

PINELANDS PRESERVATION ALLIANCE, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2014 AND 2013

PINELANDS PRESERVATION ALLIANCE, INC.
FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013

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Cowan DiGiacomo & Associates LLC

Certified Public Accounting Firm

Christopher M. DiGiacomo, CPA

Elizabeth C. Cowan, CPA*

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees & Unit Owners
Pinelands Preservations Alliance, Inc.
17 Pemberton Road
Southampton, NJ 08088

We have audited the accompanying statement of financial position of Pinelands Preservation Alliance, Inc. (PPA) (a nonprofit organization) as of September 30, 2014 and 2013 and the related statements of activities and changes in net assets, cash flows and functional expenses for the twelve months then ended. These financial statements are the responsibility of Pinelands Preservation Alliance, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 the Board, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Pinelands Preservation Alliance, Inc. as of September 30, 2014 and 2013 the results of its operations and cash flows for the year the ended in conformity with accounting principles generally accepted in the United States of America.

Cowan DiGiacomo & Associates, LLC

Cowan DiGiacomo & Associates, LLC

April 30, 2015

PINELANDS PRESERVATION ALLIANCE, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2014
(WITH COMPARATIVE AUDITED TOTALS FROM SEPTEMBER 30, 2013)

| | UNRESTRICTED | | | TEMPORARILY RESTRICTED | | |
|---|------------------|---------------------------|------------------|------------------------|------------------------|--------------------|
| | Undesignated | Land, Bldgs., & Equipment | Endowment Fund | Total Unrestricted | Temporarily Restricted | 2013 TOTAL |
| ASSETS | | | | | | |
| Cash | \$499,510 | | | \$499,510 | \$163,900 | \$99,206 |
| Investments | | | \$979,740 | 979,740 | | 800,109 |
| Property and Equipment, Net (Note 4) | | \$797,230 | | 797,230 | | 735,689 |
| TOTAL ASSETS | <u>\$499,510</u> | <u>\$797,230</u> | <u>\$979,740</u> | <u>\$2,276,480</u> | <u>\$163,900</u> | <u>\$1,635,004</u> |
| LIABILITIES | | | | | | |
| Accounts Payable | \$2,500 | | | \$2,500 | | \$24,731 |
| Deferred Income | | | | 0 | \$262,141 | 196,734 |
| Trustee Loans Payable | | | | 0 | 0 | 0 |
| Due to/from Funds | 279,558 | (\$361,289) | \$343,872 | 262,141 | (262,141) | 0 |
| TOTAL LIABILITIES | <u>282,058</u> | <u>(361,289)</u> | <u>343,872</u> | <u>264,641</u> | <u>264,641</u> | <u>221,465</u> |
| NET ASSETS | <u>217,452</u> | <u>1,158,519</u> | <u>635,868</u> | <u>2,011,839</u> | <u>163,900</u> | <u>1,413,539</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$499,510</u> | <u>\$797,230</u> | <u>\$979,740</u> | <u>\$2,276,480</u> | <u>\$163,900</u> | <u>\$1,635,004</u> |

See Independent Auditor's Report.
See Notes to the Financial Statements.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE AUDITED TOTALS FROM SEPTEMBER 30, 2013)

| | UNRESTRICTED | | | | | 2013 TOTAL |
|------------------------------------|--------------|------------------------------|-------------------|-----------------------|---------------------------|---------------|
| | Undesignated | Land, Bldgs., & Equipment | Endowment Fund | Total Unrestricted | Temporarily Restricted | |
| SUPPORT AND REVENUE | | | | | | |
| Support | | | | | | |
| Foundations | \$24,000 | \$59,091 | | \$83,091 | \$372,404 | \$295,229 |
| Corporations | 21,522 | | | 21,522 | | 25,844 |
| Individuals | 367,383 | | | 367,383 | | 246,883 |
| Trustees | 22,022 | | | 22,022 | | 24,188 |
| Total Support | 434,927 | 59,091 | | 494,018 | 372,404 | 592,144 |
| Revenue | | | | | | |
| Events and Programs | 16,718 | | | 16,718 | | 27,706 |
| Sales | | | | | | |
| (Gross Revenue | | | | | | |
| Less Direct Costs | 14,584 | | | 14,584 | | 10,542 |
| Special Projects | 603,810 | 50,000 | | 653,810 | 175,000 | 79,281 |
| Investment Income | 929 | | \$32,259 | 33,188 | | 15,011 |
| Total Revenue | 636,041 | 50,000 | 32,259 | 718,300 | 175,000 | 132,540 |
| TOTAL SUPPORT AND REVENUE | 1,070,968 | 109,091 | 32,259 | 1,212,318 | 547,404 | 724,684 |
| EXPENSES | | | | | | |
| Program Services | | | | | | |
| Education & Outreach | 112,405 | 3,918 | 1,161 | 117,484 | 131,921 | 306,312 |
| Monitoring Public Agencies | 73,130 | 4,702 | 2,703 | 80,535 | 223,483 | 346,259 |
| Total Program Services | 185,535 | 8,620 | 3,864 | 198,019 | 355,404 | 652,571 |
| Supporting Services | | | | | | |
| Management and General | 103,516 | 2,037 | 1,280 | 106,833 | 28,100 | 23,728 |
| Fund Raising-General | 320,167 | 5,015 | 1,675 | 326,857 | 0 | 221,946 |
| Total Supporting Services | 423,683 | 7,052 | 2,955 | 433,690 | 28,100 | 245,674 |
| TOTAL EXPENSES | 609,218 | 15,672 | 6,819 | 631,709 | 383,504 | 898,245 |
| NET ASSETS BEFORE OTHER CHANGES | 461,750 | 93,419 | 25,440 | 580,609 | 163,900 | (173,561) |
| OTHER CHANGES IN NET ASSETS | | | | | | |
| Prior Year Voids | 3,500 | | | 3,500 | | 0 |
| Unrealized Gains | | | 3,225 | 3,225 | | 55,536 |
| Realized Capital Gains/(Losses) | | | 10,966 | 10,966 | | (4,782) |
| TOTAL OTHER CHANGES IN NET ASSETS | 3,500 | | 14,191 | 17,691 | | 50,754 |
| TOTAL CHANGES IN NET ASSETS | 465,250 | 93,419 | 39,631 | 598,300 | 163,900 | (122,807) |
| NET ASSETS AT BEGINNING OF YEAR | (247,798) | 1,065,100 | 596,237 | 1,413,539 | | 1,536,346 |
| NET ASSETS AT END OF YEAR | \$217,452 | \$1,158,519 | \$635,868 | \$2,011,839 | \$163,900 | \$1,413,539 |

PINELANDS PRESERVATION ALLIANCE, INC.
STATEMENT OF CASH FLOWS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

| | 2014 | 2013 |
|--|------------|--------------|
| Cash Flows from Operating Activities: | | |
| Changes in Net Assets | \$ 762,200 | \$ (122,807) |
| Adjustments to Reconcile Revenues Over Expenses to Net Cash Provided by Operating Activities: | | |
| Unrealized Gains on Investment | (3,225) | (55,536) |
| Depreciation | 15,672 | 16,971 |
| Changes in Assets and Liabilities: | | |
| Increase/(Decrease) in: | | |
| Accounts Payable | (22,231) | 20,753 |
| Deferred Income | 65,406 | 96,434 |
| Net Cash Provided/(Used) by Operating Activities | 817,822 | (44,185) |
| Cash Flows from Investing Activities: | | |
| Investment Increases | (314,252) | (19,362) |
| Investment Decreases | 137,847 | 108,835 |
| Property and Equipment Acquisitions | (77,213) | (7,350) |
| Net Cash Used by Investing Activities | (253,618) | 82,123 |
| Cash Flows from Financing Activities: | | |
| Trustee Loans | 0 | (2,000) |
| Increase in Cash | 564,204 | 35,938 |
| Cash as Beginning of Period | 99,206 | 63,268 |
| Cash as End of Period | \$ 663,410 | \$ 99,206 |
| Interest Paid | \$ -0- | \$ -0- |
| Taxes Paid | \$ -0- | \$ -0- |

See Independent Auditor's Report
See Notes to the Financial Statements.

PINELANDS PRESERVATION ALLIANCE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2014
(WITH COMPARATIVE AUDITED TOTALS FROM SEPTEMBER 30, 2013)

| | Education and Outreach | Monitoring Public Agencies | Total Program Services | Management and General | Fund Raising | Total Supporting Services | 2014 TOTAL | 2013 TOTAL |
|--|------------------------------|----------------------------------|------------------------------|------------------------------|------------------|---------------------------------|--------------------|------------------|
| Salaries, Wages & Benefits | \$93,225 | \$217,019 | \$310,244 | \$106,872 | \$134,470 | \$241,342 | \$551,586 | \$485,314 |
| Payroll Taxes | 6,820 | 15,875 | 22,695 | 7,817 | 9,837 | 17,654 | 40,349 | 36,089 |
| Professional & Consulting Fees | 580 | 598 | 1,178 | 218 | 274 | 492 | 1,670 | 3,409 |
| Volunteer Coordinator | 28,000 | 0 | 28,000 | 0 | 0 | 0 | 28,000 | 28,116 |
| Audit Fee | 592 | 1,377 | 1,969 | 678 | 853 | 1,531 | 3,500 | 3,300 |
| Office Supplies | 2,518 | 5,863 | 8,381 | 2,887 | 3,632 | 6,519 | 14,900 | 14,441 |
| Buildings and Property | 11,409 | 7,985 | 19,394 | 1,598 | 1,825 | 3,423 | 22,817 | 20,449 |
| Computer Acquisition & Service | 3,320 | 7,729 | 11,049 | 3,806 | 4,790 | 8,596 | 19,645 | 10,871 |
| Equipment | 136 | 318 | 454 | 156 | 197 | 353 | 807 | 2,715 |
| Publications & Publicity | 37,546 | 5,343 | 42,889 | 0 | 37,297 | 37,297 | 80,186 | 82,004 |
| Telephone | 1,013 | 2,358 | 3,371 | 1,162 | 1,461 | 2,623 | 5,994 | 5,517 |
| Travel | 3,693 | 4,381 | 8,074 | 87 | 429 | 516 | 8,590 | 9,167 |
| Conferences & Meetings | 848 | 1,695 | 2,543 | 282 | 0 | 282 | 2,825 | 3,565 |
| Other Events and Projects | 10,146 | 0 | 10,146 | 0 | 0 | 0 | 10,146 | 17,958 |
| Special Projects | 30,342 | 18,637 | 48,979 | 3,034 | 121,367 | 124,401 | 173,380 | 123,163 |
| Educational Programs | 10,143 | 0 | 10,143 | 0 | 0 | 0 | 10,143 | 9,280 |
| Insurance | 2,588 | 6,028 | 8,616 | 2,968 | 3,735 | 6,703 | 15,319 | 16,408 |
| Investment Expense | 1,161 | 2,703 | 3,864 | 1,331 | 1,675 | 3,006 | 6,870 | 7,417 |
| Memberships & Subscriptions | 1,407 | 1,407 | 2,814 | 0 | 0 | 0 | 2,814 | 2,091 |
| TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION AND LOSS ON ASSET DISPOSITION | 245,487 | 299,316 | 544,803 | 132,896 | 321,842 | 454,738 | 999,541 | 881,274 |
| Depreciation | 3,918 | 4,702 | 8,620 | 2,037 | 5,015 | 7,052 | 15,672 | 16,971 |
| TOTAL FUNCTIONAL EXPENSES | \$249,405 | \$304,018 | \$553,423 | \$134,933 | \$326,857 | \$461,790 | \$1,015,213 | \$898,245 |

PINELANDS PRESERVATION ALLIANCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

NOTE 1 - ORGANIZATION

Pinelands Preservation Alliance, Inc. (PPA) is a tax exempt charitable and educational organization pursuant to Section 501(c)(3) of the Internal Revenue Code. PPA received approval of its tax exemption from the Internal Revenue Service on August 28, 1989. PPA's primary purpose is to protect and preserve the resources of the New Jersey Pinelands by involving the public and educating them in the values of Pinelands resources and the issues involved in their preservation. In pursuit of this goal, PPA monitors public agency decisions and activities and provides public information concerning such activities for educational purposes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of PPA have been prepared using the accrual basis of accounting. The significant accounting policies followed are described below:

Property and Equipment

Property and equipment are recorded at cost less depreciation. Depreciation is provided on a straight line basis over the estimated useful lives of the assets.

Cash and Cash Equivalents

PPA considers all highly liquid debt instruments purchased with a maturity of three (3) months or less to be cash equivalents.

Deferred Income

Deferred income represents temporarily restricted funds received during the twelve months that have been specified by the donor to be utilized in the future.

Donated Services

No amounts have been reflected in the financial statements for donated services. PPA generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services. PPA receives more than 1,500 volunteer hours per year.

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.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted net assets depending upon the existence or nature of any donor restrictions.

PINELANDS PRESERVATION ALLIANCE, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Organization's Forms 990, Return of Organizations Exempt from Income Tax, for the fiscal years ending 9/30/2014, 9/30/2013 and 9/30/2012 are subject to examination by the IRS, generally for three years after they were filed.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restriction is met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Net Realized Gain/Loss on Investments

Gains and losses on investments are recorded as additions to or deductions from the net assets.

NOTE 3 - INVESTMENTS

Investments are comprised of Mutual Funds and are carried at Market value.

| | <u>Market Value</u> | <u>Cost</u> | <u>Unrealized Gain/(Loss)</u> |
|--|---------------------|-------------------|-----------------------------------|
| <u>September 30, 2014</u> | | | |
| Community Foundation of New Jersey - Mutual Funds | \$ 388,781 | \$ 329,970 | \$ 58,811 |
| Princeton Area Community Foundations - Mutual Funds | <u>590,959</u> | <u>571,438</u> | <u>19,521</u> |
| Totals | <u>\$ 979,740</u> | <u>\$ 901,408</u> | <u>\$ 78,332</u> |
| <u>September 30, 2013</u> | | | |
| Community Foundation of New Jersey - Mutual Funds | \$ 429,625 | \$ 372,792 | \$ 56,833 |
| Princeton Area Community Foundations - Mutual Funds | <u>370,484</u> | <u>352,210</u> | <u>18,274</u> |
| Totals | <u>\$ 800,109</u> | <u>\$ 725,002</u> | <u>\$ 75,107</u> |

PINELANDS PRESERVATION ALLIANCE, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

| | <u>2014</u> | <u>2013</u> |
|--------------------------------|-------------------|-------------------|
| Land | \$ 137,740 | \$ 137,740 |
| Building and Improvements | 720,752 | 656,811 |
| Equipment/Fixtures/Intangibles | 186,332 | 173,060 |
| | <u>1,044,824</u> | <u>967,611</u> |
| Less: Accumulated Depreciation | <u>(247,594)</u> | <u>(231,922)</u> |
| Net Property and Equipment | <u>\$ 797,230</u> | <u>\$ 735,689</u> |

NOTE 5 - SPECIAL PROJECT

The Brendan T. Byrne Fund for the Pinelands

The organization has launched a \$4 million campaign to better address challenges that could undermine the integrity of the Pinelands. The campaign is being called The Brendan T. Byrne Fund for the Pinelands and is board designated. The goal of the campaign is to establish a board directed operating fund in the amount of \$2 million, a \$500,000 fund to respond to emerging issues that require a rapid and effective response, \$1 million to support and expand educational programs, and \$500,000 for renovation and improvement of our Bishop Farmstead headquarters, making it the center for all things Pinelands.

| Contributions received September 30: | <u>2014</u> | <u>2013</u> |
|--------------------------------------|-------------------|------------------|
| Foundations | \$ 125,000 | \$ 2,500 |
| Corporations | 5,000 | 0 |
| Individuals | 634,902 | 8,417 |
| Trustees | 56,908 | 21,930 |
| | <u>\$ 821,810</u> | <u>\$ 32,847</u> |
| Totals | <u>\$ 821,810</u> | <u>\$ 32,847</u> |
| Funds on Hand, September 30: | <u>2014</u> | <u>2013</u> |
| Cash | \$ 585,189 | \$ 32,847 |
| Investments | 247,888 | 0 |
| | <u>\$ 833,077</u> | <u>\$ 32,847</u> |
| Totals | <u>\$ 833,077</u> | <u>\$ 32,847</u> |

NOTE 6 - EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April 30, 2015, the date which the financial statements were available to be issued.