

Financial Statements and Report of  
Independent Certified Public  
Accountants

**Stockton University Foundation**  
**(A Component Unit of Stockton University)**

June 30, 2021 and 2020

## Contents

|  | Page |
|--|------|
| Report of Independent Certified Public Accountants | 3    |
| Financial Statements                               |      |
| Statements of financial position                   | 5    |
| Statements of activities                           | 6    |
| Statements of cash flows                           | 8    |
| Notes to financial statements                      | 9    |

---

GRANT THORNTON LLP  
Two Commerce Square  
2001 Market St., Suite 700  
Philadelphia, PA 19103

D +215.561.4200  
F +215.561.1066

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors  
Stockton University Foundation

We have audited the accompanying financial statements of Stockton University Foundation (the Foundation), a component unit of Stockton University, which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Stockton University Foundation as of June 30, 2021 and 2020, 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.

*Grant Thornton LLP*

Philadelphia, Pennsylvania  
November 5, 2021

**Stockton University Foundation**  
**(A Component Unit of Stockton University)**

**STATEMENTS OF FINANCIAL POSITION**

June 30,

| <b>ASSETS</b>                         | <u><b>2021</b></u>          | <u><b>2020</b></u>          |
|---------------------------------------|-----------------------------|-----------------------------|
| Cash and cash equivalents             | \$ 620,144                  | \$ 496,156                  |
| Contributions receivable, net         | 45,553                      | 25,863                      |
| Due from University                   | 14,475                      | 165                         |
| Pledges receivable, net               | 5,789,980                   | 6,038,643                   |
| Other receivables                     | 53,119                      | 59,340                      |
| Investments                           | 54,230,714                  | 43,944,266                  |
| Other assets                          | <u>91,778</u>               | <u>109,979</u>              |
| Total assets                          | <u><u>\$ 60,845,763</u></u> | <u><u>\$ 50,674,412</u></u> |
| <br><b>LIABILITIES AND NET ASSETS</b> |                             |                             |
| <b>Liabilities</b>                    |                             |                             |
| Accounts payable and accrued expenses | \$ 50,009                   | \$ 37,265                   |
| Due to University                     | <u>27,533</u>               | <u>132,353</u>              |
| Total liabilities                     | 77,542                      | 169,618                     |
| <br><b>Net assets</b>                 |                             |                             |
| Without donor restrictions            |                             |                             |
| Designated by the Board               | 2,869,705                   | 2,411,789                   |
| Undesignated                          | <u>648,435</u>              | <u>477,794</u>              |
| Total without donor restrictions      | 3,518,140                   | 2,889,583                   |
| With donor restrictions               |                             |                             |
| Purpose restricted                    | 12,125,171                  | 9,267,652                   |
| Time restricted for future periods    | <u>14,634,796</u>           | <u>8,566,501</u>            |
|                                       | 26,759,967                  | 17,834,153                  |
| Endowment funds                       | <u>30,490,114</u>           | <u>29,781,058</u>           |
| Total with donor restrictions         | <u>57,250,081</u>           | <u>47,615,211</u>           |
| Total net assets                      | <u>60,768,221</u>           | <u>50,504,794</u>           |
| Total liabilities and net assets      | <u><u>\$ 60,845,763</u></u> | <u><u>\$ 50,674,412</u></u> |

The accompanying notes are an integral part of these financial statements.

**Stockton University Foundation**  
**(A Component Unit of Stockton University)**

**STATEMENT OF ACTIVITIES**

Year ended June 30, 2021

|  | With Donor Restrictions       |                                   |                    |               | Total         |
|--|-------------------------------|-----------------------------------|--------------------|---------------|---------------|
|  | Without Donor<br>Restrictions | Purpose<br>and Time<br>Restricted | Endowment<br>Funds | Total         |               |
| <b>Revenues</b>                          |                               |                                   |                    |               |               |
| Contributions, net                       | \$ 8,810                      | \$ 1,851,661                      | \$ 719,134         | \$ 2,579,795  | \$ 2,579,605  |
| Special events                           |                               |                                   |                    |               |               |
| Revenues                                 | 174,493                       | 245,507                           | 2,000              | 247,507       | 422,000       |
| In-kind contributions                    | -                             | 8,660                             | -                  | 8,660         | 8,660         |
| Less: costs of direct benefits to donors | -                             | (71,981)                          | -                  | (71,981)      | (71,981)      |
| Special events revenue, net              | 174,493                       | 182,186                           | 2,000              | 184,186       | 358,679       |
| Endowment spending policy                | 62,744                        | (62,744)                          | -                  | (62,744)      | -             |
| In-kind contributions                    | 981,631                       | -                                 | -                  | -             | 981,631       |
| Investment return, net                   | 581,742                       | 8,767,199                         | 39,672             | 8,806,871     | 9,388,613     |
| Net assets released from restrictions    |                               |                                   |                    |               |               |
| Scholarships                             | 1,026,485                     | (1,026,485)                       | -                  | (1,026,485)   | -             |
| Program expenses                         | 837,753                       | (786,003)                         | (51,750)           | (837,753)     | -             |
| Total revenues                           | 3,673,658                     | 8,925,814                         | 709,056            | 9,634,870     | 13,308,528    |
| <b>Expenses</b>                          |                               |                                   |                    |               |               |
| Program                                  |                               |                                   |                    |               |               |
| Scholarships and awards                  | 1,104,241                     | -                                 | -                  | -             | 1,104,241     |
| Academic support                         | 182,752                       | -                                 | -                  | -             | 182,752       |
| Facilities support                       | 393,513                       | -                                 | -                  | -             | 393,513       |
| Other direct support                     | 66,521                        | -                                 | -                  | -             | 66,521        |
| Faculty support                          | 103,580                       | -                                 | -                  | -             | 103,580       |
| Supporting                               |                               |                                   |                    |               |               |
| Official representation                  | 13,968                        | -                                 | -                  | -             | 13,968        |
| General and administrative               | 83,023                        | -                                 | -                  | -             | 83,023        |
| Fundraising                              | 42,754                        | -                                 | -                  | -             | 42,754        |
| Bad debt expense                         | 64,458                        | -                                 | -                  | -             | 64,458        |
| In-kind expense                          | 990,291                       | -                                 | -                  | -             | 990,291       |
| Total expenses                           | 3,045,101                     | -                                 | -                  | -             | 3,045,101     |
| Increase in net assets                   | 628,557                       | 8,925,814                         | 709,056            | 9,634,870     | 10,263,427    |
| <b>Net assets, beginning of year</b>     | 2,889,583                     | 17,834,153                        | 29,781,058         | 47,615,211    | 50,504,794    |
| <b>Net assets, end of year</b>           | \$ 3,518,140                  | \$ 26,759,967                     | \$ 30,490,114      | \$ 57,250,081 | \$ 60,768,221 |

The accompanying notes are an integral part of this financial statement.

**Stockton University Foundation**  
**(A Component Unit of Stockton University)**

**STATEMENT OF ACTIVITIES**

Year ended June 30, 2020

|  | <u>With Donor Restrictions</u>        |  |                            |                      | <u>Total</u>         |
|--|---------------------------------------|--|----------------------------|----------------------|----------------------|
|  | <u>Without Donor<br/>Restrictions</u> | <u>Purpose<br/>and Time<br/>Restricted</u> | <u>Endowment<br/>Funds</u> | <u>Total</u>         |                      |
| <b>Revenues</b>                          |                                       |  |                            |                      |                      |
| Contributions, net                       | \$ 42,843                             | \$ 780,107                                 | \$ 7,351,857               | \$ 8,131,964         | \$ 8,174,807         |
| Special events                           |                                       |  |                            |                      |                      |
| Revenues                                 | 151,621                               | 95,840                                     | 264,276                    | 360,116              | 511,737              |
| Less: costs of direct benefits to donors | -                                     | (68,613)                                   | -                          | (68,613)             | (68,613)             |
| Special events revenue, net              | 151,621                               | 27,227                                     | 264,276                    | 291,503              | 443,124              |
| Endowment spending policy                | 50,005                                | (50,005)                                   | -                          | (50,005)             | -                    |
| In-kind contributions                    | 1,015,499                             | 2,556                                      | -                          | 2,556                | 1,018,055            |
| Investment return, net                   | 44,578                                | 925,695                                    | 12,820                     | 938,515              | 983,093              |
| Net assets released from restrictions    |                                       |  |                            |                      |                      |
| Scholarships                             | 937,238                               | (937,238)                                  | -                          | (937,238)            | -                    |
| Program expenses                         | 1,060,471                             | (1,060,471)                                | -                          | (1,060,471)          | -                    |
| Total revenues                           | <u>3,302,255</u>                      | <u>(312,129)</u>                           | <u>7,628,953</u>           | <u>7,316,824</u>     | <u>10,619,079</u>    |
| <b>Expenses</b>                          |                                       |  |                            |                      |                      |
| Program                                  |                                       |  |                            |                      |                      |
| Scholarships and awards                  | 1,009,493                             | -  | -                          | -                    | 1,009,493            |
| Academic support                         | 387,726                               | -  | -                          | -                    | 387,726              |
| Facilities support                       | 573,216                               | -  | -                          | -                    | 573,216              |
| Other direct support                     | 60,308                                | -  | -                          | -                    | 60,308               |
| Faculty support                          | 11,691                                | -  | -                          | -                    | 11,691               |
| Supporting                               |                                       |  |                            |                      |                      |
| Official representation                  | 32,767                                | -  | -                          | -                    | 32,767               |
| General and administrative               | 90,896                                | -  | -                          | -                    | 90,896               |
| Fundraising                              | 71,133                                | -  | -                          | -                    | 71,133               |
| Bad debt expense                         | 1,983                                 | -  | -                          | -                    | 1,983                |
| In-kind expense                          | 1,018,055                             | -  | -                          | -                    | 1,018,055            |
| Total expenses                           | <u>3,257,268</u>                      | <u>-</u>                                   | <u>-</u>                   | <u>-</u>             | <u>3,257,268</u>     |
| <b>Increase (decrease) in net assets</b> | 44,987                                | (312,129)                                  | 7,628,953                  | 7,316,824            | 7,361,811            |
| <b>Net assets, beginning of year</b>     | <u>2,844,596</u>                      | <u>18,146,282</u>                          | <u>22,152,105</u>          | <u>40,298,387</u>    | <u>43,142,983</u>    |
| <b>Net assets, end of year</b>           | <u>\$ 2,889,583</u>                   | <u>\$ 17,834,153</u>                       | <u>\$ 29,781,058</u>       | <u>\$ 47,615,211</u> | <u>\$ 50,504,794</u> |

The accompanying notes are an integral part of this financial statement.

**Stockton University Foundation**  
**(A Component Unit of Stockton University)**

**STATEMENTS OF CASH FLOWS**

Years ended June 30,

|  | <b>2021</b>   | <b>2020</b>  |
|--|---------------|--------------|
| <b>Cash flows from operating activities</b>  |               |              |
| Increase in net assets   | \$ 10,263,427 | \$ 7,361,811 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities |               |              |
| Provision for doubtful accounts  | 51,750        | -            |
| Change in discount and allowance on pledge receivables                                       | (110,158)     | 1,427,368    |
| Contributions restricted for long-term purposes  | (721,134)     | (7,616,133)  |
| Net realized and unrealized (gains) losses on investments                                    | (8,430,588)   | 91,891       |
| Changes in operating assets and liabilities:   |               |              |
| Contributions receivable   | (19,690)      | 16,845       |
| Due from University  | (14,310)      | 2,098        |
| Pledges receivable   | 307,071       | (140,440)    |
| Other receivables  | 6,221         | (26,585)     |
| Other assets   | 18,201        | 570,845      |
| Accounts payable and accrued expenses  | 12,744        | 11,816       |
| Due to University  | (104,820)     | (284,354)    |
|  | 1,258,714     | 1,415,162    |
| <b>Net cash provided by operating activities</b>   |               |              |
| <b>Cash flows from investing activities</b>  |               |              |
| Proceeds from sales of investments   | 14,882,926    | 19,834,991   |
| Purchases of investments   | (16,738,786)  | (22,228,757) |
|  | (1,855,860)   | (2,393,766)  |
| <b>Net cash used in investing activities</b>   |               |              |
| <b>Cash flows from financing activities</b>  |               |              |
| Proceeds from contributions restricted for long-term purposes                                | 721,134       | 1,000,750    |
|  | 721,134       | 1,000,750    |
| <b>Net cash provided by financing activities</b>   |               |              |
| <b>Net increase in cash and cash equivalents</b>   | 123,988       | 22,146       |
| <b>Cash and cash equivalents, beginning of year</b>  | 496,156       | 474,010      |
| <b>Cash and cash equivalents, end of year</b>  | \$ 620,144    | \$ 496,156   |

The accompanying notes are an integral part of these financial statements.



**Stockton University Foundation  
(A Component Unit of Stockton University)**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021 and 2020**

**NOTE A - ORGANIZATION**

Stockton University Foundation (the "Foundation") is incorporated within the State of New Jersey to receive gifts, grants and bequests from the community to support, complement and extend the programs and goals of Stockton University (the "University"). The mission of the Foundation is to act in partnership with the Board of Trustees of the University to develop resources and secure private contributions for the enhancement of educational opportunities and services at the University.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting***

The Foundation's financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("US GAAP"). US GAAP also requires that net assets, revenues, gains, expenses and losses be classified as with or without donor restrictions based on the existence or absence of donor-imposed restrictions.

***Income Taxes***

The Internal Revenue Service ("IRS") has classified the Foundation as a not-for-profit organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code") and a public charity under Section 509(a)(3) of the Code. The State of New Jersey Division of Taxation has determined the Foundation to be exempt from New Jersey income tax, as well as sales and use tax for purchases directly related to the purposes for which the Foundation was formed and purchased with Foundation funds.

The Foundation does not believe its financial statements include any material uncertain tax positions for which recognition or disclosure is warranted. The Foundation's policy is to recognize interest related to unrecognized tax benefits in interest expense and penalties in operating expense. No interest or penalties were recognized in 2021 and 2020.

The Foundation is exempt from federal income taxation; nevertheless, it may be subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code.

***Classification of Net Assets***

The Foundation's net assets and revenues, gains and losses are presented in the accompanying financial statements based on the existence or absence of donor-imposed restrictions as follows:

*Without donor restrictions* - net assets not subject to any donor-imposed stipulations. Net assets without donor restrictions may also be designated for specific purposes by the Foundation's Board of Directors.

*With donor restrictions* - net assets subject to donor-imposed stipulations that will be met by actions of the Foundation or by the passage of time as well as net assets subject to donor-imposed stipulations requiring that they be maintained in perpetuity by the Foundation. Investment income earned from these funds is included in net assets with donor restrictions unless otherwise directed by those respective donors.

**Stockton University Foundation  
(A Component Unit of Stockton University)**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2021 and 2020**

***Contributions and Pledges***

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Unconditional promises to give, which will be received after one year, are recorded after discounting to the present value of expected future cash flows at a discount rate commensurate with the risks involved. Non-cash contributions are recorded at the estimated fair value on the date of donation.

Contributions are reported as revenue with donor restrictions if the contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

***Cash and Cash Equivalents***

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and mature in three months or less from the date of purchase and include money market funds except for those included within investment accounts.

***Functional Allocation of Expenses***

The costs of providing the program, supporting and fundraising services of the Foundation have been reported on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the program, supporting and fundraising services based upon the function benefited.

***Use of Estimates***

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Investments***

Investments donated to, or purchased by, the Foundation are recorded at fair value using dealer or exchange quoted market prices. Interest and dividend income and net realized and unrealized gains and losses in fair value of investments is included in the statements of activities.

The Foundation's investments are comprised of a variety of financial instruments and are managed by investment advisors. The investments reported in the statements of financial position are exposed to various risks, including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in their fair value, it is reasonably possible that the amounts reported in the accompanying financial statements could change materially in the near term.

The Foundation has adopted a total return investment policy. The primary investment objective is to maximize long-term return through a combination of income and capital appreciation achieved in a prudent manner.

**Stockton University Foundation**  
**(A Component Unit of Stockton University)**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2021 and 2020**

***Pending Accounting Pronouncements***

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The guidance requires contributed nonfinancial assets to be presented as a separate line item on the consolidated statements of activities, apart from cash and other financial asset contributions. The guidance also requires disclosure of the types of contributed nonfinancial assets and, for each category, information about whether the assets were monetized or utilized, a description of the policies to monetize or utilize such assets, a description of donor-imposed restrictions associated with the contributions, and a description of the valuation techniques and principal market used to arrive at a fair value measure at initial recognition. ASU 2020-07 is effective for years beginning after June 15, 2021. Organizations are required to apply the guidance on a retrospective basis.

**NOTE C - CONCENTRATIONS OF CREDIT RISK**

The Foundation maintains its cash in bank accounts, which at times may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

**NOTE D - PLEDGES RECEIVABLE**

Pledges receivable consist of unconditional promises to give. The allowance for doubtful pledges is based on management's estimates and historical collections of pledges.

Pledges receivable as of June 30, 2021 and 2020 were as follows:

|                                      | 2021         | 2020         |
|--------------------------------------|--------------|--------------|
| Less than one year                   | \$ 452,934   | \$ 514,997   |
| One to five years                    | 1,750,490    | 1,122,758    |
| More than five years                 | 5,009,655    | 5,934,145    |
| Total                                | 7,213,079    | 7,571,900    |
| Less: Discount to net present value  | (779,768)    | (862,297)    |
| Less: Allowance for doubtful pledges | (643,331)    | (670,960)    |
| Pledges receivable, net              | \$ 5,789,980 | \$ 6,038,643 |

Pledges which are receivable in more than one year are discounted to fair value using an applicable fair market value rate from 0.32% to 3.05%.

Conditional promises to give as of June 30, 2021, which are not reflected in the accompanying statements of financial position, were as follows:

|                          | 2021       |
|--------------------------|------------|
| Bequests in wills        | \$ 628,000 |
| Life insurance contracts | 100,000    |
| Total                    | \$ 728,000 |

**Stockton University Foundation  
(A Component Unit of Stockton University)**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2021 and 2020**

**NOTE E - INVESTMENTS/FAIR VALUE MEASUREMENTS**

Fair value measurements and disclosures provide the framework for measuring fair value. Fair value is defined as the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework established for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Valuation techniques require maximization of observable inputs and minimization of unobservable inputs. The levels of the fair value hierarchy are as follows:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market;
- Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable. The nature of these securities includes investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed; and
- Level 3 - Securities that have little to no pricing observability. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

The financial instruments' level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement and does not necessarily correspond to the Foundation's perceived risk of such investment.

The following tables set forth, by level, the Foundation's investments at fair value, within the fair value hierarchy:

|                           | June 30, 2021        |             |             | Total                |
|---------------------------|----------------------|-------------|-------------|----------------------|
|                           | Level 1              | Level 2     | Level 3     |                      |
| Money market funds        | \$ 1,484,789         | \$ -        | \$ -        | \$ 1,484,789         |
| Equity mutual funds       | 30,619,811           | -           | -           | 30,619,811           |
| Fixed income mutual funds | 21,361,935           | -           | -           | 21,361,935           |
|                           | <u>\$ 53,466,535</u> | <u>\$ -</u> | <u>\$ -</u> | 53,466,535           |
| Investments at NAV        |                      |             |             | <u>764,179</u>       |
| Total                     |                      |             |             | <u>\$ 54,230,714</u> |

**Stockton University Foundation**  
**(A Component Unit of Stockton University)**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2021 and 2020**

|                           | June 30, 2020        |             |             | Total                |
|---------------------------|----------------------|-------------|-------------|----------------------|
|                           | Level 1              | Level 2     | Level 3     |                      |
| Money market funds        | \$ 690,991           | \$ -        | \$ -        | \$ 690,991           |
| Equity mutual funds       | 25,900,717           | -           | -           | 25,900,717           |
| Fixed income mutual funds | 17,014,800           | -           | -           | 17,014,800           |
|                           | <u>\$ 43,606,508</u> | <u>\$ -</u> | <u>\$ -</u> | 43,606,508           |
| Investments at NAV        |                      |             |             | 337,758              |
| Total                     |                      |             |             | <u>\$ 43,944,266</u> |

The investments at net asset value (“NAV”) are investments in private equity funds whereby NAV is used to estimate fair value. These funds are long-term capital appreciation funds which provide investors access to the private-equity holdings of the issuer. The Foundation has no unfunded commitments or redemption restrictions related to these investments and has the ability to redeem the investments at will.

Investment return, net for the years ended June 30, 2021 and 2020 is comprised of the following:

|  | 2021                | 2020              |
|--|---------------------|-------------------|
| Dividend and interest income, net                        | \$ 958,025          | \$ 1,074,984      |
| Net realized gains on investments                        | 2,005,766           | 136,919           |
| Net change in unrealized gains and losses on investments | 6,424,822           | (228,810)         |
| Investment return, net                                   | <u>\$ 9,388,613</u> | <u>\$ 983,093</u> |

Investment fees included in dividend and interest income, net, amounted to \$196,565 and \$169,125 for 2021 and 2020, respectively.

**NOTE F - NET ASSETS WITH DONOR RESTRICTIONS**

At June 30, 2021 and 2020, net assets with donor restrictions for purpose and time consisted of the following:

|                              | 2021                 | 2020                 |
|------------------------------|----------------------|----------------------|
| Scholarships and awards      | \$ 10,501,978        | \$ 6,335,681         |
| Academic support             | 6,184,409            | 4,149,228            |
| Facilities support           | 8,789,979            | 6,517,559            |
| Faculty support              | 282,853              | 155,791              |
| Other direct support         | 371,436              | 150,997              |
| Official representation      | 72,055               | 63,102               |
| Fundraising (special events) | 557,257              | 461,795              |
| Total                        | <u>\$ 26,759,967</u> | <u>\$ 17,834,153</u> |

**Stockton University Foundation  
(A Component Unit of Stockton University)**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2021 and 2020**

During the years ended June 30, 2021 and 2020, net assets were released from restrictions for the following purposes:

|                                  | 2021         | 2020         |
|----------------------------------|--------------|--------------|
| Scholarships and awards          | \$ 1,026,485 | \$ 937,238   |
| Program and supporting expenses: |              |              |
| Academic support                 | 182,504      | 385,989      |
| Facilities support               | 393,513      | 575,772      |
| Faculty support                  | 103,580      | 11,691       |
| Other direct support             | 65,226       | 29,833       |
| Official representation          | 3,805        | 12,515       |
| Fundraising (special events)     | 24,667       | 42,688       |
| Bad debt expense                 | 64,458       | 1,983        |
| Total                            | \$ 1,864,238 | \$ 1,997,709 |

**NOTE G - RELATED PARTY TRANSACTIONS**

The Foundation is located on the campus of the University. Stockton Affiliated Services, Inc. ("SASI") is a component unit of the University and is a separately incorporated 501(c)(3) that was established to manage auxiliary operations on behalf of the University and was dissolved effective June 30, 2021.

|  | Years Ended June 30, |              |
|--|----------------------|--------------|
|  | 2021                 | 2020         |
| Foundation's support to the University |                      |              |
| Scholarships and awards                | \$ 1,104,241         | \$ 1,009,493 |
| Academic support                       | 182,752              | 387,726      |
| Facilities support                     |                      |              |
| John F. Scarpa Academic Center         | 36,001               | -            |
| John F. Scarpa Health Sciences Center  | 48,683               | -            |
| Holocaust Resource Center              | 30                   | 139,156      |
| Noyes Museum                           | 143,749              | 196,685      |
|  | 228,463              | 335,841      |
| Faculty support                        | 103,580              | 11,691       |
|  | \$ 1,619,036         | \$ 1,744,751 |
| Foundation's support to SASI           |                      |              |
| Facilities support                     |                      |              |
| Sam Azeez Museum                       | \$ 165,050           | \$ 237,375   |

During the years ended June 30, 2021 and 2020, the University provided \$981,631 and \$1,015,499, respectively, of in-kind finance and administration services to the Foundation. During both years ended June 30, 2021 and 2020, SASI provided support for the Foundation's mission in the amount of \$20,000.

**Stockton University Foundation**  
**(A Component Unit of Stockton University)**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2021 and 2020**

**NOTE H - IN-KIND CONTRIBUTIONS**

The value of services donated to the Foundation by unrelated parties is recognized in the period that services are provided to the Foundation. During the years ended June 30, 2021 and 2020, the Foundation received \$8,660 and \$2,556, respectively.

**NOTE I - ENDOWMENTS**

Endowment funds are comprised of donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by US GAAP, net assets associated with endowment funds, including Board-designated funds, are classified and reported based upon the existence or absence of donor-imposed restrictions.

The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of fair value of the original gift as of the gift date to the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as donor-restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulation to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purposes of the Foundation and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and appreciation of investments;
6. Other resources of the Foundation; and
7. The investment policies of the Foundation.

**Stockton University Foundation**  
**(A Component Unit of Stockton University)**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2021 and 2020**

The Foundation's endowment was comprised of the following for the year ended June 30, 2021:

|  | With Donor Restrictions       |                                   |                      | Total                |
|--|-------------------------------|-----------------------------------|----------------------|----------------------|
|  | Without Donor<br>Restrictions | Purpose and<br>Time<br>Restricted | Endowment<br>Funds   |                      |
| Endowment, beginning of year             | \$ 2,411,789                  | \$ 8,566,501                      | \$ 29,781,058        | \$ 40,759,348        |
| Investment return:                       |                               |                                   |                      |                      |
| Investment income                        | 54,927                        | 700,600                           | 8,025                | 763,552              |
| Net realized and unrealized gains        | 486,079                       | 6,227,977                         | 31,647               | 6,745,703            |
| Total investment return                  | 541,006                       | 6,928,577                         | 39,672               | 7,509,255            |
| Contributions                            | -                             | -                                 | 719,134              | 719,134              |
| Special events contributions             | -                             | -                                 | 2,000                | 2,000                |
| Endowment spending policy                | (5,335)                       | (62,744)                          | -                    | (68,079)             |
| Amount designated for current operations | (77,755)                      | -                                 | -                    | (77,755)             |
| Net assets released from restrictions    | -                             | (797,538)                         | (51,750)             | (849,288)            |
| Changes in net assets                    | 457,916                       | 6,068,295                         | 709,056              | 7,235,267            |
| Endowment, end of year                   | <u>\$ 2,869,705</u>           | <u>\$ 14,634,796</u>              | <u>\$ 30,490,114</u> | <u>\$ 47,994,615</u> |

The Foundation's endowment had the following net asset composition at June 30, 2021:

|                                  | With Donor Restrictions       |                                   |                      | Total                |
|----------------------------------|-------------------------------|-----------------------------------|----------------------|----------------------|
|                                  | Without Donor<br>Restrictions | Purpose and<br>Time<br>Restricted | Endowment<br>Funds   |                      |
| Donor-restricted endowment funds | \$ -                          | \$ 14,634,796                     | \$ 30,490,114        | \$ 45,124,910        |
| Board-designated endowment funds | 2,869,705                     | -                                 | -                    | 2,869,705            |
| Endowment, end of year           | <u>\$ 2,869,705</u>           | <u>\$ 14,634,796</u>              | <u>\$ 30,490,114</u> | <u>\$ 47,994,615</u> |



**Stockton University Foundation**  
**(A Component Unit of Stockton University)**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2021 and 2020**

The Foundation's endowment was comprised of the following for the year ended June 30, 2020:

|   | With Donor Restrictions       |                                   |                      | Total                |
|---|-------------------------------|-----------------------------------|----------------------|----------------------|
|   | Without Donor<br>Restrictions | Purpose and<br>Time<br>Restricted | Endowment<br>Funds   |                      |
| Endowment, beginning of year                | \$ 2,430,009                  | \$ 8,680,182                      | \$ 22,152,105        | \$ 33,262,296        |
| Investment return:                          |                               |                                   |                      |                      |
| Investment income                           | 63,220                        | 762,179                           | 12,984               | 838,383              |
| Net realized and unrealized<br>losses       | (4,245)                       | (40,838)                          | (164)                | (45,247)             |
| Total investment<br>return                  | 58,975                        | 721,341                           | 12,820               | 793,136              |
| Contributions                               | -                             | -                                 | 7,351,857            | 7,351,857            |
| Transfers to Board-designated<br>endowments | 250                           | -                                 | -                    | 250                  |
| Special events contributions                | -                             | -                                 | 264,276              | 264,276              |
| Endowment spending policy                   | (5,190)                       | (50,005)                          | -                    | (55,195)             |
| Amount designated for current<br>operations | (72,255)                      | -                                 | -                    | (72,255)             |
| Net assets released from<br>restrictions    | -                             | (785,017)                         | -                    | (785,017)            |
| Changes in net assets                       | (18,220)                      | (113,681)                         | 7,628,953            | 7,497,052            |
| Endowment, end of year                      | <u>\$ 2,411,789</u>           | <u>\$ 8,566,501</u>               | <u>\$ 29,781,058</u> | <u>\$ 40,759,348</u> |

The Foundation's endowment had the following net asset composition at June 30, 2020:

|                                     | With Donor Restrictions       |                                   |                      | Total                |
|-------------------------------------|-------------------------------|-----------------------------------|----------------------|----------------------|
|                                     | Without Donor<br>Restrictions | Purpose and<br>Time<br>Restricted | Endowment<br>Funds   |                      |
| Donor-restricted endowment<br>funds | \$ -                          | \$ 8,566,501                      | \$ 29,781,058        | \$ 38,347,559        |
| Board-designated endowment<br>funds | 2,411,789                     | -                                 | -                    | 2,411,789            |
| Endowment, end of<br>year           | <u>\$ 2,411,789</u>           | <u>\$ 8,566,501</u>               | <u>\$ 29,781,058</u> | <u>\$ 40,759,348</u> |

**Stockton University Foundation**  
**(A Component Unit of Stockton University)**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2021 and 2020**

***Funds with Deficiencies***

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the level that the donor or state law requires the Foundation to retain as a fund of perpetual duration due to unfavorable market fluctuations. Accordingly, deficiencies of this nature that are reported in net assets with donor restrictions were \$0 and \$35,730 as of June 30, 2021 and 2020, respectively.

***Return Objectives and Risk Parameters***

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a relatively predictable and growing stream of annual distributions in support of the institution while preserving the long-term, real purchasing power of the related assets. An additional purpose of the fund is to provide a source of funds for a time when the Foundation may face a financial emergency, subject to any funds being utilized in such a manner which are consistent with the original donor restrictions. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity, as well as Board-designated funds.

***Strategies Employed for Achieving Objectives***

The overall financial goal of the endowment is to maintain or enhance its fair value while providing the Foundation's operating budget with a relatively predictable and growing stream of revenue targeted at approximately 4% of the endowment for the 20 trailing quarterly periods ending December 31 of the prior fiscal year. Therefore, the financial objective is to earn a total return (net of all fees and expenses) equal to or exceeding the spending rate plus the inflation rate - as measured by the Consumer Price Index. For an endowment to maintain its inflation adjusted level of support, it must earn an investment return equal to the spending rate plus the inflation rate.

**NOTE J - FUNCTIONAL CLASSIFICATION OF EXPENSES**

Expenses by functional and natural classification for the years ended June 30, 2021 and 2020 are shown below:

|  | Program Activities      |                   |                    |                      |                  | Supporting Activities            |                  | Total Expenses      |
|--|-------------------------|-------------------|--------------------|----------------------|------------------|----------------------------------|------------------|---------------------|
|  | Scholarships and Awards | Academic Support  | Facilities Support | Other Direct Support | Faculty Support  | Administrative General and Other | Fundraising      |                     |
| <b>2021</b>                                |                         |                   |                    |                      |                  |                                  |                  |                     |
| Scholarships awarded                       | \$ 1,104,241            | \$ -              | \$ -               | \$ -                 | \$ -             | \$ -                             | \$ -             | \$ 1,104,241        |
| Contracted services                        | -                       | 41,346            | 84,684             | 40,553               | -                | 7,175                            | 14,771           | 188,529             |
| Legal fees                                 | -                       | -                 | -                  | -                    | -                | 231                              | -                | 231                 |
| Accounting fees                            | -                       | -                 | -                  | -                    | -                | 33,025                           | -                | 33,025              |
| Consultants                                | -                       | 25,783            | -                  | 540                  | -                | 5,600                            | 2,800            | 34,723              |
| Insurance                                  | -                       | 1,589             | -                  | 1,627                | -                | 1,834                            | -                | 5,050               |
| Utilities                                  | -                       | 165               | -                  | -                    | -                | -                                | -                | 165                 |
| Occupancy/overhead                         | -                       | -                 | -                  | -                    | -                | 981,631                          | -                | 981,631             |
| Support of University and SASI/fundraising | -                       | 63,325            | 308,799            | 3,664                | 100,000          | -                                | -                | 475,788             |
| Travel, conferences and meetings           | -                       | 14,895            | -                  | 6,429                | 42               | 15,606                           | -                | 36,972              |
| Printing and advertising                   | -                       | 2,933             | -                  | 814                  | -                | 135                              | 3,021            | 6,903               |
| Supplies and miscellaneous equipment       | -                       | 24,277            | -                  | 12,794               | 3,347            | 2,032                            | 8,566            | 51,016              |
| Subscriptions and memberships              | -                       | 2,717             | 30                 | -                    | 191              | 9,539                            | 13,102           | 25,579              |
| Fees/licenses/fines                        | -                       | 230               | -                  | 100                  | -                | 21,814                           | 494              | 22,638              |
| Other expenses                             | -                       | 5,492             | -                  | -                    | -                | 73,118                           | -                | 78,610              |
| <b>Total expenses</b>                      | <b>\$ 1,104,241</b>     | <b>\$ 182,752</b> | <b>\$ 393,513</b>  | <b>\$ 66,521</b>     | <b>\$103,580</b> | <b>\$ 1,151,740</b>              | <b>\$ 42,754</b> | <b>\$ 3,045,101</b> |

**Stockton University Foundation**  
**(A Component Unit of Stockton University)**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2021 and 2020**

|  | Program Activities      |                   |                    |                      |                  | Supporting Activities            |                  | Total Expenses      |
|--|-------------------------|-------------------|--------------------|----------------------|------------------|----------------------------------|------------------|---------------------|
|  | Scholarships and Awards | Academic Support  | Facilities Support | Other Direct Support | Faculty Support  | Administrative General and Other | Fundraising      |                     |
| <u>2020</u>                                |                         |                   |                    |                      |                  |                                  |                  |                     |
| Scholarships awarded                       | \$ 1,009,493            | \$ -              | \$ -               | \$ -                 | \$ -             | \$ -                             | \$ -             | \$ 1,009,493        |
| Contracted services                        | -                       | 13,100            | 545                | -                    | -                | 500                              | 44,752           | 58,897              |
| Legal fees                                 | -                       | -                 | 6,887              | -                    | -                | 4,629                            | -                | 11,516              |
| Accounting fees                            | -                       | -                 | -                  | -                    | -                | 32,000                           | -                | 32,000              |
| Consultants                                | -                       | 40,974            | 382                | 2,700                | -                | 8,134                            | 3,971            | 56,161              |
| Insurance                                  | -                       | 388               | 10,442             | -                    | -                | 1,786                            | -                | 12,616              |
| Utilities                                  | -                       | 52                | 661                | -                    | -                | -                                | -                | 713                 |
| Occupancy/overhead                         | -                       | -                 | -                  | -                    | -                | 1,015,499                        | -                | 1,015,499           |
| Support of University and SASI/fundraising | -                       | 86,518            | 552,495            | -                    | -                | 2,556                            | -                | 641,569             |
| Travel, conferences and meetings           | -                       | 157,124           | 365                | 49,655               | 8,523            | 33,679                           | 1,963            | 251,309             |
| Printing and advertising                   | -                       | 8,102             | -                  | 741                  | -                | 7,207                            | 3,800            | 19,850              |
| Supplies and miscellaneous equipment       | -                       | 67,051            | 1,349              | 6,809                | 3,119            | 4,934                            | 6,571            | 89,833              |
| Subscriptions and memberships              | -                       | 7,607             | 90                 | -                    | 49               | 10,007                           | 9,816            | 27,569              |
| Fees/licenses/finances                     | -                       | 2,354             | -                  | 403                  | -                | 20,787                           | 260              | 23,804              |
| Other expenses                             | -                       | 4,456             | -                  | -                    | -                | 1,983                            | -                | 6,439               |
| <b>Total expenses</b>                      | <b>\$ 1,009,493</b>     | <b>\$ 387,726</b> | <b>\$ 573,216</b>  | <b>\$ 60,308</b>     | <b>\$ 11,691</b> | <b>\$ 1,143,701</b>              | <b>\$ 71,133</b> | <b>\$ 3,257,268</b> |

All costs are charged directly to the appropriate functional category.

**NOTE K - LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Furthermore, the Foundation invests cash in excess of requirements in short-term investments.

The Foundation's financial assets available within one year of the statement of financial position date for general expenditure at June 30, 2021 and 2020 are as follows:

|   | 2021                | 2020                |
|---|---------------------|---------------------|
| Cash and cash equivalents   | \$ 620,144          | \$ 496,156          |
| Receivables, net  | 566,081             | 600,365             |
| Other current assets  | 91,778              | 109,979             |
| Investments   | 54,230,714          | 43,944,266          |
| <b>Total financial assets available within one year</b>                                       | <b>55,508,717</b>   | <b>45,150,766</b>   |
| Less:   |                     |                     |
| Amounts unavailable for general expenditures within one year due to:                          |                     |                     |
| Restricted by donors with purpose restrictions  | (12,125,171)        | (9,267,652)         |
| Restricted by donors in perpetuity  | (30,490,114)        | (29,781,058)        |
| Liabilities expected to be paid within one year   | (77,542)            | (169,618)           |
| Investments at NAV  | (764,179)           | (337,758)           |
| <b>Total amounts unavailable for general expenditures within one year</b>                     | <b>(43,457,006)</b> | <b>(39,556,086)</b> |
| Amounts unavailable to management without Board approval:                                     |                     |                     |
| Board-designated net assets   | (2,869,705)         | (2,411,789)         |
| <b>Total financial assets available to management for general expenditure within one year</b> | <b>\$ 9,182,006</b> | <b>\$ 3,182,891</b> |

**Stockton University Foundation  
(A Component Unit of Stockton University)**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2021 and 2020**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic, which continues to spread throughout the United States. The spread of COVID-19 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Foundation is unable to determine if it will have a material impact on its operations.

**NOTE L - SUBSEQUENT EVENTS**

The Foundation evaluated subsequent events through November 5, 2021, the date the financial statements were available to be issued. The Foundation is not aware of any subsequent events that would require recognition or disclosure in the financial statements.