



**NEW JERSEY
AUDUBON
SOCIETY**

www.njaudubon.org

Financial Statements

August 31, 2015 and 2014

With Independent Auditors' Reports

New Jersey Audubon Society
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August 31, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
New Jersey Audubon Society:

Report on the Financial Statements

We have audited the accompanying financial statements of New Jersey Audubon Society, which comprise the statements of financial position as of August 31, 2015 and 2014, and the related statements of activities and changes in net assets, cash flows and functional expenses 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors' 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 New Jersey Audubon Society as of August 31, 2015 and 2014, and the changes in its net assets, cash flows and functional expenses for the years then ended in accordance with accounting principles generally accepted in the United States of America.



March 4, 2016

New Jersey Audubon Society
Statements of Financial Position
August 31, 2015 and 2014

	2015	2014
Assets		
Current assets		
Cash and cash equivalents	\$ 494,930	\$ 515,030
Grants and contracts receivable	568,812	304,805
Loans receivable	19,163	23,224
Contributions receivable	108,800	113,588
Bequests receivable	522,042	37,500
Prepaid expenses and other current assets	62,653	52,698
Merchandise inventory	<u>546,703</u>	<u>521,942</u>
Total current assets	2,323,103	1,568,787
Property and equipment, net	3,661,891	3,911,946
Other assets		
Investments	3,279,466	3,498,024
Contributions receivable, net	39,093	52,947
Beneficial interest in remainder trust	426,550	760,689
Land held in perpetuity	<u>18,260,929</u>	<u>18,260,929</u>
Total other assets	<u>22,006,038</u>	<u>22,572,589</u>
	<u>\$ 27,991,032</u>	<u>\$ 28,053,322</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 304,735	\$ 233,769
Deferred revenue	<u>199,017</u>	<u>368,466</u>
Total current liabilities	503,752	602,235
Net assets		
Unrestricted	6,801,153	6,409,011
Temporarily restricted	1,339,704	1,658,514
Permanently restricted	<u>19,346,423</u>	<u>19,383,562</u>
Total net assets	<u>27,487,280</u>	<u>27,451,087</u>
	<u>\$ 27,991,032</u>	<u>\$ 28,053,322</u>

The Notes to Financial Statements are an integral part of these statements.

New Jersey Audubon Society
Statements of Activities and Changes in Net Assets
Years Ended August 31, 2015 and 2014

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenues								
Sale of merchandise	\$ 1,049,996	\$ --	\$ --	\$ 1,049,996	\$ 988,531	\$ --	\$ --	\$ 988,531
Less: Cost of goods sold	(805,921)	--	--	(805,921)	(762,696)	--	--	(762,696)
Net sales of merchandise	244,075	--	--	244,075	225,835	--	--	225,835
Contributions	1,175,780	259,761	--	1,435,541	927,456	747,218	--	1,674,674
Contributions - property	--	--	--	--	--	320,800	1,125,100	1,445,900
Contributions - bequests	1,089,491	--	--	1,089,491	81,075	--	--	81,075
Grants and contracts	2,775,103	--	--	2,775,103	1,213,832	--	--	1,213,832
Program fees	875,871	--	--	875,871	920,916	--	--	920,916
Membership dues	462,296	--	--	462,296	470,060	--	--	470,060
Rental and leasehold income	6,875	--	--	6,875	8,336	--	--	8,336
Event income	--	--	--	--	127,460	--	--	127,460
Change in value of beneficial interest in residual trust	--	--	(37,139)	(37,139)	--	32,000	23,529	55,529
Investment income	(50,022)	(4,544)	--	(54,566)	406,769	33,720	--	440,489
	6,579,469	255,217	(37,139)	6,797,547	4,381,739	1,133,738	1,148,629	6,664,106
Net assets released from restrictions	574,027	(574,027)	--	--	241,843	(241,843)	--	--
	7,153,496	(318,810)	(37,139)	6,797,547	4,623,582	891,895	1,148,629	6,664,106
Expenses								
Program services								
Education and sanctuaries	2,236,379	--	--	2,236,379	2,432,110	--	--	2,432,110
Conservation	1,674,184	--	--	1,674,184	1,227,211	--	--	1,227,211
Research	1,501,504	--	--	1,501,504	579,877	--	--	579,877
	5,412,067	--	--	5,412,067	4,239,198	--	--	4,239,198
Supporting services								
Management and general	615,829	--	--	615,829	567,194	--	--	567,194
Development	733,458	--	--	733,458	641,156	--	--	641,156
	1,349,287	--	--	1,349,287	1,208,350	--	--	1,208,350
	6,761,354	--	--	6,761,354	5,447,548	--	--	5,447,548
Changes in net assets	392,142	(318,810)	(37,139)	36,193	(823,966)	891,895	1,148,629	1,216,558
Net assets, beginning of year	6,409,011	1,658,514	19,383,562	27,451,087	7,232,977	766,619	18,234,933	26,234,529
Net assets, end of year	\$ 6,801,153	\$ 1,339,704	\$ 19,346,423	\$ 27,487,280	\$ 6,409,011	\$ 1,658,514	\$ 19,383,562	\$ 27,451,087

The Notes to Financial Statements are an integral part of these statements.

New Jersey Audubon Society
Statements of Cash Flows
Years Ended August 31, 2015 and 2014

	2015	2014
Cash flows from operating activities		
Changes in net assets	\$ 36,193	\$ 1,216,558
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities		
Depreciation	224,996	208,500
Change in value of remainder trust	37,139	(55,529)
Loss (gain) on disposal of assets	54,200	(2,100)
Unrealized losses (gains) on investments	259,757	(242,913)
Realized gains on investments	(113,759)	(106,540)
Bad debts	10,000	--
Adjustment to present value	(1,146)	(4,036)
Changes in assets and liabilities		
Grants and contracts receivable	(264,007)	88,499
Contributions receivable	9,788	27,553
Beneficial interest in remainder trust	297,000	--
Bequests receivable	(484,542)	162,500
Prepaid expenses and other current assets	(9,955)	(8,838)
Merchandise inventory	(24,761)	72,232
Accounts payable and accrued expenses	70,966	(53,283)
Refundable advances	--	(69,000)
Deferred revenue	(169,449)	311,192
Net cash (used) provided by operating activities	<u>(67,580)</u>	<u>1,544,795</u>
Cash flows from investing activities		
Purchase of property and equipment	(74,941)	(1,576,949)
Cash received on sale of property	45,800	--
Loan receivable	4,061	2,100
Change in cash surrender value, officer's life insurance	--	4,800
Purchase of investments	(588,129)	(1,493,233)
Proceeds from the sale of investments	660,689	1,759,557
Net cash provided (used) by investing activities	<u>47,480</u>	<u>(1,303,725)</u>
Cash flows from financing activities		
Payments on line of credit	--	(10,000)
Net cash used by financing activities	<u>--</u>	<u>(10,000)</u>
Net (decrease) increase in cash and cash equivalents	(20,100)	231,070
Cash and cash equivalents		
Beginning of year	<u>515,030</u>	<u>283,960</u>
End of year	<u>\$ 494,930</u>	<u>\$ 515,030</u>
Supplemental disclosure of cash flow information		
Interest paid	<u>\$ 154</u>	<u>\$ 210</u>
Noncash investing activity		
Contribution of property	<u>\$ --</u>	<u>\$ 1,445,900</u>

No amounts were paid for income taxes for the years ended August 31, 2015 and 2014.

The Notes to Financial Statements are an integral part of these statements.

New Jersey Audubon Society
Statements of Functional Expenses
Year Ended August 31, 2015 with Comparative Totals for 2014

	Program Services				Management and General	Development	2015 Total	2014 Total
	Education and Sanctuaries	Stewardship	Research	Total Program Services				
Salaries	\$ 1,111,150	\$ 745,227	\$ 366,941	\$ 2,223,318	\$ 341,745	\$ 383,723	\$ 2,948,786	\$ 2,880,830
Fringe benefits	256,587	148,128	79,241	483,956	62,756	75,308	622,020	581,357
Supplies	20,327	37,539	64,408	122,274	5,667	15,114	143,055	92,374
Insurance	53,168	30,629	5,790	89,587	15,740	5,744	111,071	106,241
Telephone	35,238	12,154	4,113	51,505	3,614	4,836	59,955	52,656
Printing	85,997	21,915	19,234	127,146	38	60,412	187,596	171,394
Postage	23,224	1,764	172	25,160	1,167	48,882	75,209	57,246
Advertising	27,912	--	--	27,912	728	960	29,600	24,020
Equipment	20,899	7,766	--	28,665	3,544	1,578	33,787	33,315
Occupancy	88,982	34,193	10,479	133,654	1,428	3,129	138,211	166,216
Travel	27,568	48,897	25,674	102,139	4,964	9,574	116,677	100,626
Professional fees and contracts	96,701	455,695	870,808	1,423,204	91,720	74,559	1,589,483	449,775
Program expenses	173,597	63,822	43,575	280,994	3,959	16,056	301,009	322,789
Repairs and maintenance	59,004	21,951	--	80,955	4,264	1,938	87,157	95,591
Depreciation	136,565	44,151	1,069	181,785	12,963	30,248	224,996	208,500
Bad debt expense	--	--	10,000	10,000	--	--	10,000	--
Special events expense	--	--	--	--	--	--	--	79,995
Loss (gain) on disposal of assets	--	--	--	--	54,200	--	54,200	(2,100)
World series of birding expenses	19,460	353	--	19,813	7,332	1,397	28,542	26,723
	<u>\$ 2,236,379</u>	<u>\$ 1,674,184</u>	<u>\$ 1,501,504</u>	<u>\$ 5,412,067</u>	<u>\$ 615,829</u>	<u>\$ 733,458</u>	<u>\$ 6,761,354</u>	<u>\$ 5,447,548</u>

The Notes to Financial Statements are an integral part of this statement.

New Jersey Audubon Society
Statements of Functional Expenses
Year Ended August 31, 2014

	Program Services			Total Program Services	Management and General	Development	Total
	Education and Sanctuaries	Stewardship	Research				
Salaries	\$ 1,140,237	\$ 680,310	\$ 327,376	\$ 2,147,923	\$ 348,406	\$ 384,501	\$ 2,880,830
Fringe benefits	254,858	122,489	69,638	446,985	67,789	66,583	581,357
Supplies	28,458	24,591	19,531	72,580	9,085	10,709	92,374
Insurance	54,873	27,341	7,524	89,738	10,767	5,736	106,241
Telephone	30,544	11,178	4,420	46,142	6,498	16	52,656
Printing	129,108	1,463	90	130,661	1,086	39,647	171,394
Postage	17,056	873	200	18,129	1,304	37,813	57,246
Advertising	23,790	--	--	23,790	--	230	24,020
Equipment	18,409	13,485	62	31,956	539	820	33,315
Occupancy	91,997	64,214	4,954	161,165	5,051	--	166,216
Travel	25,459	42,058	19,144	86,661	8,004	5,961	100,626
Professional fees and contracts	123,138	112,931	76,542	312,611	80,454	56,710	449,775
Program expenses	186,722	72,279	47,353	306,354	11,732	4,703	322,789
Repairs and maintenance	73,504	16,070	91	89,665	5,926	--	95,591
Depreciation	133,969	39,296	2,952	176,217	10,653	21,630	208,500
Special events expense	79,995	--	--	79,995	--	--	79,995
Gain on disposal of assets	--	(2,000)	--	(2,000)	(100)	--	(2,100)
World series of birding expenses	19,993	633	--	20,626	--	6,097	26,723
	<u>\$ 2,432,110</u>	<u>\$ 1,227,211</u>	<u>\$ 579,877</u>	<u>\$ 4,239,198</u>	<u>\$ 567,194</u>	<u>\$ 641,156</u>	<u>\$ 5,447,548</u>

The Notes to Financial Statements are an integral part of this statement.

New Jersey Audubon Society

Notes to Financial Statements

August 31, 2015 and 2014

1. The Society and Purpose

New Jersey Audubon Society (the "Society"), founded in 1897, is a New Jersey not-for-profit corporation incorporated in 1937 to foster environmental awareness and a conservation ethic among New Jersey's citizens; to protect New Jersey's birds, mammals, other animals, and plants, especially endangered and threatened species; and to promote preservation of New Jersey's valuable natural habitats. The Society's significant sources of revenue are from contributions, grants and contracts, sales of merchandise, special events and income from programs operated to promote the Society's purpose.

This summary provides highlights of the Society's accomplishments for the year ended August 31, 2015:

- New Jersey Audubon Society embarked on an ambitious and successful endeavor to restore Northern Bobwhite to New Jersey.
- New Jersey Audubon Society partnered to secure \$13.5 million in Regional Conservation Partnership Program funding from the USDA's Natural Resource Conservation Service for Delaware River Watershed stewardship and restoration work.
- New Jersey Audubon Society coordinated robust state-wide voter education and engagement for the conservation funding ballot measure which passed with 65 percent voter support in November 2014. The measure will provide \$2 billion in funding over the next 20 years for acquisition of open space and stewardship of preserved lands and parks.
- New Jersey Audubon Society advocated for and secured federal protection of the Red Knot under the Endangered Species Act.
- New Jersey Audubon Society conducted three weeklong teacher summer institutes to provide K-12 teachers with an immersion in ecology, environmental science, sustainability and educational best practices that meet state and federal learning standards.
- New Jersey Audubon Society Research led restoration efforts at Stone Harbor Point, creating 25 acres of elevated habitat thereby reducing the potential for flooding of nests of beach nesting birds. A dune that provides storm protection for the residents of the Borough of Stone Harbor living near Stone Harbor Point was also created.
- Through our coastal impoundment climate resiliency work, a collaborative project with several partners, we produced a sophisticated mapping database of 165 coastal impoundments from Virginia to Maine. This includes information about ownership, management and ecological resources as well as preliminary Lidar-based vulnerability analysis.
- We worked closely with PSEG and the NJ Endangered and Nongame Species Program to develop maintenance plans for areas of critical habitat for Golden-winged Warbler.

2. Summary of Significant Accounting Policies

Basis of Presentation

External financial reporting by not-for-profit organizations requires that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions. The unrestricted net asset category represents net assets that are not subject to donor imposed restrictions, the temporarily restricted net asset category represents net assets that are subject to time or purpose donor imposed restrictions and the permanently restricted net asset category represents net assets that are subject to donor imposed restrictions that cannot be satisfied by either time or by actions of the Society. During the years ended August 31, 2015 and 2014 the Society had accounting transactions in all three net asset categories.

Revenue and Support Recognition

The Society recognizes contributions as revenue when they are received or unconditionally pledged and records these revenues as unrestricted or restricted support according to donor stipulations that limit the use of these assets due to time or purpose restrictions. When a donor restriction expires, temporarily restricted net assets are reclassified and reported in the statements of activities and changes in net assets as net assets released from restrictions.

**New Jersey Audubon Society
Notes to Financial Statements
August 31, 2015 and 2014**

The Society accounts for those contract revenues which have been determined to be exchange transactions in the statements of activities and changes in net assets to the extent that expenses have been incurred for the purpose specified by the grantor during the period. Program revenues received in advance of their usage are classified as deferred revenue in the statements of financial position. In applying this concept, the legal and contractual requirements of each individual contract are used as guidance.

Unrestricted revenues are obtained from the sale of merchandise, special events, and program fees. These revenues are recorded when the merchandise is sold or the program has occurred and are used to offset program expenses as well as the cost of property and equipment acquisitions and management and general and development expenses.

Investments

Investments, primarily consisting of equity and debt securities, are stated at fair value. Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the statements of activities and changes in net assets as increases or decreases in unrestricted net assets unless the use was restricted by explicit donor stipulations or by law.

Merchandise Inventory

Inventory, consisting entirely of merchandise purchased for resale, is valued at the lower of cost or market. Costs are determined on a first-in, first-out basis.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising

Advertising is expensed in the period incurred. Advertising amounted to \$29,600 and \$24,020 at August 31, 2015 and 2014, respectively.

Property and Equipment

Buildings, improvements and unrestricted land are recorded at cost, except for donated items which are recorded at fair value based on the assessed value at the date of donation. Buildings located on permanently restricted land sites have been recorded as temporarily restricted assets by the Society and will be depreciated over their useful lives. All personal property has been recorded as unrestricted assets, as there have been no restrictions placed on the contributions by the donors.

Furniture and equipment is recorded at cost, except for donated items which are recorded at the fair market value on the date of donation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

The principal rates for computing depreciation by major asset category are as follows:

Description	Estimated Life (Years)
Buildings and improvements	5 - 40
Furniture and equipment	3 - 5

Permanently Restricted Land

The Society has recorded contributions of land as permanently restricted assets, based on the donors' written or implied request to maintain these sites as wildlife sanctuaries into perpetuity.

New Jersey Audubon Society
Notes to Financial Statements
August 31, 2015 and 2014

Expense Classification

The expenses of the Society are presented in the statements of activities and changes in net assets under the following classifications which describe the Society's program activities:

- Education and sanctuaries - To promote educational awareness and environmental protection through summer camps, field trips, lectures and weekend events and to maintain wildlife sanctuaries, educational centers and other properties.
- Stewardship – To encourage and support sound conservation and stewardship practices and laws.
- Research - To disseminate and advance knowledge of the natural environment through educational and research programs and publications.

All expenses which were not directly associated with the above service categories, primarily management and fundraising expenses are categorized as management and general expenses or development expense.

Cash and Cash Equivalents

Cash and cash equivalents are short term, highly liquid investments with a maturity date of three months or less on the date of acquisition.

Valuation of Long-Lived Assets

In accordance with the provisions of the accounting pronouncement on accounting for the impairment or disposal of long-lived assets, the Society reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment was required for the periods presented in these financial statements.

Income Taxes

New Jersey Audubon Society is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the financial statements do not reflect a provision for Federal income taxes. There were no uncertain tax positions at August 31, 2015 and 2014. The Society did not have any income tax related penalties or interest for the years in question.

Fair Value of Financial Instruments

The carrying amounts of financial instruments including cash and cash equivalents, grants and contracts, contribution and other receivables, and accounts payable and accrued expenses approximate their fair values because of the relatively short maturity of these instruments.

Reclassifications

Certain items at August 31, 2014 have been reclassified to conform to the presentation at August 31, 2015. There was no effect on the changes in net assets.

3. Contributions and Bequests Receivable

At August 31, contributions receivable consisted of the following:

	2015	2014
Total contributions receivable	\$ 150,800	\$ 170,588
Total bequests receivable	522,042	37,500
Less: Discount to net present value	<u>(2,907)</u>	<u>(4,053)</u>
Net contributions and bequests receivable	669,935	204,035
Less: Current portion	<u>630,842</u>	<u>151,088</u>
Contributions and bequest receivable, long term	<u>\$ 39,093</u>	<u>\$ 52,947</u>

Maturities of contributions and bequests receivable at August 31: 2016 - \$630,842; 2017 - \$20,952; 2018 - \$18,141.

New Jersey Audubon Society
Notes to Financial Statements
August 31, 2015 and 2014

4. Loans Receivable

The Society operates a revolving loan program that provides low interest, short term loans to assist with equipment purchases, improvements or supplies for approved farmers that are participating in an assistance program operated by an outside federal agency. Once the project has been approved by the federal agency, a loan is made from the revolving loan account. Repayments are made directly to the Society from the state program once the project has been completed. The loans bear interest at 1 percent and normally are for terms ranging from 30 to 90 days. At August 31, 2015 and 2014, the loans receivable outstanding were \$19,163 and \$23,224, respectively, and were all current.

5. Grants and Contracts Receivable and Payable

The Society operates under various grants and contracts. At August 31, the Society was due certain amounts from funding sources which resulted from expenditures incurred in excess of payments received. The Society also received funds in excess of expenditures incurred, resulting in grants payable on contracts that have ended or deferred revenue on contracts that continue into the subsequent year. The following details the amounts due to the Society by contract:

Grants and Contracts Receivable

Funding Agency and Program	2015	2014
City of Linden	\$ 9,345	\$ 11,086
National Fish & Wildlife Foundation	217,928	13,217
PSE&G	73,258	73,037
U.S. Army Corps of Engineers	--	11,205
Jersey Atlantic Winds, LLC	--	79,886
University of Delaware	--	25,614
U.S. Fish and Wildlife Service, Nongame	99,968	19,749
USDA Farm/Forestry Services	39,006	--
State of New Jersey – Department of Environmental Protection – Division of Fish and Wildlife	6,814	--
National Wildlife Federation	12,643	--
National Center for Science & Civic Engagement	15,210	--
Honeywell Institute for Ecosystem Education	17,525	--
Conserve Wildlife Foundation of New Jersey	11,000	11,000
New Jersey Natural Land Trusts	12,654	5,082
Natural Resources Conservation Service	11,378	--
Duke Farms Foundation	--	24,277
Other	42,083	30,652
	<u>\$ 568,812</u>	<u>\$ 304,805</u>

6. Investments

The following summarizes the relationship between the market value and cost of investments at August 31:

	2015		2014	
	Cost	Market	Cost	Market
Mutual funds	<u>\$ 2,931,110</u>	<u>\$ 3,279,466</u>	<u>\$ 2,890,822</u>	<u>\$ 3,498,024</u>

New Jersey Audubon Society
Notes to Financial Statements
August 31, 2015 and 2014

Investment income related to these investments is included with investment income earned by cash and cash equivalents on the statements of activities and changes in net assets at August 31, and was comprised of the following:

	2015	2014
Interest and dividend income	\$ 91,432	\$ 91,036
Realized gain	113,759	106,540
Unrealized gain	<u>(259,757)</u>	<u>242,913</u>
	<u>\$ (54,566)</u>	<u>\$ 440,489</u>

7. Property and Equipment

Property and equipment at August 31, was comprised of the following:

	2015		
	Unrestricted	Temporarily Restricted	Total
Land	\$ 92,055	\$ --	\$ 92,055
Buildings and improvements	5,029,144	2,289,502	7,318,646
Furniture and equipment	<u>859,652</u>	<u>935,723</u>	<u>1,795,375</u>
	5,980,851	3,225,225	9,206,076
Less: Accumulated depreciation	<u>(2,778,934)</u>	<u>(2,765,251)</u>	<u>(5,544,185)</u>
	<u>\$ 3,201,917</u>	<u>\$ 459,974</u>	<u>\$ 3,661,891</u>
	2014		
	Unrestricted	Temporarily Restricted	Total
Land	\$ 192,055	\$ --	\$ 192,055
Buildings and improvements	4,984,057	2,274,197	7,258,254
Furniture and equipment	<u>845,107</u>	<u>935,723</u>	<u>1,780,830</u>
	6,021,219	3,209,920	9,231,139
Less: Accumulated depreciation	<u>(2,598,863)</u>	<u>(2,720,330)</u>	<u>(5,319,193)</u>
	<u>\$ 3,422,356</u>	<u>\$ 489,590</u>	<u>\$ 3,911,946</u>

Depreciation expense charged to operations amounted to \$224,996 and \$208,500 for the years ended August 31, 2015 and 2014, respectively.

8. Beneficial Interest

The Society is the remainder beneficiary of an interest in a charitable remainder annuity trust held by an outside trustee. The fair value of the trust at August 31, 2015 and 2014 was \$426,550 and \$760,689, respectively. The change in value of the beneficial interest in funds held by others of \$(37,139) and \$55,529 has been reflected in the statements of activities and changes in net assets at August 31, 2015 and 2014, respectively.

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9. Recurring Fair Value Measurements

The Society has provided fair value disclosure information for relevant assets and liabilities in these financial statements. The following table summarizes assets (liabilities) which have been accounted for at fair value on a recurring basis as of August 31, along with the basis for the determination of fair value:

	2015			
	Total	Quoted Prices in Active Markets (Level 1)	Observable Measurement Criteria (Level 2)	Unobservable Measurement Criteria (Level 3)
Mutual funds - stocks				
Foreign Large Blend	\$ 590,037	\$ 590,037	\$ --	\$ --
Large Blend	441,199	441,199	--	--
Large Growth	156,257	156,257	--	--
Large Value	152,829	152,829	--	--
Mid Cap Blend	64,206	64,206	--	--
Real Estate	46,503	46,503	--	--
Small Growth	64,433	64,433	--	--
Mutual funds - fixed income				
Corporate Bond	164,481	164,481	--	--
Intermediate Term Bond	165,124	165,124	--	--
Short-term Bond	1,322,397	1,322,397	--	--
Community Foundation of New Jersey				
Pooled investments	112,000	--	112,000	--
	<u>\$ 3,279,466</u>	<u>\$ 3,167,466</u>	<u>\$ 112,000</u>	<u>\$ --</u>
	2014			
	Total	Quoted Prices in Active Markets (Level 1)	Observable Measurement Criteria (Level 2)	Unobservable Measurement Criteria (Level 3)
Mutual funds - stocks				
Diversified Emerging Mkts	\$ 53,824	\$ 53,824	\$ --	\$ --
Foreign Large Blend	452,827	452,827	--	--
Large Blend	555,508	555,508	--	--
Large Growth	214,004	214,004	--	--
Large Value	209,576	209,576	--	--
Mid Cap Blend	91,592	91,592	--	--
Real Estate	51,851	51,851	--	--
Small Growth	91,591	91,591	--	--
Mutual funds - fixed income				
Corporate Bond	167,267	167,267	--	--
Intermediate Term Bond	167,494	167,494	--	--
Short-term Bond	1,323,998	1,323,998	--	--
Community Foundation of New Jersey				
Pooled investments	118,492	--	118,492	--
	<u>\$ 3,498,024</u>	<u>\$ 3,379,532</u>	<u>\$ 118,492</u>	<u>\$ --</u>

For applicable assets (liabilities) subject to this pronouncement, the Society will value such assets (liabilities) using quoted market prices in active markets for identical assets to the extent possible (Level 1). To the extent that such market prices are not available, the Society will next attempt to value such assets (liabilities) using observable measurement criteria, including quoted market prices of similar assets (liabilities) in active and inactive markets and other corroborated factors (Level 2). In the event that quoted market prices in active markets and other observable measurement criteria are not available, the Society will develop measurement criteria based on the best information available (Level 3).

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10. Line of Credit

The Society has a \$1,000,000 line of credit, bearing interest at the prevailing prime rate which expires in April 2016, secured by the investments of the Society. For the years ended August 31, 2015 and 2014, there was no outstanding loan balance.

11. Cost of Goods Sold

Cost of goods sold for the years ended August 31, was computed as follows:

	2015	2014
Beginning inventory	\$ 521,942	\$ 594,174
Purchases	<u>830,682</u>	<u>690,464</u>
Goods available for sale	1,352,624	1,284,638
Less ending inventory	<u>546,703</u>	<u>521,942</u>
Cost of goods sold	<u>\$ 805,921</u>	<u>\$ 762,696</u>

12. Leases

Operating Lease

The Society leases land from the City of Plainsboro and the City of Cape May to operate sanctuary programs. These leases expire in 2019 and 2020, respectively. In exchange for the cost of maintaining these properties, rental payments have been waived.

13. Deferred Revenue

The Society has deferred revenue of \$199,017 and \$368,466 at August 31, 2015 and 2014, respectively. Deferred revenues have been recorded for program fees that are associated with programs occurring in the next fiscal year.

14. Employee Retirement Plan

All employees of the Society who have completed minimum service requirements are eligible to participate in the New Jersey Audubon Society's Retirement Plan (the "Plan"), a defined contribution plan. Participants in the Plan are eligible to contribute amounts up to the maximum allowed by law on an annual basis. Discretionary employer contributions are determined by the Society and amounted to \$11,109 for the year ended August 31, 2015. There were no employer contributions for the year ended August 31, 2014.

15. Net Assets

Components of net assets at August 31, were as follows:

	2015	2014
Temporarily restricted - restricted by donor for programmatic use as follows:		
Research	\$ 24,418	\$ 17,422
Education	351,274	192,929
Stewardship	405,700	457,649
Sanctuaries	<u>4,245</u>	<u>31,027</u>
	785,637	699,027
Time restricted	94,093	469,897
Building on restricted site or sanctuary	<u>459,974</u>	<u>489,590</u>
Total temporarily restricted net assets	<u>\$ 1,339,704</u>	<u>\$ 1,658,514</u>

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	2015	2014
Permanently restricted - donor endowed principal	\$ 658,944	\$ 658,944
Beneficial interest in residual trust	426,550	463,689
Land restricted as site or sanctuary	<u>18,260,929</u>	<u>18,260,929</u>
Total permanently restricted net assets	<u>\$ 19,346,423</u>	<u>\$ 19,383,562</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	2015	2014
Purpose restrictions:		
Research	\$ 8,201	\$ 31,268
Education	47,836	19,816
Stewardship	57,649	103,351
Sanctuaries	24,921	6,683
Capital improvement and equipment	<u>29,616</u>	<u>43,817</u>
	168,223	204,935
Satisfaction of time restrictions	<u>405,804</u>	<u>36,908</u>
Total temporarily restricted net assets	<u>\$ 574,027</u>	<u>\$ 241,843</u>

16. Endowment Funds

Endowment Funds

The Society's endowment consists of approximately 11 individual funds established for a variety of purposes. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The endowment funds are included in permanently restricted net assets with land that has been restricted by donors and a beneficial interest in a residual trust. These other components of permanently restricted net assets are not included in the information below related to endowment funds as they are not subject to investment management practices by the Society.

Interpretation of Relevant Law

The State of New Jersey has enacted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") effective June 2009. Prior to that New Jersey operated under the Uniform Management of Institutional Funds Act ("UMIFA"). Both UPMIFA and its predecessor, UMIFA, provide guidance on the maintenance and spending of endowment funds when the intent of the donors is not clear. UPMIFA provides new guidelines for the expenditure of a permanently or temporarily donor restricted endowment fund, absent explicit donor stipulations. UPMIFA eliminates UMIFA's requirement for permanent endowment to be maintained at its historic dollar value amount and instead allows not-for-profits to adopt prudent spending policies which can allow for invasion of corpus. Management has determined that none of the temporarily restricted net assets of the Society are endowment funds. Furthermore, the permanent endowments of the Society are subject to written instruments in which the donor's intent as to purpose and spending policies are explicitly indicated.

The Society has interpreted state law as requiring the preservation of the value of the endowment fund with primary consideration given to the donor intent expressed in the gift instrument. For those donations subject to UPMIFA, the Society has followed the donor instruments in classifying as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Society in a manner consistent with the standard of prudence prescribed by state law.

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The Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Society and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Society
- (7) The investment policies of the Society.

Return Objectives and Risk Parameters

The Society has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to minimize risk and maximize current income. The Society expects its endowment funds, over time, to provide an average rate of return of approximately 5 percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Society relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Society targets an asset allocation that equally balances equities and fixed income investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Society has a policy of appropriating for distribution each year 5 percent of its endowment fund's average fair value. Effective September 1, 2014, the Society will reduce the distribution by .25 percent each year until the rate is reduced to 4 percent. In establishing this policy, the Society's investment portfolio is expected to keep up with inflation over the long-term. This is consistent with the Society's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

The following tables provide information regarding the change in the endowment net assets for the years ended August 31:

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning	\$ --	\$ 50,936	\$ 658,944	\$ 709,880
Investment return				
Investment income (net of fees)	12,302	4,669	--	16,971
Realized gain	13,569	5,149	--	18,718
Unrealized loss	(34,830)	(13,218)	--	(48,048)
	(8,959)	47,536	658,944	697,521
Contributions received	--	--	--	--
Appropriated for expenditure	8,959	(34,390)	--	(25,431)
Endowment net assets, ending	<u>\$ --</u>	<u>\$ 13,146</u>	<u>\$ 658,944</u>	<u>\$ 672,090</u>

Permanently restricted net assets required to be maintained in perpetuity \$ 658,944

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	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning	\$ --	\$ 13,184	\$ 658,944	\$ 672,128
Investment return				
Investment income (net of fees)	13,251	3,898	--	17,149
Realized gain	15,508	4,561	--	20,069
Unrealized gain	35,359	10,399	--	45,758
	64,118	32,042	658,944	755,104
Contributions received	--	29,708	--	29,708
Appropriated for expenditure	(64,118)	(10,814)	--	(74,932)
Endowment net assets, ending	<u>\$ --</u>	<u>\$ 50,936</u>	<u>\$ 658,944</u>	<u>\$ 709,880</u>

Permanently restricted net assets required to be maintained in perpetuity \$ 658,944

The value of the beneficial interest in residual trust included in total permanently restricted net assets is not included in the above tables. See Note 9 for details on the beneficial interest.

The value of land held in perpetuity included in total permanently restricted net assets is not included in the tables above. See Note 2 for a description of land held in perpetuity.

17. Concentrations of Credit Risk

The Society's financial instruments that are exposed to concentrations of credit risk consist primarily of its cash, cash equivalents, investments, grants receivables and contributions and pledges receivable. At times during the years, cash of the Society deposited in financial institutions exceeds the FDIC limit of \$250,000. The management of the Society deposits cash funds in high quality institutions to lessen the amount of uninsured exposure. Cash equivalents and investments are in high-quality securities. Although subject to market fluctuations this investment policy somewhat limits the Society's exposure to concentrations of credit risk. The Society has a long standing history of collecting its pledges and contributions receivable which are from various individuals, corporations and foundations. An allowance for uncollectible accounts is normally recorded in the financial statements for any amounts considered uncollectible. This limits the Society's exposure to credit risk.

18. Subsequent Events

The Society has evaluated subsequent events occurring after the statement of financial position date through the date of March 4, 2016, the date the financial statements were available for release. Based upon this evaluation, the Society has determined the following event requires disclosure in the financial statements.

In November 2015 New Jersey Audubon transferred ownership of the Weis Ecology Center property and facilities to Highlands Nature Friends at the nominal price of ten dollars. The Highlands Nature Friends has agreed to operate a nature center on the site of the Weis Ecology Center, under the name of the New Weis Center. The property was valued at \$1,439,987.