

GREAT SWAMP WATERSHED ASSOCIATION

(A Not-for-Profit Organization)

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014

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CERTIFIED PUBLIC ACCOUNTANTS

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MARK H. LAMPF, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Great Swamp Watershed Association
(A Not-for-Profit Organization)
568 Tempe Wick Road
Morristown, New Jersey 07960

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Great Swamp Watershed Association (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and cash flows 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.

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 organization'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 organization'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.

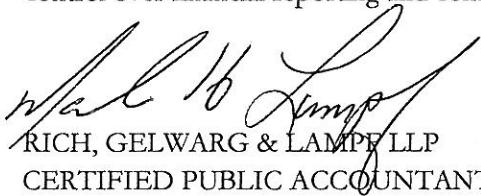
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINIONS

In our opinion, the comparative financial statements referred to above present fairly, in all material respects, the financial position of Great Swamp Watershed Association as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2014 on our consideration of Great Swamp Watershed Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Great Swamp Watershed Association's internal control over financial reporting and compliance.



RICH, GELWARG & LAMPF LLP
CERTIFIED PUBLIC ACCOUNTANTS

October 15, 2014

GREAT SWAMP WATERSHED ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2014 AND 2013

ASSETS

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and Cash Equivalents	\$ 299,413	\$ 153,092
Endowment Fund Account	994,453	791,964
Property and Equipment, Net	189,610	190,635
Contributions Receivable	47,018	16,588
Prepaid Expenses	3,745	5,492
Deposit	<u>1,000</u>	<u>1,000</u>
TOTAL ASSETS	<u>\$ 1,535,239</u>	<u>\$ 1,158,771</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 73,348	\$ 9,211
TOTAL LIABILITIES	<u>73,348</u>	<u>9,211</u>
NET ASSETS		
Unrestricted	1,397,811	1,081,629
Temporarily Restricted	0	4,351
Permanently Restricted	<u>64,080</u>	<u>63,580</u>
TOTAL NET ASSETS	<u>1,461,891</u>	<u>1,149,560</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,535,239</u>	<u>\$ 1,158,771</u>

See independent auditor's report and the accompanying notes.

GREAT SWAMP WATERSHED ASSOCIATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2014 Total</u>	<u>2013 Total</u>
REVENUES, GAINS AND OTHER SUPPORT:					
Contributions	\$ 526,279	\$ 72,230	\$ 500	\$ 599,009	\$ 347,930
Grants	-	151,543	-	151,543	28,581
Government Grants	-	245,168	-	245,168	-
Special Events	100,928	-	-	100,928	126,187
Endowment Investment Income	24,646	-	-	24,646	28,322
Interest Earned	1,105	-	-	1,105	131
Net Unrealized Gain on Investments	125,660	-	-	125,660	70,031
Miscellaneous Revenue	1,874	-	-	1,874	1,208
Net Assets Released From Restrictions:					
Satisfaction of Program Restrictions	473,292	(473,292)	-	-	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>1,253,784</u>	<u>(4,351)</u>	<u>500</u>	<u>1,249,933</u>	<u>602,390</u>
EXPENSES:					
Program	820,326	-	-	820,326	408,517
Costs of Direct Benefits to Donors	9,395	-	-	9,395	14,000
Management and General	40,297	-	-	40,297	36,584
Fundraising	67,584	-	-	67,584	74,361
TOTAL EXPENSES	<u>937,602</u>	<u>-</u>	<u>-</u>	<u>937,602</u>	<u>533,462</u>
CHANGE IN NET ASSETS	316,182	(4,351)	500	312,331	68,928
BEGINNING NET ASSETS	1,081,629	4,351	63,580	1,149,560	1,080,632
ENDING NET ASSETS	<u>\$ 1,397,811</u>	<u>\$ -</u>	<u>\$ 64,080</u>	<u>\$ 1,461,891</u>	<u>\$ 1,149,560</u>

See independent auditor's report and the accompanying notes.

GREAT SWAMP WATERSHED ASSOCIATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 312,331	\$ 68,928
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	1,025	1,025
(Increase) Decrease in Prepaid Expenses and Deposits	1,747	(43)
(Increase) Decrease in Contributions Receivable	(30,430)	4,622
Increase (Decrease) in Accounts Payable and Accrued Expenses	64,137	(3,963)
Net Unrealized Gain on Investments	<u>(125,660)</u>	<u>(70,031)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>223,150</u>	<u>538</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investment Securities-Reinvestments	(24,646)	(28,323)
Purchase of Investment Securities-Stock Donation	<u>(1,683)</u>	-
NET CASH PROVIDED USED IN INVESTING ACTIVITIES	<u>(26,329)</u>	<u>(28,323)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Transfers to Endowment Fund, Net	<u>(50,500)</u>	<u>63,146</u>
NET CASH PROVIDED/(USED) IN FINANCING ACTIVITIES	<u>(50,500)</u>	<u>63,146</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	146,321	35,361
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>153,092</u>	<u>117,731</u>
CASH AND CASH EQUIVALENTS, ENDING OF YEAR	<u>\$ 299,413</u>	<u>\$ 153,092</u>

Supplement Cash Flow Disclosures:

Cash Paid for Income Taxes Were:	-0-
Cash Paid for Interest Was:	-0-

See independent auditor's report and the accompanying notes.

GREAT SWAMP WATERSHED ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Great Swamp Watershed Association's (the "Organization") significant accounting policies are an integral part of the financial statements and are consistently applied in the preparation of the accompanying financial statements. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Nature of Activities -

The Great Swamp Watershed Association was founded in 1981 by citizens to promote the conservation and protection of natural resources within the Great Swamp basin, especially those affecting water quality and quantity. Great Swamp Watershed Association works with the basin's ten (10) municipalities and two (2) counties to protect the Watershed's wetlands, stream corridors, agricultural and forested areas and wildlife, encouraging adequate storm water management, sediment and erosion control and open space preservation.

Basis of Accounting -

The financial statements of Great Swamp Watershed Association have been prepared on the accrual basis whereby income is recognized as earned and expenses are recognized as obligations are incurred. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles of the United States of America and have been consistently applied in the preparation of the financial statements.

Financial Statement Presentation -

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows. As permitted by the statement, the Organization has discontinued its use of fund accounting.

Use of Estimates -

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Cash and Cash Equivalents -

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

GREAT SWAMP WATERSHED ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Investments –

The Organization has adopted SFAS No. 124, “Accounting for Certain Investments Held by Not-for-Profit Organizations.” Under SFAS No. 124, 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. Unrealized gains and losses are included in the change in net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Property and Equipment –

Property and equipment are stated at cost less accumulated depreciation. When an asset is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in operations. Costs of repairs and maintenance that neither materially add to the value of the asset nor appreciably prolong its life are charged to expense as incurred. Costs of improvements that appreciably improve the efficiency or productive capacity of existing equipment or extend their lives are capitalized. Depreciation is determined by the double declining method, for a period of three to five years depending on the type of asset depreciated.

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 similar provision for New Jersey. Therefore, no provision for income taxes has been made.

Contributions –

The Organization has also adopted SFAS No. 116, “Accounting for Contributions Received and Contributions Made.” Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions.

Support and Revenue –

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Permanently restricted net assets cannot be spent due to donor-imposed permanent restrictions on the use of funds. The Organization reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

GREAT SWAMP WATERSHED ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 – PROPERTY AND EQUIPMENT

A summary of property and equipment assets are as follows:

Land	\$ 179,100
Equipment	<u>106,260</u>
	<u>285,360</u>
Less: Accumulated Depreciation	<u>(95,750)</u>
Net Property and Equipment	<u>\$ 189,610</u>

The Organization also owns and manages Green Acres properties in Harding Township. Its fair market value is zero and it has no resale value. The total depreciation expense for the year ended June 30, 2014 was \$1,025.

NOTE 3 – INVESTMENTS

Permanently restricted net assets in the endowment fund are \$ 64,080.

Investments are stated at fair value and are summarized as follows as of June 30, 2014:

	Cost	Fair Value	Carrying Value
Endowment Fund Account Securities Held by the Vanguard Group	\$ 650,575	\$ 994,453	\$ 994,453

The following schedule summarizes the investment return and its classification on the statement of activities for the year ended June 30, 2014.

	<u>Unrestricted</u>
Endowment Investment Income	\$ 24,646
Interest Earned on Cash and Cash Equivalents	1,105
Unrealized Gain on Endowment Investments	<u>125,660</u>
	<u><u>\$ 151,411</u></u>

GREAT SWAMP WATERSHED ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 – INSURANCE COVERAGE

The Organization maintains a commercial general liability insurance coverage of \$2,000,000; a commercial property insurance coverage of \$2,000,000; a personal and advertising injury insurance coverage limit of \$1,000,000; damage to rented premises insurance coverage of \$100,000; and medical expense insurance coverage of \$5,000 on any one person. The insurance is provided by Great American Insurance Company of New York and the policy expires on January 6 of each year.

The Organization maintains a comprehensive commercial umbrella insurance coverage of \$4,000,000. The insurance is provided by Great American Alliance Insurance Company, and the policy expires on January 6 of each year.

The Organization maintains workers' compensation and employer's liability insurance coverage of \$500,000. The insurance is provided by Rochdale Insurance Company, and the policy expires on January 9 of each year.

The Organization maintains a directors and officers liability policy with coverage of \$2,000,000. The insurance is provided by the Chubb Group of Insurance Companies, and the policy expires on September 20 of each year.

There was no lapse in coverage for the year ending June 30, 2014.

NOTE 5 – CONCENTRATION OF RISK

The Organization maintains its cash and cash equivalents in financial institutions; all are fully insured by the Federal Deposit Insurance Corporation (FDIC). Cash balances throughout the year did not exceed the insured limit of \$250,000 protected by the FDIC. The Organization has not experienced any losses in such accounts and is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 6 – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

Amounts received from government and state agencies relating to grants and awards are subject to audit and adjustment by the government and state agencies. The amount of expenditures, which may be potentially disallowed, cannot be determined at this time. The revenue and activities of the Organization are subject to the administrative directives, rules and regulations of state and local regulatory agencies. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by state agencies or the Department of Environmental Protection. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

GREAT SWAMP WATERSHED ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 – REPORTING INSTANCES OR INDICATIONS OF ILLEGAL ACTS

There were no instances of illegal acts that could result in criminal prosecution to report to the respective agency and the Office of Inspector General.

NOTE 8 – UNCORRECTED SIGNIFICANT OR MATERIAL FINDINGS

There were no known uncorrected significant or material findings and recommendations from prior audits that affected the current audit objectives.

NOTE 9 – SUBSEQUENT EVENTS

In accordance with FASB ASC 855, *Subsequent Events*, the Organization has evaluated subsequent events through October 15, 2014, the date the financial statements are available to be issued. No significant events have occurred between the financial statement ending date and the date the financial statements were available to be issued, that would alter the intended parties' conclusion of the financial statements, require recognition or additional disclosure in these financial statements.

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MARK H. LAMPF, CPA

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Board of Trustees
Great Swamp Watershed Association
(A Not-for-Profit Organization)
568 Tempe Wick Road
Morristown, New Jersey 07960

We have audited the financial statements of Great Swamp Watershed Association as of and for the year ended June 30, 2014 and have issued our report thereon dated October 15, 2014, which contained an unmodified opinion on the financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses, the analysis of endowment account and the schedule of expenditures of state awards on the following pages are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Not-for-Profit Organizations*, and is also not a required part of the financial statements. Such additional information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The additional information has been subjected to the auditing procedures applied in the audit of the basic 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 additional information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



RICH, GELWARG & LAMPF LLP
CERTIFIED PUBLIC ACCOUNTANTS

October 15, 2014

GREAT SWAMP WATERSHED ASSOCIATION
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

	Program Services		Supporting Services		Total Program and Supporting Services
	Program	Management and General	Fundraising		
Salary, Wages and Benefits	\$ 283,042	\$ 34,116	\$ 42,640		\$ 359,798
Professional Fees and Services	19,779	569	711		21,059
Postage and Printing	14,323	-	201		14,524
Office and Supplies	9,141	1,102	1,377		11,620
Occupancy and Maintenance	40,455	3,326	4,176		47,957
Program, Meetings and Membership	66,135	-	16,981		83,116
Green Acres Grants, Pass through Grants	245,168	-	-		245,168
Government Grants	132,424	-	-		132,424
Insurance	9,059	1,092	1,365		11,516
Depreciation	800	92	133		1,025
Costs of Direct Benefits to Donors	-	-	-		9,395
	\$ 820,326	\$ 40,297	\$ 67,584		\$ 937,602

See independent auditor's report and the accompanying notes.

GREAT SWAMP WATERSHED ASSOCIATION
ANALYSIS OF ENDOWMENT ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

BEGINNING BALANCE - July 1, 2013	\$ 791,964
Deposit Stock Donation	\$ 1,683
Dividends and Capital Gains	24,646
Transfers from Operating Account	83,375
Transfers to Operating Account	(32,875)
Unrealized Gain on Investments	<u>125,660</u>
Change in Account Balance	<u>202,489</u>
ENDING BALANCE - June 30, 2014	<u>\$ 994,453</u>

See independent auditor's report and the accompanying notes.

**GREAT SWAMP WATERSHED ASSOCIATION
SCHEDULE OF EXPENDITURES STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

GRANTOR	IDENTIFYING NUMBER	PASS-THROUGH ENTITY	EXPENDITURES
The State of New Jersey:			
The Department of Environmental Protection			
Garden State Preservation Trust			
Green Acres - Primrose Farms Acquisition	14-12-09	The Trust for Public Land	\$ 200,000
Morris County Park Commission			
Seaton Hackney Stable	RP11-040	N/A	45,168
319 Grant	RP11-040	N/A	<u>132,424</u>
TOTAL EXPENDITURES OF STATE AWARDS			<u>\$ 377,592</u>

See independent auditor's report and the accompanying notes.

GREAT SWAMP WATERSHED ASSOCIATION
SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS*

We have audited, in accordance with the auditing generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Great Swamp Watershed Association (a not-for-profit organization) which comprise the statement of financial position as of June 30, 2014, the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 15, 2014.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered Great Swamp Watershed Association's internal control over financial reporting in order to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of Great Swamp Watershed Association's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

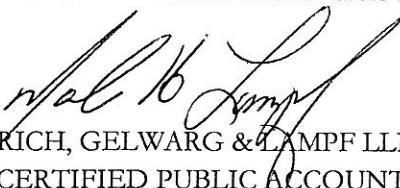
As part of obtaining reasonable assurance about whether Great Swamp Watershed Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, non-compliance with which could have a direct material effect on the determination of financial statement amounts. However, providing an opinion on

compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Organization maintains a policy in compliance with the Conscientious Employee Protection Act, also known as the "Whistleblower Policy." The policy is in compliance with all applicable laws and regulations to treat complaints seriously and expeditiously. Retaliation against employees reporting complaints in good faith is strictly prohibited. All reports and records relating to complaints are confidential with access restricted to management and the appropriate oversight agencies.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and is not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



RICH, GELWARG & LAMPF LLP
CERTIFIED PUBLIC ACCOUNTANTS

October 15, 2014

GREAT SWAMP WATERSHED ASSOCIATION
SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM

We have audited Great Swamp Watershed Association's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Great Swamp Watershed Association's major state programs for the year ended June 30, 2014. Great Swamp Watershed Association's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on compliance for each of Great Swamp Watershed Association's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Great Swamp Watershed Association's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Great Swamp Watershed Association's compliance.

OPINION ON EACH MAJOR STATE PROGRAM

In our opinion, Great Swamp Watershed Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2014.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of Great Swamp Watershed Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Great Swamp Watershed Association's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Great Swamp Watershed Association's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



RICH, GELWARG & LAMRF LLP
CERTIFIED PUBLIC ACCOUNTANTS

October 15, 2014

GREAT SWAMP WATERSHED ASSOCIATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

State Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510 (a) if Circular A-133?	No
Identification of major programs:	
Garden State Preservation Trust: Green Acres - Primrose Farms Acquisition	#14-12-09
Morris County Park Commission Seaton Hackney Stable	# RP11-040
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

SECTION III - AWARD FINDINGS AND QUESTIONED COSTS

None.