

**PUBLIC INTEREST RESEARCH GROUP  
OF NEW JERSEY, INC. A/K/A NJPIRG  
STUDENT CHAPTERS**

**FINANCIAL STATEMENTS**

July 31, 2013

**PUBLIC INTEREST RESEARCH GROUP OF NEW JERSEY, INC. A/K/A NJPIRG  
STUDENT CHAPTERS**

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July 31, 2013

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Public Interest Research Group of New Jersey, Inc. a/k/a NJPIRG Student  
Chapters

### Report on the Financial Statements

We have audited the accompanying financial statements of Public Interest Research Group of New Jersey, Inc. a/k/a NJPIRG Student Chapters ("Student Chapters") which comprise the statement of financial position as of July 31, 2013 and 2012, 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 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

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- NEW YORK SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS
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## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### Auditors' Responsibility (Continued)

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 reasonable 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 Student Chapters as of July 31, 2013 and 2012, 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.

*Meradino, P.C.*  
*Certified Public Accountants*

June 11, 2014

**PUBLIC INTEREST RESEARCH GROUP OF NEW JERSEY, INC. A/K/A NJPIRG STUDENT CHAPTERS**

**STATEMENT OF FINANCIAL POSITION**  
July 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 210,761	\$ 269,584
Investments	1,358,360	1,189,077
Accounts receivable	62,824	61,700
Loan receivable, current portion	6,000	3,000
Due from affiliates	85	-
Prepaid expenses	<u>6,503</u>	<u>1,225</u>
Total current assets	1,644,533	1,524,586
Loan receivable, net of current portion	3,000	6,000
Equipment and leasehold improvements	<u>6,339</u>	<u>7,724</u>
Total Assets	<u>\$ 1,653,872</u>	<u>\$ 1,538,310</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 170,350	\$ 81,564
Due to affiliates	<u>42,996</u>	<u>141,102</u>
Total Liabilities	213,346	222,666
Net Assets	<u>1,440,526</u>	<u>1,315,644</u>
Total Liabilities and Net Assets	<u>\$ 1,653,872</u>	<u>\$ 1,538,310</u>

See notes to financial statements.

**PUBLIC INTEREST RESEARCH GROUP OF NEW JERSEY, INC. A/K/A NJPIRG STUDENT CHAPTERS**

**STATEMENT OF ACTIVITIES**  
Years Ended July 31, 2013 and 2012

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	<u>2013</u>	<u>2012</u>
Support and revenues		
Student fees, Rutgers University	\$ 538,387	\$ 548,139
Program service revenue	8,000	-
Contributions	-	624
Investment return	<u>6,572</u>	<u>4,234</u>
Total support and revenues	<u>552,959</u>	<u>552,997</u>
Expenses		
Program services	365,267	311,354
Management and general	36,814	25,946
Fundraising	<u>25,996</u>	<u>13,470</u>
Total expenses	<u>428,077</u>	<u>350,770</u>
Change in net assets	124,882	202,227
Net assets, beginning of year	<u>1,315,644</u>	<u>1,113,417</u>
Net assets, end of year	<u>\$ 1,440,526</u>	<u>\$ 1,315,644</u>

**PUBLIC INTEREST RESEARCH GROUP OF NEW JERSEY, INC. A/K/A NJPIRG STUDENT CHAPTERS**

**STATEMENT OF FUNCTIONAL EXPENSES**  
 Year Ended July 31, 2013

	2013			Total
	Program Services	Management and General	Fundraising	
Salaries	\$ 103,695	\$ 1,928	\$ 16,045	\$ 121,668
Payroll taxes and employee benefits	23,396	1,883	3,620	28,899
Dues	129,429	-	-	129,429
Program development	24,539	18,722	-	43,261
Citizen outreach expense	42,996	-	-	42,996
Rent	19,280	358	2,983	22,621
Professional services	300	11,000	-	11,300
Recruitment	6,460	120	999	7,579
Travel	4,290	80	664	5,034
Telephone	3,963	74	613	4,650
Office supplies and miscellaneous	1,975	1,627	306	3,908
Utilities	1,399	26	217	1,642
Depreciation and amortization	1,180	22	183	1,385
Equipment maintenance	1,156	21	179	1,356
Printing and reproduction	1,114	21	172	1,307
Insurance	-	930	-	930
Postage	95	2	15	112
Total	<u>\$ 365,267</u>	<u>\$ 36,814</u>	<u>\$ 25,996</u>	<u>\$ 428,077</u>

**PUBLIC INTEREST RESEARCH GROUP OF NEW JERSEY, INC. A/K/A NJPIRG STUDENT CHAPTERS**

**STATEMENT OF FUNCTIONAL EXPENSES**  
 Year Ended July 31, 2012

	2012			
	Program Services	Management and General	Fundraising	Total
Salaries	\$ 91,329	\$ 8,304	\$ 9,437	\$ 109,070
Payroll taxes and employee benefits	22,091	2,008	2,282	26,381
Dues	96,106	-	-	96,106
AmeriCorps cash grant match	65,861	-	-	65,861
Program development	14,431	1,818	-	16,249
Rent	11,354	1,032	1,173	13,559
Professional services	-	10,400	-	10,400
Office supplies and miscellaneous	2,348	1,214	115	3,677
Travel	2,387	217	247	2,851
Telephone	2,199	-	-	2,199
Utilities	819	75	85	979
Depreciation and amortization	738	67	76	881
Insurance	-	762	-	762
Equipment maintenance	479	44	50	573
Grants given	524	-	-	524
Printing and reproduction	478	-	-	478
Postage	210	5	5	220
Total	<u>\$ 311,354</u>	<u>\$ 25,946</u>	<u>\$ 13,470</u>	<u>\$ 350,770</u>



**PUBLIC INTEREST RESEARCH GROUP OF NEW JERSEY, INC. A/K/A NJPIRG STUDENT CHAPTERS**

**STATEMENT OF CASH FLOWS**  
**Years Ended July 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 124,882	\$ 202,227
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	1,385	881
Realized and unrealized loss on investments	717	2,140
Increase (decrease) in cash from		
Accounts receivable	(1,124)	(39,542)
Prepaid expenses	(5,278)	(598)
Accounts payable and accrued expenses	<u>88,786</u>	<u>(93,917)</u>
Net cash from operating activities	<u>209,368</u>	<u>71,191</u>
<b>Cash Flows from Investing Activities</b>		
Loan receivable	-	3,000
Purchases of equipment	-	(4,586)
Purchases of investments	(851,000)	(1,418,000)
Proceeds from sales of investments	<u>681,000</u>	<u>1,509,000</u>
Net cash from investing activities	<u>(170,000)</u>	<u>89,414</u>
<b>Cash Flows from Financing Activities</b>		
(Repayments to) advances from affiliates, net	<u>(98,191)</u>	<u>3,685</u>
Net change in cash and cash equivalents	(58,823)	164,290
Cash and cash equivalents, beginning of year	<u>269,584</u>	<u>105,294</u>
Cash and cash equivalents, end of year	<u>\$ 210,761</u>	<u>\$ 269,584</u>

See notes to financial statements.

# PUBLIC INTEREST RESEARCH GROUP OF NEW JERSEY, INC. A/K/A NJPIRG STUDENT CHAPTERS

## NOTES TO FINANCIAL STATEMENTS

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### A. NATURE OF ORGANIZATION

Public Interest Research Group of New Jersey, Inc. a/k/a NJPIRG Student Chapters ("Student Chapters") is a non-profit, student directed organization that recruits and trains students to conduct public interest research, educates the campus and local community about civic engagement, and advocates for real solutions. From direct service to the community to advocating for common sense policy solutions, Student Chapters melds the technical knowhow of University research and classroom education with real world advocacy and hands on experience.

### B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

The financial statements of Student Chapters have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Net assets and revenues and gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Student Chapters is required to report information regarding its financial position and activities according to three classes of net assets:

- Unrestricted net assets - net assets not subject to donor-imposed stipulations, and therefore expendable for operating purposes.
- Temporarily restricted net assets - net assets subject to donor-imposed stipulations that will be met by actions of Student Chapters and/or by the passage of time.
- Permanently restricted net assets - net assets subject to donor-imposed stipulations that they be maintained permanently by Student Chapters. Generally, the donors of these assets permit Student Chapters to use all or part of the income earned on related investments for general or donor-specified purposes.

Student Chapters has no temporarily or permanently restricted net assets.

#### Use of Estimates

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

#### Cash Equivalents

Cash equivalents include highly liquid debt instruments with original maturities of ninety days or less.

#### Investments

Investments consist of certificates of deposit with original maturities in excess of ninety days and are stated at fair value in the statement of financial position. All interest and realized and unrealized gains and losses are reported in the statement of activities as increases or decreases in unrestricted net assets.

**PUBLIC INTEREST RESEARCH GROUP OF NEW JERSEY, INC. A/K/A NJPIRG STUDENT CHAPTERS**

**NOTES TO FINANCIAL STATEMENTS**

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**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements**

Valuation techniques used to measure fair value are prioritized into the following hierarchy:

Level 1 - Determined using quoted market prices in active markets for identical assets and liabilities.

Level 2 - Determined using quoted market prices in active markets for similar assets and liabilities, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant inputs are observable in the market for substantially the full term of the assets or liabilities.

Level 3 - Determined using inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The market for assets and liabilities using level 3 measures is typically inactive.

**Accounts Receivable, Loan Receivable and Due from Affiliates**

Student Chapters considers all accounts receivable, loan receivable and amounts due from affiliates to be fully collectible; accordingly, no allowance for doubtful amounts is required. If amounts become uncollectible, they will be charged to the change in net assets when that determination is made.

**Equipment and Leasehold Improvements**

Equipment and leasehold improvements in excess of \$500 are capitalized as assets and recorded at cost, except for donated items, which are recorded at the fair value on the date of donation. Depreciation is computed by the straight-line method over the estimated useful lives of the assets, which are five to seven years for equipment and furniture. Leasehold improvements are amortized over the lesser of the length of the related leases or the estimated useful lives of the assets.

Repairs and maintenance which do not extend the useful lives of the related assets are expensed as incurred.

**Public Support and Revenue Recognition**

Contributions are recognized when the student makes a promise to give to Student Chapters that is, in substance, unconditional. All student contributions are unrestricted.

Program service revenue is recognized when the service is provided.

**Income Taxes**

Student Chapters is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code and applicable state law. Income generated by activities that would be considered unrelated to Student Chapters' mission would be subject to tax, which, if incurred, would be recognized as a current expense. No such tax has been recognized for the years ended July 31, 2013 and 2012.

**PUBLIC INTEREST RESEARCH GROUP OF NEW JERSEY, INC. A/K/A NJPIRG STUDENT CHAPTERS**

NOTES TO FINANCIAL STATEMENTS

**B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes (Continued)**

Student Chapters accounts for uncertainty in income taxes recognized in the financial statements using a recognition threshold of more likely than not as to whether the uncertainty will be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. Management determined there were no tax uncertainties that met the recognition threshold. Student Chapters' federal exempt organization returns are no longer subject to examination by the Internal Revenue Service for years prior to 2010.

**Functional Allocation of Expenses**

Certain operating expenses have been allocated to program services based on the reasonable benefit that the program derived from these expenses. Some of the expenses charged to the programs represent direct expenses related to program operations and objectives.

**Subsequent Events**

Management has evaluated events for potential recognition and disclosure that occurred after July 31, 2013, but before June 11, 2014, the date that the financial statements were available to be issued. No items were determined by management to require disclosure.

**C. LOAN RECEIVABLE**

Student Chapters has a loan receivable in the original amount of \$15,000 due from Maryland Public Interest Research Group Inc., payable in five annual installments of \$3,000 from 2011 through 2015. The loan bears no interest and there is no collateral associated with this loan. Total amount outstanding on the loan at July 31, 2013 and 2012, was \$9,000.

**D. INVESTMENTS**

Investments at July 31, 2013 and 2012, are as follows:

	<u>2013</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Depreciation</u>
Certificates of deposit	<u>\$ 1,365,000</u>	<u>\$ 1,358,360</u>	<u>\$ (6,640)</u>
	<u>2012</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Depreciation</u>
Certificates of deposit	<u>\$ 1,195,000</u>	<u>\$ 1,189,077</u>	<u>\$ (5,923)</u>

The following schedule summarizes the investment return in the statement of activities:

	<u>Year Ended July 31,</u>	
	<u>2013</u>	<u>2012</u>
Interest income	\$ 7,289	\$ 6,374
Realized and unrealized loss	(717)	(2,140)
Total investment return	<u>\$ 6,572</u>	<u>\$ 4,234</u>

**PUBLIC INTEREST RESEARCH GROUP OF NEW JERSEY, INC. A/K/A NJPIRG STUDENT CHAPTERS**

**NOTES TO FINANCIAL STATEMENTS**

**E. FAIR VALUE MEASUREMENT**

Fair values of assets measured on a recurring basis at July 31, 2013 and 2012, were as follows:

	July 31, 2013			Fair Value Total
	Level 1	Level 2	Level 3	
Investments				
Certificates of deposit	\$ -	\$ 1,358,360	\$ -	\$ 1,358,360

  

	July 31, 2012			Fair Value Total
	Level 1	Level 2	Level 3	
Investments				
Certificates of deposit	\$ -	\$ 1,189,077	\$ -	\$ 1,189,077

There have been no changes in valuation techniques and related inputs. Fair value of fixed-maturity certificates of deposit was estimated using the rates offered at July 31, 2013 and 2012.

**F. EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

Equipment and leasehold improvements consist of the following:

	July 31,	
	2013	2012
Office equipment and furniture	\$ 32,580	\$ 32,580
Leasehold improvements	1,256	1,256
Subtotal	33,836	33,836
Less accumulated depreciation and amortization	27,497	26,112
Total	\$ 6,339	\$ 7,724

**G. FUNDRAISING - JOINT COSTS**

During the year ended July 31, 2013, Student Chapters incurred joint costs of \$42,996 for programmatic activities and materials, of which 100% was allocated to program expense.

**H. OPERATING LEASE COMMITMENT**

Student Chapters had a non-cancelable operating lease for a rental obligation that expired in August 2013 and continues on a month to month basis. For the year ended July 31, 2012, under agreements with the Public Interest Research Foundation of NJ and the Fund for the Public Interest, Inc. ("FFPI"), co-tenants of the property, they paid 20% and 60%, respectively, of the total rental cost. Student Chapters paid the remaining 20%. Net rental expense for this lease was \$6,587 for the year ended July 31, 2012. For the year ended July 31, 2013, the rental cost was split equally between Student Chapters and FFPI. Net rental expense for this lease was \$13,448 for the year ended July 31, 2013.

**PUBLIC INTEREST RESEARCH GROUP OF NEW JERSEY, INC. A/K/A NJPIRG STUDENT CHAPTERS**

**NOTES TO FINANCIAL STATEMENTS**

**I. AFFILIATED ORGANIZATIONS AND RELATED PARTY TRANSACTIONS**

Student Chapters receives technical programmatic assistance from FFPI. Such amounts are included in accounts payable and accrued expenses as follows:

	July 31,	
	2013	2012
FFPI	\$ 23,928	\$ 16,249

Student Chapters pays for certain rental, office and health expenses on behalf of FFPI. Such amounts are included in accounts receivable as follows:

	July 31,	
	2013	2012
FFPI	\$ 6,501	\$ 5,179

Student Chapters had amounts due to/from related entities as follows:

	July 31,	
	2013	2012
<b>Due to affiliates:</b>		
Citizen Lobby, Inc.	\$ 42,996	\$ 68,836
Public Interest Research Foundation of NJ	-	72,266
Total	\$ 42,996	\$ 141,102
<b>Due from affiliates:</b>		
Citizen Lobby, Inc.	\$ 85	\$ -

Student Chapters provided support to a related entity in the form of a cash grant match. Such amount is included in AmeriCorps cash grant match as follows:

	Year Ended July 31,	
	2013	2012
Public Interest Research Foundation of NJ	\$ -	\$ 65,861

In April 2013, Student Chapters entered into a joint door-to-door canvassing campaign with Citizen Lobby, Inc. whereby Student Chapters will reimburse Citizen Lobby, Inc up to 60 percent of any cost incurred in furtherance of the program. Such amount is included in citizen outreach expense as follows:

	Year Ended July 31,	
	2013	2012
Citizen Lobby, Inc.	\$ 42,996	\$ -

Student Chapters is a co-tenant of a property leased by a related entity. Student Chapters' portion of the leased property and the amount included in rent is as follows:

	Year Ended July 31,	
	2013	2012
Citizen Lobby, Inc.	\$ 5,553	\$ 3,458

**PUBLIC INTEREST RESEARCH GROUP OF NEW JERSEY, INC. A/K/A NJPIRG STUDENT CHAPTERS**

**NOTES TO FINANCIAL STATEMENTS**

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**J. RETIREMENT PLAN**

Student Chapters provides, through a multi-employer plan with FFPI, an employee savings plan whereby eligible and participating employees may elect to contribute, by salary reduction, up to seventy-five (75%) of their eligible compensation up to the maximum allowed under the Internal Revenue Code. Student Chapters contributes 100% up to 3% and an additional 50% over the 3% up to 5% of participants' salaries as matching contributions. Student Chapters' contributions were \$1,432 and \$470 for the years ended July 31, 2013 and 2012, respectively.

**K. CONCENTRATION OF CREDIT RISK AND FUNDING SOURCES**

Student Chapters maintains cash and cash equivalent balances and certificates of deposit which may, at times, exceed federally insured limits. Student Chapters historically has not experienced any credit related losses. Management believes that it is not subject to any significant credit risk on its cash and cash equivalent accounts and certificates of deposit.

Student Chapters received approximately 97% and 99% of its support and revenues from Rutgers University, which is located in New Jersey, for the years ended July 31, 2013 and 2012, respectively. A significant reduction in the level of this revenue, if it were to occur, could have a significant negative effect on Student Chapters' activities.