



2016

ANNUAL REPORT

NEW JERSEY SEA GRANT CONSORTIUM



The **vision** of NJS GC is a sustainable future for New Jersey's coastal environment.

Our **mission** is to promote responsible use of New Jersey's coastal and marine environment.

Sea Grant
NJ Sea Grant Consortium

CHAIRMAN'S MESSAGE

"We ourselves feel that what we are doing is just a drop in the ocean. But the ocean would be less because of that missing drop." *Mother Teresa*

Standing at the shoreline, it is easy to feel small. Almost three-quarters of our planet is water. There is a temptation to feel helpless against whatever nature has in store for us. Here at NJS GC, we know the temptation all too well. We have to scrape for every dime. We have to squeeze that dime and make it go as far as a dollar. We have to educate our children; we have to inspire our maritime scientists; we have to engage our communities. These tasks are our sworn mission.

We face incredible challenges.

There is a story about Mother Teresa facing impossible odds serving a poor community of thousands. Surveying the chaos, a reporter asked Mother Teresa: "How can you possibly save all of these people?" Mother pointed to one man: "By starting with him."

That is how our staff and scientists address our core mission of education, research, and outreach. The job is daunting, but we focus on the task at hand. As a result, we have developed a dune manual that teaches coastal communities how to build a dune, how to maintain it, and how to plant it. We have top-flight education programs for our youth, from showing how our Lenape tribes lived as one with the ocean to inspiring them to be marine scientists and coastal stewards. We have assembled a Coastal Storm Awareness Program, working in conjunction with our colleagues in New York and Connecticut, on how to save lives and promote public safety when the next Superstorm arrives. We are all this, and so much more.

Survey these pages. Feel our challenges and celebrate our successes. Honor the staff and scientists who make it possible against impossible odds.

What we are doing may just be a drop in the ocean, but that ocean would be far less without New Jersey Sea Grant Consortium.

On behalf of the Board of Trustees, our member institutions, and our staff, I am most proud to offer this Annual Report.



DENNIS KEARNEY
Chair
Board of Trustees

EXECUTIVE DIRECTOR'S MESSAGE



CLAIRE ANTONUCCI
Executive
Director

Each year, this report is our chance to share some of the highlights of our work with you. This year, I ask that you also view this report as my reaffirmation of NJS GC's commitment to you to be your source for solid, dependable, unbiased information that you, and all of our state's citizens, legislators, community leaders, and policymakers, can use to make well-informed, science-based decisions on the use and care of New Jersey's precious marine and coastal resources.

Over the weeks and months ahead, we pledge to manage research that informs clean water, resilient shorelines, and healthy coastal economies. We are determined to make marine and climate science part of each New Jersey child's education and will continue to promote coastal stewardship and ocean literacy for all. And, true to their charge, our extension agents and specialists will be in the field working hand-in-hand with New Jersey's coastal communities and water-dependent industries to address their needs and concerns. All this will also support the National Sea Grant Network's promise of finding solutions to the complex challenges our coastal and Great Lakes states face, and ensuring that local, state, and national leaders have the best available scientific information and evidence at their fingertips to craft policies that best serve our ocean, our waterways, and you.

I thank you for your interest in our 2016 Annual Report and more so, for your support of NJS GC, its mission, and its participation in the National Sea Grant College Program. We are here to serve, and, on behalf of all of us at NJS GC, thank you for making that possible.

EXTENSION



Director of Research and Extension Dr. Peter Rowe led NJSGC's effort to host the biennial Mid-Atlantic Sea Grant Regional

Meeting. The three-day event was held in April in Red Bank. Nearly 70 extension agents, communicators, speakers, and staff from the seven Mid-Atlantic Sea Grant programs attended.

Community Resilience and Climate Adaptation Specialist Dr. Michael Schwebel developed an interactive, hands-on demonstration on the effects of climate change on shore communities. At Ocean Fun Days, Ocean City's Green Fair, the Cohansey RiverFest and other events, his "wave tank" activity engaged and educated thousands of students and citizens.



Coastal Processes Specialist Dr. Jon Miller and Coastal Ecosystems Extension Agent Dr. Amy Williams worked with

shore communities on rip current awareness. In addition to introducing the rip current app, they worked with local beach patrols on an experiment to deploy rip current drifters designed by researchers at Stevens Institute of Technology and North Carolina Sea Grant.

Coastal Ecosystems Extension Agent Dr. Amy Williams worked with Cape May and Mayor Ed Mahaney to improve coastal resilience. The highlight of several events was the implementation of a three-block demonstration project to show how to create resilient dunes by using a diversity of native plant species. Staff and volunteers used NJSGC's



Dune Manual as a resource. Cape May also installed 50 "Keep Off Dunes" signs that protect new and existing dune systems.

Marine Recreation Extension Agent Michael Danko worked with NJDEP Division of Fish and Wildlife, Marine Trades Association of New Jersey, Monmouth County Health Department, Ocean County Planning Department and others to provide funds from the



New Jersey Clean Vessel Act Program to marinas to replace pumpout facilities damaged by Superstorm Sandy. In 2016, funds were provided to 21

marinas to install facilities that will result in 142 pumpout stations available for boaters to use during the 2017 boating season.

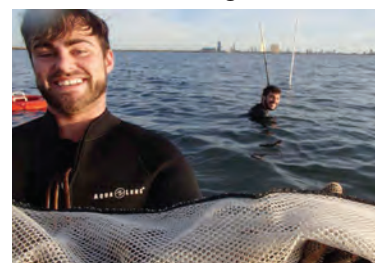
In partnership with the Whale Pond Brook Association, Water Resources Agent Michelle Hartmann, through the RCE Water



Resources Program, installed a green infrastructure demonstration project at Ocean Township High School in Ocean Township, New Jersey. The rain garden is designed to capture approximately 160,000 gallons of stormwater per year and will provide a beautiful garden for students to care for and enjoy.

Shellfish Aquaculture Program Coordinator Lisa Calvo worked with Rutgers scientists and graduate students to identify optimal conditions for culturing the Atlantic surf clam in the hatchery and in the field. Because it is critical for farmers to have options for crop diversification that allow for resilient and robust business models, the project is evaluating the production success of cultured clams grown on

three New Jersey shellfish farms and assessing market opportunities for the cultivated clams.



RESEARCH AWARDS

Omnibus Research

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

Dr. Kenneth W. Able – Rutgers, The State University of New Jersey

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

Dr. Clinton J. Andrews – Rutgers, The State University of New Jersey

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

Dr. Olaf P. Jensen – Rutgers, The State University of New Jersey

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

Dr. Jay Kelly – Raritan Valley Community College

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

Dr. Brooke Maslo – Rutgers, The State University of New Jersey

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

Dr. Daphne Munroe – Rutgers, The State University of New Jersey

At Risk: Healthy Coastal Ecosystems and Resilient Communities and Economies in an Era of Climate Change: A Balanced Approach to Protecting People, Property and Nature in Historic Greenwich Township, New Jersey

Dr. Colette Santasieri – New Jersey Institute of Technology

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

Dr. Jorge Lorenzo-Trueba – Montclair State University

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

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

Program Development Grants

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

Matt Campo – Rutgers, The State University of New Jersey

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

Dr. Yang Deng – Montclair State University

Undergraduate Research Grant

Evaluation of Use of Deep-rooted Ornamental Grasses as a Mechanism to Mitigate Soil Compaction

Anastasia Swenticky – Georgian Court University

Dr. Louise Wootton – Faculty Advisor

COMMUNICATIONS

To compliment NJSGC's Dune Manual, a "Keep Off Dunes" sign was created. The goal was to go further than just



warn the public to keep off the dunes by explaining the benefits of dunes. 140 signs have been distributed so far and installed in 8 shore locations.



The 2016 Annual State of the Shore Media Event was held in Asbury Park. Local and regional media attended to hear the Consortium's assessment about the condition of New Jersey's beaches and the outlook for the summer season ahead.

Ocean City was named New Jersey's Favorite Beach in NJSGC's annual poll. More than 9,000 votes were cast as beach enthusiasts chose their favorite beach in each county as well as their favorite beach overall.



More than 3,800 subscribers received issues of NJSGC's quarterly newsletter, The COASTodian. The newsletter



provides information on NJSGC's funded research, education and outreach activities. As NJSGC's social media following continues to expand, updates were shared with more than 1,300 Facebook followers, 1670 Twitter followers and 80 Instagram followers.

As part of the National Sea Grant College Program's 50th anniversary celebration, Communications Specialist Rebecca Nagy joined Sea Grant programs across the country to contribute special themed content. Two articles produced by NJSGC were featured on the National Sea Grant website.

EDUCATION

During the “off-season” NJSGC’s team of nearly 40 educators worked with their extension counterparts to incorporate climate science into their teaching. As a result, thousands of New Jersey’s schoolchildren learned how climate affects the coastal environment during NJSGC’s popular Sandy Hook field trip programs.



Boy and Girl Scout troops continued to look towards NJSGC for interactive marine science experiences related to badge requirements. One troop became so interested in NJSGC’s resident terrapins that they created an interpretive display for their tank.

A curriculum module on storm surge was published in response to research findings from the NOAA/Sea Grant Coastal Storms Awareness Program. The module was presented at multiple professional development workshops including the National Marine Educators Association’s annual conference.

Once again, Ocean Fun Days proved to be a popular pre-summer family event. Despite wet weather, about 8,000 visitors turned out for exhibits, tours, and children’s activities all focused on conserving and preserving New Jersey’s beaches, bays, and waterways. Each year, since 2007, NJSGC has worked with lead sponsor New Jersey Natural Gas to host this event.



A successful partnership with Jenkinson’s Aquarium allowed NJSGC’s educators to expand STEM education to this popular oceanfront destination. Besides building remotely operated vehicles of their own design, students and summer campers had the unique experience of deploying them in one of the aquarium’s exhibit tanks.

A grant from the National Endowment for the Arts and the Monmouth County Board of Chosen Freeholders paired NJSGC’s 126 summer campers with environmental artist Lisa Bagwell to make marine debris sculptures. Many students incorporated lessons learned from their weeklong Sandy Hook experience into their creations.



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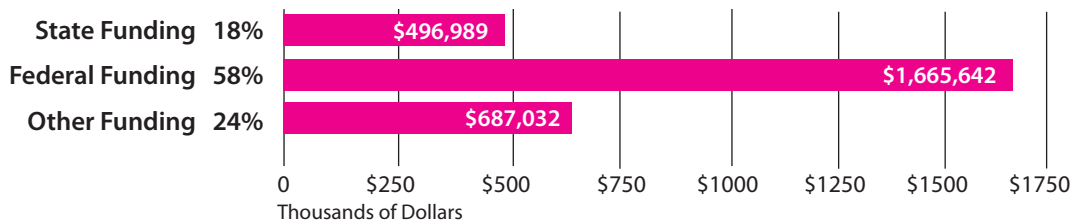
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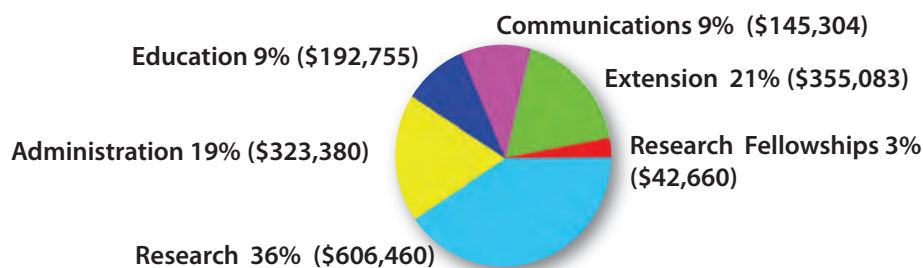
Donna Applegate	Kate Dowd	Alek Heckel	Tom Massaro	Jerry Ryan
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BUDGET OVERVIEW

Source of NJSGC Funds - Fiscal Year 2016



Investment of Federal Funds - Fiscal Year 2016



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Fisheries & Boating

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Dr. Michael Schwebel
Community Resilience and
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Dr. Amy Williams
Coastal Ecosystems
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This publication is the result of work sponsored by New Jersey Sea Grant with funds from the National Oceanic and Atmospheric Administration (NOAA) Office of Sea Grant, U.S. Department of Commerce, under NOAA grant #NA10OAR4170085 and the New Jersey Sea Grant Consortium. The statements, findings, conclusions, and recommendations are those of the author(s) and do not necessarily reflect the views of New Jersey Sea Grant or the U. S. Department of Commerce. NJSJG-17-896

*Top cover photo - courtesy Stars Challenge
All other photos - NJSJG staff*

**NEW JERSEY SEA GRANT CONSORTIUM, INC.
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS
WITH SUPPLEMENTARY INFORMATION
September 30, 2016 and 2015**

NEW JERSEY SEA GRANT CONSORTIUM, INC.
FINANCIAL STATEMENTS
September 30, 2016 and 2015

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of New Jersey Sea Grant Consortium, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Jersey Sea Grant Consortium, Inc. as of September 30, 2016 and 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

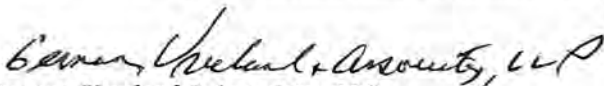
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2017, on our consideration of New Jersey Sea Grant Consortium, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering New Jersey Sea Grant Consortium, Inc.'s internal control over financial reporting and compliance.


German, Vreeland & Associates, LLP
Cedar Knolls, New Jersey
March 2, 2017

NEW JERSEY SEA GRANT CONSORTIUM, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2016 and 2015

ASSETS	2016	2015
Current assets		
Cash and cash equivalents	\$ 583,386	\$ 925,803
Accounts receivable	9,610	36,456
Grants and contracts receivable	407,323	331,753
Accrued interest	1,070	-
Prepaid expenses and other assets	40,615	42,229
Total current assets	<u>1,042,004</u>	<u>1,336,241</u>
Investments	420,000	-
Property and equipment, net	<u>624,658</u>	<u>693,506</u>
 TOTAL ASSETS	 <u>\$ 2,086,662</u>	 <u>\$ 2,029,747</u>
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 71,578	\$ 76,729
Accrued rent	3,899	3,899
Due to subrecipients	329,662	237,651
Deferred revenue	55,934	47,072
Total current liabilities	<u>461,073</u>	<u>365,351</u>
Long-term liabilities		
Accrued rent, net of current portion	<u>31,189</u>	<u>35,088</u>
Total liabilities	<u>492,262</u>	<u>400,439</u>
Net assets		
Unrestricted	1,594,400	1,629,308
Temporarily restricted	-	-
Total net assets	<u>1,594,400</u>	<u>1,629,308</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 2,086,662</u>	 <u>\$ 2,029,747</u>

See accompanying notes.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
STATEMENTS OF ACTIVITIES
Years Ended September 30, 2016 and 2015

	2016		2015			
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
SUPPORT AND REVENUE						
Grants and contract revenue	\$ 2,205,703	\$ -	\$ 2,205,703	\$ 2,844,152	\$ -	\$ 2,844,152
Contributions	9,205	-	9,205	22,647	-	22,647
Educational and service program revenue	212,276	-	212,276	213,955	-	213,955
Membership dues	35,760	-	35,760	44,294	-	44,294
Interest income	8,518	-	8,518	5,609	-	5,609
Miscellaneous	11,740	-	11,740	11,654	-	11,654
Net assets released from restrictions	-	-	-	7,737	(7,737)	-
Total support and revenue	<u>2,483,202</u>	<u>-</u>	<u>2,483,202</u>	<u>3,150,048</u>	<u>(7,737)</u>	<u>3,142,311</u>
EXPENSES						
Program services						
Educational activities	401,771	-	401,771	353,717	-	353,717
Research activities	1,782,484	-	1,782,484	2,409,508	-	2,409,508
	<u>2,184,255</u>	<u>-</u>	<u>2,184,255</u>	<u>2,763,225</u>	<u>-</u>	<u>2,763,225</u>
General and administrative	333,855	-	333,855	388,670	-	388,670
Total expenses	<u>2,518,110</u>	<u>-</u>	<u>2,518,110</u>	<u>3,151,895</u>	<u>-</u>	<u>3,151,895</u>
CHANGE IN NET ASSETS	(34,908)	-	(34,908)	(1,847)	(7,737)	(9,584)
NET ASSETS, Beginning of year	1,629,308	-	1,629,308	1,631,155	7,737	1,638,892
NET ASSETS, End of year	<u>\$ 1,594,400</u>	<u>\$ -</u>	<u>\$ 1,594,400</u>	<u>\$ 1,629,308</u>	<u>\$ -</u>	<u>\$ 1,629,308</u>

See accompanying notes.

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

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

See accompanying notes.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2015

	Program Services				Total Expenses
	Educational Activities	Research Activities	Total Program Services	General and Administrative	
Salaries	\$ 240,062	\$ 437,142	\$ 677,204	\$ 139,650	\$ 816,854
Payroll taxes and benefits	58,553	108,856	167,409	51,625	219,034
Payments to subrecipients	-	1,755,502	1,755,502	-	1,755,502
Professional fees	3,432	32,794	36,226	43,720	79,946
Supplies	16,162	8,440	24,602	11,937	36,539
Advertising	2,553	2,664	5,217	-	5,217
Telephone	1,932	7,507	9,439	4,041	13,480
Postage	833	4,822	5,655	1,034	6,689
Occupancy	950	-	950	71,731	72,681
Repairs and maintenance	278	100	378	7,442	7,820
Printing	995	8,870	9,865	370	10,235
Conferences and training	11,873	29,098	40,971	1,456	42,427
Dues and subscriptions	92	759	851	5,625	6,476
Awards	3,650	1,250	4,900	-	4,900
Miscellaneous	648	-	648	4,599	5,247
Total expenses before depreciation	342,013	2,397,804	2,739,817	343,230	3,083,047
Depreciation	11,704	11,704	23,408	45,440	68,848
Total expenses	\$ 353,717	\$ 2,409,508	\$ 2,763,225	\$ 388,670	\$ 3,151,895

See accompanying notes.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
STATEMENTS OF CASH FLOWS
Years Ended September 30, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (34,908)	\$ (9,584)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	68,848	68,848
Change in net assets and liabilities		
Accounts receivable	26,846	(24,524)
Grants and contracts receivable	(75,570)	191,975
Accrued interest	(1,070)	-
Prepaid expenses and other assets	1,614	11,227
Accounts payable and accrued expenses	(5,151)	(208)
Due to subrecipients	92,011	(124,707)
Accrued rent	(3,899)	(3,899)
Deferred revenue	8,862	(490,600)
Net cash provided by (used in) operating activities	77,583	(381,472)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(420,000)	-
Net cash (used in) investing activities	(420,000)	-
 NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(342,417)	(381,472)
 CASH AND CASH EQUIVALENTS, Beginning of year	925,803	1,307,275
 CASH AND CASH EQUIVALENTS, End of year	\$ 583,386	\$ 925,803

SUPPLEMENTAL CASH FLOW INFORMATION:

No amounts were paid for interest or income taxes for the years ended September 30, 2016 and 2015.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2016 and 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the New Jersey Sea Grant Consortium, Inc. (“NJS GC”) have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Organization – NJS GC 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 NJS GC is dedicated to understanding and caring for this resource. NJS GC programs range from sponsored research and marine science education for school-children to extension services for coastal municipalities, maritime businesses and the public.

Since NJS GC 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 (“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.

The Extension Program at NJS GC provides useful information to people employed or interested in fields related to marine resources-fishermen, coastal engineers, maritime industry personnel, resource managers, decision makers, and the general public. Extension Program personnel expertise includes biology, sociology, economics, public policy, and engineering. Each Extension Program professional works directly with coastal communities and business professionals to transfer information and effect change by applying science-based information to daily decision-making.

The Education Program at NJS GC is committed to assuring that New Jerseyans understand, value, and appreciate their marine and coastal environment and are able to apply sound evidence and science-based information to make well-informed decisions regarding its use, management, and care. This is accomplished through the wide range of educational services and products that the Education Program provides. The Program’s teaching and learning activities range from direct instruction such as field trips, camps, scout programs, in-school presentations, college coursework, public outreach events to information preparation and dissemination including fact sheets, posters, lesson plans, activity guides, video conferences, web-based publications and other teaching materials.

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

Basis of Presentation – External financial reporting by not-for-profit organizations requires that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions. The unrestricted net asset category represents net assets that are not subject to donor imposed restrictions, the temporarily restricted net asset category represents net assets that are subject to time or purpose donor imposed restrictions and the permanently restricted net asset category represents net assets that are subject to donor imposed restrictions that cannot be satisfied by either the passage of time or by actions of NJS GC.

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

NEW JERSEY SEA GRANT CONSORTIUM, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2016 and 2015

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

Revenue and Support Recognition – NJSGC recognizes contributions as revenue when they are received or unconditionally pledged and records these revenues as unrestricted or restricted support according to donor stipulations that limit the use of these assets due to time or purpose restrictions. When a donor restriction expires, temporarily restricted net assets are reclassified and reported in the statements of activities as net assets released from restrictions. However, the receipt of restricted contributions whose restrictions expire or are otherwise satisfied within the period of receipt are reported as unrestricted revenues in the statements of activities.

NJSGC accounts for those contract revenues which have been determined to be exchange transactions in the statements of activities to the extent that expenses have been incurred for the purpose specified by the grantor during the period. Program revenues received in advance of their usage are classified as deferred revenue in the statements of financial position. In applying this concept, the legal and contractual requirements of each individual contract are used as guidance.

Additional unrestricted revenues are obtained from educational and service program revenue, membership dues, and investment income. These revenues are used to offset program expenses as well as the cost of property and equipment acquisitions and general and administrative expenses.

Tax Status and Incorporation – NJSGC is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. Accordingly, the financial statements do not reflect a provision for Federal income taxes. NJSGC has no uncertain tax positions at September 30, 2016 and 2015. There are no tax years prior to 2013 open for examination by the Internal Revenue Service. Also, there were no interest or penalties related to income taxes included in the financial statements.

Valuation of Long-Lived Assets – In accordance with the accounting pronouncements related to accounting for the impairment or disposal of long-lived assets, NJSGC reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment was required for the periods presented in these financial statements.

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

Advertising – Advertising is expensed in the period incurred. Advertising expense was \$6,023 and 5,217 for the years ended September 30, 2016 and 2015, respectively.

Property, Equipment and Depreciation – Property and equipment of \$5,000 or greater is recorded at cost when purchased, or at fair value at date of gift. Depreciation is provided for by the straight-line method over the estimated useful lives of the assets. Major renewals and betterments are charged to fixed assets; maintenance, minor repairs and replacements which do not improve or extend the life of the respective assets are expensed currently.

Accounts Receivable – Accounts receivable are stated at amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of September 30, 2016 and 2015 all accounts receivable were deemed collectible.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2016 and 2015

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

Expense Classification – The expenses of NJS GC are presented in the statements of activities under the following classifications which describe NJS GC program activities:

Educational activities – supports the educational goals of NJS GC by planning and conducting a wider range of K-12, college, teacher, and public education programs.

Research activities – aids and encourages scholarly activities in marine related subjects through cost reimbursement contracts. This category also includes a management program that administers aforementioned research contracts, an extension program that applies results of research contracts and a communications program that broadcasts scholarly information in marine related to a wide expanse of user groups.

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

NOTE 2 – GRANTS AND CONTRACTS RECEIVABLE AND DEFERRED REVENUE

NJS GC operates under various grants and contracts. At September 30, 2016 and 2015, NJS GC was due certain amounts from funding sources which resulted from expenditures incurred in excess of payments received. In addition, NJS GC received funds from certain funding sources which represent payments in excess of expenditures incurred which has been recorded as deferred revenue. The following details grants and contracts receivable and deferred revenue at September 30, 2016 and 2015:

<u>Funding Agency</u>	<u>Grants and Contracts Receivable</u>	<u>2016</u>	<u>2015</u>
U.S. Department of Commerce			
National Oceanic and Atmospheric Administration			
Sea Grant Programs		\$ 265,606	\$ 215,827
U.S. Department of the Interior Fish and Wildlife Service		30,070	11,082
U.S. Department of Housing and Urban Development		31,626	-
State of New Jersey – Department of Environmental Protection		<u>80,021</u>	<u>104,844</u>
		<u>\$ 407,323</u>	<u>\$ 331,753</u>
	<u>Deferred Revenue</u>		
<u>Funding Agency</u>			
U.S. Department of Commerce			
National Oceanic and Atmospheric Administration			
Sea Grant Programs		\$ 9,260	\$ 20,974
State of New Jersey – Department of Agriculture		13,911	15,299
State of New Jersey – Department of Environmental Protection		2,106	2,106
Other		<u>30,657</u>	<u>8,693</u>
		<u>\$ 55,934</u>	<u>\$ 47,072</u>

NEW JERSEY SEA GRANT CONSORTIUM, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2016 and 2015

NOTE 3 – FAIR VALUE MEASUREMENTS

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

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

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

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment, net of accumulated depreciation, at September 30, 2016 and 2015 consisted of the following:

	Estimated Life (Years)	2016		2015	
		2016	2015	2016	2015
Building improvements	5-20	\$ 1,157,887	\$ 1,157,887		
Marine equipment	3-12	21,870	21,870		
Machinery and equipment	5-12	136,100	136,100		
		1,315,857	1,315,857		
Less: Accumulated depreciation		<u>(691,199)</u>	<u>(622,351)</u>		
		<u>\$ 624,658</u>	<u>\$ 693,506</u>		

Depreciation expense totaled \$68,848 and \$68,848 for the years ended September 30, 2016 and 2015, respectively.

NOTE 5 – RETIREMENT PLAN

NJSGC has a 403(b) contributory defined contribution retirement plan (the "Plan") for those employees who meet eligibility requirements. Employees must have one year of service and 1,000 hours to be eligible to participate in the Plan. Participants must contribute a minimum of 2 percent of eligible salaries in order to receive a 6 percent contribution from NJSGC to the Plan. Pension expense was \$39,174 and \$33,163 for the years ended September 30, 2016 and 2015, respectively.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2016 and 2015

NOTE 6 - LEASED FACILITIES

NJSGC occupies facilities owned by the National Park Service at Fort Hancock, New Jersey. NJSGC pays for all operating costs including, but not limited to, utilities, repairs and maintenance. NJSGC entered into a twenty-year lease agreement expiring June 30, 2025, which was amended in 2012 and calls for minimum lease payments of \$3,383 annually. Rental expense for these facilities for the years ended September 30, 2016 and 2015 was \$3,383 and \$3,383, respectively.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of September 30, 2016 are:

<u>Year Ended September 30,</u>	<u>Amount</u>
2017	\$ 3,383
2018	3,383
2019	3,383
2020	3,383
2021	<u>3,383</u>
Total	<u>\$16,915</u>

NOTE 7 - CONCENTRATIONS OF CREDIT RISK

Financial investments which potentially subject NJSGC to concentrations of credit risk consist of cash and receivables. In an attempt to limit credit risk, NJSGC places all funds with high quality financial institutions. Management has not experienced any losses. Receivables are due from various governmental agencies with which NJSGC has a long history of collecting payments, which reduces credit risk.

NOTE 8 - CONCENTRATION OF GRANT REVENUE

For the years ended September 30, 2016 and 2015 approximately 67% and 51% of the NJSGC support came from the Department of Commerce, Sea Grant Program.

NOTE 9 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date on which the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended September 30, 2016

Grantor/Program Title	Federal Grantor	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Commerce National Oceanic and Atmospheric Administration Sea Grant Support		11.417		\$ 723,758	\$ 1,667,686
Department of Homeland Security Passed through New Jersey Department of Environmental Protection Cooperating Technical Partners		97.045	EC13-006	891	891
U.S. Department of the Interior Fish and Wildlife Service Passed through New Jersey Department of Environmental Protection Clean Vessel Act		15.616	FG12-040	-	61,012
U.S. Department of the Interior Fish and Wildlife Service Passed through New Jersey Department of Environmental Protection Hurricane Sandy Disaster Relief-Coastal Resiliency Grants		15.153	CP15-015	71,613	86,013
Total U.S. Department of the Interior Fish and Wildlife Service				71,613	147,025
U.S. Department of Housing and Urban Development Passed through New Jersey Department of Environmental Protection Hurricane Sandy Community Development Block Grant		14.269	EC16-011	49,420	60,669
Total Expenditures of Federal Awards				\$ 845,682	\$ 1,876,271

See Independent Auditor's Report.
 See accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 Year Ended September 30, 2016

State Grantor Pass-through Grantor/Program Title	Award Number	Award Period	Passed Through to Subrecipients	Total State Expenditures
NJ Department of Commerce				
NJ Department of Environmental Protection				
Baseline Characterization of Zooplankton in Barnegat Bay	MOA	06/05/13-11/29/15	\$ 56,484	\$ 56,484
Phosphorous Dynamics in Barnegat Bay	MOA	07/10/14-10/10/15	25,000	25,000
Ecological Evaluation of Sedge Island Marine Conservation in Barnegat Bay	MOA	04/17/13-02/01/16	8,751	8,751
Barnegat Bay Nutrient Inference Model	MOA	05/19/14-12/19/15	22,500	22,500
Baseline Characterization of Phytoplankton and Harmful Algae Blooms	MOA	05/19/14-12/19/15	21,500	21,500
Baseline Survey of Zooplankton in Barnegat Bay	MOA	02/03/14-06/07/16	80,502	80,502
Dating of Remote Lake Sediment Core	MOA	05/01/15-04/30/16	13,993	15,392
Periphyton Speciation Project	MOA	02/22/13-08/21/15	11,000	11,000
Implementation of Sediment Impairment Index	MOA	11/21/12-11/21/15	41,000	41,000
Total NJ Department of Commerce			280,730	282,129
NJ Department of Agriculture				
Fisheries Development	MOA	02/01/07-09/30/16	-	1,385
Total State Financial Assistance			280,730	283,514
Total Federal Awards and State Financial Assistance			\$ 1,126,412	\$ 2,159,785

See Independent Auditor's Report.
 See accompanying Notes to Schedule of Expenditures of Federal Awards and State
 Financial Assistance.

NEW JERSEY SEA GRANT CONSORTIUM, INC.
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
September 30, 2016

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal awards and state financial assistance (the "Schedules") includes the federal and state award activity of New Jersey Sea Grant Consortium, Inc. under programs of the federal and state governments for the year ended September 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of New Jersey Sea Grant Consortium, Inc., it is not intended to and does not present financial position, changes in net assets, or cash flows of New Jersey Sea Grant Consortium, Inc.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedules are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

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

NOTE 4 – RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Expenditures of Federal awards and state financial assistance are reported on the statements of functional expenses as program services or general and administrative expenses. In certain programs, the expenditures reported in the basic financial statements may differ from the expenditures reported in the schedule of expenditures of Federal awards and state financial assistance due to program expenditures exceeding grant or contract budget limitations, matching or in-kind contributions or capitalization policies required under accounting principles generally accepted in the United States of America.

NOTE 5 – SUBRECIPIENT FUNDING

Of the federal expenditures presented in the schedule, New Jersey Sea Grant Consortium, Inc. provided federal awards to subrecipients as follows:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Amount Provided to Subrecipients</u>
11.417	Sea Grant Support	\$ 723,758
97.045	Cooperating Technical Partners	891
15.153	Hurricane Sandy Disaster Relief-Coastal Resiliency Grant	71,613
14.269	Hurricane Sandy Community Development Block Grant	<u>49,420</u>
Total		<u>\$ 845,682</u>