

NEW JERSEY INSTITUTE
FOR SOCIAL JUSTICE
FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2015 AND 2014

NEW JERSEY INSTITUTE FOR SOCIAL JUSTICE
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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
New Jersey Institute for Social Justice

I have audited the accompanying financial statements of New Jersey Institute for Social Justice (a nonprofit organization) which comprise the statements of financial position as of September 30, 2015 and 2014, and the related statements of activities, functional expenses, 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

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits 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 I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 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, I 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.

I believe that the audit evidence I obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Jersey Institute for Social Justice as of September 30, 2015 and 2014, 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.

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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued a report dated December 28, 2015 on my consideration of New Jersey Institute for Social Justice's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 New Jersey Institute for Social Justice's internal control over financial reporting and compliance.

James M. Wood

December 28, 2015
Hillsborough, NJ

NEW JERSEY INSTITUTE FOR SOCIAL JUSTICE
 STATEMENTS OF FINANCIAL POSITION
 SEPTEMBER 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Assets		
Current assets		
Cash & cash equivalents	\$ 460,697	\$ 666,864
Investment securities	5,436,220	6,523,808
Grants receivable	26,071	-
Accounts receivable	171,939	147,800
Prepaid expenses	18,577	40,857
	<u>6,113,504</u>	<u>7,379,329</u>
Property & equipment		
Furniture & fixtures	189,347	183,943
Leasehold improvements	36,127	36,127
	<u>225,474</u>	<u>220,070</u>
Less accumulated depreciation	(212,742)	(210,142)
	<u>12,732</u>	<u>9,928</u>
Other assets		
Security deposit	11,643	11,643
	<u>11,643</u>	<u>11,643</u>
	<u>\$ 6,137,879</u>	<u>\$ 7,400,900</u>
Liabilities & Net Assets		
Current liabilities		
Accounts payable & accrued expenses	\$ 52,818	\$ 64,175
Grants received in advance	344,268	393,515
	<u>397,086</u>	<u>457,690</u>
Net assets		
Unrestricted		
Undesignated	27,768	358
Board designated	5,713,025	6,942,852
	<u>5,740,793</u>	<u>6,943,210</u>
	<u>\$ 6,137,879</u>	<u>\$ 7,400,900</u>

See accompanying notes to financial statements.

STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	2015			2014		
	Unrestricted	Board Designated Endowment	Total	Unrestricted	Board Designated Endowment	Total
	Operations			Operations		
Public Support						
Contributions	\$ 70,767	-	\$ 70,767	\$ 178,182	-	\$ 178,182
Special event, net of						
Gross income	210,695	-	210,695	217,985	-	217,985
Direct expense	(39,970)	-	(39,970)	(79,730)	-	(79,730)
	170,725	-	170,725	138,255	-	138,255
	241,492	-	241,492	316,437	-	316,437
Grants						
Foundations	513,820	-	513,820	379,375	-	379,375
Government						
NJ Department of Labor	-	-	-	10,288	-	10,288
Newark Workforce Investment Board	18,750	-	18,750	131,250	-	131,250
Port Authority of NY & NJ	100,000	-	100,000	100,000	-	100,000
	632,570	-	632,570	620,913	-	620,913
Investment Income						
Interest & dividends	-	165,994	165,994	-	171,408	171,408
Gains (losses) on investment securities	-	(368,861)	(368,861)	-	343,251	343,251
Equity earnings of real estate investments	-	35,000	35,000	-	20,000	20,000
Less investment management fees	-	(35,926)	(35,926)	-	(40,536)	(40,536)
	-	(203,793)	(203,793)	-	494,123	494,123
Other Income						
Miscellaneous	783	-	783	2,957	-	2,957
	783	-	783	2,957	-	2,957
Income before release of designation	874,845	(203,793)	671,052	940,307	494,123	1,434,430
Net assets undesignated	1,026,034	(1,026,034)	-	850,000	(850,000)	-
Total income	1,900,879	(1,229,827)	671,052	1,790,307	(355,877)	1,434,430
Functional Expenses						
Program services						
Equal Justice	300,582	-	300,582	240,212	-	240,212
Workforce Development	559,277	-	559,277	659,129	-	659,129
Urban Assets	114,017	-	114,017	108,683	-	108,683
Legal	421,351	-	421,351	381,739	-	381,739
	1,395,227	-	1,395,227	1,389,763	-	1,389,763
Supporting services						
Management & general	224,596	-	224,596	224,321	-	224,321
Fund raising	253,646	-	253,646	197,934	-	197,934
	478,242	-	478,242	422,255	-	422,255
Total expenses	1,873,469	-	1,873,469	1,812,018	-	1,812,018
Increase (decrease) in net assets	27,410	(1,229,827)	(1,202,417)	(21,711)	(355,877)	(377,588)
Net assets, beginning of year	358	6,942,852	6,943,210	22,069	7,298,729	7,320,798
Net assets, end of year	\$ 27,768	\$ 5,713,025	\$ 5,740,793	\$ 358	\$ 6,942,852	\$ 6,943,210

See accompanying notes to financial statements.

NEW JERSEY INSTITUTE FOR SOCIAL JUSTICE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2015 WITH COMPARATIVE TOTALS FOR 2014

	2015						(See page 6) 2014									
	Program Services			Supporting Services			Program Services			Supporting Services						
	Equal Justice	Workforce Development	Urban Assets	Legal	Total	Management & General	Fund Raising	Total Expenses	Equal Justice	Workforce Development	Urban Assets	Legal	Total	Management & General	Fund Raising	Total Expenses
Salaries	\$ 127,420	\$ 307,041	\$ 70,380	\$ 280,501	\$ 785,342	\$ 115,986	\$ 169,247	\$ 1,070,575	\$ 127,420	\$ 307,041	\$ 70,380	\$ 280,501	\$ 785,342	\$ 115,986	\$ 169,247	\$ 1,070,575
Payroll tax & fringe benefits	28,093	67,694	15,517	61,843	173,147	25,572	37,314	236,033	28,093	67,694	15,517	61,843	173,147	25,572	37,314	236,033
	155,513	374,735	85,897	342,344	958,489	141,558	206,561	1,306,608	155,513	374,735	85,897	342,344	958,489	141,558	206,561	1,306,608
Direct program		11,435		537	11,972			11,972		11,435		537	11,972			11,972
Participant incentives	326	326	10	326	988			988		326		326	988			988
Subcontractors		9,116			9,116			9,116		9,116			9,116			9,116
Consultants	109,295	78,246	8,531	70	196,142	34,237	26,207	230,379	109,295	78,246	8,531	70	196,142	34,237	26,207	230,379
Occupancy	19,730	47,544	10,898	43,434	121,606	17,960	1,695	165,773	19,730	47,544	10,898	43,434	121,606	17,960	1,695	165,773
Professional fees	1,276	3,075	705	2,847	7,903	15,249	2,368	24,847	1,276	3,075	705	2,847	7,903	15,249	2,368	24,847
Insurance	1,783	4,295	985	3,924	10,987	1,623	4,239	14,769	1,783	4,295	985	3,924	10,987	1,623	4,239	14,769
Equipment rental & repairs	3,191	7,690	1,763	7,026	19,670	2,905	2,089	26,814	3,191	7,690	1,763	7,026	19,670	2,905	2,089	26,814
Telephone	1,572	3,789	869	3,462	9,692	1,431	1,433	13,212	1,572	3,789	869	3,462	9,692	1,431	1,433	13,212
Travel	1,079	2,599	596	2,374	6,648	982	1,830	7,468	1,079	2,599	596	2,374	6,648	982	1,830	7,468
Dues & subscriptions	462	1,113	255	1,017	2,847	421	614	3,882	462	1,113	255	1,017	2,847	421	614	3,882
Supplies	1,378	3,320	761	3,033	8,492	1,254	1,830	13,033	1,378	3,320	761	3,033	8,492	1,254	1,830	13,033
Postage	476	1,147	262	1,048	2,933	434	632	3,999	476	1,147	262	1,048	2,933	434	632	3,999
Printing	1,826	4,399	1,008	4,019	11,252	1,662	2,425	15,339	1,826	4,399	1,008	4,019	11,252	1,662	2,425	15,339
Web site	170	410	94	375	1,049	154	226	1,429	170	410	94	375	1,049	154	226	1,429
Meetings	1,808	4,357	998	3,980	11,143	1,646	2,401	15,190	1,808	4,357	998	3,980	11,143	1,646	2,401	15,190
Professional education	208	502	115	459	1,284	189	277	1,750	208	502	115	459	1,284	189	277	1,750
Miscellaneous	180	433	99	395	1,107	163	238	1,508	180	433	99	395	1,107	163	238	1,508
Federal excise tax						2,446		2,446						2,446		2,446
	300,273	558,531	113,846	420,670	1,393,320	224,514	253,235	1,870,869	300,273	558,531	113,846	420,670	1,393,320	224,514	253,235	1,870,869
Depreciation	309	746	171	681	1,907	282	411	2,600	309	746	171	681	1,907	282	411	2,600
Total functional expenses	\$ 300,582	\$ 559,277	\$ 114,017	\$ 421,351	\$ 1,395,227	\$ 224,596	\$ 253,646	\$ 1,873,469	\$ 300,582	\$ 559,277	\$ 114,017	\$ 421,351	\$ 1,395,227	\$ 224,596	\$ 253,646	\$ 1,873,469

See accompanying notes to financial statements.

NEW JERSEY INSTITUTE FOR SOCIAL JUSTICE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2014

2014

	Program Services			Supporting Services			Total Expenses
	Equal Justice	Workforce Development	Urban Assets	Legal	Management & General	Fund Raising	
Salaries	\$ 113,120	\$ 364,640	\$ 62,061	\$ 234,896	\$ 774,717	\$ 123,179	\$ 1,024,271
Payroll tax & fringe benefits	26,822	86,459	14,715	55,696	183,692	29,207	242,863
	139,942	451,099	76,776	290,592	958,409	152,386	1,267,134
Direct program	-	15,480	-	4,287	19,767	-	19,767
Participant incentives	459	2,531	252	954	4,196	500	5,209
Subcontractors	-	2,674	-	-	2,674	-	2,674
Consultants	58,468	54,078	8,974	57	121,577	30	121,638
Occupancy	19,531	62,957	10,715	40,556	133,759	21,267	176,845
Professional fees	7,206	23,230	3,954	14,964	49,354	7,847	79,752
Insurance	1,631	5,258	895	3,387	11,171	1,776	14,769
Equipment rental & repairs	3,390	10,927	1,860	7,039	23,216	3,691	30,694
Telephone	1,827	5,889	1,002	3,793	12,511	1,989	16,541
Travel	825	2,659	452	1,713	5,649	898	7,468
Dues & subscriptions	407	1,311	223	844	2,785	443	3,682
Supplies	1,439	4,640	790	2,989	9,858	1,567	13,033
Postage	769	2,479	422	1,597	5,267	838	6,964
Printing	1,528	4,924	838	3,173	10,463	1,664	13,834
Web site	39	125	21	81	266	42	352
Meetings	1,396	4,501	766	2,900	9,563	1,521	12,644
Professional education	621	2,001	341	1,289	4,252	676	5,622
Miscellaneous	236	762	129	491	1,618	257	2,139
Federal excise tax	-	-	-	-	-	-	6,751
	239,714	657,525	108,410	380,706	1,386,355	197,392	1,807,512
Depreciation	498	1,604	273	1,033	3,408	542	4,506
Total functional expenses	\$ 240,212	\$ 659,129	\$ 108,683	\$ 381,739	\$ 1,389,763	\$ 197,934	\$ 1,812,018

See accompanying notes to financial statements.

NEW JERSEY INSTITUTE FOR SOCIAL JUSTICE
 STATEMENTS OF CASH FLOWS
 YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Decrease in net assets	\$ (1,202,417)	\$ (377,588)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	2,600	4,506
(Gains) losses on investment securities	368,861	(343,251)
(Increase) decrease in:		
Grants receivable	(26,071)	10,636
Accounts receivable	(24,139)	(125,210)
Prepaid expenses	22,280	(24,347)
Increase (decrease) in:		
Accounts payable & accrued expenses	(11,357)	37,800
Grants received in advance	(49,247)	229,354
	<hr/>	<hr/>
Cash used in operating activities	(919,490)	(588,100)
Cash flows from investing activities		
Proceeds from sale of investment securities	2,827,779	1,206,282
Acquisition of investment securities	(2,109,052)	(649,211)
Acquisition of fixed assets	(5,404)	-
	<hr/>	<hr/>
Cash provided by investing activities	713,323	557,071
	<hr/>	<hr/>
Net decrease in cash & cash equivalents	(206,167)	(31,029)
Cash & cash equivalents		
Beginning of year	<hr/>	<hr/>
	666,864	697,893
	<hr/>	<hr/>
End of year	\$ 460,697	\$ 666,864
	<hr/>	<hr/>
Supplemental disclosure		
Cash paid for unrelated business income tax	\$ 2,446	\$ 6,751

NEW JERSEY INSTITUTE FOR SOCIAL JUSTICE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2015 AND 2014

(1) **Summary of Significant Accounting Policies**

Nature of activities

New Jersey Institute for Social Justice (the Institute), a public charity, is a Newark-based urban research and advocacy organization dedicated to the advancement of New Jersey's urban areas and residents. Established in 1999, the Institute's programs focus on expanding access to economic opportunity for low-income and minority residents of Newark and other urban areas of the state; promoting local, regional and state government that is effective, equitable and accountable to the concerns of urban residents and their communities; and ensuring the civil rights and other basic entitlements of minorities and low-income individuals in the state. The Institute advances this nonpartisan agenda through policy-related research and analysis, development and implementation of model programs, advocacy efforts and sustained public education.

Basis of presentation

In accordance with generally accepted accounting principles, the Institute reports its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of September 30, 2015 and 2014, the Institute has only unrestricted net assets.

Board designated unrestricted net assets

Prior to fiscal year 2005, the Institute's revenues were derived primarily from the Alan V. and Amy Lowenstein Family Foundation. The funds were received as investment securities and have been designated by the Board of Trustees to provide ongoing support for programs and operations. Assets are released to programs and operations as determined by the Board of Trustees.

Cash & cash equivalents

The financial statement item "cash & cash equivalents" consists of demand deposits, including money market funds, in depository financial institutions and highly liquid investments in money market funds.

Investment securities

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with gains and losses included in the statement of activities.

Contributions

Contributions received are recognized as revenue when pledged. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and/or nature of any donor-imposed restrictions.

Grants

Grants are recorded as revenue during the period for which the funds are intended or the related activity occurs. Amounts received in advance are deferred into the intended period. Grants are defined as the receipt of funds where the grantor expects provision of certain services of commensurate value.

NEW JERSEY INSTITUTE FOR SOCIAL JUSTICE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2015 AND 2014

Premises & equipment

Acquisitions of premises and equipment with estimated useful lives in excess of one year are capitalized and depreciated over the estimated useful life of each asset. Leasehold improvements are amortized over the life of the asset or the length of the lease, whichever is shorter.

Functional expenses

Expenses are charged to each program based on direct expenditures incurred. Any expenses not directly chargeable are allocated to programs and supporting services based on applicable rates determined by management.

Use of 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.

Concentrations of credit and funding risk

Financial instruments

Financial instruments that potentially expose the Institute to concentrations of credit and market risk consist primarily of cash, cash equivalents, and investment securities. Cash and cash equivalents are placed in high-quality financial institutions or money market funds, and credit exposure is deemed to be limited to any one institution. The Institute did not experience any losses on cash and cash equivalents during the years ended September 30, 2015 and 2014.

Investment securities

Investment securities consist of equity securities, mutual funds, index funds, and real estate investment trusts. Investment securities with readily determinable market values are carried at fair value; all investment securities are subject to market fluctuations. Future losses may be incurred in the event of a decline in fair value.

Funding

During the year ended September 30, 2015, the Institute received approximately 17% of its funding from one grant; the remaining revenue sources were diversified with no more than 11% derived from a single source. During the year ended September 30, 2014, the Institute received approximately 10% of its revenue from one contribution; the remaining revenue sources were diversified with no more than 9% derived from a single source.

Fair value of financial instruments

Financial instruments are carried at fair value which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is determined using three levels of inputs:

NEW JERSEY INSTITUTE FOR SOCIAL JUSTICE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2015 AND 2014

- Level 1 Valuations based on quoted prices in active markets for identical assets. Valuations are based on quoted prices that are readily and regularly available in the active market.
- Level 2 Valuations based on one or more quoted price for investments that are not exchange-traded but for which all significant inputs are observable, either directly or indirectly, and for which transaction activity is unrestricted and occurs on a regular basis.
- Level 3 Valuations based on inputs that are unobservable and significant to the overall fair value measurements.

The following valuation techniques are used for asset measured at fair value:

Cash equivalents - The carrying value approximates fair value due to its short term nature. Cash equivalents, defined as highly liquid dollar-denominated funds, are classified as Level 1 investments.

Equity securities - Investments in equity securities are measured at fair value using the quoted market price and are classified as Level 1.

Mutual funds - Investments in equity and bond exchange-traded funds are measured at fair value using the quoted market prices and are classified as Level 1. Investments in mutual funds traded over the counter are classified as Level 2.

Index funds - Investments in index funds are exchange-traded and are classified as Level 1.

Real estate - As a contribution, NJISJ received an investment interest in a limited partnership and a corporation which own a parcel of real estate which is actively leased. The fair value has been estimated using the net present value of estimated future cash flows based on the terms of the underlying property's lease. The fair value is classified as Level 3.

Accounting for uncertainty in income taxes

The Institute's accounting policy is to disclose contingencies relating to uncertain tax positions when a liability is probable and estimable. The Institute is not aware of any violation of tax status or exposure to uncertain tax positions that could require disclosure or which could affect its liquidity or future cash flows. The Institute's exempt organization filings for the years ended September 30, 2012 through 2015 are subject to examination by the Internal Revenue Service and the State of New Jersey. Further, the Internal Revenue Service may examine the Institute's financial activities for income and unrelated business income tax for those years.

New accounting pronouncements

The newly enacted accounting pronouncements will not have a material effect on the Institute.

NEW JERSEY INSTITUTE FOR SOCIAL JUSTICE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2015 AND 2014

(2) **Investment Securities**

As of September 30, 2015 and 2014, investment securities consist of the following:

	<u>Fair Value</u>	<u>Cost</u>
<u>September 30, 2015</u>		
Equities	\$2,528,089	\$2,093,718
Bond mutual funds	1,469,701	1,517,477
Equity mutual funds	363,921	273,484
Equity index funds	729,417	664,414
Commodity index fund	195,009	439,676
Interest in real estate limited partnerships	<u>150,083</u>	<u>150,083</u>
	<u>\$5,436,220</u>	<u>\$5,138,852</u>
<u>September 30, 2014</u>		
Equities	\$3,182,098	\$2,425,643
Bond mutual funds	1,439,287	1,476,518
Equity mutual funds	508,497	312,010
Equity index funds	928,410	783,333
Commodity index funds	315,433	439,676
Interest in real estate limited partnerships	<u>150,083</u>	<u>150,083</u>
	<u>\$6,523,808</u>	<u>\$5,587,263</u>

(3) **Operating Lease Commitments**

The Institute is obligated under the terms of leases for office space and certain equipment as follows:

<u>Year ending September 30</u>	
2016	\$106,860
2017	55,461
2018	<u>609</u>
	<u>\$162,930</u>

Rent expense totaled \$108,218 and \$107,087 for the years ended September 30, 2015 and 2014, respectively.

(4) **Retirement Plan**

The Institute sponsors a 401(k) profit sharing plan covering substantially all full time employees. Contributions to the plan are at the discretion of the Board of Trustees. For the years ended September 30, 2015 and 2014, contributions to the plan totaled \$34,957 and \$39,818, respectively.

(5) **Income Tax Status**

The Institute qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for income taxes except for unrelated business income tax applicable to certain investment income. All applicable returns for the exempt organization are filed in a timely manner; all payments for unrelated business income tax are made in a timely manner. The Institute is liable for payment of payroll taxes as an employer; all such amounts are paid in a timely manner as required by state and federal regulations.

NEW JERSEY INSTITUTE FOR SOCIAL JUSTICE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2015 AND 2014

(6) **Board-Designated Endowment**

Since inception of the Institute, the Board of Trustees has designated certain contributions and bequests as a general endowment fund to support the mission of the Institute. Since the endowment resulted from an internal designation and not a donor-imposed restriction, it is classified and reported as unrestricted net assets.

Amounts are released from the board-designated endowment as required to support operating activities. As the Institute's program services mature and the associated revenues expand, the Institute expects to release smaller amounts from the endowment. The Institute plans to allow its endowment to grow where investment income will enhance operating activities.

To achieve that objective, the Institute has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well diversified asset mix which includes equity and debt securities, mutual funds, and real estate investment partnerships. The intended result is a consistent inflation-protected rate of return that has sufficient liquidity to make needed annual distributions while growing the endowment if possible. Actual returns in any given year may vary. Investment risk is measured in terms of the total endowment fund; investment assets and allocation thereto is managed to provide an acceptable level of risk.

(7) **Recurring Fair Value Measurements**

The Institute has provided fair value disclosure information for relevant assets in these financial statements. The following tables summarize assets which have been accounted for at fair value on a recurring basis as of September 30, 2015 and 2014, along with the basis for the determination of fair value:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>September 30, 2015</u>				
Equity securities	2,528,089	\$ -	\$ -	\$2,528,089
Bond mutual funds	-	1,469,701	-	1,469,701
Equity mutual funds	-	363,921	-	363,921
Equity index funds	-	729,417	-	729,417
Commodity index funds	-	195,009	-	195,009
Real estate	-	-	<u>150,083</u>	<u>150,083</u>
	<u>\$2,528,089</u>	<u>\$2,758,048</u>	<u>\$150,083</u>	<u>\$5,436,220</u>
 <u>September 30, 2014</u>				
Equity securities	\$3,182,098	\$ -	\$ -	\$3,182,098
Bond mutual funds	-	1,439,287	-	1,439,287
Equity mutual funds	-	508,497	-	508,497
Equity index funds	-	928,410	-	928,410
Commodity index funds	-	315,433	-	315,433
Real estate	-	-	<u>150,083</u>	<u>150,083</u>
	<u>\$3,182,098</u>	<u>\$3,191,627</u>	<u>\$150,083</u>	<u>\$6,523,808</u>

NEW JERSEY INSTITUTE FOR SOCIAL JUSTICE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2015 AND 2014

For applicable assets, NJISJ values such assets 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, NJISJ next attempts to value such assets using observable measurement criteria, including quoted market prices of similar assets and 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, NJISJ develops measurement criteria based on the best information available (Level 3).

(8) Special Events

During the years ended September 30, 2015 and 2014, NJISJ held spring events with the following results:

	<u>2015</u>	<u>2014</u>
Gross revenue	\$210,695	\$217,985
Direct expense	(39,970)	(79,730)
	<u>\$170,725</u>	<u>\$138,255</u>

(9) Management Evaluation of Subsequent Events

Management has evaluated subsequent events through December 28, 2015, the date which the financial statements are available to be issued.



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*

Independent Auditor's Report

To the Board of Trustees
New Jersey Institute for Social Justice

I have audited, 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, the financial statements of New Jersey Institute for Social Justice (NJISJ), as of and for the year ended September 30, 2015 and the related notes to the financial statements and have issued my report thereon dated December 28, 2015.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered New Jersey Institute for Social Justice's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, I do not express an opinion on the effectiveness of the NJISJ'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 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.

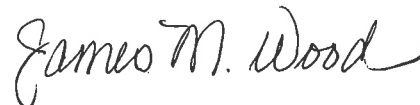
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit, I did not identify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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the organization's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



December 28, 2015
Hillsborough, NJ