

ANNUAL REPORT 2010



Sea Grant
NJ Sea Grant Consortium

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The New Jersey Sea Grant Consortium was originally founded in 1969 as the New Jersey Marine Sciences Consortium. The Sandy Hook-based Consortium is an affiliation of 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.

The organization has contributed leading research in the field of marine and environmental science. Since 1976, it has managed the New Jersey Sea Grant Program (NJS GP), 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. In recognition of its academic and scientific achievements, the Consortium was awarded Sea Grant College status in 1989.

For over four decades, the Consortium has served the state and the region by developing programs designed to resolve coastal issues, develop marine technology, formulate science-based policy and improve science literacy among its citizens.

Learn more about the NJS GC by visiting njseagrant.org.

Sea Grant
NJ Sea Grant Consortium



**New Jersey
Sea Grant Consortium**
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CHAIRMAN'S MESSAGE

Passion. Faith. Focus. These words define us. Years ago, after interviewing hundreds of job candidates in the private sector, a simple revelation dawned on me. Only one question really matters: "What motivates you?" The answer to that question separates the wheat from the chaff, the dedicated from the dabbler. One of the many blessings in my service as Chairman to the New Jersey Sea Grant Consortium is the ability to witness the passion, faith and focus of our staff and member institutions. These qualities thrive despite the harsh economic reality that we face.

We abide Thomas Paine's words written during the darkest days of the Revolutionary War: "What we obtain too cheap, we esteem too lightly: it is dearness only that gives every thing its value."

We hold dear our unwavering commitment to New Jersey's marine and coastal environment and the research, education and extension programs we offer in its service. We maintain focus in order to provide insight and solutions to the marine and coastal issues that affect every citizen of this State from summer flounder populations to sustainability of our resources and the future of our coastal environment. Several times during our recently passed dark winter, many of us, even miles from the shore, wondered if we'd soon have oceanfront property. We've been puzzling over that question for you, for a long time.

We continue to educate children (some 20,000 of them annually!) through our K-12 field programs, and provide a venue to train our marine scientists of tomorrow through funded research, and fellowships and internships. Our extension program represents the most tangible and practical of our services, including such things as the very successful rip current awareness program and the stormwater management initiative. Peruse our website. One lone Chairman cannot do these folks justice in one short message.

None of this comes "too cheap." Our staff works overtime, at cut wages, because of passion for their work. Our member institutions have faith that their investment in the Consortium and New Jersey's coastal future is the right choice, when bean counters suggest otherwise. Our focus is united: honor our coastal heritage.

This is what we hold dear. This gives every thing we do value. Enjoy these pages. Celebrate us, and celebrate yourselves in the process. I am most proud of the people, the children, the colleges and universities who made this annual report possible. Keep the faith. We do.



DENNIS KEARNEY
Chairman
Board of Trustees

EXECUTIVE DIRECTOR'S MESSAGE

It is my pleasure to present you with the Consortium's annual report for 2010. As you turn its pages, you'll see it was a year of change and new beginnings. In recognition of the goals we have long shared with the National Sea Grant Program, we changed our name to the New Jersey Sea Grant Consortium. This change reinforces our solidarity with the national program that we have administered in New Jersey since 1976. It also acknowledges the integration of our extension, education, research and communications programs. Our mission though remains the same — to advance knowledge, stewardship and informed decision-making regarding New Jersey's coastal and marine resources.

We put the final touches on the transformation of our Sandy Hook home. Now, for the first time ever, we welcome our members, colleagues and visitors including thousands of New Jersey's schoolchildren, into a beautifully restored and historically accurate headquarters. Nearly ten years of planning, research and construction, all made possible by the New Jersey Historic Trust with



CLAIRE ANTONUCCI
Executive Director
Director of Education

matching funds from many supporters, culminated this past spring. Soon thereafter, we had the very good fortune to be selected by New Jersey Resources (the parent company of New Jersey Natural Gas) for their employee volunteer program. For two days hundreds of NJR employees painted, cleaned and landscaped our building, making the reconstruction complete.

We set out on and completed a year of activities directed by our new strategic plan. This four-year plan, written in 2009, aligns with the National Oceanic and Atmospheric Administration (NOAA) National Sea Grant College Strategic Plan with equal attention paid to the needs and issues facing New Jersey's marine and coastal environment.

So please, enjoy reading about us and our program highlights. Be forewarned though, while these pages provide you with a good overview of the New Jersey Sea Grant Consortium's many accomplishments over the past year, they in no way convey our full story or the many hours of hard work our dedicated staff and many collaborators put in to make it all happen.

Claire Antonucci
Executive Director
Director of Education

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2010**

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Marine Academy of Science and Technology

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Education & Outreach Coordinator
Assistant Marine Recreation Agent

Cynthia Valkos
Webmaster
Administrative Assistant, Education & Extension

Mindy McCadden Voss
Harbor Education Specialist

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Director of Research & Extension
Amy Boyajian
Water Resources Agent
Michael Danko
Marine Recreation Agent – Fisheries & Boating
Jon Miller
Coastal Processes Agent
Jillian Thompson
Water Resources Agent
Jenny Tirrito
Coastal Communities Agent

MAINTENANCE

Donald Humphrey
Technician



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Dr. Howard Parish
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Nicole Cernigliaro
John Collins
William Fischer
Paul Gately
Yolaiki Gonzalez
Ronald & Christina Goodspeed
Green Cove Marina
Dr. Susan Halsey
Jersey Shore Partnership
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Scott Smith
Jeffrey, Jody and Carlo Steinman
Dr. Peter Straub
Karen Szymanski
Frances Voss
Michael and Mindy Voss

NJSGC Volunteers Education

Lucy Ambrosino – PANY/NJ
Joseph Balzano – South Jersey Port Corporation (SJPC)
Chloe Baskin
Liza Baskin
John & Karen Basso
Bob Bevan
Del Bobish – Stevens Institute of Technology (SIT)
Christine Boyajian
Barbara Boyd
Lisa Calvo – Rutgers Sturgeon Research – Jacques Cousteau National Estuarine Research Reserve
Emily Casper
Kevin Castagnola – SJPC
Donald Chesley – SIT
Christopher Chiarkas – New Jersey Office of Information Technology
Joyce Collins
Tom Costanzo – PANY/NJ
Scott Douglas – NJDOT/OMR
Patricia Duemig – PANY/NJ
Crew of Gloucester City Sail
Thom Johnson - SJPC
Jay Jones – SJPC
Emma Katz
Michael Lang – Camden Shipyard & Maritime Museum (CSMM)
Sharon McStine – PANY/NJ
Susan Mundry – CSMM
Lauren Neville
Marlin Peterson – SJPC
Captain Charles Reed
Sarah Russ
Rod Sadler
Nicholas Schwarzkopf
Elijah Smith
Cherie Starnier
Bob Thompson

Students from Lavallette Elementary School at Island Beach State Park Ocean Fun Days

Emily Birdsong
Courtney Campbell
Matthew Crivelli
Anthony DeCraene
Brianna Finter-Flood
Sydney Harley
Patience Harrington
Allison Humphries
Julia Keiser
Cody Liguori
Christopher Magno
Rebecca Magno



THE NEW JERSEY SEA GRANT CONSORTIUM

As part of a nationwide network of 32 state programs housed within the National Oceanic and Atmospheric Administration, the New Jersey Sea Grant Consortium (NJS GC) works closely with coastal communities, marine researchers, water dependent industries, government agencies, citizen groups and individuals to foster environmental stewardship, long-term economic development and responsible use of New Jersey's coastal and ocean resources. The past year has seen the full merger of the New Jersey Sea Grant College Program into the New Jersey Marine Sciences Consortium/New Jersey Sea Grant to become the NJS GC. This positive transition reflects the almost identical vision and mission of the two entities and the realization of Sea Grant as the major funder of the Consortium. This merger and consistent branding will improve the recognition of NJS GC both within the state and nationally. NJS GC's mission is to provide research and outreach programs that promote better understanding, conservation and use of New Jersey's coastal resources.

Becoming one improves our ability to meet our goals and outcomes of our strategic and implementation plans. While our strategic and implementation plans are based on our coastal stakeholders needs, they are also aligned with National Sea Grant's strategic and implementation plans in order to increase the impact of our activities at state, regional and national levels. NJS GC has continued to grow regionally and nationally through its participation in Sea Grant regional research planning (New York Bight and Mid-Atlantic) and national Sea Grant associations.

NJS GC invests in high-priority, stakeholder-driven research through competitive grants to scientists and educators in New Jersey. To enhance this process, NJS GC established a standing stakeholder driven Sea Grant Advisory Board that advises not only for research priorities but also for extension, education and communications. NJS GC annually awards a third of its federal dollars towards research that addresses issues such as resiliency of coastal communities and their shorelines (beaches, dunes and marshes) to human impacts and coastal processes (storms and erosion); impacts on coastal ecosystems including invasive species and water quality; and natural and human impacts on fisheries and their management. The collective expertise and interaction of NJS GC extension agents, educators and communications specialists with our Sea Grant-funded investigators provide the foundation for the timely, relevant and meaningful dissemination of research results that can be applied by our coastal stakeholders.



OMNIBUS RESEARCH AWARDS

Dr. Robert Chant
Rutgers, The State University
of New Jersey
*Meteorological modulation of
the exchange between Raritan
Bay and the Coastal Ocean*
R/6010-0013



Dr. Olaf Jensen
Rutgers, The State University
of New Jersey
*Reducing Uncertainty in Stock-
Recruitment Relationships and
Fishery Reference Points using
Bayesian Meta-analysis*
R/6010-0011



- Janet Nye

Dr. Michael Peek
William Paterson University
*Assessing Genetic Diversity and
Plant Performance in Natural and
Restored Populations of
American Beachgrass,
Ammophila breviligulata*
R/6010-0030



Dr. Eric Powell
Rutgers, The State University
of New Jersey
*Collection of Sex Ratio Data
for Summer Flounder
Landings: Commercial
and Recreational*
R/6010-0012



Subcontract Awards through Consortium Contracts with the State of New Jersey

Dr. Josh Kohut
Rutgers, The State
University of New Jersey
and
Dr. Alan Blumberg
Stevens Institute of
Technology
*Development of an
Assimilative Model
Prediction Tool in Response
to the Gulf of Mexico Oil Spill*

Dr. Carolyn Bentivegna
Seton Hall University
*Trophic Transfer of Oil
Contaminants from
Menhaden Fish: Will the Gulf
Oil Spill Affect New Jersey?*

Program Development Grants 2010

**Mr. John
Tiedemann**
Monmouth University
*Assessing Impacts of
Catch and Release
Practices on Striped
Bass, Implications for
Conservation and
Management*

Dr. Peter F. Straub
The Richard Stockton
College of New Jersey
*Underwater Survey and
Mapping of Temperate
Artificial and Natural Reef
Habitats for Modeling of
Productivity and Trophic
Linkage to Black Sea
Bass and Tautog
Fisheries*

EXTENSION PROGRAM

In 2010 the New Jersey Sea Grant Consortium Extension Program provided new and continuing projects to their coastal stakeholders. It was an active and productive year as Extension staff engaged the user community within the state, regionally and nationally. Within the state, agents and specialists met with coastal stakeholders through one-on-one interactions, technical assistance, educational activities and tours, invited presentations at conferences, workshops, symposia, seminars and outreach events, and memberships on boards, advisory councils, committees and associations. All staff participated fully in the major NJSGC outreach events Coast Day NJ and Ocean Fun Days. The Director of Research and Extension, Dr. Peter Rowe, also participated in Sea Grant extension planning regionally (Mid-Atlantic Sea Grant Extension) and nationally as an at-large member of the Assembly for Sea Grant Extension Program Leaders Executive Committee. The Extension Program was successful in obtaining three National Sea Grant extension awards. The Coastal Communities Climate Adaptation Initiative award for \$30,000 focused on determining the hazard resiliency of three coastal communities in New Jersey. In cooperation with Rutgers University, the Extension Program received \$300,000 to support a shellfish aquaculture agent for the next three years. Finally, as part of the mid-Atlantic region, the extension program will receive part of a \$300,000 award to assess the biological and social impact of aquatic hitchhikers in the live bait trade.

In addition to Director Dr. Peter Rowe, full-time staff at Sandy Hook included Michael Danko, Marine Recreation Agent and Jenny McCormick Tirrito, Coastal Communities Agent. Jessica Staats continued her activities as a part-time Assistant Marine Recreation Agent. The Extension Program maintained its successful Memoranda of Agreement with the Stevens Institute of Technology to retain the services of Dr. Jon Miller, Coastal Processes Specialist, and with Rutgers University Cooperative Extension for two Water Resources Agents, Amy Boyajian and Jillian Thompson. The following summaries highlight the agents and specialists and some of their projects and activities in 2010.

Jenny Tirrito - Coastal Communities Agent

Our Coastal Communities Agent Jenny McCormick Tirrito, in her tenth year at NJSGC, continued her work with coastal municipalities and community stakeholder groups to increase their environmental stewardship and to promote that stewardship to our coastal citizens and visitors. Jenny continued her extension activities in educational signage and the Coastal Heritage NJ website which was officially launched in early 2010. The latest educational signage, developed as part of an Eagle Scout project, became part of the Treasure Trail in Belmar and were dedicated in early 2010.



In 2010, Jenny also expanded her extension activities into public access and hazard resilience. Jenny managed a project supported by National Sea Grant funds that developed a website that made the laws pertaining to public access in New Jersey more readily available to our coastal stakeholders. The effort supported a law student from Rutgers-Camden and with feedback from Monmouth University Urban Coast Institute and NJDEP Coastal

Management Office. She presented the results of her efforts at the Working Waterways and Waterfronts Symposium held in Maine in September. As an extension of this work with support from NJDEP CMO, Jenny developed a public access survey investigating beach access in New Jersey. Nearly 1600 beach goers answered the survey (over 900 onsite) on questions pertaining to beach access on over 10 New Jersey beaches during the summer season. This survey generated significant interest including three radio interviews.



As part of a larger National Sea Grant effort, NJSGC received funds to address hazard resiliency in coastal communities in New Jersey (Coastal Communities Climate Adaptation Initiative), especially in relation to climate change and sea level rise. Jenny helped support and

coordinate meetings and final report working with Monmouth University Urban Coast Institute and NJDEP CMO and the towns of Cape May Point, Little Silver and Oceanport. Jenny also continued her participation on various boards including the Delaware Estuary Regional Ecotourism Council and the Harbor Estuary Program Public Access Workgroup. She also continued work on rip current awareness which includes a new initiative working with Girl Scouts of the Jersey Shore.

Information on some of her activities may be found by by visiting these websites:

Treasure Trail - njseagrant.org/Treasure_Challenge/Dunes_and_Beaches.htm

Coastal Heritage NJ - njseagrant.org/Coastal_Heritage_NJ.html

NJ Coastal Access - njseagrant.org/njcoastalaccess/index.html

Beach Access Survey - njseagrant.org/njcoastalaccess/survey.html

Dr. Jon Miller - Coastal Processes Specialist

Dr. Jon Miller, located at Stevens Institute of Technology, continued as NJSGC's Coastal Processes Specialist for a fifth year to lead the way in finding solutions to adapt to or mitigate coastal hazards by working to educate coastal community leaders and citizens on the importance of being coastally aware. His activities include NJSGC outreach, education and press events, development and maintenance of a coastal processes website, efforts in shore protection systems, and outreach and research on sheltered shorelines.

Dr. Miller was heavily involved in education and outreach efforts aimed at reducing the exposure of New Jersey beach communities and increasing their ability to recover from coastal hazards. Dr. Miller continued his involvement in the Rip Current Awareness program that has distributed more than 2,400 warning signs since its inception. These signs and accompanying brochures are still available to our coastal communities. In 2010, Dr. Miller provided scientific information for an Ocean City, New Jersey rip current campaign that appeared on public television. He was also involved with the installation of the Shrewsbury Flood Warning System. Jon continued his co-authorship of the State of the Shore report highlighting the status of New Jersey's beaches in relation to the previous winter storm season. This report generates multiple interviews by a variety of state media outlets. Dr. Miller's expertise was provided for the Coastal Community Climate Adaptation Initiative and he presented several talks at local, state and national conferences hosted by organizations such as Jacques Cousteau National Estuary Research Reserve, MACOORA, ASBPA and others. His Stevens-NJSGC coastal processes website generated several hundred visits from 34 states and 41 countries.

Dr. Miller has continued to contribute his knowledge and expertise on coastal hazards and sea level rise at the regional and national level. He has been involved in the National Shoreline Management Study report for the USACE, the Coastal Engineering Research Board, the International Conference on Coastal Engineering, and New York Sea Grant. He is an established member of the National Sea Grant Coastal Hazards Working Group having presented in Charleston, South Carolina and Wilmington, Delaware. Jon was also tabbed as NJSGC's representative for a joint NOAA-Sea Grant Project in the northeast region to learn about the latest technologies in climate change science and communication. After attending a training workshop in the spring, Dr. Miller presented two talks each to selected NOAA and NOAA partners (Sea Grant, NMFS, NWS) in Delaware and New Jersey in the fall.

Information on some of his activities may be found by visiting these websites:

Stevens-Sea Grant Coastal Processes - cmn.dl.stevens-tech.edu/Sea_Grant/

Rip Current Awareness - njseagrant.org/Sea_Grant/RipCurrent.html



Michael Danko and Jessica Staats - Marine Recreation Agents

In 2010 Marine Recreation Agent Michael Danko and Assistant Marine Recreation Agent Jessica Staats continued their extension activities and programs targeting New Jersey coastal boaters and marinas in order to promote both a healthy coastal ecosystem and coastal economy through environmental stewardship. Mike has developed his strong statewide and well-recognized extension program over the past dozen years and increased his program's capacity with the addition of Jessica over the past two years.

For 2010 they focused activities on their three main projects: Clean Vessel Act Program, Clean Marina Program through NJDEP Office of Coastal Management, and Marina Industry Enhancement through IBOATNJ. They also maintained several other projects including the Improving Recycling in the Recreational Boating Industry, the Boat Ramp Count and Condition Assessment, distribution of Marine Fisheries Regulation Cards in partnership with the NJDEP Division of Fish and Wildlife, the Marina Display Case Project through NJDOT Office of Maritime Resources, and Ethical Angling Cards that promoted the use of circle hooks. Through nearly 90 meetings and site visits, Mike met directly with over 500 marina owners and operators. Mike and Jessica were



able to distribute over 300,000 pieces of informational materials to marinas and boaters including fish regulation cards, Clean Marina tip sheets, fish regulation posters and circle hook brochures. More specifically, Mike and Jessica worked with over 50 marinas in the Clean Marina Program, with ten achieving Clean Marina status. Through the Marina Industry Enhancement project, 24 marinas received funds to implement vessel wash wastewater best management practices to meet state regulations. 15,000 new pumpout guides will be available in 2011.

Through their outstanding efforts in 2010 and over the long term, Mike and Jessica were awarded the 2010 Mid-Atlantic Sea Grant Marine Extension Network Award for excellence in programming. They were able to compete for the National Sea Grant Superior Outreach Award,

Michael Danko and Jessica Staats *Cont'd*

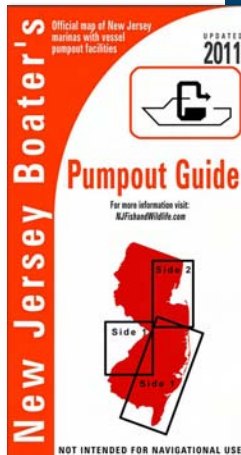
and although they did not win the national award, their work was highly regarded. As part of the program's long-standing excellence, Mike also shared the 2010 States Organization for Boating Access State Clean Vessel Act (CVA) Program Excellence Award with the funding agency, the New Jersey Division of Fish and Wildlife (NJDFW). Mike and the NJDFW were recognized for their efforts with providing sewage pumpout facilities for recreational boaters and for excellence in accomplishments through partnerships, innovative approaches and thoughtful planning of the New Jersey CVA Program. Also, Mike and the Clean Marina Program received an award of \$130,000 from the National Fish and Wildlife Foundation for his MIE efforts in Wash Water Recycling Systems. These funds were used for additional mini-grants to support the MIE Program.

Information on some of their activities may be found by visiting these websites:

Clean Marina Program - njcleanmarina.org/

Marina Industry Enhancement - njseagrant.org/MIE.html

Interactive Pumpout Guide - ims.rutgers.edu/pumpout/viewer.htm



Amy Boyajian and Jillian Thompson - Water Resources Agents

Our NJSGC Water Resources Agents, Jillian Thompson and Amy Boyajian, have dedicated their time and energy over the last three years to promote best management practices that result in the improved water quality in our watersheds and in making the connection of healthy watersheds to healthy estuarine and coastal waters. They are both located at the Water Resources Program at Rutgers Cooperative Extension and contribute to NJSGC Extension through a MOA. Their extension activities target communities, municipal officials, schools, watershed groups and individuals that are interested in promoting improved water quality of watersheds including our coastal waters.

For 2010, they continued their successful programs including Stormwater Management in Your Backyard (SWMIYB) and New Jersey Watershed Stewards with new initiatives in urban stormwater management and green infrastructure. In fact, the stormwater management activities have diversified to reach a variety of coastal stakeholders. These projects include landscaper training, master gardener and environmental steward training, and certification regarding rain gardens. The SWMIYB also has components that target communities and youth. The rain barrel component has also continued to grow as part of the stormwater management including the Rain Barrel Art Program and Build a Rain Barrel Workshops. They have even branched out to the Caribbean by participating in education and training activities in Puerto Rico and the US Virgin Islands. The new initiative in green infrastructure

includes retrofitting stormwater basins, reducing water usage, lawn care and alternative plantings of native plants, pervious surfaces and bioremediation. This new effort has lead to additional funding to do green infrastructure work in Camden and Gloucester City.

Through this hard work in 2010, Amy and Jillian have reached over 2,500 individuals combined



at over 75 workshops and meetings and several thousand through the RCE Water Resources websites. They have constructed on the order of 20 rain gardens and distributed over 50 rain barrels and sold 35 artist decorated rain barrels on eBay resulting in at least 1.5 million gallons of treated stormwater. They also produced an award-winning publication, "Rain Garden Manual for New Jersey" that was recognized by the New Jersey Chapter of the American Society of Landscape Architects.

Information on some of their activities may be found by visiting these websites:

Rain Barrels - water.rutgers.edu/Stormwater_Management/rainbarrels.html

Watershed Stewards - water.rutgers.edu/Watershed_Stewards/Watershed_Stewards.html

Rain Gardens - water.rutgers.edu/Rain_Gardens/RGWebsite/raingardens.html



COMMUNICATIONS

The 2010 NJSGC Communications staff was again led by Director Kim Kosko, whose small but creative, highly productive, award-winning team of talented media professionals included Marsha Samuel, full-time Communications Specialist and part-time Graphic Designer and Communications Associate, Rory Joyce.

Communications is the core program component that serves as an in-house publications, advertising and marketing agency providing diversified creative and production services to the New Jersey Sea Grant Consortium. The Communications Department is responsible for conveying concise accurate and useful information to the media and specific target audiences. While most of this information is marine science oriented and most often based on the organization's own research and program activities it also integrates input from other agencies, organizations and stakeholders who are also seeking to increase understanding of New Jersey's coastal ocean environment.



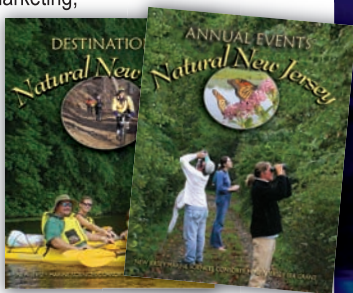
The Communications team played an essential role in and contributed to the success of all NJSGC activities but also coordinated a number of department-specific special events and projects in 2010:

Lightening Our Carbon Footprint

Communications began making a concentrated effort in 2010 to eliminate hard copy publications wherever possible, made more extensive use of digital and web site distribution and marketing,

including the 2009 Annual Report, and using recycled paper products to produce resources that required being published conventionally. As confirmation the Consortium was

taking some important steps in the right direction, the Communications Department received an 2010 APEX Award for Publication Excellence in a special new Green/Environment category for a pair of recently published pocket-sized companion publications, *Natural New Jersey: Destinations* and *Natural New Jersey: Annual Events*. The guide's content was specifically non-dated to greatly extend its use and shelf life and encourage residents and visitors to think beyond the routine tourism experience and consider nature-based recreational and ecotourism destinations and cultural activities and more importantly, foster an attitude of appreciation and increased responsibility toward New Jersey's natural resources.



Eighth Annual State of the Shore Media Event

Dozens of television, radio, web and wire service, and newspaper outlets throughout the Tri-State area covered the Communication's Department's Annual pre-summer showcase media event. The 2010 New Jersey: The State of the Shore Report, written and presented by Dr. Jon Miller, Coastal Process Specialist for the NJSGC was the showcase and anchor publication for the event. Project partners included the NJDEP whose new Commissioner Bob Martin addressed the then timely and important topic of oil spills and their potential environmental impact and the NJ Department of Travel and Tourism, with remarks provided by Acting Executive Director Anthony Minnick. In addition, two researchers funded through NJ Sea Grant, Dr. Louise Wootton of Georgian Court University and Dr. Josh Kohut from Rutgers University offered brief reports on their projects which directly affect the "State of the Shore." As a result of the feature reports and media coverage of the event, millions of residents in New Jersey, New York and Pennsylvania and Connecticut were reminded of the importance of the State's coastal resources and their economic value to the State especially during the all-important summer tourism season. NJSGC's reputation as an accurate and relevant information source about the condition of the State's beaches and coastal issues in general was again reinforced by this much-anticipated annual media event.



The Stew Tweed Fisheries and Aquaculture Scholarship

The NJSGC established a scholarship fund in 2008 to honor the memory of Stew Tweed who worked as a Marine Agent for the NJSGEP between 1978 and 2005. The scholarship is designed to perpetuate Stew's passion for shellfish culture and marine science education and for taking fisheries and marine-related technology and scientific information and finding ways to apply them to the real world of shellfish aquaculture and commercial



fisheries. Commercial Fishing industry leaders and individual benefactors recruited by Project Coordinator Kim Kosko have established enough "seed" money to fund the scholarship program for nearly a decade and efforts to supplement the scholarship fund are ongoing. In 2010 two scholarships were awarded to support one graduating high-school senior (\$1,000) and one undergraduate/graduate student (\$1,500) pursuing studies or an

outstanding research or technology project focusing on fisheries or aquaculture.

Bridging the Gap Fundraiser

Communications also took the plunge into the fundraising arena by organizing Bridging The Gap an art exhibit and reception to help "bridge" the funding shortfall in the Consortium's operating budget following State appropriation cuts. The creative event showcased art and photography, featuring the iconic Highlands Bridge structures, old and new, as well as coastal icons and landscapes presented by well known area artists like Lola

Adolf, Guy Hembling Jim Kovic, Leonia Mroczkowski, Paul Scharff, and Norma Wokas.



An event highlight included one of the participating artists, Norma Wokas working with the NJSGC Water Resources Specialist Jillian Thompson to create and decorate and help attendees paint and add their personal touches to a rain barrel project, which encouraged water recycling and conservation. The event opened a number of doors for other collaborative projects

between area artists and the Consortium, including a coastal photography contest in 2011 to celebrate the natural beauty of New Jersey's beaches.

EDUCATION

Each year, the Education staff at the New Jersey Sea Grant Consortium holds a wide variety of programs directed towards advancing greater understanding and stewardship of our state's marine and coastal resources. Collectively, these programs engage a large and diverse audience of learners. 2010 was no exception--our K-12 field trip program alone provided instruction to over 20,000 schoolchildren, taking them out of the classroom and onto the beaches, bays, and estuaries of New Jersey for active learning experiences.

The Essential Principles of Ocean Science, the National Sea Grant Strategic Plan (2009-13), the NJS GC's Strategic and Implementation Plan (2009-13) and state and national standards for science education are reflected throughout these programs. By defining what all citizens should know and be able to do regarding sustaining saltwater, estuarine and shoreline resources and habitats, these documents represent the guidebook for the content of current and future efforts in education. The Education staff also works closely with the Research, Extension, and Communications departments of the Consortium. These associations further enrich all initiatives undertaken.

The Consortium is proud to list the following highlights of its education programs for 2010:

The Coastal Experience

or the Consortium's ongoing collection of field trip programs, attracted more than 23,000 schoolchildren, scouts, and individuals seeking to increase knowledge and appreciation of New Jersey's marine and coastal environment. Along with learning factual information like how to identify marine plants and animals or the ocean's role in weather and climate, each learner was encouraged to forge personal connections to the marine environment and discover how they can contribute towards its care through participating in active, inquiry-based learning activities.

Summer College Program

In cooperation with Brookdale Community College, this program served 139 undergraduate students from the Consortium's many member institutions. Courses ranged from introductory courses in oceanography and marine biology to SCUBA.



Marine Science Summer Camp

While 150 campers enjoyed their summer vacation exploring Sandy Hook's coastal habitats and historic sites with us, they also worked hard to complete rigorous scientific studies from plankton identification and water quality sampling to fish and plant taxonomy. Frozen squid and a preserved spiny dogfish provided many campers with their first opportunity at dissection.



EDUCATION



Red Bank Summer Program

In partnership with the Red Bank middle school and their town recreation program, the Consortium led six weeks of summer programming in marine science for the children of Red Bank. Students learned about estuaries, watersheds, barrier beaches and human dependence on the coastal zone through field trips, in-school presentations and laboratory experiments. In addition, a new program, Ancient Oceans: Marine Fossils of the Coastal Plain was developed and field tested as a result of this partnership.



Stars Challenge

This past fall, the Consortium offered its "Explore Our Shore Like Never Before" course for nearly 20 students under the auspices of the Stars Challenge program which hosts and promotes educational enrichment activities for high-achieving youth in grades 6-9. During the course of the ten-week program, students tackled topics such as estuarine and coastal health, beach erosion, sand migration, species diversity, and invasive species. The semester culminated with a ceremony at Monmouth University where students were given the opportunity to showcase what they had learned.



All Hands On Deck (AHOD)

This program, offered in partnership with New Jersey Department of Transportation Office of Maritime Resources (NJDOT/OMR), provided estuarine and ports commerce education on the waters of the New York/New Jersey Harbor Estuary and Delaware Bay to 345 students. In addition to boat trips and in-school presentations, a new feature, tours of the facilities of the South Jersey Ports Corporation, was added to the roster of AHOD offerings during 2010. Two professional development workshops on the AHOD curriculum were also conducted with 120 New Jersey educators in attendance.

EDUCATION

Happiness is a Horseshoe Crab

On a moonlit evening this past June, 68 individuals, including parents and their children, joined with Consortium staff to learn about horseshoe crabs and observe their mating rituals at Sandy Hook's Horseshoe Cove. Although the actual horseshoe crabs that night were few, the group explored the Cove to discover why this salt marsh area is an ideal habitat for the mating crabs.

Pre-service Education

A continuing agreement with Monmouth University's School of Education allowed the Consortium to work with graduate students over the summer of 2010. These prospective educators observed NJSGC field trips and summer camp, developed marine science activities and lesson plans, and, most importantly, received the chance to teach hands-on science to the Consortium's student groups.

Ocean Fun Days

This two-day public outreach event, founded and funded by New Jersey Natural Gas, attracted over 5000 visitors in 2010. Originally held in 2004 as a kick-off to the summer season at the Jersey Shore, this annual event now educates the public on the need to use energy wisely and to act in ways that will sustain our state's marine and coastal resources. New features of the 2010 event were public tours of the NOAA/National Marine Fisheries laboratories located next to the Consortium's Sandy Hook Headquarters.

Coast Day NJ - A Celebration of the Sea!

This annual public outreach event was held in Cape May on October 10 with a record number of exhibitors and guests in attendance. Started in 1999, Coast Day NJ educates the public about New Jersey's maritime heritage and the commercial fishing industry through research demonstrations, dock and deck tours, mini-classes and informative displays.





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Independent Auditors' Report

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

We have audited the accompanying statements of financial position of New Jersey Marine Sciences Consortium, Inc. as of September 30, 2010 and 2009 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 these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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, 2010 and 2009, 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 April 18, 2011 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 audit.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of New Jersey Marine Sciences Consortium, Inc. taken as a whole. The accompanying schedules of expenditures of Federal awards and state financial assistance for the year ended September 30, 2010 are 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 are not a required part of the basic financial statements. Such information has been subjected to the auditing 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 taken as a whole.

WithumSmith+Brown, PC

April 18, 2011

New Jersey Sea Grant Consortium, Inc.

Statements of Financial Position

September 30, 2010 and 2009

Assets	<u>2010</u>	<u>2009</u>
Current assets		
Cash	\$ 687,138	\$ 808,062
Investments	510,897	1,013,166
Accounts receivable	79,023	52,858
Grants and contracts receivable	297,405	366,295
Prepaid expenses and other current assets	<u>39,200</u>	<u>43,186</u>
Total current assets	1,613,663	2,283,567
Property and equipment, net	1,062,277	191,615
Construction in progress	<u>---</u>	<u>191,081</u>
	<u>\$ 2,675,940</u>	<u>\$ 2,666,263</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	137,264	\$ 133,931
	<u>42,421</u>	<u>19,248</u>
Deferred revenue	179,685	153,179
Total current liabilities		
Net assets		
Unrestricted	<u>2,496,255</u>	<u>2,513,084</u>
	<u>\$ 2,675,940</u>	<u>\$ 2,666,263</u>

Statements of Activities and Changes in Net Assets

Years Ended September 30, 2010 and 2009

	<u>2010</u> <u>Unrestricted</u>	<u>2009</u> <u>Unrestricted</u>
Support and revenues		
Grants and contract revenue	\$ 1,585,716	\$ 1,634,778
Contributions	422,221	105,557
Educational and service program revenue	151,029	226,416
Membership dues	37,250	35,958
Interest income	12,405	20,484
Loss on sale of asset	(48,711)	(16,142)
Other income	<u>42,316</u>	<u>80,369</u>
	2,202,22	2,087,420
Expenses		
Program services		
Educational activities	482,548	403,939
Research activities	<u>1,240,092</u>	<u>1,148,616</u>
	1,722,640	1,552,555
General and administrative	<u>496,415</u>	<u>524,011</u>
	<u>2,219,055</u>	<u>2,076,566</u>
Change in net assets	(16,829)	10,854
Net assets, beginning of year	<u>2,513,084</u>	<u>2,502,230</u>
Net assets, end of year	<u>\$ 2,496,255</u>	<u>\$2,513,084</u>

New Jersey Sea Grant Consortium, Inc.

Statements of Cash Flows

September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Changes in net assets	\$ (16,829)	\$ 10,854
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	81,887	17,914
Loss on sale of asset	48,711	16,142
Reclass of construction in progress to property and equipment	191,081	--
Changes in net assets and liabilities		
Accounts receivable	(26,165)	3,233
Grants and contracts receivable	68,890	159,710
Prepaid expenses and other current assets	3,986	14,858
Accounts payable and accrued expenses	3,333	9,970
Due to subrecipients	--	(161,981)
Deferred revenue	<u>23,173</u>	<u>(192,827)</u>
Net cash (used) provided by operating activities	378,067	(122,127)
Cash flows from investing activities		
Purchase of investments	--	(1,013,166)
Sale of Investments	502,269	--
Purchase of property and equipment	(1,011,509)	--
Proceeds from sale of asset	10,249	6,950
Construction in progress	<u>--</u>	<u>(98,521)</u>
Net cash used by investing activities	<u>(498,991)</u>	<u>(1,104,737)</u>
Net decrease in cash	(120,924)	(1,226,864)
Cash		
Beginning of year	<u>808,062</u>	<u>2,034,926</u>
End of year	<u><u>\$ 687,138</u></u>	<u><u>\$ 808,062</u></u>

Supplemental disclosure of cash flow information

No amounts were paid for interest or income taxes for the years ended September 30, 2010 and 2009.

The Notes to Financial Statements are an integral part of these statements.

New Jersey Sea Grant Consortium, Inc.

Statements of Functional Expenses Year Ended September 30, 2010

	<u>Program Services</u>				<u>Total</u>
	<u>Educational Activities</u>	<u>Research Activities</u>	<u>Total Program Services</u>	<u>General and Administrative</u>	
Salaries	\$ 225,318	\$ 377,375	\$ 602,693	\$ 240,387	\$ 843,080
Payroll taxes and benefits	66,089	136,585	202,674	89,859	292,533
Payments to subrecipients	--	648,416	648,416	--	648,416
Professional fees	43,346	4,809	48,155	34,987	83,142
Supplies	29,943	12,493	42,436	21,908	64,344
Advertising	5,860	1,032	6,892	360	7,252
Telephone	149	5,587	5,736	8,091	13,827
Postage	2,306	4,452	6,758	3,442	10,200
Occupancy	--	--	--	84,307	84,307
Repairs and maintenance	--	--	--	4,206	4,206
Printing	8,314	12,146	20,460	839	21,299
Transportation	40	--	40	44	84
Fleet Costs	12,990	7,528	20,518	--	20,518
Depreciation	65,165	12,401	77,566	4,321	81,887
Conference and training	17,053	8,966	26,019	3,428	29,447
Dues and subscriptions	22	6,652	6,674	122	6,796
Awards	860	1,650	2,510	--	2,510
Miscellaneous	<u>5,093</u>	<u>--</u>	<u>5,093</u>	<u>114</u>	<u>5,207</u>
	<u>\$ 482,548</u>	<u>\$ 1,240,092</u>	<u>\$ 1,722,640</u>	<u>\$ 496,415</u>	<u>\$ 2,219,055</u>

The Notes to Financial Statements are an integral part of these statements.

New Jersey Sea Grant Consortium, Inc.

Statements of Functional Expenses

September 30, 2009

	Program Services			
	Educational Activities	Research Activities	Total Program Services	General and Administrative
Salaries	\$ 232,086	\$ 322,328	\$ 544,414	\$ 294,745
Payroll taxes and benefits	71,065	122,325	193,390	74,149
Payments to subrecipients	--	609,597	609,597	--
Professional fees	12,900	20,775	33,675	39,738
Supplies	20,241	12,221	32,462	26,416
Advertising	4,593	1,575	6,168	135
Telephone	--	4,676	4,676	10,133
Postage	3,169	3,402	6,571	2,862
Occupancy	--	--	--	45,449
Repairs and maintenance	--	--	--	8,559
Printing	7,441	7,813	15,254	9,159
Transportation	--	147	147	133
Fleet Costs	28,475	7,600	36,075	--
Depreciation	1,192	12,401	13,593	4,321
Conference and training	11,789	11,484	23,273	7,331
Dues and subscriptions	7	7,622	7,629	840
Awards	201	4,650	4,851	--
Miscellaneous	10,780	--	10,780	41
	403,939	\$ 1,148,616	\$ 1,552,555	\$ 524,011
				10,821
				\$ 2,076,566

The Notes to Financial Statements are an integral part of these statements.

New Jersey Sea Grant Consortium, Inc.

Notes to Financial Statements

September 30, 2010 and 2009

1. Organization and Purpose

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

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

Since the organization 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 NJMSC 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 personnel expertise includes biology, sociology, economics, public policy, and engineering. Each Extension 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 NJMSC 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 Program provides. The Program's teaching and learning activities range from direct instruction (field trips, camps, scout programs, in-school presentations, college coursework, public outreach events) to information preparation and dissemination (fact sheets, posters, lesson plans, activity guides, video conferences, web-based publications and other teaching materials).

It is noted that as of October 1, 2010 New Jersey Marine Sciences Consortium, Inc. was renamed New Jersey Sea Grant Consortium, Inc (NJSGC).

Learn more about the NJSGC by visiting njseagrant.org.

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 the passage of time or by actions of NJMSC. During the years ended September 30, 2010 and 2009 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.

New Jersey Sea Grant Consortium, Inc.**Notes to Financial Statements**

September 30, 2010 and 2009

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 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.

Income Taxes

NJMSC is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly the financial statements do not reflect a provision for Federal income taxes. NJMSC adopted the pronouncement related to income taxes effective October 1, 2008 and there were no uncertain tax positions at the date of adoption or at September 30, 2010 or 2009. There are no open tax years prior to 2006. In addition, there was no interest or penalties related to income taxes included in the financial statements.

Valuation of Long-Lived Assets

In accordance with the accounting pronouncements related to accounting for the impairment or disposal of long-lived assets, NJMSC 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 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.

Advertising

Advertising is expensed in the period incurred. Advertising amounted to \$7,252 and \$6,303 at September 30, 2010 and 2009, respectively.

Property, Equipment and Depreciation

Property and equipment of \$5,000 or greater is capitalized and recorded at cost, except for donated items which are recorded at fair value at the date of donation. At the time of retirement or other disposition of assets, the cost and accumulated depreciation are removed from the accounts and any gains or losses are reflected in the statements of activities and changes in net assets. When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts. Maintenance and repairs are charged to operations as incurred.

Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Assets class lives are as follows:

Description	Estimated Life (Years)
Building improvements	5-20
Marine equipment	3-12
Automotive equipment	5-12
Machinery and equipment	5-12

New Jersey Sea Grant Consortium, Inc.

Notes to Financial Statements

September 30, 2010 and 2009

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.

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

3. Grants and Contracts Receivable and Deferred Revenue

NJMSC operates under various grants and contracts. At September 30, 2010 and 2009, 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 sources which represent payments in excess of expenditures incurred which have been recorded as deferred revenue. The following details the grants and contracts receivable and deferred revenue at September 30:

Grants and Contracts Receivable

	2010	2009
Funding Agency		
U.S. Department of Commerce		
National Oceanic and Atmospheric Administration		
Sea Grant Programs	\$ 190,947	\$ 181,915
Knauss Fellowship Award	--	6,939
U.S. Environmental Protection Agency	3,375	--
State of New Jersey – Department of Environmental Protection	45,280	--
Department of Transportation Maritime Resources	57,803	112,814
New Jersey Historic Trust	--	51,167
Other	<u>--</u>	<u>13,460</u>
	<u>\$ 297,405</u>	<u>\$ 366,295</u>

Deferred Revenue

	2010	2009
Funding Agency		
U.S. Department of Commerce		
National Oceanic and Atmospheric Administration		
Knauss Fellowship Award	\$ --	\$ 2,747
State of New Jersey – Department of Environmental Protection	22,989	--
Other	<u>19,432</u>	<u>16,501</u>
	<u>\$ 42,421</u>	<u>\$ 19,248</u>

New Jersey Sea Grant Consortium, Inc.

Notes to Financial Statements

September 30, 2010 and 2009

4. Recurring Fair Value Measurements

NJMSC has provided fair value disclosure information for relevant assets and liabilities in these financial statements. The following table summarizes assets (liabilities) which have been accounted for at fair value on a recurring basis as of September 30, 2010 and 2009, along with the basis for the determination of fair value:

	2010			
	Total	Quoted Prices in Active Markets (Level 1)	Observable Measurement Criteria (Level 2)	Unobservable Measurement Criteria (Level 3)
Certificates of deposit	\$ 510,897	\$ --	\$ 510,897	\$ --
	2009			
	Total	Quoted Prices in Active Markets (Level 1)	Observable Measurement Criteria (Level 2)	Unobservable Measurement Criteria (Level 3)
Certificates of deposit	\$ 1,013,166	\$ --	\$ 1,013,166	\$ --

For applicable assets subject to this pronouncement, NJMSC will value such assets using quoted market prices in active markets (Level 1) for identical assets to the extent possible. To the extent possible that such markets are not available, NJMSC will next attempt to value such assets using observable measurement criteria (Level 2), including quoted market prices of similar assets in active and inactive markets and other corroborated factors. In the event that quoted market prices in active markets and other observable measurement criteria are not available, NJMSC will develop measurement criteria based on the best information available (Level 3).

5. Property and Equipment

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

	2010	2009
Building improvements	\$ 1,157,887	\$ 167,017
Marine equipment	21,870	--
Automotive equipment	--	29,154
Machinery and equipment	<u>162,580</u>	<u>685,688</u>
	1,342,337	881,859
Less: Accumulated depreciation	<u>280,060</u>	<u>690,244</u>
	<u>\$ 1,062,277</u>	<u>\$ 191,615</u>

NJMSC had \$191,081 of construction in progress for the year ended September 30, 2009. This construction was related to the rehabilitation of NJMSC's offices and field station at 22 Magruder Road, Fort Hancock, New Jersey.

Depreciation expense totaled \$81,887 and \$17,914 for the years ended September 30, 2010 and 2009, respectively.

6. Line of Credit

NJMSC maintains a revolving line of credit of \$250,000, which is being extended month to month until the bank receives financial statements at which time the line will be fully renewed, which bears interest at the bank's prime rate plus .50 percent. 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, 2010 and 2009 and there were no draw downs on the line during the years ended September 30, 2010 and 2009.

7. Retirement Plan

NJMSC has a 403(b) contributory defined contribution retirement 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 percent of eligible salaries in order to receive a 6 percent contribution from NJMSC to the Plan. Pension expense amounted to \$42,054 and \$46,408 for the years ended September 30, 2010 and 2009, respectively.

8. 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 expiring June 30, 2026 which calls for minimum lease payments of \$28,240 per year. Rental expense for these facilities for each of the years ended September 30, 2010 and 2009 was \$28,240.

9. 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. Management has not experienced any losses. 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, 2010 and 2009, NJMSC received 48 percent, and 55 percent, respectively of its revenues from Federal agencies and 37 percent and 23 percent, respectively from state agencies.

10. Subsequent Events

NJMSC has evaluated subsequent events occurring after the statement of financial position date through the date of April 18, 2011, which is the date the financial statements were available to be issued. Based on this evaluation, the Company has determined that no subsequent events have occurred, which require disclosure in the financial statements.

11. Reclassifications

Certain amounts were reclassified at September 30, 2009 to conform to the presentation at September 30, 2010. These reclassifications have no effect on changes in net assets.