEARCH AWARDS

2006 CONTINUING RESEARCH AWARDS



Development of an HF Radar Derived Near-shore Wave and Current Product: Application to Rip Current Probability Along the New Jersey Coast

Dr. Josh Kohut

Rutgers University R/6640-001



Slipping Away? What Can Glass Eel Stages Tell Us About the Decline of the American Eel (Anguilla rostrata) in Middle Atlantic Bight Estuaries?

Dr. Kenneth Able

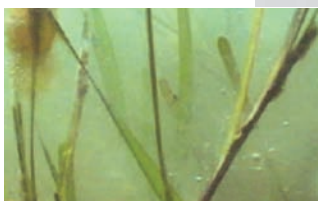
Rutgers University R/6640-002



Effects of Bulkheads on Horseshoe Crab Spawning and Egg Availability to Shorebirds

Dr. Nancy Jackson

New Jersey Institute of Technology
R/6644-001



Assessing the Population Genetic Structure of Eelgrass (Zostera marina L.)

Dr. Paul Bologna

Montclair State University
R/6642-001



Phragmites australis Invasion and Consequent Effects on Fiddler Crab Behavior and Bioturbation

Dr. Michael Grove

Rowan University R/6646-001



Estimation of the Settling Velocity of Suspended Sediment in the Passaic River, NJ

Dr. David Fugate

Rutgers University R/6640-003





NSI AWARDS IN OYSTER DISEASE (CONTINUING 2005-2007)

Mapping Dermo-resistance Genes for Marker-assisted Selection in the Eastern Oyster
Dr. Ximing Guo, Rutgers University R/OD-2005-1

Enhance Growth and Disease-resistance of the Eastern Oyster by Interstrain Hybridization and Triploidy
Dr. Yongping Wang R/OD-2005-2



*Root Dynamics and Population Performance in American Beachgrass, *Ammophila breviligulata**
Dr. Michael Peek, William Paterson University
R/D-2005-6

KNAUSS FELLOWSHIPS 2006

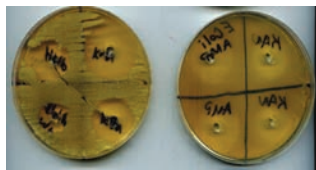


Student: Abayomi Ademuwagun
Stevens Institute of Technology
Degree: Global Technology Management, MBA



Student: Ryan Prime
Stevens Institute of Technology
Degree: Ocean Engineering, M.S.

PROGRAM DEVELOPMENT AWARDS (CONTINUING 2005-2006)



Isolation and Identification of Antimicrobial Compounds from Marine Epiphytic Bacteria
Dr. John Berger
Montclair State University
R/D-2005-1



Genetic Stock Assessment of NJ Bay Scallops using Microsatellite Primers
Dr. James Campanella
Montclair State University
R/D-2005-2

State Policymaking Institutions and Managing Biodiversity in Delaware Bay
Dr. Maurie Cohen
New Jersey Institute of Technology
R/D-2005-3



*Distribution of *Corbicula fluminea* in New Jersey*
Dr. Robert Prezant
Montclair State University
R/D-2005-4

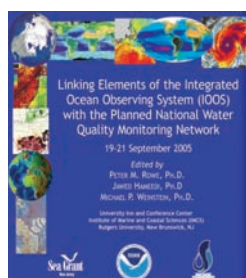
Developing the Proficiency to Monitor PolyBrominated Diphenyl Ether (PBDE) Contamination Levels in Barnegat Bay
Dr. Andrew Weber, Georgian Court University
R/D-2005-5

NJMSC RESEARCH 2006

In 2006, NJMSC staff scientists presented research findings both internationally and at numerous locations in the U.S. and published numerous papers and proceedings including:

*Spatio-Temporal Use of The Habitat Mosaic in Delaware Bay: How Young-of-Year Weakfish (*Cynoscion regalis*) Get Fat*
M.P. Weinstein, S.Y. Litvin and V.G. Guida
Symposium: American Fisheries Society
Lake Placid, New York, 14 September

Linking Restoration Ecology and Ecological Restoration: Nutrient Flux and Secondary Production in Tidal Salt Marshes
M.P. Weinstein
4th U.S.-Japan Cooperative Program in Natural Resources (UJNR)/Coastal Environmental Science & Technology Panel (CEST)
Silver Spring, Maryland, 27 June



Proceedings from the NOAA-Supported Workshop Linking Elements of the Integrated Ocean Observing System (IOOS) with the Planned National Water Quality Monitoring Network
P. Rowe, J. Hameedi and M.P. Weinstein
Institute of Marine and Coastal Sciences
New Brunswick, New Jersey

EDUCATION

Often referred to as the “aha” moment, it’s that point when you clearly understand something for the first time. Experiencing an “aha” moment is unique and special for each of us and when it happens, it is usually accompanied with satisfaction, joy, or a great sense of accomplishment. What is learned in these moments is generally remembered for life.



For children, “aha” moments in science education seem most likely to occur when the materials of instruction are directly observed, or better yet, studied in their “real-world” setting. Perhaps that’s the reason “hands-on” learning and field trips, including

NJMSC’s, continue to grow in popularity as educators see the successes, or the “aha” moments, that these methods offer to students.

Over the decade-plus that NJMSC has offered “hands-on” marine science education programs, the dedicated instructors who artfully conduct these programs surely have been responsible for many an “aha” moment. As a result, NJMSC has a legacy in science education to be proud of.

The response of educators, school districts, parents and the public to our education programs support NJMSC’s legacy. Over the past ten years, field trips for K-12 groups have increased, on average, 12% per year from just over 8,000 participants in 1996 to nearly 25,500 in 2006. Other “hands-on” programming that did not exist five years ago let alone ten (Marine Science Summer Camp, F.I.S.H. and Scout programs) have also experienced rapid acceptance and growth.



This popularity, with fees collected for K-12 programs increasing from \$60,000 in 1996 to \$196,000 in 2006, has also helped the Education Program at NJMSC to grow and be a financially self-sufficient component within NJMSC.



Education highlights for 2006 include:

- Nearly 25,000 students participated in NJMSC's Coastal Experience K-12 field trip program for school groups.
- Oceans To Go was formally added to NJMSC's K-12 curriculum. This program brings marine science education into classrooms statewide. NJMSC education program staff host these programs which feature hands-on experiments and live marine animals.



- NJMSC's Marine Science Summer Camp continued to gain popularity. Six one week sessions were quickly filled to capacity.
- Grants received from US EPA, Region II and the NY-NJ Harbor Estuary Program will help NJMSC expand their efforts in NY/NJ Harbor Estuary education. New Jersey Department of Transportation Office of Maritime Resources continues to partner with NJMSC to offer the All Hands On Deck program which provides educational field trips of the Port of NY/NJ to schoolchildren in New Jersey and New York.

NEW JERSEY MARINE SCIENCES CONSORTIUM, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2006 AND 2005
(UNAUDITED)

<u>Assets</u>	<u>2006</u>	<u>2005</u>
Current assets:		
Cash	\$ 1,883,050	\$ 1,813,143
Accounts receivable	118,298	45,546
Grants and contracts receivable	70,217	139,203
Unbilled contract revenue	2,657,455	2,505,950
Prepaid expenses and other current assets	<u>61,214</u>	<u>70,117</u>
Total current assets	4,790,234	4,573,959
Property and equipment, net	279,502	<u>265,502</u>
Construction in progress	<u>22,439</u>	<u>-</u>
Total assets	<u>\$ 5,092,175</u>	<u>\$ 4,839,461</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 104,164	\$ 123,685
Due to subrecipients	67,322	62,669
Deferred revenue	103,731	156,189
Deferred unbilled contract revenue	<u>2,657,455</u>	<u>2,505,950</u>
Total current liabilities	2,932,672	2,848,493
Net assets:		
Unrestricted	<u>2,159,503</u>	<u>1,990,968</u>
Total liabilities and net assets	<u>\$ 5,092,175</u>	<u>\$ 4,839,461</u>



M.D. OPPENHEIM & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

485 U.S. Highway One, Building C, P.O. Box 4100 Iselin, New Jersey 08830
(732) 602-9300 (212) 285-9182 FAX (732) 602-9331 www.mdcpa.com

To the Board of Trustees
New Jersey Marine Sciences Consortium, Inc.

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statements of financial position of New Jersey Marine Sciences Consortium, Inc. as of September 30, 2006 and 2005 and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of New Jersey Marine Sciences Consortium, Inc.'s management. Our responsibility is to express an opinion on the 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Jersey Marine Sciences Consortium, Inc. as of September 30, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards we have also issued a report dated December 19, 2006 on our consideration of New Jersey Marine Sciences 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audits.

Our audits were performed for the purpose of forming an opinion on the basic financial statements referred to above of New Jersey Marine Sciences Consortium, Inc. taken as a whole. The accompanying schedule of expenditures of Federal awards and state financial assistance for the year ended September 30, 2006 is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State of New Jersey, Department of the Treasury OMB Circular 04-04-OMB and is not a required part of the basic financial statements. Such information has been subjected to the procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements as a whole.

December 19, 2006

M.D. Oppenheim & Company, P.C.



Affiliated Offices Worldwide



NEW JERSEY MARINE SCIENCES CONSORTIUM, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2006 AND 2005

<u>Assets</u>	<u>2006</u>	<u>2005</u>
Current assets:		
Cash	\$ 1,883,050	\$ 1,813,143
Accounts receivable	118,298	45,546
Grants and contracts receivable	70,217	139,203
Prepaid expenses and other current assets	<u>61,214</u>	<u>70,117</u>
Total current assets	2,132,779	2,068,009
Property and equipment, net	279,502	265,502
Construction in progress	<u>22,439</u>	<u>-</u>
Total assets	<u>\$ 2,434,720</u>	<u>\$ 2,333,511</u>
 <u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 104,164	\$ 123,685
Due to subrecipients	67,322	62,669
Deferred revenue	<u>103,731</u>	<u>156,189</u>
Total current liabilities	275,217	342,543
Net assets:		
Unrestricted	<u>2,159,503</u>	<u>1,990,968</u>
Total liabilities and net assets	<u>\$ 2,434,720</u>	<u>\$ 2,333,511</u>

The accompanying notes are an integral part of these financial statements.



NEW JERSEY MARINE SCIENCES CONSORTIUM, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED SEPTEMBER 30, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
	<u>Unrestricted</u>	<u>Unrestricted</u>
Support and revenues:		
Grants and contract revenue	\$ 2,295,881	\$ 2,194,612
Contributions	41,845	48,159
Educational and service program revenue	222,103	254,330
Membership dues	41,350	43,020
Interest income	95,329	46,737
Gain on sale of asset	23,500	88,205
Other income	<u>30,612</u>	<u>21,259</u>
Total support and revenues	<u>2,750,620</u>	<u>2,696,322</u>
Expenses:		
Program services		
Educational activities	343,502	313,033
Research activities	1,735,329	1,714,689
Service operations	<u> </u>	<u>37,027</u>
Total program services	2,078,831	2,064,749
General and administrative	<u>503,254</u>	<u>464,456</u>
Total expenses	<u>2,582,085</u>	<u>2,529,205</u>
Change in net assets	168,535	167,117
Net assets, beginning of year	<u>1,990,968</u>	<u>1,823,851</u>
Net assets, end of year	<u><u>\$2,159,503</u></u>	<u><u>\$1,990,968</u></u>

The accompanying notes are an integral part of these financial statements.

NEW JERSEY MARINE SCIENCES CONSORTIUM, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Changes in net assets	\$ 168,535	\$ 167,117
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	24,943	31,577
Gain on sale of assets	(23,500)	(88,205)
Changes in net assets and liabilities:		
Accounts receivable	(72,752)	11,777
Grants and contracts receivable	68,986	204,043
Prepaid expenses and other current assets	8,903	19,317
Accounts payable and accrued expenses	(19,520)	6,215
Due to subrecipients	4,653	(12,789)
Deferred revenue	<u>(52,458)</u>	<u>(29,751)</u>
Net cash provided by operating activities	<u>107,790</u>	<u>309,301</u>
Cash flows from investing activities:		
Property and equipment additions	(38,944)	-
Construction in progress	(22,439)	-
Proceeds from sale of property and equipment	<u>23,500</u>	142,498
Net cash provided by (used in) investing activities	<u>(37,883)</u>	<u>142,498</u>
Net increase in cash	69,907	451,799
Cash, beginning of year	<u>1,813,143</u>	<u>1,361,344</u>
Cash, end of year	<u><u>\$ 1,883,050</u></u>	<u><u>\$ 1,813,143</u></u>

Supplemental disclosures:

No amounts were paid for interest or taxes.

The accompanying notes are an integral part of these financial statements.

NEW JERSEY MARINE SCIENCES CONSORTIUM, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2006

	<u>Program Services</u>				
	<u>Educational Activities</u>	<u>Research Activities</u>	<u>Total Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries	\$ 213,663	\$ 509,615	\$ 723,278	\$ 211,476	\$ 934,754
Payroll taxes and benefits	54,523	150,930	205,453	65,274	270,727
Payments to subrecipients	-	877,145	877,145	-	877,145
Professional fees	10,635	29,905	40,540	25,125	65,665
Supplies	39,978	52,005	91,983	23,177	115,160
Telephone	-	1,596	1,596	15,945	17,541
Postage	2,889	5,699	8,588	5,855	14,443
Occupancy	5,400	-	5,400	91,823	97,223
Repair and maintenance	502	2,536	3,038	12,512	15,550
Printing	7,256	51,715	58,971	7,167	66,138
Transportation	39	240	279	74	353
Depreciation	-	-	-	24,943	24,943
Conference and training	7,387	41,652	49,039	10,127	59,166
Dues and subscriptions	79	5,541	5,620	1,798	7,418
Awards	-	650	650	3,325	3,975
Miscellaneous	<u>1,151</u>	<u>6,100</u>	<u>7,251</u>	<u>4633</u>	<u>11,884</u>
Total functional expenses	\$ <u>343,502</u>	\$ <u>1,735,329</u>	\$ <u>2,078,831</u>	\$ <u>503,254</u>	\$ <u>2,582,085</u>

The accompanying notes are an integral part of these financial statements.

NEW JERSEY MARINE SCIENCES CONSORTIUM, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2005

	<u>Program Costs</u>					
	<u>Educational Activities</u>	<u>Research Activities</u>	<u>Service Operations</u>	<u>Total Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries	\$ 194,154	\$ 532,161	\$ 928	\$ 727,243	\$ 176,781	\$ 904,024
Payroll taxes and benefits	48,409	160,424	154	208,987	58,308	267,295
Payments to subrecipients	-	748,268	-	748,268	-	748,268
Professional fees	28,114	77,267	-	77,267	32,935	110,202
Supplies	31	33,663	392	62,169	21,411	83,580
Telephone	2,627	4,361	385	4,777	20,812	25,589
Postage	-	7,304	-	9,931	4,050	13,981
Occupancy	-	-	-	-	99,881	99,881
Repair and maintenance	6,345	4,527	-	4,527	4,272	8,799
Printing	20	72,599	-	78,944	6,474	85,418
Transportation	18,541	168	-	188	-	188
Fleet costs	-	2,000	26,375	46,916	-	46,916
Depreciation	11,258	-	8,793	8,793	22,784	31,577
Conference and training	2,150	56,226	-	67,484	10,811	78,295
Dues and subscriptions	-	2,933	-	5,083	5,914	10,997
Awards	-	7,810	-	7,810	23	7,833
Miscellaneous	<u>1,384</u>	<u>4,978</u>	<u>-</u>	<u>6,362</u>	<u>-</u>	<u>6,362</u>
Total Expenses	<u>\$ 313,033</u>	<u>\$ 1,714,689</u>	<u>\$ 37,027</u>	<u>\$ 2,064,749</u>	<u>\$ 464,456</u>	<u>\$ 2,529,205</u>

The accompanying notes are an integral part of these financial statements.



NEW JERSEY MARINE SCIENCES CONSORTIUM, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2006 AND 2005

1. Summary of significant accounting policies:

Organization and purpose:

New Jersey Marine Sciences Consortium, Inc. ("NJMSC") is a private New Jersey, nonprofit organization comprised of colleges, universities, and private groups interested in marine science. Founded in 1969, its mission is to utilize the talents and resources of its membership to provide research, education, and services that address marine and coastal science issues for the people of New Jersey. NJMSC is primarily funded by the U.S. Department of Commerce Sea Grant Program and various departments of the State of New Jersey.

2. Summary of significant accounting policies:

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 time or by actions of NJMSC. During the years ended September 30, 2006 and 2005 NJMSC had accounting transactions in the unrestricted net asset category.

Revenue and support recognition

NJMSC 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 and changes in net assets 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 and changes in net assets.

NJMSC accounts for those contract revenues which have been determined to be exchange transactions in the statements of activities and changes in net assets 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 program revenue, membership dues, education and facility services fees, 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.

Income taxes

NJMSC is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has received favorable rulings with respect to exemption from state income taxes. Accordingly, the accompanying financial statements do not reflect provisions for Federal and state income taxes.

Estimates

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

Property, equipment and depreciation

Buildings, improvements, furniture and equipment are recorded at cost, except for donated items which are recorded at fair value at the date of donation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Assets class lives are as follows:

Building improvements	5-20%
Marine equipment	10-33%
Automotive equipment	10-20%
Machinery and equipment	10-20%

Expense classification

The expenses of NJMSC are presented in the statements of activities and changes in net assets under the following classifications which describe NJMSC program activities:

Educational activities – supports the educational goals of NJMSC by planning and conducting a wide 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.

Service operations – promotes the development and utilization of marine resources for the benefit of the people of New Jersey. This program was discontinued in 2005.

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 the general and administrative expenses.

3. Grants and contracts receivable and payable and deferred revenue:

NJMSC operates under various grants and contracts. At September 30, 2006 and 2005, NJMSC was due certain amounts from funding sources which resulted from expenditures incurred in excess of payments received. In addition, NJMSC received advances from certain funding

NEW JERSEY MARINE SCIENCES CONSORTIUM, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2006 AND 2005

3. Grants and contracts receivable and payable and deferred revenue
(cont'd.)

sources which represent payments in excess of expenditures incurred which have been recorded as either grants payable or deferred revenue. The following details the grants and contracts receivable, payable and deferred revenue at September 30, 2006 and 2005:

<u>Grants and contracts receivable</u>		
<u>Funding Agency</u>	<u>2006</u>	<u>2005</u>
U.S. Department of Commerce		
National Oceanic and Atmospheric Administration		
Sea Grant Programs	\$	\$ 80,127
Knauss Fellowship Award		6,190
U.S. Environmental Protection Agency	35,766	
State of New Jersey - Department of Environmental Protection		
Coastal Management Division	4,616	24,629
Division of Game and Wildlife	22,345	
Division of Science Research and Technology		1,292
Other	4,774	
State of New Jersey - Department of Treasury	<u>2,716</u>	<u>26,965</u>
	<u>\$ 70,217</u>	<u>\$ 139,203</u>
 <u>Deferred revenue</u>		
U.S. Department of Commerce		
National Oceanic and Atmospheric Administration		
Knauss Fellowship Award	\$ 41,595	\$
Knauss Fellowship Award	6,578	
State of NJ – Department of Treasury		
Higher Education	14,728	71,562
PSEG - Trophic Linkages	5,704	5,704
Partnership for Learning Grant	5,000	
NJ Department of Environmental Protection – Division of Game and Wildlife		5,000
Other	8,126	2,810
Department of Transportation Maritime Resources	<u>22,000</u>	<u>71,113</u>
	<u>\$ 103,731</u>	<u>\$ 156,189</u>

4. Property and equipment

Property and equipment, shown net of accumulated depreciation at September 30, 2006 and 2005, consisted of the following:

	<u>2006</u>	<u>2005</u>
Building improvements	\$ 167,017	\$ 167,017
Marine equipment	203,765	203,765
Automotive equipment	29,154	29,154
Machinery and equipment	<u>685,688</u>	<u>646,744</u>
Less: accumulated depreciation	1,085,624	1,046,680
	<u>806,122</u>	<u>781,178</u>
	<u>\$ 279,502</u>	<u>\$ 265,502</u>

Depreciation expense totaled \$24,943 and \$31,577 for the years ended September 30, 2006 and 2005, respectively.

5. Line of credit:

NJMSC maintains a revolving line of credit of \$250,000, expiring March 31, 2007, which bears interest at the bank's prime rate plus .50%. The line of credit is secured by the accounts receivable, grants and contracts receivable and equipment of NJMSC. NJMSC had no amounts outstanding at September 30, 2006 and 2005 and there were no drawdowns on the line during the years ended September 30, 2006 and 2005.

6. Retirement plan:

NJMSC has a contributory defined contribution plan (the "Plan") for those employees who meet the eligibility requirements. Employees must have one year of service and 1,000 hours to be eligible for the Plan. Participants must contribute a minimum of 2% of eligible salaries in order to receive a 6% contribution from NJMSC to the plan. Pension expense amounted to \$45,739 and \$42,105 for the years ended September 30, 2006 and 2005, respectively.

7. Leased facilities

NJMSC occupies facilities owned by the National Park Service at Fort Hancock, New Jersey. NJMSC pays for all operating costs including, but not limited to, utilities, repairs and maintenance. NJMSC entered into a twenty-year lease agreement which calls for minimum lease payments of \$28,240 per year. Rental expense for these facilities for each of the years ended September 30, 2006 and 2005 was \$28,240.



NEW JERSEY MARINE SCIENCES CONSORTIUM, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2006 AND 2005

8. Concentrations of credit risk:

Financial investments which potentially subject NJMSC to concentrations of credit risk consist of cash and receivables. In an attempt to limit the credit risk, NJMSC places all funds with high quality financial institutions. Receivables are due from various governmental agencies with whom NJMSC has a long history of collecting payments, which reduces the credit risk. For the years ended September 30, 2006 and 2005, NJMSC received 55% and 51% from Federal agencies and 28% and 26% from state agencies, respectively.

9. Subsequent events:

NJMSC has contracts with various funding sources that will provide funding for the operation of the programs of NJMSC and for the year ended September 30, 2007:

2007

U.S. Department of Commerce –	
Sea Grant Programs	\$1,892,393
U.S. Environmental Protection Agency –	
various programs	107,341
State of New Jersey – Department of the	
Treasury - Grant in Aid	432,000
State of New Jersey – Department of	
Transportation – Maritime Resources	124,180
State of New Jersey – Department of	
Environmental Protection – various programs	55,541
Other Foundations and Corporations –	
various programs	<u>46,000</u>
	<u>\$ 2,657,455</u>