

PINELANDS PRESERVATION ALLIANCE, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2018 AND 2017

PINELANDS PRESERVATION ALLIANCE, INC.  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018 AND 2017

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# ***C DIGIACOMO CPA & ASSOCIATES LLC***

## ***Certified Public Accounting Firm***

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### **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, 2018, 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, 2018, 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 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 24, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*C DiGiacomo CPA & Associates, LLC*

Marlton, NJ  
August 21, 2019

PINELANDS PRESERVATION ALLIANCE, INC.  
STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2018  
(WITH COMPARATIVE AUDITED TOTALS FROM SEPTEMBER 30, 2017)

	UNRESTRICTED			TEMPORARILY RESTRICTED		2017 TOTAL
	Undesignated	Land, Bldgs., & Equipment	Endowment Fund	Total Unrestricted	Temporarily Restricted	
<b>ASSETS</b>						
Cash	\$1,243,947			\$1,243,947	\$400,909	\$292,211
Grants Receivable	0			0	0	25,000
Loans Receivable	12,500			12,500		12,500
Investments (Note 5)			\$2,660,890	2,660,890		2,580,340
Property and Equipment, Net (Note 6)		\$2,054,201		2,054,201		2,006,812
<b>TOTAL ASSETS</b>	<u>\$1,256,447</u>	<u>\$2,054,201</u>	<u>\$2,660,890</u>	<u>\$5,971,538</u>	<u>\$400,909</u>	<u>\$4,916,863</u>
<b>LIABILITIES</b>						
Accounts Payable	\$19,229			\$19,229		\$5,234
Employee Benefits Payable	9,174			9,174		9,250
Taxes Payable	32,071			32,071		8,224
Deferred Income				0	\$400,909	324,919
Due to/from Funds	0	\$0	\$0	0	0	0
<b>TOTAL LIABILITIES</b>	<u>60,474</u>	<u>0</u>	<u>0</u>	<u>60,474</u>	<u>400,909</u>	<u>347,627</u>
<b>NET ASSETS</b>	<u>1,195,974</u>	<u>2,054,201</u>	<u>2,660,889</u>	<u>5,911,064</u>	<u>0</u>	<u>4,569,236</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$1,256,448</u>	<u>\$2,054,201</u>	<u>\$2,660,889</u>	<u>\$5,971,538</u>	<u>\$400,909</u>	<u>\$4,916,863</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, 2018  
 (WITH COMPARATIVE AUDITED TOTALS FROM SEPTEMBER 30, 2017)

	UNRESTRICTED					2017 TOTAL
	Undesignated	Land, Bldgs., & Equipment	Endowment Fund	Total Unrestricted	Temporarily Restricted	
<b>SUPPORT AND REVENUE</b>						
Support						
Foundations	\$10,000			\$10,000	\$600,951	\$799,995
Corporations	20,286			20,286		10,767
Individuals	1,359,582			1,359,582		413,455
Trustees	52,361			52,361		35,123
Special Projects						
Foundations	150,000			150,000	107,508	364,629
Corporations	25,000			25,000	17,500	86,950
Individuals	119,754			119,754	100,000	218,721
Trustees	50			50	50	26,908
Other	0			0	5,000	26,908
<b>Total Support</b>	<b>1,737,033</b>	<b>0</b>		<b>1,737,033</b>	<b>830,959</b>	<b>1,983,456</b>
Revenue						
Events and Programs - Other	30,046			30,046		20,226
Events and Programs - Pinelands Adventures	334,859			334,859		244,861
Rental Income - Pinelands Adventures Properties	12,400			12,400		14,400
Sales						
(Gross Revenue \$70,310						
Less Direct Costs (26,794)						
Investment Income	43,516		\$39,395	43,516		34,385
Total Revenue	423,144	0	39,395	462,539	0	37,922
<b>TOTAL SUPPORT AND REVENUE</b>	<b>2,160,177</b>	<b>0</b>	<b>39,395</b>	<b>2,199,572</b>	<b>830,959</b>	<b>2,335,250</b>

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, 2018  
 (WITH COMPARATIVE AUDITED TOTALS FROM SEPTEMBER 30, 2017)

	UNRESTRICTED					2017 TOTAL
	Undesignated	Land, Bldgs., & Equipment	Endowment Fund	Total Unrestricted	Temporarily Restricted	
<b>EXPENSES</b>						
Program Services						
Education & Outreach	558,762	50,469	11,442	620,673	573,398	895,496
Monitoring Public Agencies	(43,634)	6,536	3,862	(33,236)	257,561	481,563
Total Program Services	515,128	57,005	15,304	587,437	830,959	1,377,059
Supporting Services						
Management and General	161,982	4,949	2,924	169,855	0	184,307
Fund Raising-General	227,873	6,961	4,113	238,947	0	226,059
Total Supporting Services	389,855	11,910	7,037	408,802	0	410,366
<b>TOTAL EXPENSES</b>	<b>904,983</b>	<b>68,915</b>	<b>22,341</b>	<b>996,239</b>	<b>830,959</b>	<b>1,787,425</b>
<b>NET ASSETS BEFORE OTHER CHANGES</b>	<b>1,255,194</b>	<b>(68,915)</b>	<b>17,054</b>	<b>1,203,333</b>	<b>0</b>	<b>547,825</b>
<b>OTHER CHANGES IN NET ASSETS</b>						
Net Asset Transfers	(41,304)	116,304	(75,000)	0	0	0
Unrealized Gains/(Losses)	0	0	109,382	109,382	0	222,076
Realized Capital Gains/(Losses)	0	0	29,113	29,113	0	12,142
<b>TOTAL OTHER CHANGES IN NET ASSETS</b>	<b>(41,304)</b>	<b>116,304</b>	<b>63,495</b>	<b>138,495</b>	<b>0</b>	<b>234,218</b>
<b>CHANGES IN NET ASSETS</b>	<b>1,213,890</b>	<b>47,389</b>	<b>80,549</b>	<b>1,341,828</b>	<b>0</b>	<b>782,043</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>(17,916)</b>	<b>2,006,812</b>	<b>2,580,340</b>	<b>4,569,236</b>	<b>0</b>	<b>3,814,101</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$1,195,974</b>	<b>\$2,054,201</b>	<b>\$2,660,889</b>	<b>\$5,911,064</b>	<b>\$0</b>	<b>\$4,596,144</b>

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 See Notes to the Financial Statements.

PINELANDS PRESERVATION ALLIANCE, INC.  
STATEMENT OF CASH FLOWS  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

	2018	2017
Cash Flows from Operating Activities:		
Changes in Net Assets	\$ 1,341,828	\$ 755,135
Adjustments to Reconcile Revenues Over Expenses to Net Cash Provided by Operating Activities:		
Unrealized (Gains)/Losses on Investment	(109,382)	(222,076)
Depreciation	68,915	42,447
Accumulated Depreciation on Dispositions	0	(846)
Changes in Assets and Liabilities:		
(Increase)/Decrease in:		
Grants Receivable	25,000	(24,862)
Loans Receivable	0	(12,500)
Increase/(Decrease) in:		
Accounts Payable	13,995	3,294
Employee Benefits Payable	(76)	9,250
Taxes Payable	23,847	8,224
Deferred Income	75,990	(248,753)
Net Cash Provided by Operating Activities	1,440,117	309,313
Cash Flows from Investing Activities:		
Investment Additions	(46,167)	(54,670)
Investment Dispositions	75,000	20,062
Property and Equipment Acquisitions	(116,305)	(672,414)
Property and Equipment Dispositions	0	2,821
Net Cash Used by Investing Activities	(87,472)	(704,201)
Increase/(Decrease) in Cash	1,352,645	(394,888)
Cash as Beginning of Period	292,211	687,099
Cash as End of Period	\$ 1,644,856	\$ 292,211
Interest Paid	\$ -0-	\$ -0-
Income Taxes Paid	\$ -0-	\$ -0-

See Independent Auditor's Report  
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PINELANDS PRESERVATION ALLIANCE, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2018  
(WITH COMPARATIVE AUDITED TOTALS FROM SEPTEMBER 30, 2017)

	Education and Stewardship	Monitoring Public Agencies	Total Program Services	Management and General	Fund Raising	Total Supporting Services	2018 TOTAL	2017 TOTAL
Buildings and Property	\$40,194	\$10,006	\$50,200	\$8,399	\$8,874	\$17,273	\$67,473	\$34,370
Taxes & Fees	35,686	0	35,686	0	0	0	35,686	32,050
Computer & Equipment	31,729	5,655	37,384	4,747	5,016	9,763	47,147	24,468
Equipment Maintenance & Repairs	20,382	0	20,382	0	0	0	20,382	27,026
Telephone	5,205	1,384	6,589	1,161	1,227	2,388	8,977	8,432
Consulting & Professional Fees	78,211	26,731	104,942	1,393	22,665	24,058	129,000	319,926
Volunteer Coordinator	33,000	0	33,000	0	0	0	33,000	30,917
Audit Fee	2,123	1,146	3,269	964	1,017	1,981	5,250	5,000
Insurance	48,273	3,233	51,506	2,715	2,868	5,583	57,089	61,219
Memberships & Subscriptions	6,050	3,268	9,318	2,743	2,899	5,642	14,960	8,797
Office Expenses & Supplies	17,341	5,073	22,414	4,258	4,499	8,757	31,171	29,575
Meetings & Professional Development	4,442	830	5,272	697	737	1,434	6,706	8,467
Travel	4,766	2,574	7,340	2,162	2,284	4,446	11,786	12,090
Educational Programs	7,204	0	7,204	0	0	0	7,204	3,390
Events and Projects - Brendan Byrne	0	0	0	0	0	0	0	16,191
Events and Projects	24,991	0	24,991	0	0	0	24,991	17,428
Publications & Publicity	66,443	0	66,443	0	41,374	41,374	107,817	64,878
Salaries, Wages & Benefits	574,137	142,634	716,771	123,180	124,309	247,489	964,260	919,491
Payroll Taxes	45,641	11,393	57,034	9,563	10,104	19,667	76,701	65,667
Special Projects	86,342	0	86,342	0	0	0	86,342	32,534
Investment Expense	11,442	3,862	15,304	2,924	4,113	7,037	22,341	20,062
<b>TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION AND LOSS ON ASSET DISPOSITION</b>	<b>1,143,602</b>	<b>217,789</b>	<b>1,361,391</b>	<b>164,906</b>	<b>231,986</b>	<b>396,892</b>	<b>1,758,283</b>	<b>1,741,978</b>
Depreciation	50,469	6,536	57,005	4,949	6,961	11,910	68,915	42,447
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$1,194,071</b>	<b>\$224,325</b>	<b>\$1,418,396</b>	<b>\$169,855</b>	<b>\$238,947</b>	<b>\$408,802</b>	<b>\$1,827,198</b>	<b>\$1,784,425</b>

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, 2018 AND 2017

**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 in accordance with accounting principles generally accepted in the United States of America (GAAP). In the statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

Cash and Cash Equivalents

PPA considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Fair Value Measurements

GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are those that market participants operating within the same marketplace as the Organization would use in pricing the Organization's assets or liabilities based on independently derived and objectively determinable market data. Unobservable inputs are those that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of the Organization are traded. The Organization estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants who have investments in the same or similar assets would use, as determined by the money managers administering each investment based on the best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

Level 1 - Valuation is based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 - Valuation is based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly.

Level 3 - Valuation is based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

PINELANDS PRESERVATION ALLIANCE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and Equipment are recored at their aggregate purchase cost, apportioned to individual assets on the basis of fair market value at the date of acquisition. Depreciation is provided over the estimated useful life for each class of depreciable asset and is computed using the straight-line method. The estimated useful lives of various asset classes are as follows:

	<u>Years</u>
Fixed Equipment	5 - 7
Major moveable equipment	5 - 7

Impairment of Long-Lived Assets

GAAP provides a single accounting model for long-lived assets to be disposed of. GAAP also changes the criteria for classifying an asset as held-for-sale, and broadens the scope of businesses to be disposed of that qualify for reporting as discontinued operations, and changes the timing of recognizing losses on such operations.

In accordance with GAAP, long-lived assets, such as property, plant and equipment, and purchased intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the estimated undiscounted future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the statement of financial condition and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposed group classified as held-for-sale would be presented separately in the appropriate asset and liability sections of the statement of financial condition. There were no impairment charges recognized as of September 30, 2018.

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.

PINELANDS PRESERVATION ALLIANCE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consistent primarily of cash and cash equivalents in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits. At various times during the fiscal year, the Organization may have cash deposits at financial institutions in excess of FDIC insurance limits. These financial institutions have strong credit ratings and management believes that credit risk related to these accounts is minimal.

Contributions

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

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 9/30/2018, 9/30/2017 and 9/30/2016 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.

PINELANDS PRESERVATION ALLIANCE, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

NOTE 3 - TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2018</u>	<u>2017</u>
Other Activities	\$ 315,369	\$94,760
Pinelands Adventures	85,540	152,448
	<u>\$ 400,909</u>	<u>\$ 247,208</u>

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, 2018. The loan was repaid in full on November 15, 2018.

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 of the fund managers of the Foundations with which it invests. All appropriations for investment and expenditures are at the descretion of the Board.

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

	<u>Market Value</u>	<u>Cost</u>	<u>Unrealized Gain/(Loss)</u>
<u>September 30, 2018</u>			
Community Foundation of New Jersey - Mutual Funds	\$ 1,242,255	\$ 1,198,992	\$ 43,263
Princeton Area Community Foundations - Mutual Funds	<u>1,418,634</u>	<u>1,153,218</u>	<u>265,416</u>
Totals	<u>\$ 2,660,889</u>	<u>\$ 2,352,210</u>	<u>\$ 308,679</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>

PINELANDS PRESERVATION ALLIANCE, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

	2018	2017
Land	\$ 327,628	\$ 327,628
Building and Improvements	1,754,722	1,704,673
Equipment/Fixtures/Intangibles	392,829	326,574
	2,475,179	2,358,875
Less: Accumulated Depreciation	(420,978)	(352,063)
Net Property and Equipment	\$ 2,054,201	\$ 2,006,812

NOTE 7 - TAXES PAYABLE

Taxes payable represents payroll and sales taxes due.

NOTE 8 - EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through August 21, 2019, the date which the financial statements were available to be issued.