

RICH, GELWARG & LAMPF LLP

CERTIFIED PUBLIC ACCOUNTANTS

4 Ethel Road, Suite 401A
Edison, New Jersey 08817
Telephone (732) 287-5565
Fax (732) 287-5152

MARK H. LAMPF, CPA

INDEPENDENT AUDITOR'S REPORT

October 4, 2012

To the Board of Trustees
Great Swamp Watershed Association
568 Tempe Wick Road
Morristown, NJ 07960

We have audited the accompanying Comparative Statement of Financial Position of Great Swamp Watershed Association as of June 30, 2012 and 2011 and the related Comparative Statement of Activities and Comparative Statement of Cash Flows for the year then ended. These financial statements are the responsibility of the Association. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Great Swamp Watershed Association as of June 30, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



RICH, GELWARG & LAMPF LLP
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GREAT SWAMP WATERSHED ASSOCIATION
COMPARATIVE STATEMENT OF FINANCIAL POSITION
JUNE 30, 2012 AND 2011

ASSETS

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 117,731	\$ 61,052
Endowment Fund Account	756,757	767,599
Property and Equipment	191,659	193,710
Accounts Receivable	21,210	2,185
Prepaid Expenses	5,449	5,465
Deposit	<u>1,000</u>	<u>1,000</u>
 <u>TOTAL ASSETS</u>	 <u>\$ 1,093,806</u>	 <u>\$ 1,031,011</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	<u>\$ 13,174</u>	<u>\$ 6,112</u>
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<u>TOTAL LIABILITIES</u>	<u>\$ 13,174</u>	<u>\$ 6,112</u>
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NET ASSETS

Unrestricted	\$ 1,075,413	\$ 1,013,924
Temporarily Restricted	5,219	10,975
Permanently Restricted	<u>-0-</u>	<u>-0-</u>

<u>TOTAL NET ASSETS</u>	<u>\$ 1,080,632</u>	<u>\$ 1,024,899</u>
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<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 1,093,806</u>	<u>\$ 1,031,011</u>
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See Accompanying Notes.

GREAT SWAMP WATERSHED ASSOCIATION
COMPARATIVE STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	2012 Total	2011 Total
<u>REVENUES, GAINS AND OTHER SUPPORT</u>					
Contributions	\$ 508,552	\$ 55,565	\$ -	\$ 564,117	\$ 393,243
Grants	-	46,121	-	46,121	
Endowment Investment Income	32,680	-	-	32,680	33,998
Interest Earned	15	-	-	15	1
Unrealized Gain/Loss on Investments	(12,817)	-	-	(12,817)	101,734
Miscellaneous Revenue	2,239	-	-	2,239	2,314
Net Assets Released From Restrictions:					
Satisfaction of Program Restrictions	107,442	(107,442)	-	-	-
<u>TOTAL REVENUES, GAINS AND OTHER SUPPORT</u>	<u>638,111</u>	<u>(5,756)</u>	<u>-</u>	<u>632,355</u>	<u>531,290</u>
<u>EXPENSES</u>					
Program	452,134	-	-	452,134	385,041
Management and General	37,806	-	-	37,806	51,633
Fund Raising	86,682	-	-	86,682	88,042
<u>TOTAL EXPENSES</u>	<u>576,622</u>	<u>-</u>	<u>-</u>	<u>576,622</u>	<u>524,716</u>
<u>CHANGE IN NET ASSETS</u>	61,489	(5,756)	-	55,733	6,574
<u>NET ASSETS AT JULY 1, 2011</u>	<u>1,013,924</u>	<u>10,975</u>	<u>-</u>	<u>1,024,899</u>	<u>1,018,325</u>
<u>NET ASSETS AT JUNE 30, 2012</u>	<u>\$ 1,075,413</u>	<u>\$ 5,219</u>	<u>\$ -0-</u>	<u>\$ 1,080,632</u>	<u>\$ 1,024,899</u>

See Accompanying Notes.

GREAT SWAP WATERSHED ASSOCIATION
COMPARATIVE STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 55,733	\$ 6,574
Adjustments to Reconcile Net Income to Net Cash Provided By Operating Activities:		
Depreciation	2,050	3,530
Unrealized (Gain)/Loss on Investments	12,817	(101,734)
Change in Current Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(19,025)	31,247
Increase (Decrease) in Accounts Payable and Accrued Expenses	7,062	(6,175)
(Increase) Decrease in Prepaid Expenses and Deposits	<u>16</u>	<u>269</u>
Net Cash Provided By Operating Activities	<u>58,653</u>	<u>(66,289)</u>
Cash Flow from Investing Activities:		
Purchases of Investment Securities	(1,974)	(80,528)
Sale of Investment Securities	-	129,777
Realized Gain/Loss on Investments	-	(3,495)
Purchase of Equipment	<u>-</u>	<u>-</u>
Net Cash Used In Investing Activities	<u>(1,974)</u>	<u>45,754</u>
Net Increase in Cash and Cash Equivalents	56,679	(20,535)
Cash and Cash Equivalents at July 1, 2011	<u>61,052</u>	<u>81,587</u>
Cash and Cash Equivalents at June 30, 2012	<u><u>\$ 117,731</u></u>	<u><u>\$ 61,052</u></u>

Supplement Cash Flow Disclosures:

Cash paid for Income Taxes were:	-0-
Cash paid for Interest was:	-0-

See Accompanying Notes.

GREAT SWAMP WATERSHED ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Great Swamp Watershed Association have been prepared on the accrual basis.

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.

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.

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 FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

ESTIMATES

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

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.

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.

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.

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.

GREAT SWAMP WATERSHED ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

CASH AND CASH EQUIVALENTS

For the purposes of the statements 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.

NOTE 2 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily Restricted Net Assets are available for the following program activities:

Stony Brook – Millstone	\$ 4,730
Goldman Sachs	<u>489</u>
Total	<u>5,219</u>

NOTE 3 - EXPENSES

Expenses incurred were for:

	<u>Total</u>	<u>Program</u>	<u>Management & General</u>	<u>Fund Raising</u>
Salary, Wages and Benefits	\$ 346,139	\$280,373	\$31,152	\$34,614
Professional Fees and Services	5,542	4,205	535	802
Postage and Printing	24,237	20,809	196	3,232
Office and Supplies	12,705	10,291	1,143	1,271
Occupancy and Maintenance	43,974	35,014	3,595	5,365
Program, Meetings, and Membership	131,084	90,960		40,124
Insurance	10,891	8,822	980	1,089
Depreciation	<u>2,050</u>	<u>1,660</u>	<u>205</u>	<u>185</u>
	<u>\$576,622</u>	<u>\$452,134</u>	<u>\$37,806</u>	<u>\$86,682</u>

GREAT SWAP WATERSHED ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4 - PROPERTY AND EQUIPMENT

A Summary of Plant Assets follows:

Land	\$ 179,100
Equipment	106,260
	<u>\$ 285,360</u>
Less: Accumulated Depreciation	(93,701)
	<u><u>\$ 191,659</u></u>

The Organization also owns and manages Green Acres property in Harding Township. It's fair market value is zero as it has no resale value. The total depreciation expense for the year ended June 30, 2012 was \$2,050.

NOTE 5 - INVESTMENTS

Investments are stated at fair value and are summarized as follows as of June 30, 2012:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Endowment Fund Account - Securities held by the Vanguard Group Account Number 9952650745	<u>\$ 653,445</u>	<u>\$ 756,757</u>	<u>\$ 756,757</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2012:

	<u>Unrestricted</u>
Endowment Investment Income	\$ 32,680
Interest Earned on Cash and Cash Equivalents	15
Unrealized Loss on Endowment Investments	(12,817)
	<u><u>\$ 19,878</u></u>

NOTE 6 - CASH

At June 30, 2012 the Organization had no cash deposits in excess of federally insured limits of \$250,000.00. Deposits at Peapack Gladstone Bank totaled \$117,731 at June 30, 2012.

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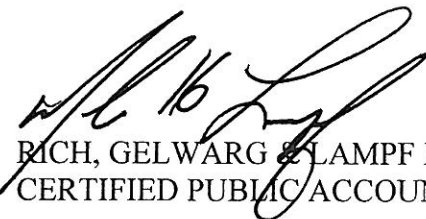
MARK H. LAMPF, CPA

INDEPENDENT AUDITOR'S REPORT ON
SUPPLEMENTARY INFORMATION

October 1, 2012

To The Board of Directors
Great Swamp Watershed Association
568 Tempe Wick Road
Morristown, NJ 07960

Our report on our audit of the basic financial statements of Great Swamp Watershed Association for the year ended June 30, 2012 appears on page 1. That audit was made for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with auditing standards generally accepted in the United States of America. The information included in the accompanying schedule is presented only for supplementary analysis purposes. Such information has been subjected to the inquiry and analytical procedures applied in the audit of the basic financial statements, and we are not aware of any material modifications that should be made thereto.


RICH, GELWARG & LAMPF LLP
CERTIFIED PUBLIC ACCOUNTANTS

GREAT SWAMP WATERSHED ASSOCIATION
ANALYSIS OF ENDOWMENT ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2012

Beginning Balance - July 1, 2011		\$ 767,599
Deposits	\$ -0-	
Dividends and Capital Gains/Losses	32,680	
Transfers to Operating Account	(30,705)	
Unrealized Loss on Investments	<u>(12,817)</u>	
Change in Account Balance		<u>(10,842)</u>
Ending Balance - June 30, 2012		<u>\$756,757</u>