

Council of New Jersey Grantmakers

Financial Statements

December 31, 2016

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, 2016 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, 2016 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 Matters

Report on Summarized Comparative Information

We have previously audited the Council's December 31, 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 20, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent in all material respects, with the audited financial statements from which it has been derived.

Report on 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.

PKF O'Connor Davies, LLP

April 19, 2017

Council of New Jersey Grantmakers

Statement of Financial Position
December 31, 2016
(with comparative amounts at December 31, 2015)

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and cash equivalents	\$ 360,295	\$ 288,326
Grants receivable	90,000	-
Accounts receivable	420	385
Prepaid expenses	2,964	38,228
Investments	364,327	355,356
Property and equipment, net	<u>19,810</u>	<u>28,733</u>
 Total Assets	 <u>\$ 837,816</u>	 <u>\$ 711,028</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 25,526	\$ 29,047
Dues paid in advance	133,248	131,584
Sponsorships paid in advance	<u>10,000</u>	<u>15,000</u>
Total Liabilities	<u>168,774</u>	<u>175,631</u>
 Net Assets		
Unrestricted	462,936	438,714
Temporarily restricted	<u>206,106</u>	<u>96,683</u>
Total Net Assets	<u>669,042</u>	<u>535,397</u>
 Total Liabilities and Net Assets	 <u>\$ 837,816</u>	 <u>\$ 711,028</u>

See notes to financial statements

Council of New Jersey Grantmakers

Statement of Activities Year Ended December 31, 2016 (with summarized totals for the year ended December 31, 2015)

	2016			2015 Total
	Unrestricted	Temporarily Restricted	Total	
SUPPORT AND REVENUE				
Contributions and sponsorships	\$ 184,904	\$ 277,801	\$ 462,705	\$ 314,857
In kind contributions	63,000	-	63,000	63,000
Membership dues	479,959	-	479,959	469,163
Program fees	41,503	-	41,503	37,323
Dividends and interest	9,987	-	9,987	9,791
Net assets released from restrictions	<u>168,378</u>	<u>(168,378)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>947,731</u>	<u>109,423</u>	<u>1,057,154</u>	<u>894,134</u>
EXPENSES				
Program services	650,142	-	650,142	696,621
Management and general	188,589	-	188,589	182,818
Fundraising	<u>71,640</u>	<u>-</u>	<u>71,640</u>	<u>64,084</u>
Total Expenses	<u>910,371</u>	<u>-</u>	<u>910,371</u>	<u>943,523</u>
Change in Net Assets Before Depreciation and Unrealized Loss on Investments	37,360	109,423	146,783	(49,389)
Depreciation	(12,393)	-	(12,393)	(12,186)
Unrealized loss on investments	<u>(745)</u>	<u>-</u>	<u>(745)</u>	<u>(5,280)</u>
Change in Net Assets	24,222	109,423	133,645	(66,855)
NET ASSETS				
Beginning of year	<u>438,714</u>	<u>96,683</u>	<u>535,397</u>	<u>602,252</u>
End of year	<u>\$ 462,936</u>	<u>\$ 206,106</u>	<u>\$ 669,042</u>	<u>\$ 535,397</u>

See notes to financial statements

Council of New Jersey Grantmakers

Statement of Cash Flows
Year Ended December 31, 2016
(with comparative amounts for the year ended December 31, 2015)

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 133,645	\$ (66,855)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	12,393	12,186
Unrealized loss on investments	745	5,280
Change in operating assets and liabilities		
Grants receivable	(90,000)	52,065
Accounts receivable	(35)	21
Prepaid expenses	35,264	(20,361)
Accounts payable and accrued expenses	(3,521)	4,814
Dues paid in advance	1,664	(1,338)
Sponsorships paid in advance	(5,000)	15,000
Net Cash from Operating Activities	<u>85,155</u>	<u>812</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(3,470)	(8,855)
Purchase of investments	(9,716)	(9,472)
Net Cash from Investing Activities	<u>(13,186)</u>	<u>(18,327)</u>
Net Change in Cash and Cash Equivalents	71,969	(17,515)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>288,326</u>	<u>305,841</u>
End of year	<u>\$ 360,295</u>	<u>\$ 288,326</u>

See notes to financial statements

Council of New Jersey Grantmakers

Notes to Financial Statements
December 31, 2016 and 2015

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 the state. The Council 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

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP) which requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Net Asset Classifications

The Council reports information regarding financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Unrestricted - Resources that are fully available at the discretion of management and the Board of Trustees (the Board), for use in activities within the Council's charter and mission.

Temporarily restricted - Funds that the Council may use in accordance with donors' restrictions for specific purposes or upon the passage of time.

Permanently restricted - Funds where donor-imposed restrictions stipulate that the resources be maintained in perpetuity.

As of December 31, 2016 and 2015 the Council's net assets consisted of unrestricted and 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 a maturity of three months or less to be cash equivalents.

Council of New Jersey Grantmakers

Notes to Financial Statements
December 31, 2016 and 2015

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

Fair Value Measurements

The Council follows US GAAP 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.

Investment Valuation and Investment Income Recognition

Investments are carried 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

Contributions and Unconditional Promises to Give

Contributions and unconditional promises are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets. When donor restrictions expire (i.e. when a purpose or time restriction is fulfilled), temporarily restricted net assets are reclassified to unrestricted net assets and reported in statement of activities as net assets released from restrictions.

Council of New Jersey Grantmakers

Notes to Financial Statements
December 31, 2016 and 2015

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

Membership Dues

Membership dues are recorded as revenue during the applicable membership period, the calendar year. Payments received in advance from members to the Council for membership dues is reflected as dues paid in advance.

Donated Services

The Council recognizes the fair value of donated services which create or enhance nonfinancial assets, or require specialized skills provided by individuals possessing those skills and would typically be purchased if not provided by donation. Contributed services which do not meet these criteria are not recognized as revenue and are not reported in the accompanying financial statements.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. 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, 2015 in the accompanying statement of activities are included to provide a basis for comparison with 2016 and present summarized totals only. Accordingly, the 2015 totals are not intended to present all information necessary for a complete presentation in accordance with US GAAP and should be read in conjunction with the Council's 2015 financial statements.

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 2013.

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 19, 2017.

Council of New Jersey Grantmakers

Notes to Financial Statements
December 31, 2016 and 2015

3. Investments

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

	2016		2015	
	Cost	Fair Value	Cost	Fair Value
Mutual Funds				
Short term bond	\$ 82,675	\$ 81,915	\$ 81,460	\$ 80,712
Intermediate term bond	<u>272,619</u>	<u>282,412</u>	<u>264,118</u>	<u>274,644</u>
	<u>\$ 355,294</u>	<u>\$ 364,327</u>	<u>\$ 345,578</u>	<u>\$ 355,356</u>

As of December 31, 2016 and 2015 all of Council's investments were Level 1 investments.

4. Property and Equipment

Property and equipment consist of the following at December 31:

	2016	2015
Technology infrastructure development	\$ 100,289	\$ 96,819
Equipment	19,238	19,238
Less accumulated depreciation	<u>(99,717)</u>	<u>(87,324)</u>
	<u>\$ 19,810</u>	<u>\$ 28,733</u>

5. Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31 are restricted for the years ended:

	2016	2015
Purpose Restrictions:		
Newark Philanthropic Liaison	\$ 101,956	\$ 78,251
Equipment Reserve	16,157	6,157
Sandy Playbook	-	5,525
Racism Programming	8,378	-
Strategic Visioning	<u>15,000</u>	<u>-</u>
Total Purpose Restrictions	141,491	89,933
Time restrictions	<u>64,615</u>	<u>6,750</u>
	<u>\$ 206,106</u>	<u>\$ 96,683</u>

Council of New Jersey Grantmakers

Notes to Financial Statements
December 31, 2016 and 2015

5. Temporarily Restricted Net Assets *(continued)*

Temporarily restricted net assets released from restrictions consisted of the following for the years ended December 31:

	<u>2016</u>	<u>2015</u>
Purpose Restrictions:		
Newark Philanthropic Liaison	\$ 102,459	\$ 192,080
Public Policy Fellow	-	13,525
Sandy Playbook	7,367	12,575
Trenton Initiative	-	10,000
Sandy 2.0	-	8,530
Technology Initiative	-	4,462
Equipment Reserve	-	3,000
Racism Programming	1,622	-
Total Purpose Restrictions Released	<u>111,448</u>	<u>244,172</u>
Time restriction released	<u>56,930</u>	<u>58,737</u>
	<u>\$ 168,378</u>	<u>\$ 302,909</u>

6. In Kind Contributions

The Council rents its facilities at a nominal rate and receives services free of charge from Thomas Edison State College. The \$63,000 value of the contributed services is reported in the statement of activities as in kind contributions.

7. Concentration of Credit Risk

Financial instruments that potentially subject the Council to significant concentrations of credit risk consist principally of cash and cash equivalents and investments. On occasion 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. The Council routinely assesses the financial strength of its investment portfolio and diversifies the portfolio so that no individual or group of investments represents a significant concentration of credit risk.

8. Line of Credit

The Council has an unsecured line of credit of \$75,000. The line expires on December 2, 2017 and has an interest rate of 5.75%. There were no amounts drawn upon or outstanding under the line as of December 31, 2016 and 2015.

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Council of New Jersey Grantmakers

Supplementary Information
December 31, 2016

(with summarized totals for the year
ended December 31, 2015)

Council of New Jersey Grantmakers

Schedule of Functional Expenses
Year Ended December 31, 2016
(with summarized totals for year ended December 31, 2015)

	Program Services	Supporting Services			Total	
		Management and General	Fundraising	Total	2016	2015
Salaries	\$ 239,809	\$ 92,234	\$ 36,894	\$ 129,128	\$ 368,937	\$ 372,372
Payroll taxes	20,892	8,035	3,214	11,249	32,141	33,428
Employee benefits	44,473	17,105	6,842	23,947	68,420	64,472
Professional fees	2,312	6,475	463	6,938	9,250	9,000
Contract services	142,469	18,794	425	19,219	161,688	232,480
Conferences and meetings	105,192	15,209	18,952	34,161	139,353	97,514
Insurance expense	-	4,377	-	4,377	4,377	4,486
Postage	-	362	-	362	362	306
Printing, publications and memberships	9,007	3,344	475	3,819	12,826	16,020
Rent (includes \$63,000 in kind)	62,496	11,718	3,906	15,624	78,120	78,119
Office expenses	2,542	843	339	1,182	3,724	5,097
Telephone	9,689	2,925	130	3,055	12,744	12,467
Travel	11,261	3,753	-	3,753	15,014	11,377
Equipment purchase and maintenance	-	1,564	-	1,564	1,564	758
Advertising	-	175	-	175	175	2,030
Miscellaneous	-	1,676	-	1,676	1,676	3,597
Total Expenses Before Depreciation	650,142	188,589	71,640	260,229	910,371	943,523
Depreciation	9,004	3,389	-	3,389	12,393	12,186
Total Expenses	<u>\$ 659,146</u>	<u>\$ 191,978</u>	<u>\$ 71,640</u>	<u>\$ 263,618</u>	<u>\$ 922,764</u>	<u>\$ 955,709</u>

See independent auditors' report