

NEW JERSEY HIGHLANDS COALITION
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

NEW JERSEY HIGHLANDS COALITION
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2016 AND 2015

PAGE

INDEPENDENT AUDITOR'S REPORT

1

FINANCIAL STATEMENTS

Statements of Financial Position

2

Statements of Activities

3

Statements of Functional Expenses

4

Statements of Cash Flows

5

Notes to Financial Statements

6



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
New Jersey Highlands Coalition

I have audited the accompanying financial statements of the New Jersey Highlands Coalition (a nonprofit organization) which comprise the statements of financial position as of June 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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the New Jersey Highlands Coalition as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads 'James M. Wood'. The signature is written in a cursive, flowing style.

August 29, 2016
Hillsborough, NJ

NEW JERSEY HIGHLANDS COALITION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Assets		
Cash	\$ 338,690	\$ 370,291
Accounts receivable	2,843	1,278
Prepaid expenses	2,891	1,705
Furniture & equipment, net of accumulated depreciation	6,989	2,365
Cash held for other organizations	48,405	21,988
Security deposit	1,900	1,900
	<u>\$ 401,718</u>	<u>\$ 399,527</u>
Liabilities & Net Assets		
Current liabilities		
Accounts payable & accrued expenses	\$ 2,985	\$ 8,398
Funds held for other organizations	48,405	21,988
Festival fees received in advance	2,300	19,395
Grants received in advance	223,914	238,473
	<u>277,604</u>	<u>288,254</u>
Net assets		
Unrestricted		
Undesignated	83,629	79,773
Board designated	5,950	17,500
	<u>89,579</u>	<u>97,273</u>
Temporarily restricted	34,535	14,000
	<u>124,114</u>	<u>111,273</u>
	<u>\$ 401,718</u>	<u>\$ 399,527</u>

See accompanying notes to financial statements.

NEW JERSEY HIGHLANDS COALITION
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2016 AND 2015

	2016				2015			
	Unrestricted		Temporarily Restricted	Total	Unrestricted		Temporarily Restricted	Total
	Undesignated	Board Designated			Undesignated	Board Designated		
Public support								
Contributions	\$ 74,095	\$ -	\$ 32,035	\$ 106,130	\$ 78,505	\$ 14,000	\$ 92,505	
Corporate contributions	500	-	-	500	600	-	600	
Foundational grants	309,299	-	2,500	311,799	322,061	-	322,061	
	383,894	-	34,535	418,429	401,166	14,000	415,166	
Other revenue								
Special events, net of								
Gross income	103,756	-	-	103,756	82,612	-	82,612	
Direct expenses	(93,255)	-	-	(93,255)	(67,752)	-	(67,752)	
	10,501	-	-	10,501	14,860	-	14,860	
Interest	483	-	-	483	500	-	500	
	10,984	-	-	10,984	15,360	-	15,360	
Total support & revenue	394,878	-	34,535	429,413	416,526	14,000	430,526	
Net assets released from restriction	25,550	(11,550)	(14,000)	-	7,202	(7,202)	-	
Net assets designated	25,550	(11,550)	(14,000)	-	(17,500)	17,500	-	
	420,428	(11,550)	20,535	429,413	406,228	6,798	430,526	
Functional expenses								
Program	311,490	-	-	311,490	302,036	-	302,036	
Management & general	46,951	-	-	46,951	44,834	-	44,834	
Fund raising	58,131	-	-	58,131	58,734	-	58,734	
Total expenses	416,572	-	-	416,572	405,604	-	405,604	
Increase (decrease) in net assets	3,856	(11,550)	20,535	12,841	624	17,500	24,922	
Net assets, beginning of period	79,773	17,500	14,000	111,273	79,149	7,202	86,351	
Net assets, end of period	\$ 83,629	\$ 5,950	\$ 34,535	\$ 124,114	\$ 79,773	\$ 14,000	\$ 111,273	

See accompanying notes to financial statements.

**NEW JERSEY HIGHLANDS COALITION
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2016 AND 2015**

	2016			2015			
	Direct Program	Management & General	Fund Raising	Direct Program	Management & General	Fund Raising	Total
Salaries	\$ 162,423	\$ 23,345	\$ 41,012	\$ 165,891	\$ 22,918	\$ 40,007	\$ 228,816
Payroll tax & fringe	34,957	5,024	8,827	34,983	4,833	8,437	48,253
	<u>197,380</u>	<u>28,369</u>	<u>49,839</u>	<u>200,874</u>	<u>27,751</u>	<u>48,444</u>	<u>277,069</u>
Grants awarded	27,050	-	-	-	-	-	-
Occupancy	10,220	1,469	2,581	10,273	1,419	2,478	14,170
Office supplies	1,807	260	456	5,529	764	1,333	7,626
Printing & postage	4,152	597	1,048	7,448	1,029	1,796	10,273
Telephone	5,007	720	1,264	3,393	469	818	4,680
Insurance	2,022	291	511	1,837	254	443	2,534
Advertising	1,413	-	-	5,142	-	-	5,142
Professional fees	50,500	13,861	-	50,103	11,188	-	61,291
Meetings	508	73	128	638	88	154	880
Training	2,300	-	-	3,247	-	-	3,247
Travel	7,001	1,006	1,768	8,087	1,117	1,950	11,154
Miscellaneous	891	126	223	4,303	594	1,038	5,935
	<u>310,251</u>	<u>46,772</u>	<u>57,818</u>	<u>300,874</u>	<u>44,673</u>	<u>58,454</u>	<u>404,001</u>
Depreciation	1,239	179	313	1,162	161	280	1,603
	<u>\$ 311,490</u>	<u>\$ 46,951</u>	<u>\$ 58,131</u>	<u>\$ 302,036</u>	<u>\$ 44,834</u>	<u>\$ 58,734</u>	<u>\$ 405,604</u>

See accompanying notes to financial statements.

**NEW JERSEY HIGHLANDS COALITION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 12,841	\$ 24,922
Adjustments to reconcile increase (decrease) in net assets to cash provided by operating activities:		
Depreciation	1,731	1,603
(Increase) decrease in:		
Accounts receivable	(1,565)	(140)
Prepaid expenses	(1,186)	1,057
Cash held for other organizations	(26,417)	(959)
Increase (decrease) in:		
Accounts payable & accrued expenses	(5,413)	(5,384)
Funds held for other organizations	26,417	959
Festival fees received in advance	(17,095)	(8,230)
Grants received in advance	<u>(14,559)</u>	<u>28,297</u>
Net cash provided by (used in) operating activities	(25,246)	42,125
Cash flows from investing activities		
Acquisition of office equipment	<u>(6,355)</u>	<u>(1,250)</u>
Net cash used in financing activities	<u>(6,355)</u>	<u>(1,250)</u>
Net increase (decrease) in cash	(31,601)	40,875
Cash, beginning of period	<u>370,291</u>	<u>329,416</u>
Cash, end of period	<u>\$ 338,690</u>	<u>\$ 370,291</u>

See accompanying notes to financial statements.

NEW JERSEY HIGHLANDS COALITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

(1) **Nature of Activities**

The mission of the New Jersey Highlands Coalition (the Coalition) is to advocate for the protection, preservation, and enhancement of the water, forests, wildlife, farmland and other natural, historic and cultural resources of the New Jersey Highlands, and to enhance the sustainability of natural and human communities and the quality of life for current and future generations.

(2) **Summary of Significant Accounting Policies**

Financial statement presentation

In accordance with generally accepted accounting principles, the Coalition reports its statements of financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Coalition has unrestricted net assets and temporarily restricted net assets as of June 30, 2016 and 2015.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor-imposed restrictions.

Grants received in advance

Grant revenue is recorded during the period for which the funds are intended or in which the related activities are performed. Amounts received in advance are recognized as revenue during the intended period.

Functional expenses

Expenses are charged to program, management & general, or fund raising based on direct expenses incurred. Any expenses not directly chargeable are allocated to programs based on applicable rates determined by management.

Use of 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. Accordingly, actual results could differ from those estimates.

Cash

For purposes of the statement of cash flows, cash includes demand deposits in financial institutions.

Furniture & equipment

Acquisitions of office furniture and equipment with useful lives in excess of one year are capitalized and depreciated over the estimated useful life of each asset using the straight line method.

NEW JERSEY HIGHLANDS COALITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

Income taxes

The Coalition is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, there is no provision for income taxes.

Concentrations of credit and market risk

Financial instruments that potentially expose the Coalition to concentrations of credit and market risk consist primarily of cash which is maintained in a high-quality financial institution. The Coalition has not experienced any losses on its cash.

Accounting for uncertainty in income taxes

The Coalition's accounting policy is to provide liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violations of tax status or exposure to uncertain tax positions that could require accrual or which could affect its liquidity or future cash flows. The Coalition's exempt organization filings for the years ended June 30, 2013 through 2016 are subject to examination by the Internal Revenue Service and the State of New Jersey. Further, the Internal Revenue Service may examine the Coalition's financial activities for income and unrelated business income tax for those years.

New accounting pronouncements

The Financial Accounting Standards Board (FASB) issued Update No. 2016-02, *Leases* (Topic 842), in February 2016. Under this guidance lessees are required to record most leases on their balance sheets but recognize expenses in the income statement. All entities will classify leases to determine how to recognize lease-related revenue and expense. In applying this guidance, entities must also determine whether an arrangement contains a lease or service agreement. Disclosures are required by lessees and lessors to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The amendments in this Update are effective for fiscal years beginning after December 15, 2019 and interim periods within fiscal years beginning after December 15, 2020. Management is evaluating the impact of this updated guidance on its financial statements.

(3) Furniture & Equipment

As of June 30, furniture and equipment consists of the following:

	<u>2016</u>	<u>2015</u>
Office furniture	\$ 2,050	\$ 2,050
Office equipment	<u>19,486</u>	<u>13,131</u>
	21,536	15,181
Less accumulated depreciation	<u>14,547</u>	<u>12,816</u>
	<u>\$ 6,989</u>	<u>\$ 2,365</u>

NEW JERSEY HIGHLANDS COALITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

(4) Special Events

During the years ended June 30, 2016 and 2015, the Coalition held the following special events:

	<u>Gross</u> <u>Income</u>	<u>Direct</u> <u>Expense</u>	<u>Net</u> <u>Income</u>
<u>2016</u>			
Pub Crawl	\$ 5,877	\$ 1,352	\$ 4,525
Highlands Festival	90,948	88,004	2,944
Golf Outing	5,445	3,528	1,917
Road Rally	<u>1,486</u>	<u>371</u>	<u>1,115</u>
	<u>\$103,756</u>	<u>\$93,255</u>	<u>\$10,501</u>
<u>2015</u>			
Bottleshare	\$ 904	\$ -	\$ 904
Pub Crawl	4,786	1,495	3,291
Highlands Festival	<u>76,922</u>	<u>66,257</u>	<u>10,665</u>
	<u>\$82,612</u>	<u>\$67,752</u>	<u>\$14,860</u>

(5) Pension

The Coalition sponsors a Simple IRA pension plan. In addition to employee elective deferrals, the Coalition contributes 3% of eligible salaries. All full time employees are eligible to participate, and employer contributions are 100% vested upon deposit. Pension contributions were \$5,821 and \$4,845 for the years ended June 30, 2016 and 2015, respectively.

(6) Board Designated Net Assets

During the year ended June 30, 2015, the Coalition changed the timing of its grant awards from June to October. The Board designated \$5,950 and \$17,500 as of June 30, 2016 and 2015, respectively, for grants to be awarded in the following October.

(7) Temporarily Restricted Net Assets

The Coalition receives contributions with donor-imposed use restrictions. As of June 30, 2016 and 2015, temporarily restricted net assets consist of

	<u>2016</u>	<u>2015</u>
Sparta Mountain	\$ 235	\$ -
Environmental grants	15,300	-
Cultural resource awards	<u>19,000</u>	<u>14,000</u>
	<u>\$34,535</u>	<u>\$14,000</u>

NEW JERSEY HIGHLANDS COALITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2016 AND 2015

(8) Operating Lease Commitments

The Coalition leases office space in Boonton, NJ. The following is a schedule for minimum future lease commitments as of June 30, 2016.

Year ending June 30,	
2017	\$13,800
2018	<u>5,750</u>
	<u>\$19,550</u>

Rental expense for 2016 and 2015 was \$13,550 and \$13,200, respectively.

(9) Evaluation of Subsequent Events

The Coalition has evaluated subsequent events through August 29, 2016, the date which the financial statements were available to be issued.