

Financial Statements and Report of  
Independent Certified Public  
Accountants

**STOCKTON UNIVERSITY FOUNDATION**  
**(A Component Unit of Stockton University)**

June 30, 2019 and 2018

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**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, 2019 and 2018, 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, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Philadelphia, Pennsylvania  
December 20, 2019

**STOCKTON UNIVERSITY FOUNDATION**  
**(A Component Unit of Stockton University)**

**STATEMENTS OF FINANCIAL POSITION**

June 30,

<b>ASSETS</b>	<b>2019</b>	<b>2018</b>
Cash and cash equivalents	\$ 474,010	\$ 91,893
Contributions receivable, net	42,708	55,190
Due from University	2,263	188
Pledges receivable (less allowance of \$78,910 in 2019 and \$74,535 in 2018)	710,188	670,818
Other receivables	32,755	110,096
Investments, at fair value	41,642,391	38,637,419
Other assets	<u>680,824</u>	<u>680,563</u>
<b>Total assets</b>	<b><u>\$ 43,585,139</u></b>	<b><u>\$ 40,246,167</u></b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	25,449	37,203
Due to University	<u>416,707</u>	<u>154,035</u>
<b>Total liabilities</b>	<u>442,156</u>	<u>191,238</u>
 <b>Net assets</b>		
Without donor restrictions		
Designated by the Board	2,430,009	2,342,791
Undesignated	<u>414,587</u>	<u>323,499</u>
<b>Total without donor restrictions</b>	<u>2,844,596</u>	<u>2,666,290</u>
With donor restrictions		
Purpose restricted	9,466,100	8,900,893
Time restricted for future periods	8,680,182	7,527,390
Endowment fund	<u>22,152,105</u>	<u>20,960,356</u>
<b>Total with donor restrictions</b>	<u>40,298,387</u>	<u>37,388,639</u>
<b>Total net assets</b>	<u>43,142,983</u>	<u>40,054,929</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 43,585,139</u></b>	<b><u>\$ 40,246,167</u></b>

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, 2019

	Without Donor Restrictions	With Donor Restrictions		Total	Total
		Program Restrictions	Endowment Funds		
<b>Revenues</b>					
Contributions, net	\$ 18,300	\$ 1,329,795	\$ 995,205	\$ 2,325,000	\$ 2,343,300
Special events					
Revenues	174,288	259,640	204,499	464,139	638,427
In-kind contributions	-	5,000	-	5,000	5,000
Less: costs of direct benefits to donors	-	(117,175)	-	(117,175)	(117,175)
<b>Special events revenue, net</b>	<b>174,288</b>	<b>147,465</b>	<b>204,499</b>	<b>351,964</b>	<b>526,252</b>
Endowment spending policy	57,915	(57,915)	-	(57,915)	-
In-kind contributions	558,846	-	-	-	558,846
Investment return, net	196,280	2,579,823	12,045	2,591,868	2,788,148
Net assets released from restrictions					
Scholarships	882,834	(882,834)	-	(882,834)	-
Program expenses	1,418,335	(1,398,335)	(20,000)	(1,418,335)	-
<b>Total revenues</b>	<b>3,306,798</b>	<b>1,717,999</b>	<b>1,191,749</b>	<b>2,909,748</b>	<b>6,216,546</b>
<b>Expenses</b>					
Program					
Scholarships and awards	958,234	-	-	-	958,234
Academic support	538,021	-	-	-	538,021
Facilities support	674,105	-	-	-	674,105
Other direct support	52,700	-	-	-	52,700
Faculty support	43,273	-	-	-	43,273
Supporting					
Official representation	25,823	-	-	-	25,823
General and administrative	103,998	-	-	-	103,998
Fundraising	148,042	-	-	-	148,042
Bad debt expense	20,450	-	-	-	20,450
In-kind expense	563,846	-	-	-	563,846
<b>Total expenses</b>	<b>3,128,492</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,128,492</b>
<b>Increase in net assets</b>	<b>178,306</b>	<b>1,717,999</b>	<b>1,191,749</b>	<b>2,909,748</b>	<b>3,088,054</b>
<b>Net assets, beginning of year</b>	<b>2,666,290</b>	<b>16,428,283</b>	<b>20,960,356</b>	<b>37,388,639</b>	<b>40,054,929</b>
<b>Net assets, end of year</b>	<b>\$ 2,844,596</b>	<b>\$ 18,146,282</b>	<b>\$ 22,152,105</b>	<b>\$ 40,298,387</b>	<b>\$ 43,142,983</b>

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, 2018

	Without Donor Restrictions	With Donor Restrictions			Total
		Program Restrictions	Endowment Funds	Total	
<b>Revenues</b>					
Contributions, net	\$ 25,514	\$ 3,201,574	\$ 544,681	\$ 3,746,255	\$ 3,771,769
Special events					
Revenues	218,885	280,654	196,365	477,019	695,904
In-kind contributions	-	12,500	-	12,500	12,500
Less: costs of direct benefits to donors	-	(144,630)	-	(144,630)	(144,630)
<b>Special events revenue, net</b>	<b>218,885</b>	<b>148,524</b>	<b>196,365</b>	<b>344,889</b>	<b>563,774</b>
Endowment spending policy	54,302	(54,302)	-	(54,302)	-
In-kind contributions	529,556	-	-	-	529,556
Investment return, net	188,380	2,314,202	16,195	2,330,397	2,518,777
Net assets released from restrictions					
Scholarships	772,136	(772,136)	-	(772,136)	-
Program expenses	1,502,942	(1,362,941)	(140,001)	(1,502,942)	-
<b>Total revenues</b>	<b>3,291,715</b>	<b>3,474,921</b>	<b>617,240</b>	<b>4,092,161</b>	<b>7,383,876</b>
<b>Expenses</b>					
Program					
Scholarships and awards	847,187	-	-	-	847,187
Academic support	442,826	-	-	-	442,826
Facilities support	577,506	-	-	-	577,506
Other direct support	32,570	-	-	-	32,570
Faculty support	89,351	-	-	-	89,351
Supporting					
Official representation	29,608	-	-	-	29,608
General and administrative	129,844	-	-	-	129,844
Fundraising	189,450	-	-	-	189,450
Bad debt expense	218,001	-	-	-	218,001
In-kind expense	542,056	-	-	-	542,056
<b>Total expenses</b>	<b>3,098,399</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,098,399</b>
<b>Increase in net assets</b>	<b>193,316</b>	<b>3,474,921</b>	<b>617,240</b>	<b>4,092,161</b>	<b>4,285,477</b>
<b>Net assets, beginning of year</b>	<b>2,472,974</b>	<b>12,953,362</b>	<b>20,343,116</b>	<b>33,296,478</b>	<b>35,769,452</b>
<b>Net assets, end of year</b>	<b>\$ 2,666,290</b>	<b>\$ 16,428,283</b>	<b>\$ 20,960,356</b>	<b>\$ 37,388,639</b>	<b>\$ 40,054,929</b>

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, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 3,088,054	\$ 4,285,477
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Provision for doubtful accounts	20,000	218,001
Change in discount and allowance on pledge receivables	2,480	(62,746)
Contributions restricted for long-term purposes	(1,199,704)	(741,046)
Net realized and unrealized gain on investments	(1,736,340)	(1,699,393)
Changes in operating assets and liabilities:		
Contributions receivable	12,482	(27,402)
Due from University	(2,075)	46,582
Pledges receivable	(61,850)	275,653
Other receivables	77,341	(87,934)
Other assets	(261)	(670,100)
Accounts payable and accrued expenses	(11,754)	(8,651)
Due to University	262,672	83,669
	<b>451,045</b>	<b>1,612,110</b>
<b>Cash flows from investing activities</b>		
Proceeds on sales of investments	9,734,674	11,766,592
Purchases of investments	(11,003,306)	(14,397,534)
	<b>(1,268,632)</b>	<b>(2,630,942)</b>
<b>Cash flows from financing activities</b>		
Contributions restricted for long-term purposes	1,199,704	741,046
	<b>1,199,704</b>	<b>741,046</b>
Net increase (decrease) in cash and cash equivalents	382,117	(277,786)
<b>Cash and cash equivalents, beginning of year</b>	<b>91,893</b>	<b>369,679</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 474,010</b>	<b>\$ 91,893</b>

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

**STOCKTON UNIVERSITY FOUNDATION  
(A Component Unit of Stockton University)**

**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2019 and 2018**

**NOTE A - ORGANIZATION**

Stockton University Foundation (the "Foundation") was formed and incorporated within the State of New Jersey in April 1972, 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 2019 and 2018.

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  
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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

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

***Contributions***

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. Noncash 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 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 Expense***

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 gain 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  
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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

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

***Reclassifications***

Certain prior year amounts have been reclassified to conform to current year presentations. These reclassifications had no effect on the reported results.

***Adopted Accounting Pronouncement***

In August 2016, the Financial Accounting Standards Board ("FASB") issued a new standard related to the *Presentation of Financial Statements of Not-for-Profit Entities*. This standard intends to make certain improvements to the reporting requirements for not-for-profit entities including: (1) the presentation of two classes of net assets at the end of the period, rather than the previously required three classes, as well as the annual change in each of the two classes and (2) the requirement to provide various enhanced disclosures relating to various not-for-profit specific topics. The new standard was effective for annual financial statements beginning after December 15, 2017. The Foundation has implemented the accounting and reporting requirements for its fiscal year ended June 30, 2019.

***Pending Accounting Pronouncements***

In May 2014, the FASB issued a new standard related to *Revenue from Contracts with Customers*, to improve financial reporting by creating common revenue recognition guidance. The core principle of this guidance is that an entity should recognize revenue in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods and services at the date the performance obligation has occurred. The new standard is effective for periods beginning after December 15, 2018. An entity will apply this update using either a full retrospective application, which applies the standard to each prior period presented, or under the modified retrospective application, in which an entity recognizes the cumulative effect of initially applying the new standard as an adjustment to the opening statement of financial position at the date of initial application. The Foundation is determining the impact of the new standard at this time.

In February 2016, the FASB issued a new standard related to *Leases* which requires that most leased assets be recognized on the statement of financial position as assets and liabilities for the rights and obligations created by these leases. The new standard is effective for fiscal years beginning after December 15, 2019, with early application permitted. An entity is required to apply the amendments of this new standard under the modified retrospective transition approach. This approach includes a number of optional practical expedients, which are described in the final standard. Under these practical expedients, an organization will continue to account for leases that commenced before the effective date in accordance with current US GAAP, unless the lease is modified. However, lessees are required to recognize on the statement of financial position leased assets and liabilities for operating leases at each reporting date. The Foundation is determining the impact of the new standard at this time.

In June 2018, the FASB issued a new standard clarifying the *Accounting for Contributions Received and Contributions Made*. The guidance will help entities evaluate whether transactions should be accounted for as contributions, or exchange transactions subject to other guidance. The guidance will also help in determining whether a contribution is conditional. The guidance is effective for fiscal years beginning after June 15, 2018. The Foundation is determining the impact of the new standard at this time.

**STOCKTON UNIVERSITY FOUNDATION**  
**(A Component Unit of Stockton University)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**NOTE C - CONCENTRATIONS OF CREDIT RISK**

The Foundation maintains its cash in bank deposits, 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 consists 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, 2019 and 2018 were as follows:

	2019	2018
Less than one year	\$ 258,365	\$ 228,948
One to five years	533,307	434,824
More than five years	24,405	110,455
Total	816,077	774,227
Less: Discount to net present value	(26,979)	(28,874)
Less: Allowance for doubtful pledges	(78,910)	(74,535)
Pledges receivable, net	\$ 710,188	\$ 670,818

Pledges which are receivable in more than one year are discounted to fair value using an applicable fair market value rate from 1.19% to 3.05%.

Conditional promises to give for both 2019 and 2018, which are not reflected in the accompanying statements of financial position, were as follows:

	2019	2018
Bequests in wills	\$ 800,000	\$ 300,000
Life insurance contracts	100,000	100,000
Total	\$ 900,000	\$ 400,000

**STOCKTON UNIVERSITY FOUNDATION**  
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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**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 include 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.
- 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 investment at NAV is an investment in a private equity fund whereby NAV is used to estimate fair value. The Foundation has no unfunded commitments or redemption restrictions related to this investment and has the ability to redeem the investment at will.

**STOCKTON UNIVERSITY FOUNDATION**  
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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

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

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

	June 30, 2019			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 910,494	\$ -	\$ -	\$ 910,494
Limited partnership fund	714,205	-	-	714,205
Real estate market funds	765,693	-	-	765,693
Equity mutual funds	25,051,554	-	-	25,051,554
Fixed income mutual funds	14,129,308	-	-	14,129,308
	<b>\$ 41,571,254</b>	<b>\$ -</b>	<b>\$ -</b>	<b>41,571,254</b>
Investment at net asset value				71,137
Total				<b>\$ 41,642,391</b>

	June 30, 2018			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 805,343	\$ -	\$ -	\$ 805,343
Limited partnership fund	685,762	-	-	685,762
Equity mutual funds	24,876,407	-	-	24,876,407
Fixed income mutual funds	12,269,907	-	-	12,269,907
	<b>\$ 38,637,419</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 38,637,419</b>
Total				<b>\$ 38,637,419</b>

Net realized and unrealized gain on investments for the years ended June 30, 2019 and 2018 were as follows:

	2019	2018
Dividend and interest income, net	\$ 1,051,808	\$ 819,384
Realized gains on investments	1,225,747	1,610,550
Net change in unrealized gains and losses on investments	510,593	88,843
Total	<b>\$ 2,788,148</b>	<b>\$ 2,518,777</b>

Investment fees amounted to \$156,721 and \$147,879 for 2019 and 2018, respectively.

**STOCKTON UNIVERSITY FOUNDATION**  
**(A Component Unit of Stockton University)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

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

At June 30, 2019 and 2018, net assets with donor restrictions consisted of the following:

	2019	2018
Scholarships and awards	\$ 6,553,661	\$ 5,882,562
Academic support	3,842,879	3,387,323
Facilities support	6,897,704	6,438,390
Faculty support	194,266	120,703
Other direct support	92,496	65,242
Official representation	74,127	72,808
Fundraising (special events)	491,149	461,255
	<b>\$ 18,146,282</b>	<b>\$ 16,428,283</b>
Total		

During the years ended June 30, 2019 and 2018, net assets were released from restrictions for the following purposes:

	2019	2018
Scholarships and awards	\$ 882,834	\$ 772,136
Academic support	538,021	442,826
Facilities support	674,105	577,506
Faculty support	43,273	89,351
Other direct support	3,706	7,121
Official representation	3,705	8,414
Fundraising (special events and scholarships)	135,525	159,723
Provision for doubtful accounts	20,000	218,001
	<b>\$ 2,301,169</b>	<b>\$ 2,275,078</b>
Total		

**STOCKTON UNIVERSITY FOUNDATION**  
**(A Component Unit of Stockton University)**

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**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.

	2019	2018
Foundation's support to the University		
Scholarships	\$ 958,234	\$ 847,187
Academic support	538,021	442,826
Facilities support		
Holocaust Resource Center	293,909	2,422
Manahawkin Health Science	-	200,000
Noyes Museum	122,500	122,500
Faculty support	43,273	89,351
	\$ 1,955,937	\$ 1,704,286
Foundation's support to SASI		
Facilities support		
Sam Azeez Museum	\$ 234,358	\$ 230,257

During the years ended June 30, 2019 and 2018, the University provided \$558,846 and \$529,556, respectively, of in-kind finance and administration services to the Foundation. During the years ended June 30, 2019 and 2018, SASI provided support for the Foundation's mission in the amount of \$20,000 and \$58,000, respectively.

**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, 2019 and 2018, the Foundation received \$5,000 and \$12,500, respectively, from in-kind contributions for advertising, catering and entertainment for special events.

**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.

**STOCKTON UNIVERSITY FOUNDATION**  
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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**NOTE I - ENDOWMENTS - Continued**

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.

The Foundation's endowment was comprised of the following for the year ended June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions		Total
		Program Restrictions	Endowment Funds	
Endowment, beginning of year	\$ 2,342,791	\$ 7,527,390	\$20,960,356	\$30,830,537
Investment return:				
Investment income	64,600	742,522	4,693	811,815
Net realized and unrealized gain	102,546	1,290,004	7,352	1,399,902
Total investment return	167,146	2,032,526	12,045	2,211,717
Contributions	-	-	995,205	995,205
Transfers to Board-designated endowments	500	-	-	500
Special events contributions	-	-	204,499	204,499
Endowment spending policy	(5,028)	(57,915)	-	(62,943)
Net assets released from Board-designated endowments	(75,400)	-	-	(75,400)
Net assets released from restrictions	-	(821,819)	(20,000)	(841,819)
Changes in net assets	87,218	1,152,792	1,191,749	2,431,759
Endowment, end of year	\$ 2,430,009	\$ 8,680,182	\$22,152,105	\$33,262,296



**STOCKTON UNIVERSITY FOUNDATION**  
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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**NOTE I - ENDOWMENTS - Continued**

The Foundation's endowment had the following net asset compositions at June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions		Total
		Program Restrictions	Endowment Funds	
Donor-restricted endowment funds	\$ -	\$ 8,680,182	\$22,152,105	\$30,832,287
Board-designated endowment funds	2,430,009	-	-	2,430,009
Endowment, end of year	<u>\$ 2,430,009</u>	<u>\$ 8,680,182</u>	<u>\$22,152,105</u>	<u>\$33,262,296</u>

The Foundation's endowment was comprised of the following for the year ended June 30, 2018:

	Without Donor Restrictions	With Donor Restrictions		Total
		Program Restrictions	Endowment Funds	
Endowment, beginning of year	\$ 2,247,980	\$ 6,440,318	\$20,343,116	\$29,031,414
Investment return:				
Investment income	53,627	603,062	7,752	664,441
Net realized and unrealized gain	119,923	1,311,145	8,443	1,439,511
Total investment return	173,550	1,914,207	16,195	2,103,952
Contributions	-	(2,819)	544,681	541,862
Transfers to Board-designated endowments	1,500	-	-	1,500
Special events contributions	-	-	196,365	196,365
Endowment spending policy	(5,189)	(54,302)	-	(59,491)
Net assets released from Board-designated endowments	(75,050)	-	-	(75,050)
Net assets released from restrictions	-	(770,014)	(140,001)	(910,015)
Changes in net assets	<u>94,811</u>	<u>1,087,072</u>	<u>617,240</u>	<u>1,799,123</u>
Endowment, end of year	<u>\$ 2,342,791</u>	<u>\$ 7,527,390</u>	<u>\$20,960,356</u>	<u>\$30,830,537</u>

**STOCKTON UNIVERSITY FOUNDATION  
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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**NOTE I - ENDOWMENTS - Continued**

The Foundation's endowment had the following net asset compositions at June 30, 2018:

	Without Donor Restrictions	With Donor Restrictions		Total
		Program Restrictions	Endowment Funds	
Donor-restricted endowment funds	\$ -	\$ 7,527,390	\$20,960,356	\$28,487,746
Board-designated endowment funds	2,342,791	-	-	2,342,791
Endowment, end of year	<u>\$ 2,342,791</u>	<u>\$ 7,527,390</u>	<u>\$20,960,356</u>	<u>\$30,830,537</u>

***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 16 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.

**STOCKTON UNIVERSITY FOUNDATION  
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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**NOTE J - FUNCTIONAL CLASSIFICATION OF EXPENSES**

Expenses by functional and natural classification for the fiscal year ended June 30, 2019 are shown below:

	Program Activities					Supporting Activities		Total expenses
	Scholarships and awards	Academic support	Facilities support	Other direct support	Faculty support	Management and general	Fundraising	
Scholarships awarded	\$ 958,234	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 958,234
Contracted services	-	58,413	487	-	-	3,896	73,917	136,713
Legal fees	-	-	8,514	-	-	-	-	8,514
Accounting fees	-	-	-	-	-	30,500	-	30,500
Consultants	-	45,190	300	5,350	-	1,435	25,550	77,825
Insurance	-	-	13,768	-	-	1,751	266	15,785
Utilities	-	402	569	-	-	-	-	971
Occupancy/overhead	-	-	-	-	-	558,846	-	558,846
Support of University and SASI/fundraising	-	-	646,622	-	14,263	-	-	660,885
Travel, conferences and meetings	-	223,532	3,740	39,628	27,127	38,701	6,809	339,537
Printing and advertising	-	7,223	-	-	-	5,177	4,515	16,915
Supplies and miscellaneous equipment	-	169,832	105	7,422	1,797	9,967	13,386	202,509
Subscriptions and memberships	-	1,472	-	-	86	14,660	7,489	23,707
Fees/licenses/finances	-	2,692	-	300	-	23,734	16,110	42,836
Other expenses	-	29,265	-	-	-	25,450	-	54,715
<b>Total expenses</b>	<b>\$ 958,234</b>	<b>\$ 538,021</b>	<b>\$ 674,105</b>	<b>\$ 52,700</b>	<b>\$ 43,273</b>	<b>\$ 714,117</b>	<b>\$ 148,042</b>	<b>\$ 3,128,492</b>

Expenses by functional and natural classification for the fiscal year ended June 30, 2018 are shown below:

	Program Activities					Supporting Activities		Total expenses
	Scholarships and awards	Academic support	Facilities support	Other direct support	Faculty support	Management and general	Fundraising	
Scholarships awarded	\$ 847,187	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 847,187
Contracted services	-	47,945	-	150	-	4,539	64,282	116,916
Legal fees	-	-	-	-	-	4,534	-	4,534
Accounting fees	-	-	-	-	-	24,025	-	24,025
Consultants	-	47,877	3,500	7,479	-	2,642	19,249	80,747
Insurance	-	-	8,323	-	-	1,715	-	10,038
Utilities	-	558	-	-	-	-	-	558
Occupancy/overhead	-	-	-	-	-	542,056	-	542,056
Support of University and SASI/fundraising	-	-	565,683	-	-	-	235	565,918
Travel, conferences and meetings	-	258,574	-	18,040	21,735	58,537	53,732	410,618
Printing and advertising	-	20,220	-	-	-	9,265	19,030	48,515
Supplies and miscellaneous equipment	-	45,269	-	6,211	2,146	12,794	11,998	78,418
Subscriptions and memberships	-	2,191	-	-	118	3,471	9,809	15,589
Fees/licenses/finances	-	105	-	690	-	27,926	430	29,151
Other expenses	-	20,087	-	-	65,352	228,005	10,685	324,129
<b>Total expenses</b>	<b>\$ 847,187</b>	<b>\$ 442,826</b>	<b>\$ 577,506</b>	<b>\$ 32,570</b>	<b>\$ 89,351</b>	<b>\$ 919,509</b>	<b>\$ 189,450</b>	<b>\$ 3,098,399</b>

All costs are charged directly to the appropriate functional category.

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**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 maintains a policy of structuring its financial assets to be available as general expenditures, liabilities and other obligations come due. The Foundation's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	2019	2018
Cash and cash equivalents	\$ 474,010	\$ 91,893
Receivables, net	336,091	394,422
Other current assets	680,824	680,563
Investments	41,642,391	38,637,419
Total financial assets available within one year	43,133,316	39,804,297
Less:		
Amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	(9,466,100)	(8,900,893)
Restricted by donors in perpetuity	(22,152,105)	(20,960,356)
Liabilities expected to be paid within one year	(442,156)	(191,238)
Total amounts unavailable for general expenditures within one year	(32,060,361)	(30,052,487)
Amounts unavailable to management without Board approval:		
Board-designated net assets	(2,430,009)	(2,342,791)
Total financial assets available to management for general expenditure within one year	\$ 8,642,946	\$ 7,409,019

**NOTE L - SUBSEQUENT EVENTS**

The Foundation evaluated subsequent events through December 20, 2019, 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.