

Council of New Jersey Grantmakers

Financial Statements

December 31, 2013

Independent Auditors' Report

Board of Trustees Council of New Jersey Grantmakers

We have audited the accompanying financial statements of the Council of New Jersey Grantmakers (the "Council") which comprise the statement of financial position as of December 31, 2013 and the related statements of activities and cash flows for the year 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 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 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 the Council of New Jersey Grantmakers as of December 31, 2013 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.

Other Matter

Report on Summarized Comparative Information

The prior year summarized comparative information has been derived from the financial statements of the Council as of December 31, 2012 and, in our report dated April 11, 2013 we expressed an unmodified opinion on those financial statements.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 11 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

O'Connor Davies, LLP

April 9, 2014

Council of New Jersey Grantmakers

Statement of Financial Position

December 31, 2013

(with comparative amounts at December 31, 2012)

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 299,207	\$ 275,934
Accounts receivable	3,169	40,620
Prepaid expenses	2,406	2,578
Investments	332,529	341,449
Technology infrastructure development	18,407	10,941
Property and equipment, net	<u>1,644</u>	<u>968</u>
	<u>\$ 657,362</u>	<u>\$ 672,490</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 38,198	\$ 33,776
Dues paid in advance	<u>91,150</u>	<u>100,220</u>
Total Liabilities	<u>129,348</u>	<u>133,996</u>
Net Assets		
Unrestricted	353,277	330,287
Temporarily restricted	<u>174,737</u>	<u>208,207</u>
Total Net Assets	<u>528,014</u>	<u>538,494</u>
Total Liabilities and Net Assets	<u>\$ 657,362</u>	<u>\$ 672,490</u>

Council of New Jersey Grantmakers

Statement of Activities
 Year Ended December 31, 2013
 (with summarized totals for the year ended December 31, 2012)

	2013			2012
	Unrestricted	Temporarily Restricted	Total	Total
SUPPORT AND REVENUE				
Contributions	\$ 90,356	\$ 374,150	\$ 464,506	\$ 609,713
In kind contributions	60,000	-	60,000	60,000
Membership dues	368,982	-	368,982	295,420
Program fees	27,843	-	27,843	26,348
Dividends and interest	11,748	-	11,748	14,840
Net assets released from restrictions	407,620	(407,620)	-	-
Total Support and Revenue	<u>966,549</u>	<u>(33,470)</u>	<u>933,079</u>	<u>1,006,321</u>
 EXPENSES				
Program	711,577	-	711,577	732,699
Management and general	160,537	-	160,537	173,001
Fundraising	45,813	-	45,813	49,179
Total Expenses	<u>917,927</u>	<u>-</u>	<u>917,927</u>	<u>954,879</u>
Change in Net Assets Before Depreciation, Amortization and Unrealized (Loss) Gain on Investments	48,622	(33,470)	15,152	51,442
Depreciation and amortization	(5,133)	-	(5,133)	(2,959)
Unrealized (loss) gain on investments	(20,499)	-	(20,499)	4,079
Change in Net Assets	<u>22,990</u>	<u>(33,470)</u>	<u>(10,480)</u>	<u>52,562</u>
 NET ASSETS				
Beginning of year	<u>330,287</u>	<u>208,207</u>	<u>538,494</u>	<u>485,932</u>
End of year	<u>\$ 353,277</u>	<u>\$ 174,737</u>	<u>\$ 528,014</u>	<u>\$ 538,494</u>

Council of New Jersey Grantmakers

Statement of Cash Flows

Year Ended December 31, 2013

(with comparative amounts for the year ended December 31, 2012)

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (10,480)	\$ 52,562
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	5,133	2,959
Unrealized gains on investments	20,499	(4,079)
Change in operating assets and liabilities		
Accounts receivable	37,451	(28,307)
Prepaid expenses	172	2,185
Accounts payable and accrued expenses	4,422	13,586
Dues paid in advance	<u>(9,070)</u>	<u>61,220</u>
Net Cash from Operating Activities	<u>48,127</u>	<u>100,126</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(1,849)	-
Purchase of technology infrastructure development	(11,426)	(6,248)
Purchase of investments	<u>(11,579)</u>	<u>(14,720)</u>
Net Cash from Investing Activities	<u>(24,854)</u>	<u>(20,968)</u>
Net Change in Cash and Cash Equivalents	23,273	79,158
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>275,934</u>	<u>196,776</u>
End of year	<u>\$ 299,207</u>	<u>\$ 275,934</u>

Council of New Jersey Grantmakers

Notes to Financial Statements
December 31, 2013

1. Organization

The Council of New Jersey Grantmakers (the "Council") is a not-for-profit corporation and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Council has been classified as an organization that is not a private foundation under Section 509(a)(1). The Council is the center for philanthropy in New Jersey, serving the leading independent, corporate, family and community foundations as well as public grantmakers of our state. It supports its members by strengthening their capacity to address New Jersey and society's most difficult problems. It also accesses the resources of the philanthropic community – funding, expertise, leverage – to provide leadership on statewide issues.

2. Summary of Significant Accounting Policies

Use of Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect certain reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Net Asset Accounting

Net assets and revenues, expenses and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Council's net assets and changes therein are classified and reported as unrestricted net assets or temporarily restricted net assets.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Council considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

Fair Value Measurements

The Council follows Financial Accounting Standards Board (FASB) guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Council of New Jersey Grantmakers

Notes to Financial Statements
December 31, 2013

2. Summary of Significant Accounting Policies *(continued)*

Investments and Investment Income Recognition

Investments are stated at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

Property and Equipment

Property and equipment are carried at cost. The minimum capitalization amount for equipment acquisitions is \$1,500. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

For financial reporting purposes, property and equipment are depreciated over their useful lives on the straight-line method as follows:

Equipment	3 years
Technology infrastructure	5 years

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Prior Year Summarized Comparative Information

The amounts shown for year ended December 31, 2012 in the accompanying statement of activities are included to provide a basis for comparison with 2013 and present summarized totals only. Accordingly, the 2012 totals are not intended to present all information necessary for a complete presentation.

Accounting for Uncertainty in Income Taxes

The Council recognizes the effect of income tax positions only when they are more likely than not of being sustained. Management has determined that the Council had no uncertain tax positions that would require financial statement recognition or disclosure. The Council is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2010.

Council of New Jersey Grantmakers

Notes to Financial Statements
December 31, 2013

2. Summary of Significant Accounting Policies *(continued)*

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which is April 9, 2014.

3. Investments

The cost and fair value of investments as of December 31, are as follows:

	2013		2012	
	Cost	Fair Value	Cost	Fair Value
Mutual funds, short term bond	\$ 79,260	\$ 78,981	\$ 78,083	\$ 78,850
Mutual funds, intermediate term bond	<u>246,618</u>	<u>253,548</u>	<u>236,215</u>	<u>262,599</u>
	<u>\$ 325,878</u>	<u>\$ 332,529</u>	<u>\$ 314,298</u>	<u>\$ 341,449</u>

As of December 31, 2013 all of Council's investments were Level 1 investments.

4. Technology Infrastructure Development

Technology infrastructure development costs are being amortized over five years on a straight-line basis and consist of the following at December 31, 2013:

Technology infrastructure development	\$ 65,644
Less accumulated amortization	<u>(47,237)</u>
	<u>\$ 18,407</u>

5. Property and Equipment

Property and equipment consist of the following at December 31, 2013:

Equipment	\$ 19,238
Less accumulated depreciation	<u>(17,594)</u>
	<u>\$ 1,644</u>

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December 31, 2013

6. Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2013 are restricted by:

Purpose Restrictions:	
Equipment Reserve	\$ 6,657
Newark Philanthropic Liaison	40,204
Technology Initiative	24,790
Sandy Response Initiative	<u>41,286</u>
Total Purpose Restrictions	112,937
Time restrictions	<u>61,800</u>
	<u>\$ 174,737</u>

Temporarily restricted net assets released from restrictions consisted of the following for 2013:

Purpose Restrictions:	
Camden Initiative	\$ 13,125
Facing Our Future Initiative	106,760
Sandy Response Initiative	39,190
Newark Philanthropic Liaison	148,727
Technology Initiative	18,078
Equipment Reserve	<u>1,000</u>
Total Purpose Restrictions Released	326,880
Time restriction released	<u>80,740</u>
	<u>\$ 407,620</u>

7. In Kind Contributions

The Council rents its facilities at a nominal rate and receives services free of charge from Thomas Edison State College. The \$60,000 value of the contributed services is reported in the statement of activities as in kind contribution and expense.

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December 31, 2013

8. Concentration of Credit Risk

Financial instruments that potentially subject the Council to significant concentrations of credit risk consist principally of cash and cash equivalents. At times cash balances held at financial institutions may at times be in excess of federally insured limits. The Council has not experienced any losses on its cash deposits.

9. Line of Credit

The Council has an unsecured line of credit of \$75,000. The line expires on December 2, 2014 and has an interest rate of 5.50%. There were no amounts drawn upon or outstanding under the line as of December 31, 2013.

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Council of New Jersey Grantmakers

Supplementary Information
December 31, 2013

Council of New Jersey Grantmakers

Schedule of Functional Expenses
Year Ended December 31, 2013
(with comparative totals for 2012)

	Program Services	Supporting Services			Total	
		Management & General	Fundraising	Total	2013	2012
Salaries	\$ 178,304	\$ 68,579	\$ 27,431	\$ 96,010	\$ 274,314	\$ 295,693
Payroll taxes	14,452	5,559	2,224	7,783	22,235	24,310
Employee benefits	27,692	10,653	4,260	14,913	42,605	43,410
Professional fees	1,600	4,800	1,600	6,400	8,000	8,000
Contract services	340,773	35,347	852	36,199	376,972	394,046
Conferences and meetings	59,899	9,213	1,250	10,463	70,362	60,572
Insurance expense	-	3,989	-	3,989	3,989	4,059
Postage	-	107	-	107	107	89
Printing, publications and memberships	10,139	1,568	493	2,061	12,200	14,843
Rent (includes \$60,000 in kind)	59,113	11,084	3,695	14,779	73,892	72,637
Office expenses	1,706	805	227	1,032	2,738	3,218
Telephone	8,155	1,698	1,466	3,164	11,319	4,399
Travel	7,989	3,329	1,997	5,326	13,315	18,247
Equipment purchase and maintenance	1,485	2,482	318	2,800	4,285	8,664
Advertising	270	30	-	30	300	1,600
Miscellaneous	-	1,294	-	1,294	1,294	1,092
Total Expenses Before Depreciation and Amortization	711,577	160,537	45,813	206,350	917,927	954,879
Depreciation and amortization	3,247	1,886	-	1,886	5,133	2,959
Total Expenses	<u>\$ 714,824</u>	<u>\$ 162,423</u>	<u>\$ 45,813</u>	<u>\$ 208,236</u>	<u>\$ 923,060</u>	<u>\$ 957,838</u>

See independent auditors' report