

NEW JERSEY HIGHLANDS COALITION
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2016

NEW JERSEY HIGHLANDS COALITION
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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, 2017 and 2016, 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, 2017 and 2016, 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 cursive script that reads "James M. Wood". The signature is written in dark ink on a white background.

September 11, 2017
Hillsborough, NJ

NEW JERSEY HIGHLANDS COALITION
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash	\$ 420,437	\$ 338,690
Accounts receivable	-	2,843
Prepaid expenses	2,967	2,891
Furniture & equipment, net of accumulated depreciation	11,677	6,989
Cash held for other organizations	39,849	48,405
Security deposit	<u>1,900</u>	<u>1,900</u>
	<u>\$ 476,830</u>	<u>\$ 401,718</u>
Liabilities & Net Assets		
Current liabilities		
Accounts payable & accrued expenses	\$ 12,106	\$ 2,985
Funds held for other organizations	39,849	48,405
Festival fees received in advance	-	2,300
Grants received in advance	<u>280,915</u>	<u>223,914</u>
	332,870	277,604
Net assets		
Unrestricted		
Undesignated	90,815	83,629
Board designated	<u>11,000</u>	<u>5,950</u>
	101,815	89,579
Temporarily restricted	<u>42,145</u>	<u>34,535</u>
	<u>143,960</u>	<u>124,114</u>
	<u>\$ 476,830</u>	<u>\$ 401,718</u>

See accompanying notes to financial statements.

NEW JERSEY HIGHLANDS COALITION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Increase in net assets	\$ 19,846	\$ 12,841
Adjustments to reconcile increase in net assets to cash provided by (used in) operating activities:		
Depreciation	2,695	1,731
(Increase) decrease in:		
Accounts receivable	2,843	(1,565)
Prepaid expenses	(76)	(1,186)
Cash held for other organizations	8,556	(26,417)
Increase (decrease) in:		
Accounts payable & accrued expenses	9,121	(5,413)
Funds held for other organizations	(8,556)	26,417
Festival fees received in advance	(2,300)	(17,095)
Grants received in advance	<u>57,001</u>	<u>(14,559)</u>
Net cash provided by (used in) operating activities	89,130	(25,246)
Cash flows from investing activities		
Acquisition of office equipment	<u>(7,383)</u>	<u>(6,355)</u>
Net cash used in investing activities	<u>(7,383)</u>	<u>(6,355)</u>
Net increase (decrease) in cash	81,747	(31,601)
Cash, beginning of period	<u>338,690</u>	<u>370,291</u>
Cash, end of period	<u>\$ 420,437</u>	<u>\$ 338,690</u>

See accompanying notes to financial statements.

NEW JERSEY HIGHLANDS COALITION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2017 AND 2016

(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, 2017 and 2016.

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
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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, 2014 through 2017 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.

The Financial Accounting Standards Board (FASB) issued Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), in August 2016. Under this guidance, not-for-profit entities will report *net assets with donor restrictions* and *net assets without donor restrictions* instead of the currently-required three classes. Not-for-profit entities will also provide enhanced disclosures regarding board designations, composition of net assets with donor restrictions, management of liquid resources available to meet cash needs, cost allocation among program and support functions, and underwater endowment funds. Further, the guidance requires reporting of investment returns net of investment expenses and clarifies accounting and disclosure for gifts restricted to the acquisition or construction of long-lived assets. The amendments in this Update are effective for years beginning after December 15, 2017 and for interim periods within fiscal years beginning after December 15, 2018. Management is evaluating the impact of this updated guidance on its financial statements.

NEW JERSEY HIGHLANDS COALITION
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The Financial Accounting Standards Board (FASB) issued Update No 2016-18, *Statement of Cash Flows (Topic 230) Restricted Cash*, in November 2016, requiring a statement of cash flows to explain the change during the period in total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash or cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in this Update are effective for fiscal years beginning after December 31, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted, and the Update should be applied using a retrospective transition method to each period presented. Management is evaluating the impact the updated standard will have on the financial statements.

(3) Furniture & Equipment

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

	<u>2017</u>	<u>2016</u>
Office furniture	\$ 2,050	\$ 2,050
Office equipment	<u>26,869</u>	<u>19,486</u>
	28,919	21,536
Less accumulated depreciation	<u>17,242</u>	<u>14,547</u>
	<u>\$11,677</u>	<u>\$ 6,989</u>

(4) Special Events

During the years ended June 30, 2017 and 2016 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>2017</u>			
Golf Outing	\$ 18,690	\$ 7,407	\$11,283
Pub Crawl	10,429	2,647	7,782
Road Rally	2,104	1,364	740
Other events	<u>3,416</u>	<u>1,649</u>	<u>1,767</u>
	<u>\$ 34,639</u>	<u>\$13,067</u>	<u>\$21,572</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>

(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 \$5,380 and \$5,821 for the years ended June 30, 2017 and 2016, respectively.

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(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 \$11,000 and \$5,950 as of June 30, 2017 and 2016, respectively, for grants to be awarded the following October.

(7) **Temporarily Restricted Net Assets**

The Coalition receives contributions with donor-imposed use restrictions. As of June 30, 2017 and 2016, temporarily restricted net assets consist of

	<u>2017</u>	<u>2016</u>
Sparta Mountain	\$12,645	\$ 235
Environmental grants	4,000	15,300
Cultural resource awards	25,000	19,000
Lopatcong Creek	<u>500</u>	<u>-</u>
	<u>\$42,145</u>	<u>\$34,535</u>

(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, 2017.

Year ending June 30,	
2018	\$ <u>5,750</u>

Rental expense for 2017 and 2016 was \$13,800 and \$13,550, respectively.

(9) **Evaluation of Subsequent Events**

The Coalition has evaluated subsequent events through September 11, 2017, the date which the financial statements were available to be issued.

