

PINELANDS PRESERVATION ALLIANCE, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2017 AND 2016

PINELANDS PRESERVATION ALLIANCE, INC.
FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

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C DIGIACOMO CPA & ASSOCIATES LLC

Certified Public Accounting Firm

*651 Route 73 North, Suite 203
Marlton, New Jersey 08053
Phone (856) 596-0585 Fax (856) 596-8248
chris@digiacomocpa.com*

Christopher M. DiGiacomo, JD CPA

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Pinelands Preservation Alliance, Inc.
17 Pemberton Road
Southampton, NJ 08088

We have audited the accompanying financial statements of Pinelands Preservation Alliance, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities, cash flows and functional expenses for the twelve months 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 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 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 Pinelands Preservation Alliance, Inc. as of September 30, 2017, 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.

Report on Summarized Comparative Information

We have previously audited the Pinelands Preservation Alliance, Inc.'s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 11, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

C DiGiacomo CPA & Associates, LLC

Marlton, NJ
July 24, 2018

PINELANDS PRESERVATION ALLIANCE, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2017
(WITH COMPARATIVE AUDITED TOTALS FROM SEPTEMBER 30, 2016)

| | UNRESTRICTED | | | TEMPORARILY RESTRICTED | 2017 TOTAL | 2016 TOTAL |
|---|-----------------|------------------------------|--------------------|---------------------------|------------------|--------------------|
| | Undesignated | Land, Bldgs., & Equipment | Endowment Fund | Total Unrestricted | | |
| ASSETS | | | | | | |
| Cash | \$45,003 | | | \$45,003 | \$247,208 | \$687,099 |
| Grants Receivable | 25,000 | | | 25,000 | | 138 |
| Loans Receivable | 12,500 | | | 12,500 | | 0 |
| Investments | | | \$2,580,340 | 2,580,340 | | 2,323,656 |
| Property and Equipment, Net (Note 5) | | \$2,006,812 | | 2,006,812 | | 1,378,820 |
| TOTAL ASSETS | \$82,503 | \$2,006,812 | \$2,580,340 | \$4,669,655 | \$247,208 | \$4,389,713 |
| LIABILITIES | | | | | | |
| Accounts Payable | \$5,234 | | | \$5,234 | | \$1,940 |
| Employee Benefits Payable | 9,250 | | | 9,250 | | 0 |
| Taxes Payable | 8,224 | | | 8,224 | | 0 |
| Deferred Income | | | | 0 | \$324,919 | 573,672 |
| Due to/from Funds | 77,711 | \$0 | \$0 | 77,711 | (77,711) | 0 |
| TOTAL LIABILITIES | 100,419 | 0 | 0 | 100,419 | 247,208 | 575,612 |
| NET ASSETS | (17,916) | 2,006,812 | 2,580,340 | 4,569,236 | 0 | 3,814,101 |
| TOTAL LIABILITIES AND NET ASSETS | \$82,503 | \$2,006,812 | \$2,580,340 | \$4,669,655 | \$247,208 | \$4,389,713 |

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

PINELANDS PRESERVATION ALLIANCE, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2017
(WITH COMPARATIVE AUDITED TOTALS FROM SEPTEMBER 30, 2016)

| | UNRESTRICTED | | | | 2017 TOTAL | 2016 TOTAL |
|---|------------------|------------------------------|-------------------|-----------------------|----------------|------------------|
| | Undesignated | Land, Bldgs., & Equipment | Endowment Fund | Total Unrestricted | | |
| SUPPORT AND REVENUE | | | | | | |
| Support | | | | | | |
| Foundations | \$194,007 | | | \$194,007 | \$605,988 | \$600,617 |
| Corporations | 767 | | | 767 | 10,000 | 12,530 |
| Individuals | 413,455 | | | 413,455 | | 302,468 |
| Trustees | 35,123 | | | 35,123 | | 28,473 |
| Special Projects | | | | | | |
| Foundations | 30,452 | | | 30,452 | 334,177 | 132,083 |
| Corporations | 59,450 | | | 59,450 | 27,500 | 52,000 |
| Individuals | 218,721 | | | 218,721 | | 754,060 |
| Trustees | 26,908 | | | 26,908 | | 41,633 |
| Total Support | <u>978,883</u> | <u>0</u> | | <u>978,883</u> | <u>977,665</u> | <u>1,923,864</u> |
| Revenue | | | | | | |
| Events and Programs - Other | 20,226 | | | 20,226 | | 13,875 |
| Events and Programs - Pinelands Adventures | 244,861 | | | 244,861 | | 209,045 |
| Rental Income - Pinelands Adventures Properties | 14,400 | | | 14,400 | | 12,000 |
| Sales | | | | | | |
| (Gross Revenue \$75,087 | | | | | | |
| Less Direct Costs 40,702) | 34,385 | | | 34,385 | | 11,612 |
| Investment Income | 394 | | \$37,528 | 37,922 | | 58,631 |
| Total Revenue | <u>314,266</u> | <u>0</u> | <u>37,528</u> | <u>351,794</u> | <u>0</u> | <u>305,163</u> |
| TOTAL SUPPORT AND REVENUE | <u>1,293,149</u> | <u>0</u> | <u>37,528</u> | <u>1,330,677</u> | <u>977,665</u> | <u>2,229,027</u> |

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

PINELANDS PRESERVATION ALLIANCE, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2017
(WITH COMPARATIVE AUDITED TOTALS FROM SEPTEMBER 30, 2016)

| | UNRESTRICTED | | | Total Unrestricted | Temporarily Restricted | 2017 TOTAL | 2016 TOTAL |
|-----------------------------------|-------------------|------------------------------|--------------------|-----------------------|---------------------------|--------------------|--------------------|
| | Undesignated | Land, Bldgs., & Equipment | Endowment Fund | | | | |
| EXPENSES | | | | | | | |
| Program Services | | | | | | | |
| Education & Outreach | 194,155 | 28,763 | 5,903 | 228,821 | 666,675 | 895,496 | 812,422 |
| Monitoring Public Agencies | 176,194 | 8,702 | 9,005 | 193,901 | 287,662 | 481,563 | 382,553 |
| Total Program Services | <u>370,349</u> | <u>37,465</u> | <u>14,908</u> | <u>422,722</u> | <u>954,337</u> | <u>1,377,059</u> | <u>1,194,975</u> |
| Supporting Services | | | | | | | |
| Management and General | 156,710 | 2,099 | 2,170 | 160,979 | 23,328 | 184,307 | 122,709 |
| Fund Raising-General | 220,192 | 2,883 | 2,984 | 226,059 | 0 | 226,059 | 294,233 |
| Total Supporting Services | <u>376,902</u> | <u>4,982</u> | <u>5,154</u> | <u>387,038</u> | <u>23,328</u> | <u>410,366</u> | <u>416,942</u> |
| TOTAL EXPENSES | <u>747,251</u> | <u>42,447</u> | <u>20,062</u> | <u>809,760</u> | <u>977,665</u> | <u>1,787,425</u> | <u>1,611,917</u> |
| NET ASSETS BEFORE OTHER CHANGES | <u>545,898</u> | <u>(42,447)</u> | <u>17,466</u> | <u>520,917</u> | <u>0</u> | <u>520,917</u> | <u>617,110</u> |
| OTHER CHANGES IN NET ASSETS | | | | | | | |
| Net Asset Transfers | (675,439) | 670,439 | 5,000 | 0 | 0 | 0 | 0 |
| Unrealized Gains/(Losses) | 0 | 0 | 222,076 | 222,076 | 0 | 222,076 | 123,954 |
| Realized Capital Gains/(Losses) | 0 | 0 | 12,142 | 12,142 | 0 | 12,142 | 9,593 |
| TOTAL OTHER CHANGES IN NET ASSETS | <u>(675,439)</u> | <u>670,439</u> | <u>239,218</u> | <u>234,218</u> | <u>0</u> | <u>234,218</u> | <u>133,547</u> |
| CHANGES IN NET ASSETS | (129,541) | 627,992 | 256,684 | 755,135 | 0 | 755,135 | 750,657 |
| NET ASSETS AT BEGINNING OF YEAR | <u>111,625</u> | <u>1,378,820</u> | <u>2,323,656</u> | <u>3,814,101</u> | <u>0</u> | <u>3,814,101</u> | <u>3,063,444</u> |
| NET ASSETS AT END OF YEAR | <u>(\$17,916)</u> | <u>\$2,006,812</u> | <u>\$2,580,340</u> | <u>\$4,569,236</u> | <u>\$0</u> | <u>\$4,569,236</u> | <u>\$3,814,101</u> |

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

PINELANDS PRESERVATION ALLIANCE, INC.
STATEMENT OF CASH FLOWS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016

| | 2017 | 2016 |
|--|------------|------------|
| Cash Flows from Operating Activities: | | |
| Changes in Net Assets | \$ 755,135 | \$ 750,657 |
| Adjustments to Reconcile Revenues Over Expenses to Net Cash Provided by Operating Activities: | | |
| Unrealized (Gains)/Losses on Investment | (222,076) | (123,954) |
| Depreciation | 42,447 | 36,468 |
| Accumulated Depreciation on Dispositions | (846) | 0 |
| Changes in Assets and Liabilities: | | |
| (Increase)/Decrease in: | | |
| Grants Receivable | (24,862) | 0 |
| Loans Receivable | (12,500) | 0 |
| Increase/(Decrease) in: | | |
| Accounts Payable | 3,294 | (9,678) |
| Employee Benefits Payable | 9,250 | 0 |
| Taxes Payable | 8,224 | 0 |
| Deferred Income | (248,753) | 60,355 |
| Net Cash Provided by Operating Activities | 309,313 | 713,848 |
| Cash Flows from Investing Activities: | | |
| Investment Additions | (54,670) | (567,281) |
| Investment Dispositions | 20,062 | 33,943 |
| Property and Equipment Acquisitions | (672,414) | (181,965) |
| Property and Equipment Dispositions | 2,821 | 0 |
| Net Cash Used by Investing Activities | (704,201) | (715,303) |
| Increase in Cash | (394,888) | (1,455) |
| Cash as Beginning of Period | 687,099 | 688,554 |
| Cash as End of Period | \$ 292,211 | \$ 687,099 |
| Interest Paid | \$ -0- | \$ -0- |
| Income 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, 2017
(WITH COMPARATIVE AUDITED TOTALS FROM SEPTEMBER 30, 2016)

| | Education and Stewardship | Monitoring Public Agencies | Total Program Services | Management and General | Fund Raising | Total Supporting Services | 2017 TOTAL | 2016 TOTAL |
|--|---------------------------|----------------------------|------------------------|------------------------|------------------|---------------------------|--------------------|--------------------|
| Buildings and Property | \$15,120 | \$12,094 | \$27,214 | \$3,701 | \$3,455 | \$7,156 | \$34,370 | \$36,555 |
| Taxes & Fees | 32,050 | 0 | 32,050 | 0 | 0 | 0 | 32,050 | 18,524 |
| Computer & Equipment | 8,374 | 11,995 | 20,369 | 3,672 | 3,427 | 7,099 | 27,468 | 19,601 |
| Equipment Maintenance & Repairs | 24,715 | 1,452 | 26,167 | 444 | 415 | 859 | 27,026 | 31,898 |
| Telephone | 3,418 | 3,150 | 6,568 | 964 | 900 | 1,864 | 8,432 | 6,853 |
| Consulting & Professional Fees | 174,489 | 126,723 | 301,212 | 1,352 | 17,362 | 18,714 | 319,926 | 102,042 |
| Volunteer Coordinator | 30,917 | 0 | 30,917 | 0 | 0 | 0 | 30,917 | 28,000 |
| Audit Fee | 1,100 | 2,450 | 3,550 | 750 | 700 | 1,450 | 5,000 | 4,750 |
| Insurance | 43,811 | 10,936 | 54,747 | 3,348 | 3,124 | 6,472 | 61,219 | 50,705 |
| Memberships & Subscriptions | 1,935 | 4,311 | 6,246 | 1,320 | 1,231 | 2,551 | 8,797 | 5,871 |
| Office Expenses & Supplies | 11,510 | 11,349 | 22,859 | 3,474 | 3,242 | 6,716 | 29,575 | 18,039 |
| Meetings & Professional Development | 4,646 | 2,400 | 7,046 | 735 | 686 | 1,421 | 8,467 | 7,122 |
| Travel | 2,660 | 5,923 | 8,583 | 1,814 | 1,693 | 3,507 | 12,090 | 15,677 |
| Educational Programs | 3,390 | 0 | 3,390 | 0 | 0 | 0 | 3,390 | 6,836 |
| Events and Projects - Brendan Byrne | 0 | 0 | 0 | 0 | 16,191 | 16,191 | 16,191 | 75,789 |
| Events and Projects | 17,428 | 0 | 17,428 | 0 | 0 | 0 | 17,428 | 13,260 |
| Publications & Publicity | 32,439 | 0 | 32,439 | 0 | 32,439 | 32,439 | 64,878 | 92,581 |
| Salaries, Wages & Benefits | 392,279 | 253,004 | 645,283 | 147,901 | 126,307 | 274,208 | 919,491 | 915,615 |
| Payroll Taxes | 28,015 | 18,069 | 46,084 | 10,563 | 9,020 | 19,583 | 65,667 | 67,800 |
| Special Projects | 32,534 | 0 | 32,534 | 0 | 0 | 0 | 32,534 | 43,325 |
| Investment Expense | 5,903 | 9,005 | 14,908 | 2,170 | 2,984 | 5,154 | 20,062 | 14,606 |
| TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION AND LOSS ON ASSET DISPOSITION | 866,733 | 472,861 | 1,339,594 | 182,208 | 223,176 | 405,384 | 1,744,978 | 1,575,449 |
| Depreciation | 28,763 | 8,702 | 37,465 | 2,099 | 2,883 | 4,982 | 42,447 | 36,468 |
| TOTAL FUNCTIONAL EXPENSES | \$895,496 | \$481,563 | \$1,377,059 | \$184,307 | \$226,059 | \$410,366 | \$1,787,425 | \$1,611,917 |

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

PINELANDS PRESERVATION ALLIANCE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016

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. Temporarily restricted cash and cash equivalents are limited in use for payment of costs associated with the organization's special project. See Note 6 - Special Project below.

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, 2017 AND 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 9/30/2017, 9/30/2016 and 9/30/2015 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. (Level 1) 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 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following uses as of September 30:

| | 2017 | 2016 |
|----------------------|------------|------------|
| Other Activities | \$ 94,760 | \$180,000 |
| Pinelands Adventures | 152,448 | 67,777 |
| | \$ 247,208 | \$ 247,777 |

NOTE 4 - LOANS RECEIVABLE

Loans Receivable is a short term loan to a nonprofit organization. The interest rate on the loan is zero percent (0%), with a maturity date of November 30, 2017. The loan was repaid in full on November 14, 2017.

NOTE 5 - INVESTMENTS

Investments are unrestricted net assets that the Board has designated as an Endowment Fund. The Board has no specific investment policies other than to rely on the investment policies of the fund managers of the Foundations with which it invests. All appropriations for investment and expenditures are at the discretion of the Board.

PINELANDS PRESERVATION ALLIANCE, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

NOTE 5 - INVESTMENTS (continued)

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, 2017</u> | | | |
| Community Foundation of New Jersey - Mutual Funds | \$ 1,250,470 | \$ 1,186,065 | \$ 64,405 |
| Princeton Area Community Foundations - Mutual Funds | <u>1,329,870</u> | <u>1,119,978</u> | <u>209,892</u> |
| Totals | <u>\$ 2,580,340</u> | <u>\$ 2,306,043</u> | <u>\$ 274,297</u> |
| <u>September 30, 2016</u> | | | |
| Community Foundation of New Jersey - Mutual Funds | \$ 1,140,572 | \$ 1,153,629 | \$ (13,057) |
| Princeton Area Community Foundations - Mutual Funds | <u>1,183,084</u> | <u>1,122,806</u> | <u>60,278</u> |
| Totals | <u>\$ 2,323,656</u> | <u>\$ 2,276,435</u> | <u>\$ 47,221</u> |

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

| | <u>2017</u> | <u>2016</u> |
|--------------------------------|---------------------|---------------------|
| Land | \$ 327,628 | \$ 327,628 |
| Building and Improvements | 1,704,673 | 1,059,285 |
| Equipment/Fixtures/Intangibles | <u>326,574</u> | <u>302,369</u> |
| | 2,358,875 | 1,689,282 |
| Less: Accumulated Depreciation | <u>(352,063)</u> | <u>(310,462)</u> |
| Net Property and Equipment | <u>\$ 2,006,812</u> | <u>\$ 1,378,820</u> |

NOTE 7 - TAXES PAYABLE

Taxes payable represents sales taxes due.

NOTE 8 - EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through July 24, 2018, the date which the financial statements were available to be issued.