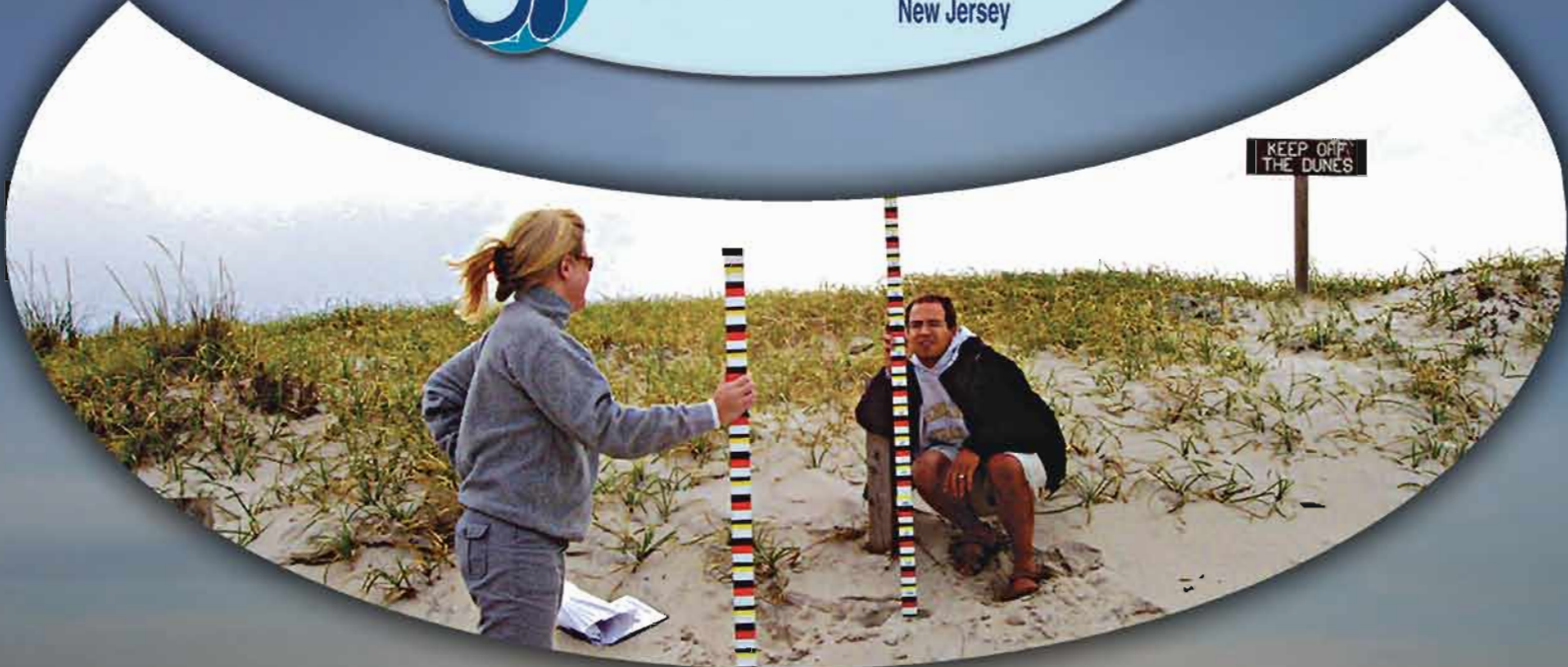


ANNUAL REPORT

2008



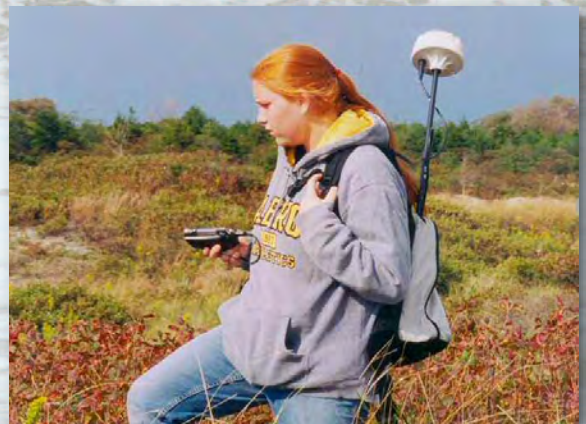
NJMSC/NJSG MAKING A DIFFERENCE

The New Jersey Marine Sciences Consortium (NJMSC) incorporated in 1969, is an affiliation of colleges, universities and other groups dedicated to advancing knowledge and stewardship of New Jersey's marine and coastal environment. The organization has served the region for nearly four decades and meets its mission by sponsoring and conducting innovative research, education and outreach programs designed to resolve coastal issues, develop marine technology, formulate science-based policy, and improve science literacy and decision making among its citizens. As part of this effort, the Consortium manages the New Jersey Sea Grant Program (NJSG), a national entity that funds competitive research in specific focus areas mandated by the NOAA National Office of Sea Grant. New Jersey Sea Grant research is transferred into practical uses by New Jersey Sea Grant Extension Agents and Specialists who assist stakeholders and decision makers in sustaining New Jersey's \$50 billion coastal economy and quality of life.

Legislation passed in late 2007 and signed by the Governor of New Jersey acknowledged NJMSC's place as a leader in the State's marine affairs and codified its role as manager of New Jersey Sea Grant. As a result, NJMSC and NJSG were merged and their respective logos combined to create a unified image. And so in presenting its activity highlights for 2008, we also introduce the New Jersey Marine Sciences Consortium/New Jersey Sea Grant (NJMSC/NJSG).



NEW JERSEY MARINE SCIENCES CONSORTIUM/NEW JERSEY SEA GRANT
22 Magruder Road Fort Hancock, NJ 07732
732-872-1300 Fax 732-291-4483
njmsc.org



CHAIRMAN'S REMARKS

Challenging times. Skyrocketing oil prices in the Summer 2008 were a harbinger of darker days to come. What does the future hold for a small, non-profit entity, stuck out on the tip of Sandy Hook? Like many, our income stream has been cut, our belts have been tightened, and we must do more with less.

Focus falls on our core values, those simple ideas that define who we are as the New Jersey Marine Sciences Consortium/New Jersey Sea Grant. We make no widgets that make our economy run; we put nothing in your hands so you can feel what we are about. Instead, we are a community of the finest maritime minds that New Jersey's colleges and universities have to offer. Our brain-power will not stand down from the environmental and coastal issues that confront us. Our children who pass through our doors by the tens of thousands every year will not be sacrificed to an excuse about what we cannot afford. The only thing we cannot afford is to ignore our future.

Have you ever seen a lake purge? One childhood memory from my grandparents' summer home at Budd Lake is the lake bottom turning upside-down, the water black. I told my grandmother I would never swim in that dirty lake again. She replied: "Be patient. The lake needs to cleanse itself. This is God's way of making sure that you will always have a good place to swim."

... nothing brings out the best like a good challenge. And we have challenges a-plenty.

Our tough economic times are like Budd Lake. Our system became so filthy that it needed a good purge. We are the fish that cannot quite understand what is happening, or believe that we will ever swim in a clean lake again. But we will.



DENNIS T. KEARNEY
Chairman
Board of Trustees

Last year, I reported about new legislation that would fold the NJMSC into a permanent place with the State Department of Treasury. Our integration into the State has not yet occurred. Trenton's focus has been on more pressing issues. In the interim, your Board and Executive Committee will continue to serve with the same dedication that we have witnessed in the past. Our superb staff will continue to serve our State, and you. Our member institutions will redouble their efforts because nothing brings out the best like a good challenge. And we have challenges a-plenty.

Enjoy these pages. Celebrate us as we celebrate the sea. Keep us in your thoughts and prayers. And know that my grandmother's advice rings in our ears, as we hope it does in yours. Be patient; we will swim in cleansed waters again.

On behalf of your Board, Trustees and Staff, I am honored to offer this Annual Report for 2008.

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NEW JERSEY SEA GRANT EXTENSION PROGRAM

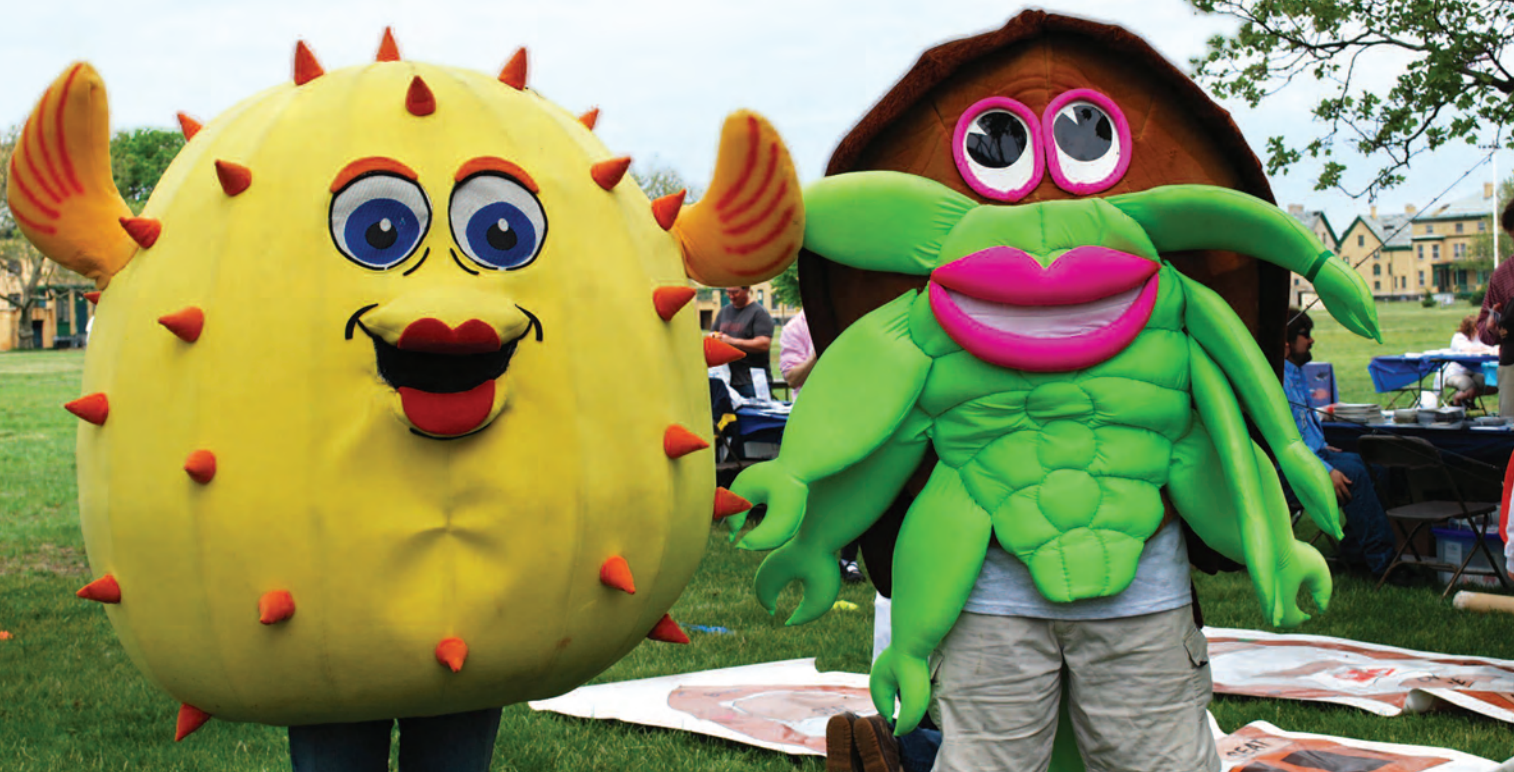
Peter Rowe, Ph.D.
*Director, New Jersey Sea Grant
Extension Program*
*Associate Director, New Jersey
Sea Grant*

Michael Danko
*Marine Recreation Agent – Fisheries
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Jenny McCormick
Coastal Communities Agent

Jon Miller, Ph.D.
Coastal Processes Specialist

Gregory Rusciano
Water Resources Agent



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Annual Report Design: Rory Joyce





NEW JERSEY SEA GRANT COLLEGE PROGRAM

Created by Congress in 1966, Sea Grant is a nationwide network administered through the National Oceanic and Atmospheric Administration that currently consists of 32 state programs. These programs work closely with coastal communities to foster environmental stewardship, long-term economic development and responsible use of America's coastal, ocean and Great Lakes resources. Sea Grant research and outreach programs promote better understanding, conservation and use of America's coastal resources. In short, Sea Grant is "science serving America's coasts."

The New Jersey Sea Grant Program was established in 1976 under the management of the New Jersey Marine Sciences Consortium and awarded Sea Grant College status in 1989 after meeting specific criteria and standards established by the National Sea Grant Office.

Legislation passed and signed by the Governor of New Jersey in 2007 elevated NJMSC to full-partner

status within the government, codifying NJMSC's role as manager of New Jersey Sea Grant and as a leader in the state's marine affairs.

Since its inception, New Jersey Sea Grant has awarded more than \$22 million in competitive grants to scientists and educators in New Jersey. It invests in high-priority research, addressing issues such as population growth and development in coastal communities; preparation and response to hurricanes and other coastal storms; understanding our interactions with the marine environment; water quality; fish and shellfish farming; seafood safety and fisheries management.

The results of this research are shared with the public through an integrated outreach program, which brings together the collective expertise of extension agents, educators and communications specialists. The goal is

to ensure that vital research results are shared with those who need it most and in ways that are timely, relevant and meaningful.

The goal is to ensure that vital research results are shared with those who need it most and in ways that are timely, relevant and meaningful.

NJ SEA GRANT EXTENSION PROGRAM

The New Jersey Sea Grant Extension Program (NJSJGEP) continued to be extremely active and productive throughout 2008. In addition to Director Dr. Peter Rowe, permanent full-time staff at Sandy Hook included Mr. Mike Danko, Marine Recreation Agent



and Ms. Jenny McCormick, Coastal Communities Agent. Ms. Jessica Staats was hired as a part-time Assistant Marine Recreation Agent. The Extension Program also maintained successful

cost-share partnerships with the Stevens Institute of Technology to retain the services of Dr. Jon Miller, Coastal Processes Specialist, and with Rutgers University Cooperative Extension for Water Resources Agent, Mr. Gregory Rusciano.

Staff specialists and agents continued to engage the user community within the state through one-on-one interactions, technical assistance, educational activities and tours, invited presentations at conferences, workshops, symposia, seminars and outreach events, and memberships on boards, advisory councils, committees and associations. The NJSJGEP was an integral part of NJMSC/NJSG Coast Day NJ and Ocean Fun Days. Staff also participated in regional and national meetings including the Mid-Atlantic Sea Grant Meeting in Corolla, NC, the Working Waterfronts Conference in Norfolk, VA, and the National Sea Grant Extension Leaders Conference in Seattle, WA.

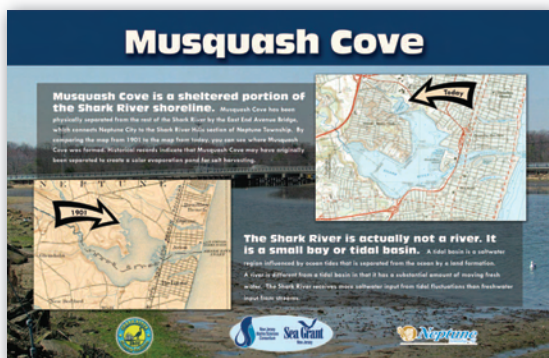
One new program initiated in late 2008 and ready to make an impact for 2009 is the Marina Industry Enhancement (MIE) Program (njmsc.org/MIE.html).



The following represents some of the program's most notable efforts in 2008:

Educational Signage Projects

The NJSJGEP continued to partner with several coastal communities to develop sign projects to educate the general public on the coastal environment, its animals and



plants and the importance of preserving this natural resource. During 2008, the NJSJGEP worked with the Shark River Cleanup Coalition and the Neptune Environmental Commission to develop five educational signs for the Shark River watershed in Neptune Township. These signs feature information on horseshoe crabs, bird life, watersheds and coastal ecosystems. An unveiling ceremony for the new signs is planned for Earth Day 2009.

New Jersey Clean Marina Program

The NJSJGEP continued its partnership with the New Jersey Department of Environmental Protection Office of Coastal Management to conduct the New Jersey Clean Marina Program. The Program assists marinas in complying with regulations through implementation of best management practices provided in a comprehensive guide book. Over 70 marinas have participated in Clean Marina related workshops and 120 marinas have

received the guidebook. One-on-one visits with marinas have resulted in eighteen marinas being recognized as "Clean Marinas." They have implemented best



management practices to reduce spills that occur during fueling, capture water from hull washing, improve recycling efforts, collect mercury containing devices, develop emergency response plans and install pumpout facilities. An additional 25 marinas are in the process of working to become recognized as "Clean Marinas."

Rip Current Awareness

In 2004, the NJMSC/NJSG provided nearly 2,000 Rip Current Awareness signs at no cost to 45 coastal municipalities for posting at public beaches or access areas. The program was later expanded to include Spanish language versions of the signs to a half dozen coastal communities. In 2008, 165 new or replacement signs were ordered and delivered to 11 coastal communities. The NJSJGEP Coastal Process Specialist was invited to present a talk highlighting NJSG sponsored research on improving rip current forecasts and the existing outreach efforts at a meeting of lifeguard captains organized by the Atlantic County Municipal Joint Insurance Fund. This presentation resulted in invitations to speak to local beach patrols in other communities and set the stage for future expansion of the Rip Current Awareness Program.

Chronic Risks of Global Climate Change to Urban Coasts and Economies Symposium Webpage

The web-based Proceedings from last year's *Chronic Risks of Global Climate Change to Urban Coasts and Economies Symposium* held on the campus of Stevens Institute of Technology in Hoboken (<http://cmn.dl.stevens-tech.edu/SeaGrant/SLR/>) was released in September 2008. The Proceedings have been accessed by over 800 users in 43 different countries and have been set up as a "valuable resources" link from websites in both Canada and Australia.



State of the Shore Report

This annual report written and presented by the NJSGEP Coastal Processes Specialist, Dr. Jon Miller, served as the anchor publication for the 2008 *State of the Shore* Media Event. The event is held every year to present to the press an assessment of the condition of New Jersey beaches for the coming summer season.

Improving Recycling in the Recreational Boating Industry

The NJSGEP and the New Jersey Department of Environmental Protection Coastal Management Office teamed up in 2007 to increase the number of shrink wrap recycling locations and launch an education and outreach effort to promote recycling shrink wrap and other materials used to store and maintain boats. The initiative was funded by a grant from the I BOAT NJ Program. According to marinas and other boating businesses in New Jersey, approximately 450,000 pounds of shrink wrap is purchased annually and in 2006 approximately 300,000 pounds or 66% was recycled. In 2008, one year after starting this initiative, there were



an additional 20 disposal options/locations opened for a total of 29 and a 7% increase or approximately 330,000 pounds of shrink wrap recycled.

Boat Ramp Count and Condition Assessment

A count and condition assessment supported by funds from I BOAT NJ, provided information about ramp condition, location, type of ramp surface, accessibility, parking, amenities and comfort facilities available at or near the ramp. This data was subsequently used to produce the highly popular and widely distributed *New Jersey Boater's Ramp Guide* that promotes the location and use of boat ramps on tidal fresh and marine waters in the state of New Jersey. Over 7500 copies of the guide were distributed in 2007. In 2008, funding was secured to print an additional 10,000 copies of the guide for distribution. In addition, njboatramps.org was created and now provides an electronic source for boaters to locate ramps.

Stormwater Management in Your Backyard (Rain Gardens)

Stormwater Management in Your Backyard (SWMIYB) is an education program that builds upon the existing capacity of the Rutgers Cooperative Extension (RCE) system to deliver stormwater management education to local communities. The main goal of the program is to make homeowners better stewards of water resources by learning how to properly manage stormwater and reduce pollution on their own properties. A major component of the SWMIYB program is the construction of demonstration rain gardens in high visibility areas (municipal, buildings, libraries, schools, etc). Extension workshops led by the Water Resources Agent are designed around the demonstration sites so residents can learn hands-on how to maximize the use of rain gardens.



Restore-a-Waterway

The Restore-a-Waterway program in New Jersey was established to provide hands-on technical assistance to citizen groups wanting to take action in restoring the quality of a waterway. The NJSGEP Water Resources Agent provides assistance to this program through physical, biological and chemical monitoring; interpretation and analysis of data; designing solutions to mitigate the identified problems; and securing funds to implement the designed solutions. To date, over \$120,000 has been secured from non-profit foundations in collaboration with citizen groups. Restore-a-Waterway also conducts technical workshops on watershed restoration topics.

Continued on next page

NJ SEA GRANT EXTENSION PROGRAM

Continued from previous page

The Rain Garden/Bioretenion Research and Extension Symposium

The Rain Garden/Bioretenion Research and Extension Symposium was held in New Brunswick, New Jersey in May 2008. This symposium covered a wide range of related topics through presentations from experts in the area of bioretention systems/rain gardens and stormwater management topics. The symposium was attended by engineering consultants, members of planning boards, public works departments, watershed organizations, and representatives from township school districts, as well as representatives from various local, state and federal agencies. The Symposium was a cooperative effort of the Rutgers Cooperative Extension Water Resources Program, NJSJGEP, and the USDA CSREES Regional Water Coordination Program for New York, New Jersey, Puerto Rico and the Virgin Islands.

Urban Rain Gardens

NJMSC/NJSG supported the construction of four urban rain gardens in Elizabeth and Newark to highlight the importance of the connections between urban environments and the stormwater discharge to the urban estuary. More important was the communication of this connection to the Spanish-speaking communities in the area. NJMSC/NJSG and the NY-NJ Harbor Estuary Program funded and worked with Future Cities, Inc. (FCI) from Elizabeth, NJ to implement the project. The NJSJGEP/RCE Water Resources Agent lead the site selection and construction of



the rain gardens which included the assistance of student volunteers from FCI. FCI has produced brochures and PowerPoint presentations in Spanish and English to reach their constituents.

MACOORA Water Quality Managers' Needs Assessment Workshop

In March 2008, the NJSJGEP and the Mid-Atlantic Coastal Ocean Observing Regional Association (MACOORA) co-hosted a *Needs Assessment Workshop on Water Quality Monitoring for Managers*. Featured water quality-related issues addressed included coastal pollution (toxics concentration in comparison with guidelines, over-enrichment of nutrients, source attribution of toxic chemicals and nutrients); shellfish bed closures; seafood consumption advisories; beach closures and swimming advisories; harmful algal blooms; hypoxia; impact of non-indigenous species; habitat loss and modifications (including freshwater requirements); and impacts of extreme natural events on water quality. A report of the March meeting was prepared for MACOORA to assist in implementing observing systems for coastal water quality.

Marina Display Cases and Fishing Regulations

NJMSC/NJSG received funding for a third year to continue its Marina Display Case Program. The project targets boaters and anglers with on-site, current recreational marine fishing regulations and other pertinent boating related information at high traffic marinas around the state. In 2008 over 90 new marinas participated in the Marina Display Program sponsored by I BOAT NJ, NJSG, NJDEP Fish and Wildlife and NJDEP Coastal Management Program. To date over 275 total marinas are participating in the Program.

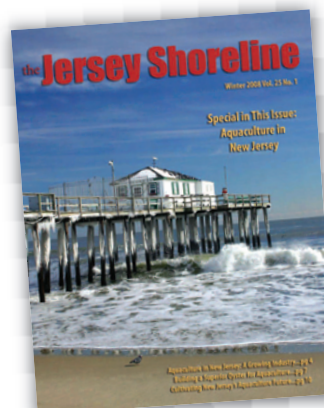


COMMUNICATIONS

Technically considered a separate program component, Communications continued to play a pivotal role in 2008, supporting the mission of NJMSC/NJSG and the New Jersey Sea Grant Extension Program. The Communications staff is responsible for effectively conveying information based on sound science to the media, individuals and specific user groups who can use and benefit from it. The information is based on research and activities generated from within the organization itself, but can also evolve from initiatives and input from other agencies and stakeholders seeking to increase understanding of New Jersey's



coastal ocean environment. The Communications team designs, produces and distributes publications and other resource materials to appropriate audiences using all available and conventional means and mediums including, print, computer technology, radio and TV and constantly strives to develop innovative methods of transmitting information.



The Communications staff is led by Director Kim Kosko, who oversees a creative, highly productive, award-winning team of talented media professionals that in 2008 included Marsha Samuel, full-time Communication Specialist, part-time Graphic Designer and Communication Associate Rory Joyce and part-time Web Master Cindi Valkos.



Without exception, in 2008 the Communications team played an integral role and contributed to the success of nearly every activity, initiative, and special event undertaken by NJMSC/NJSG. Some of the department-specific special events and projects for 2008 included:

Sixth Annual State of the Shore Media Event

Representatives from dozens of television, radio, web and wire service, and newspaper outlets throughout the Tri-State area attended the Communications Department's 6th Annual pre-summer premier media event. The 2008 *New Jersey State of the Shore Report*, written and presented by Dr. Jon Miller, Coastal Process Specialist for the NJMSC/NJ Sea Grant Program was the showcase and anchor publication for the event. Project partners included the NJDEP whose Commissioner Lisa Jackson addressed a number of selected coastal issues with a special focus on water



quality; the NJ Department of Agriculture whose Secretary Charles Kuperus talked about the state's seafood industry and the future of aquaculture; and the NJ Division of Travel and Tourism, with remarks provided by Executive Director, Nancy Byrne. Millions of residents in New Jersey, New York, Pennsylvania and Connecticut were reminded of the importance of the state's coastal resources and their economic value to the state especially during the all-important summer tourism season. NJMSC/NJSG's reputation as an accurate and relevant information source about the condition of the state's beaches and coastal issues in general was further strengthened by this much-anticipated annual media event.

New Jersey's Top Ten Beaches

The NJMSC/NJSG, the Richard Stockton College Coastal Research Center and the New Jersey Division of Travel and Tourism teamed up to create NJ's Top Ten Beaches, a project that promoted stewardship of and pride in the state's beaches among New Jerseyans. Beachgoers had the opportunity to vote for their favorite beach on the NJ Top Ten Beaches official voting website at njtoptenbeaches.org. Votes were also collected at various Shore events through the end of April. Survey respondents voted for the best beaches in four categories: Tourism, Family Vacation, Events and Ecotourism. Voters rated beaches on several characteristics including water quality, access and aesthetics. Objective geographical and other data annually collected by Dr. Stewart Farrell and his team of scientists at the Coastal Research Center at Richard Stockton State College were factored into the formula used to select the winners. Winners were announced at the Annual New Jersey State of the Shore Media Event in May 2008. The project helped stimulate interest in the Jersey Shore as a tourism destination before and during the critical shore tourism season by encouraging residents and visitors to take daily or longer Jersey Shore vacations in 2008. It also demonstrated NJMSC/NJSG's ability and credibility in conducting public opinion surveys and polls.



The Stew Tweed Fisheries and Aquaculture Scholarship

The NJMSC/NJSG and its New Jersey Sea Grant Extension Program established a scholarship fund to honor the memory of Stew Tweed who worked as a Marine Agent for the NJSGEP between 1978 and 2005. The scholarship is designed to specifically perpetuate Stew's passion for shellfish culture and marine science education and taking fisheries and marine-related technology and scientific information and finding ways to apply them to the real world of shellfish

aquaculture and commercial fisheries. A generous group of industry leaders and individual benefactors recruited by Project Coordinator Kim Kosko has



established enough "seed" money to fund the scholarship program for ten years. The first two scholarships were awarded for 2008 to support one graduating high-school senior (\$1,000) and one undergraduate/graduate student (\$1,500) pursuing studies or an outstanding research or technology project focusing on fisheries or aquaculture.

NJ SEA GRANT RESEARCH AWARDS

New Jersey Sea Grant Program Omnibus Proposals

R-6847-0001

Assessing the impact of the invasive asiatic sand sedge, *Carex kobomugi*, on coastal dune communities in New Jersey

Dr. Louise Wootton
Georgian Court University



R-6840-0003

Shoreline stabilization and ecosystem enhancement of eroding marsh habitats using intertidal reef communities

Dr. David Bushek
Rutgers University



R-6840-0005

Marker-assisted breeding technology for the eastern oyster

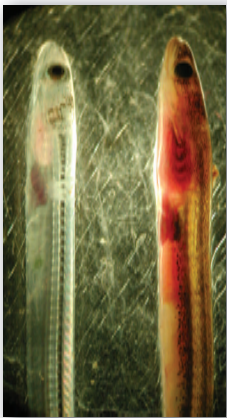
Dr. Ximing Guo
Rutgers University



R-6848-0001

An unwelcome guest? Is the presence of the invasive swim-bladder parasite, *Anguillicola crassus*, influencing American eel (*Anguilla rostrata*) recruitment in New Jersey estuaries?

Dr. Mark Sullivan
The Richard Stockton College of New Jersey



R-6840-0004

Evaluation of wind and wave processes critical in sustaining beach backshore environments

Dr. Karl Nordstrom
Rutgers University



R-6840-0002

Habitat dynamics of adult winter flounder: Connectivity between estuaries and inner continental shelves influence management of human impacts associated with dredging

Dr. Kenneth Able
Rutgers University

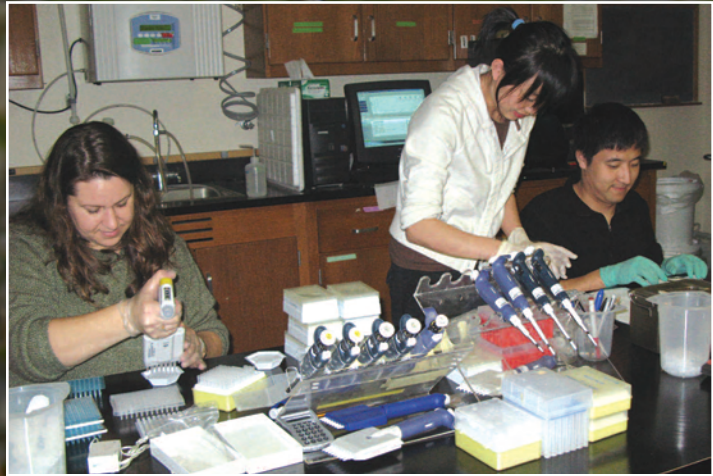


National Sea Grant Program Strategic Initiatives

R/6742-0001

Validation of disease-resistance markers for marker-assisted selection in the eastern oyster

Dr. Ximing Guo
Rutgers University

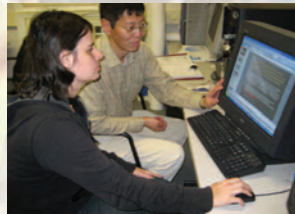


Development Grants

R6605-0003

System dynamic model development for Passaic River Watershed sustainability and environmental management study

Dr. Huan Feng
Montclair State University



R6605-0004

Sub-lethal effects of contaminants on ontogeny of larval fishes: effects of changes in morphology and behavior on predation risk

Dr. Ursula Howson
Monmouth University



KNAUSS FELLOW 2008



Jaclyn Taylor
Rutgers University

Placed at
NOAA Office of
Protected
Resources

EDUCATION

This past year has been a gratifying one for education at the NJMSC/NJSG. Recognition of the many benefits of getting youngsters outdoors, largely precipitated by Richard Louv's 2005 bestseller, *Last Child in the Woods: Saving Our Children from Nature-Deficit Disorder*, increased the relevance of environmental education to the point where a bill, the No Child Left Inside (NCLI) Act, was introduced and passed in the House of Representatives. NCLI has since become part of the up-for-reauthorization No Child Left Behind legislation now making its way through Congress. We look forward to this empowering schools throughout New Jersey

and the region to include environmental education as part of every school day and encouraging parents and care-givers to assist by making it possible for their children to connect to the outdoors. At the NJMSC/NJSG we remain steadfast in our mission to advance knowledge and stewardship of New Jersey's marine and coastal environment through education programs that encourage everyone to come out to New Jersey's bays, beaches and estuaries to learn and enjoy.

The Education Program at the NJMSC/NJSG is proud to list the following program highlights for 2008:

THE COASTAL EXPERIENCE:

Over 18,000 students visited Sandy Hook with their teachers to participate in a collection of field trip programs that use Sandy Hook's beach and bay as places to learn science and grow as stewards of the environment.



ALL HANDS ON DECK: A HARBOR EDUCATION PROGRAM: A three-year partnership with New Jersey Department of Transportation's Office of Maritime Resources (NJDOT/OMR) provided the base funding needed to expand this program focused on New Jersey's estuaries and marine transportation systems. A major component of AHOD is getting students "out on the water" for programs that explore both the economic and ecologic importance of our state's waterways.

COLLEGE PROGRAM: In cooperation with Brookdale Community College, this program served 66 undergraduate students from the Consortium's member institutions for college-level courses in marine studies.



OCEANS TO GO! This program, which brings NJMSC/NJSG marine science programs to schools and after-school programs experienced tremendous growth in 2008. Offered as an alternative for schools and groups who cannot travel to Sandy Hook, this program focuses on bringing live marine animals and seashore artifacts into classrooms and after-school centers.



MARINE SCIENCE SUMMER CAMP: Eight week-long "sold-out" sessions of camp were hosted in 2008 for a total of 196 children in grades 3-8. During each session students spent a week with NJMSC/NJSG staff exploring the science of Sandy Hook.



F.I.S.H.: Families Investigate Science Hands-on: These programs offer weekend sessions for parents and care-givers interested in sharing time with their children while learning about New Jersey's marine environment. In 2008, Merck Pharmaceuticals once again generously supported this effort by sponsoring the participation of over 300 employees in NJMSC/NJSG's F.I.S.H. programs.



OCEAN FUN DAYS: Held in partnership with New Jersey Natural Gas and New Jersey Department of Transportation's Office of Maritime Resources (NJDOT/OMR), this two-day annual outreach event attracted over 3000 visitors in 2008. Family groups from all over the state enjoyed educational displays, mini-classes and eco-tours highlighting the need to conserve our state's environmental resources. In 2008, students from Monmouth and Ocean County schools participated in a "science fair" competition at Ocean Fun Days. Winning teams presented educational displays on two issues of local importance - the Highlands Bridge project and nuisance species in Barnegat Bay. Additional 2008 sponsors were the Port Authority of New York/New Jersey and the Metropolitan Waterfront Alliance.



COAST DAY NJ: Now in its tenth year, this annual fall event showcases New Jersey's marine environment with a special focus on the commercial fishing industry. Over 1000 visitors and dozens of exhibitors came out to Cape May's Lobster House Dock to participate in this educational public offering. Coast Day NJ is a result of a partnership with the National Sea Grant Program and NJDOT/OMR. Additional 2008 sponsors were NJDEP, Bluewater Wind, PSE&G, New York Shipping Association, Exelon Nuclear, Boynton and Boynton and WithimSmith & Brown.

PORT MONMOUTH ROAD SCHOOL CURRICULUM INTEGRATION PROJECT: Funded by Bristol-Myers Squibb, the education staff at the NJMSC/NJSG was able to provide curriculum development services and teacher training to first and second grade educators from Keansburg's Port Monmouth Road Elementary School. The project's main focus was training teachers on how to use the local environment (in this case Keansburg's bay front) as a place for learning.



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Independent Auditors' Report

To the Board of Trustees,
New Jersey Marine Sciences Consortium, Inc.:

We have audited the accompanying statements of financial position of New Jersey Marine Sciences Consortium, Inc. as of September 30, 2008 and 2007 and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of New Jersey Marine Sciences Consortium, Inc.'s management. 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 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 audits 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 audits provide 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 New Jersey Marine Sciences Consortium, Inc. as of September 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 21, 2009 on our consideration of New Jersey Marine Sciences Consortium, Inc.'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 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* and should be considered in assessing the results of our audit.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of New Jersey Marine Sciences Consortium, Inc. taken as a whole. The accompanying schedule of expenditures of Federal awards and state financial assistance for the year ended September 30, 2008 is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State of New Jersey, Department of the Treasury OMB Circular 04-04-OMB and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

January 21, 2009

NEW JERSEY MARINE SCIENCES CONSORTIUM, INC.**STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2008 AND 2007**

Assets	<u>2008</u>	<u>2007</u>
Current assets		
Cash	\$ 2,034,926	\$ 2,010,840
Accounts receivable	56,091	21,439
Grants and contracts receivable	526,005	310,127
Prepaid expenses and other current assets	<u>58,044</u>	<u>45,515</u>
Total current assets	2,675,066	2,387,921
Property and equipment, net	232,621	253,883
Construction in progress	<u>92,560</u>	<u>74,175</u>
	<u>\$3,000,247</u>	<u>\$2,715,979</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 123,961	\$ 207,037
Due to subrecipients	161,981	39,385
Deferred revenue	<u>212,075</u>	<u>139,332</u>
Total current liabilities	498,017	385,754
Net assets		
Unrestricted	<u>2,502,230</u>	<u>2,330,225</u>
	<u>\$ 3,000,247</u>	<u>\$ 2,715,979</u>

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED SEPTEMBER 30, 2008 AND 2007**

	<u>2008</u> <u>Unrestricted</u>	<u>2007</u> <u>Unrestricted</u>
Support and revenues		
Grants and contract revenue	\$ 2,405,394	\$ 2,150,794
Contributions	55,891	82,510
Educational and service program revenue	226,984	222,047
Membership dues	41,500	41,300
Interest income	49,484	102,396
Gain on sale of asset	-	26
Other income	<u>47,027</u>	<u>35,730</u>
	2,826,280	2,634,803
Expenses		
Program services		
Educational activities	333,075	365,031
Research activities	<u>1,863,141</u>	<u>1,567,707</u>
	2,196,216	1,932,738
General and administrative	<u>458,059</u>	<u>531,343</u>
	<u>2,654,275</u>	<u>2,464,081</u>
Change in net assets	172,005	170,722
Net assets, beginning of year	<u>2,330,225</u>	<u>2,159,503</u>
Net assets, end of year	<u>\$2,502,230</u>	<u>\$2,330,225</u>

The Notes to Financial Statements are an integral part of these statements.

NEW JERSEY MARINE SCIENCES CONSORTIUM, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2008 AND 2007

	2008	2007
Cash flows from operating activities		
Changes in net assets	\$ 172,005	\$ 170,722
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	21,262	25,619
Changes in net assets and liabilities		
Accounts receivable	(34,652)	96,859
Grants and contracts receivable	(215,878)	(239,910)
Prepaid expenses and other current assets	(12,529)	15,699
Accounts payable and accrued expenses	(83,076)	102,873
Due to subrecipients	122,596	(27,937)
Deferred revenue	72,743	35,601
Net cash provided by operating activities	<u>42,471</u>	<u>179,526</u>
Cash flows from investing activities		
Construction in progress	<u>(18,385)</u>	<u>(51,736)</u>
Net cash used by investing activities	<u>(18,385)</u>	<u>(51,736)</u>
Net increase in cash	24,086	127,790
Cash		
Beginning of year	<u>2,010,840</u>	<u>1,883,050</u>
End of year	<u><u>\$ 2,034,926</u></u>	<u><u>\$ 2,010,840</u></u>

Supplemental disclosure of cash flow information

No amounts were paid for interest or taxes.

The Notes to Financial Statements are an integral part of these statements.

NEW JERSEY MARINE SCIENCES CONSORTIUM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2008

	<u>Program Services</u>				<u>Total</u>
	<u>Educational Activities</u>	<u>Research Activities</u>	<u>Total Program Services</u>	<u>General and Administrative</u>	
Salaries	\$ 195,741	\$ 555,380	\$ 751,121	\$ 212,932	\$ 934,053
Payroll taxes and benefits	53,907	179,411	233,318	54,790	288,108
Payments to subrecipients	--	888,652	888,652	--	888,652
Professional fees	7,480	66,400	73,880	28,625	102,505
Supplies	24,857	51,665	76,522	17,047	93,569
Advertising	7,951	578	8,529	81	8,610
Telephone	--	3,389	3,389	13,098	16,487
Postage	2,107	9,118	11,225	5,739	16,964
Occupancy	--	--	--	99,234	99,234
Repairs and maintenance	--	485	485	3,642	4,127
Printing	6,785	51,834	58,619	4,700	63,319
Transportation	83	542	625	110	735
Fleet Costs	18,038	--	18,038	--	18,038
Depreciation	4,540	12,401	16,941	4,321	21,262
Conference and training	11,586	2,7081	38,667	7,240	45,907
Dues and subscriptions	--	874	874	5,950	6,824
Awards	--	5,150	5,150	550	5,700
Miscellaneous	--	10,181	10,181	--	10,181
	<u>\$ 333,075</u>	<u>\$ 1,863,141</u>	<u>\$ 2,196,216</u>	<u>\$ 458,059</u>	<u>\$ 2,654,275</u>

The Notes to Financial Statements are an integral part of these statements.

NEW JERSEY MARINE SCIENCES CONSORTIUM, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2007

	Program Services					Total
	Educational Activities	Research Activities	Total Program Services	General and Administrative		
Salaries	\$ 231,379	\$ 499,164	\$ 730,543	\$ 244,232		\$ 974,775
Payroll taxes and benefits	62,791	147,937	210,728	77,601		288,329
Payments to subrecipients	--	721,145	721,145	--		721,145
Professional fees	9,135	28,250	37,385	30,946		68,331
Supplies	24,274	39,639	63,913	20,033		83,946
Advertising	3,142	578	3,720	--		3,720
Telephone	--	3,785	3,785	16,248		20,033
Postage	3,221	9,520	12,741	3,854		16,595
Occupancy	--	--	--	86,258		86,258
Repairs and maintenance	--	--	--	23,435		23,435
Printing	3,209	60,508	63,717	9,636		73,353
Transportation	45	702	747	115		862
Fleet Costs	9,300	--	9,300	--		9,300
Depreciation	5,787	15,364	21,151	4,468		25,619
Conference and training	11,375	28,032	39,407	7,724		47,131
Dues and subscriptions	123	600	723	1,793		2,516
Awards	--	2,160	2,160	5,000		7,160
Miscellaneous	1,250	10,323	11,573	--		11,573
	\$ 365,031	\$ 1,567,707	\$ 1,932,738	\$ 531,343		\$ 2,464,081

The Notes to Financial Statements are an integral part of this statement.

NEW JERSEY MARINE SCIENCES CONSORTIUM, INC.**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 AND 2007****1. Summary of Significant Accounting Policies****Organization and Purpose**

New Jersey Marine Sciences Consortium, Inc. ("NJMSC") is a private New Jersey, nonprofit organization comprised of colleges, universities, and private groups interested in marine science. Founded in 1969, its mission is to utilize the talents and resources of its membership to provide research, education, and services that address marine and coastal science issues for the people of New Jersey. NJMSC is primarily funded by the U.S. Department of Commerce Sea Grant Program and various departments of the State of New Jersey.

2. Summary of Significant Accounting Policies**Basis of Presentation**

External financial reporting by not-for-profit organizations requires that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions. The unrestricted net asset category represents net assets that are not subject to donor imposed restrictions, the temporarily restricted net asset category represents net assets that are subject to time or purpose donor imposed restrictions and the permanently restricted net asset category represents net assets that are subject to donor imposed restrictions that cannot be satisfied by either the passage of time or by actions of NJMSC. During the years ended September 30, 2008 and 2007 NJMSC had accounting transactions in the unrestricted net asset category.

Revenue and Support Recognition

NJMSC recognizes contributions as revenue when they are received or unconditionally pledged and records these revenues as unrestricted or restricted support according to donor stipulations that limit the use of these assets due to time or purpose restrictions. When a donor restriction expires, temporarily restricted net assets are reclassified and reported in the statements of activities and changes in net assets as net assets released from restrictions. However, the receipt of restricted contributions whose restrictions expire or are otherwise satisfied within the period of receipt are reported as unrestricted revenues in the statements of activities and changes in net assets.

NJMSC accounts for those contract revenues which have been determined to be exchange transactions in the statements of activities and changes in net assets to the extent that expenses have been incurred for the purpose specified by the grantor during the period. Program revenues received in advance of their usage are classified as deferred revenue in the statements of financial position. In applying this concept, the legal and contractual requirements of each individual contract are used as guidance.

Additional unrestricted revenues are obtained from educational program revenue, membership dues, education and facility services fees, and investment income. These revenues are used to offset program expenses as well as the cost of property and equipment acquisitions and general and administrative expenses.

Income Taxes

NJMSC is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has received favorable rulings with respect to exemption from state income taxes. Accordingly, the accompanying financial statements do not reflect provisions for Federal and state income taxes.

Estimates

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

Advertising

Advertising is expensed in the period incurred. Advertising amounted to \$8,610 and \$3,720 at September 30, 2008 and 2007, respectively.

NEW JERSEY MARINE SCIENCES CONSORTIUM, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2008 AND 2007

Property, Equipment and Depreciation

Building improvements, furniture and equipment are recorded at cost, except for donated items which are recorded at fair value at the date of donation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Assets class lives are as follows:

Description	Estimated Life (Years)
Building improvements	5-20
Marine equipment	3-12
Automotive equipment	5-12
Machinery and equipment	5-12

Expense Classification

The expenses of NJMSC are presented in the statements of activities and changes in net assets under the following classifications which describe NJMSC program activities:

Educational activities – supports the educational goals of NJMSC by planning and conducting a wide range of K-12, college, teacher, and public education programs.

Research activities – aids and encourages scholarly activities in marine related subjects through cost reimbursement contracts.

All expenses which were not directly associated with the above service categories, are categorized as general and administrative expenses. Additionally, there is a de minimus amount of fundraising expense that has been included in the general and administrative expenses.

3. Grants and Contracts Receivable and Payable and Deferred Revenue

NJMSC operates under various grants and contracts. At September 30, 2008 and 2007, NJMSC was due certain amounts from funding sources which resulted from expenditures incurred in excess of payments received. In addition, NJMSC received advances from certain funding sources which represent payments in excess of expenditures incurred which have been recorded as either grants payable or deferred revenue. The following details the grants and contracts receivable, payable and deferred revenue at September 30:

Grants and Contracts Receivable

Funding Agency	2008	2007
U.S. Department of Commerce		
National Oceanic and Atmospheric Administration		
Sea Grant Programs	\$ 310,649	\$ 164,649
Knauss Fellowship Award	6,061	5,172
U.S. Environmental Protection Agency	24,537	33,356
State of New Jersey – Department of Environmental Protection		
Coastal Management Division	6,500	17,338
Division of Game and Wildlife	26,168	3,034
State of New Jersey – Department of Treasury	85,000	80,894
Department of Transportation Maritime Resources	54,873	--
Other	12,217	5,684
	<u>\$ 526,005</u>	<u>\$ 310,127</u>

NEW JERSEY MARINE SCIENCES CONSORTIUM, INC.**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2008 AND 2007****Deferred Revenue**

Funding Agency	<u>2008</u>	<u>2007</u>
U.S. Department of Commerce		
National Oceanic and Atmospheric Administration		
Knauss Fellowship Award	\$ 2,116	\$ --
Clean Marina Program	1,970	--
U.S. Department of Agriculture	1,444	--
State of New Jersey – Department of Treasury		
Higher Education	102,158	28,790
Partnership for Learning Grant -	--	5,000
State of New Jersey – Division of Agriculture and Natural Resources	36,690	37,972
Department of Transportation Maritime Resources	--	22,000
Other	<u>67,697</u>	<u>45,570</u>
	<u>\$ 212,075</u>	<u>\$ 139,332</u>

4. Property and Equipment

Property and equipment, shown net of accumulated depreciation at September 30, consisted of the following:

	<u>2008</u>	<u>2007</u>
Building improvements	\$ 167,017	\$ 167,017
Marine equipment	203,765	203,765
Automotive equipment	29,154	29,154
Machinery and equipment	<u>685,688</u>	<u>685,688</u>
	1,085,624	1,085,624
Less: Accumulated depreciation	<u>853,003</u>	<u>831,741</u>
	<u>\$ 232,621</u>	<u>\$ 253,883</u>

Depreciation expense totaled \$21,262 and \$25,619 for the years ended September 30, 2008 and 2007, respectively.

5. Line of Credit

NJMSC maintains a revolving line of credit of \$250,000, expiring August 31, 2009 which bears interest at the bank's prime rate plus .50 percent. The line of credit is secured by the accounts receivable, grants and contracts receivable and equipment of NJMSC. NJMSC had no amounts outstanding at September 30, 2008 and 2007 and there were no drawdowns on the line during the years ended September 30, 2008 and 2007.

6. Retirement Plan

NJMSC has a contributory defined contribution retirement plan (the "Plan") for those employees who meet the eligibility requirements. Employees must have one year of service and 1,000 hours to be eligible for the Plan. Participants must contribute a minimum of 2 percent of eligible salaries in order to receive a 6 percent contribution from NJMSC to the Plan. Pension expense amounted to \$51,156 and \$47,023 for the years ended September 30, 2008 and 2007, respectively.

NEW JERSEY MARINE SCIENCES CONSORTIUM, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2008 AND 2007

7. Leased Facilities

NJMSC occupies facilities owned by the National Park Service at Fort Hancock, New Jersey. NJMSC pays for all operating costs including, but not limited to, utilities, repairs and maintenance. NJMSC entered into a twenty-year lease agreement which calls for minimum lease payments of \$28,240 per year. Rental expense for these facilities for each of the years ended September 30, 2008 and 2007 was \$28,240.

8. Concentrations of Credit Risk

Financial investments which potentially subject NJMSC to concentrations of credit risk consist of cash and receivables. In an attempt to limit the credit risk, NJMSC places all funds with high quality financial institutions. Management has not experienced any losses. Receivables are due from various governmental agencies with whom NJMSC has a long history of collecting payments, which reduces the credit risk. For each of the years ended September 30, 2008 and 2007, NJMSC received 51 percent of its revenues from Federal agencies and 28 percent from state agencies.

9. Subsequent Events

NJMSC has continuing contracts with various funding sources that will provide funding for the operation of the programs of NJMSC for the year ended September 30, 2009:

U.S. Department of Commerce – Sea Grant Programs	\$ 1,631,285
U.S. Environmental Protection Agency – various programs	24,456
State of New Jersey – Department of the Treasury – Grant in Aid	255,000
State of New Jersey – Department of Transportation – Maritime Resources	6,461
State of New Jersey – Department of Environmental Protection – various programs	16,911
State of New Jersey – Division of Agriculture and Natural Resources	38,135
Other Foundations and Corporations – various programs	<u>48,213</u>
	<u>\$ 2,020,461</u>

10. Other Matters

Statement of Financial Accounting Standards No. 157

In September 2006 the FASB issued Statement Number 157 – *Fair Value Measurements* (FAS 157) effective for the NJMSC's fiscal year beginning October 1, 2008. FAS 157 defines fair value, establishes a framework for measuring fair value under other accounting standards that either require or permit the use of fair value and increases disclosure requirements for assets and liabilities measured at fair value. FAS 157 sets a hierarchy of inputs with which to measure fair value and requires that entities disclose the levels within that hierarchy utilized to measure fair value for each major class of assets and liabilities. Management has not determined the impact of implementing FAS 157 on future financial statements.

Statement of Financial Accounting Standards No. 159

In February 2007 the Financial Accounting Standards Board issued Statement Number 159 – *The Fair Value Option for Financial Assets and Financial Liabilities* (“FAS 159”) effective for the NJMSC's fiscal year beginning October 1, 2008. FAS 159 allows an entity to measure certain financial assets and liabilities in its statement of financial position at their fair value, as defined, and to include the periodic changes in those fair values in its statement of changes in net assets. With certain exceptions, the provisions of FAS 159 can be applied on an instrument by instrument basis. The decision to apply fair value measurements to selected financial assets and liabilities can only be made on specific election dates and is generally irrevocable. FAS 159 provides for the application of fair value measurement to pre-existing financial assets and liabilities as of its effective date. NJMSC has not made any decision regarding the application of FAS 159.

In December 2007, the Governor of the State of New Jersey signed into law an act incorporating NJMSC within the State of New Jersey Department of Treasury. The act establishes a board of trustees, an executive committee, and an advisory committee that will collectively be charged with the administration and conduct of NJMSC. In addition, the act establishes the creation of a dedicated account within the State's General Fund to serve as a depository for monies collected by NJMSC through grants, contributions, awards, donations, and other sources. Management believes that the implementation of the act will occur over the subsequent twelve to eighteen months and the ultimate effects on NJMSC are not known at this time.

11. Reclassifications

Certain amounts were reclassified at September 30, 2007 to conform to the presentation at September 30, 2008.



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