

PINELANDS PRESERVATION ALLIANCE, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

PINELANDS PRESERVATION ALLIANCE, INC.  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018

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

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

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*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, 2019, 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, 2019, 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 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 21, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*C DiGiacomo CPA & Associates, LLC*

Marlton, NJ  
June 19, 2020

PINELANDS PRESERVATION ALLIANCE, INC.  
STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2019

(WITH COMPARATIVE AUDITED TOTALS FROM SEPTEMBER 30, 2018)

	UNRESTRICTED		TEMPORARILY RESTRICTED		2018 TOTAL	
	Undesignated	Land, Bldgs., & Equipment	Endowment Fund	Total Unrestricted		Temporarily Restricted
<b>ASSETS</b>						
Cash	\$388,168			\$388,168	\$214,865	\$1,644,856
Loans Receivable				0	0	12,500
Investments (Note 5)			\$3,041,560	3,041,560	3,041,560	2,660,890
Property and Equipment, Net (Note 6)		\$3,802,708		3,802,708	3,802,708	2,054,201
<b>TOTAL ASSETS</b>	<u>\$388,168</u>	<u>\$3,802,708</u>	<u>\$3,041,560</u>	<u>\$7,232,436</u>	<u>\$7,447,301</u>	<u>\$6,372,447</u>
<b>LIABILITIES</b>						
Security Deposits	\$5,020			\$5,020		\$0
Accounts Payable	116,052			116,052		19,229
Employee Benefits Payable				0	0	9,174
Taxes Payable	10,523			10,523		32,071
Deferred Income				0	\$214,865	400,909
<b>TOTAL LIABILITIES</b>	<u>131,595</u>	<u>0</u>	<u>0</u>	<u>131,595</u>	<u>214,865</u>	<u>461,383</u>
<b>NET ASSETS</b>	<u>256,573</u>	<u>3,802,708</u>	<u>3,041,560</u>	<u>7,100,841</u>	<u>7,100,841</u>	<u>5,911,064</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$388,168</u>	<u>\$3,802,708</u>	<u>\$3,041,560</u>	<u>\$7,232,436</u>	<u>\$7,447,301</u>	<u>\$6,372,447</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, 2019  
 (WITH COMPARATIVE AUDITED TOTALS FROM SEPTEMBER 30, 2018)

UNRESTRICTED

	2019			2018		
	Undesignated	Land, Bldgs., & Equipment	Endowment Fund	Total Unrestricted	Temporarily Restricted	TOTAL
<b>SUPPORT AND REVENUE</b>						
Support						
Foundations	\$10,000			\$10,000	\$727,451	\$610,951
Corporations	525,994			525,994		20,286
Individuals	434,570			434,570		1,359,582
Trustees	51,496			51,496		52,361
Special Projects						
Foundations				0	592,955	257,508
Corporations	250			250	7,750	42,500
Individuals	314,641			314,641		219,754
Trustees	6,227			6,227	6,227	50
Other	26,114			26,114	26,114	5,000
<b>Total Support Revenue</b>	<b>1,369,292</b>	<b>0</b>		<b>1,369,292</b>	<b>1,327,906</b>	<b>2,567,992</b>
Events and Programs - Other	94,258			94,258		30,046
Events and Programs - Pinelands Adventures	436,735			436,735		334,859
Rental Income - Pinelands Adventures Properties Sales	0			0	0	12,400
(Gross Revenue \$65,213 Less Direct Costs 39,957)	25,256			25,256		43,516
Investment Income	3,305		\$61,643	64,948	64,948	41,718
Total Revenue	559,554	0	61,643	621,197	0	462,539
<b>TOTAL SUPPORT AND REVENUE</b>	<b>1,928,846</b>	<b>0</b>	<b>61,643</b>	<b>1,990,489</b>	<b>1,327,906</b>	<b>3,030,531</b>

PENELANDS PRESERVATION ALLIANCE, INC.  
 STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
 FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2019  
 (WITH COMPARATIVE AUDITED TOTALS FROM SEPTEMBER 30, 2018)

	UNRESTRICTED					2018 TOTAL
	Undesignated	Land, Bldgs., & Equipment	Endowment Fund	Total Unrestricted	Temporarily Restricted	
<b>EXPENSES</b>						
Program Services						
Education & Outreach	117,158	63,982	15,198	196,338	1,154,046	1,194,071
Monitoring Public Agencies	173,561	6,409	4,029	183,999	173,860	224,325
Total Program Services	290,719	70,391	19,227	380,337	1,327,906	1,418,396
Supporting Services						
Management and General	197,121	3,759	2,285	203,165	0	169,855
Fund Raising-General	253,024	4,725	2,934	260,683	0	238,947
Total Supporting Services	450,145	8,484	5,219	463,848	0	408,802
<b>TOTAL EXPENSES</b>	740,864	78,875	24,446	844,185	1,327,906	1,827,198
<b>NET ASSETS BEFORE OTHER CHANGES</b>	1,187,982	(78,875)	37,197	1,146,304	0	1,203,333
<b>OTHER CHANGES IN NET ASSETS</b>						
Net Asset Transfers	(2,127,383)	1,827,382	300,001	0	0	0
Unrealized Gains/(Losses)	0	0	55,163	55,163	0	109,382
Realized Capital Gains/(Losses)	0	0	(11,690)	(11,690)	0	29,113
<b>TOTAL OTHER CHANGES IN NET ASSETS</b>	(2,127,383)	1,827,382	343,474	43,473	0	138,495
<b>CHANGES IN NET ASSETS</b>	(939,401)	1,748,507	380,671	1,189,777	0	1,341,828
<b>NET ASSETS AT BEGINNING OF YEAR</b>	1,195,974	2,054,201	2,660,889	5,911,064	0	4,569,236
<b>NET ASSETS AT END OF YEAR</b>	\$256,573	\$3,802,708	\$3,041,560	\$7,100,841	\$0	\$5,911,064

PINELANDS PRESERVATION ALLIANCE, INC.  
STATEMENT OF CASH FLOWS  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Changes in Net Assets	\$ 1,189,777	\$ 1,341,828
Adjustments to Reconcile Revenues Over Expenses to Net Cash Provided by Operating Activities:		
Unrealized (Gains)/Losses on Investment	(55,163)	(109,382)
Depreciation	78,875	68,915
Changes in Assets and Liabilities:		
(Increase)/Decrease in:		
Grants Receivable	0	25,000
Loans Receivable	12,500	0
Increase/(Decrease) in:		
Security Deposits	5,020	0
Accounts Payable	96,824	13,995
Employee Benefits Payable	(9,174)	(76)
Taxes Payable	(21,548)	23,847
Deferred Income	(186,044)	75,990
Net Cash Provided by Operating Activities	<u>1,111,067</u>	<u>1,440,117</u>
Cash Flows from Investing Activities:		
Investment Additions	(325,508)	(46,167)
Investment Dispositions	0	75,000
Property and Equipment Acquisitions	<u>(1,827,382)</u>	<u>(116,305)</u>
Net Cash Used by Investing Activities	<u>(2,152,890)</u>	<u>(87,472)</u>
Increase/(Decrease) in Cash	(1,041,823)	1,352,645
Cash as Beginning of Period	<u>1,644,856</u>	<u>292,211</u>
Cash as End of Period	<u>\$ 603,033</u>	<u>\$ 1,644,856</u>
Interest Paid	<u>\$ -0-</u>	<u>\$ -0-</u>
Income Taxes Paid	<u>\$ -0-</u>	<u>\$ -0-</u>

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, 2019  
(WITH COMPARATIVE AUDITED TOTALS FROM SEPTEMBER 30, 2018)

	Education and Stewardship	Monitoring Public Agencies	Total Program Services	Management and General	Fund Raising	Total Supporting Services	2019 TOTAL	2018 TOTAL
Buildings and Property	\$36,357	\$8,927	\$45,284	\$7,183	\$6,893	\$14,076	\$59,360	\$67,473
Taxes & Fees	20,904	0	20,904	0	0	0	20,904	35,686
Computer & Equipment	19,738	7,763	27,501	6,247	5,994	12,241	39,742	47,147
Equipment Maintenance & Repairs	41,133	0	41,133	0	0	0	41,133	20,382
Telephone	5,349	1,685	7,034	1,357	1,301	2,658	9,692	8,977
Consulting & Professional Fees	63,847	92,263	156,110	2,564	22,559	25,123	181,233	129,000
Volunteer Coordinator	33,000	0	33,000	0	0	0	33,000	33,000
Audit Fee	2,551	1,503	4,054	1,210	1,161	2,371	6,425	5,250
Insurance	53,551	6,161	59,712	4,958	4,757	9,715	69,427	57,089
Memberships & Subscriptions	6,954	4,098	11,052	3,298	3,164	6,462	17,514	14,960
Office Expenses & Supplies	18,829	5,996	24,825	4,824	4,629	9,453	34,278	31,171
Meetings & Professional Development	7,921	1,733	9,654	1,395	1,338	2,733	12,387	6,706
Travel	5,970	3,518	9,488	2,832	2,717	5,549	15,037	11,786
Educational Programs	5,916	0	5,916	0	0	0	5,916	7,204
Events and Projects	43,194	0	43,194	0	0	0	43,194	24,991
Publications & Publicity	73,285	0	73,285	0	47,570	47,570	120,855	107,817
Salaries, Wages & Benefits	645,641	192,697	838,338	145,985	135,016	281,001	1,119,339	964,260
Payroll Taxes	46,220	14,485	60,705	11,655	11,184	22,839	83,544	76,701
Special Projects	155,790	0	155,790	0	0	0	155,790	86,342
Investment Expense	15,198	4,029	19,227	2,285	2,934	5,219	24,446	22,341
<b>TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION AND LOSS ON ASSET DISPOSITION</b>	<b>1,301,348</b>	<b>344,858</b>	<b>1,646,206</b>	<b>195,793</b>	<b>251,217</b>	<b>447,010</b>	<b>2,093,216</b>	<b>1,758,283</b>
Depreciation	63,982	6,409	70,391	3,759	4,725	8,484	78,875	68,915
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$1,365,330</b>	<b>\$351,267</b>	<b>\$1,716,597</b>	<b>\$199,552</b>	<b>\$255,942</b>	<b>\$455,494</b>	<b>\$2,172,091</b>	<b>\$1,827,198</b>

PINELANDS PRESERVATION ALLIANCE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

**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, 2019 AND 2018

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, 2019.

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, 2019 AND 2018

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 consist 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 9/30/2019, 9/30/2018 and 9/30/2017 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, 2019 AND 2018

NOTE 3 - TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2019</u>	<u>2018</u>
Other Activities	\$ 210,781	\$ 315,369
Pinelands Adventures	4,085	85,540
	<u>\$ 214,866</u>	<u>\$ 400,909</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 the fund managers of the Foundations with which it invests. All appropriations for investment and expenditures are at the discretion of the Board.

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, 2019</u>			
Community Foundation of New Jersey - Mutual Funds	\$ 1,596,974	\$ 1,513,710	\$ 83,264
Princeton Area Community Foundations - Mutual Funds	<u>1,444,586</u>	<u>1,164,008</u>	<u>280,578</u>
Totals	<u>\$ 3,041,560</u>	<u>\$ 2,677,718</u>	<u>\$ 363,842</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>

PINELANDS PRESERVATION ALLIANCE, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

	<u>2019</u>	<u>2018</u>
Land	\$ 840,099	\$ 327,628
Building and Improvements	3,008,537	1,754,722
Equipment/Fixtures/Intangibles	453,925	392,829
	<u>4,302,561</u>	<u>2,475,179</u>
Less: Accumulated Depreciation	<u>(499,853)</u>	<u>(420,978)</u>
Net Property and Equipment	<u>\$ 3,802,708</u>	<u>\$ 2,054,201</u>

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 June 19, 2020 the date which the financial statements were available to be issued.