

Financial Statements and Report of  
Independent Certified Public  
Accountants

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

June 30, 2020 and 2019

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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, 2020 and 2019, 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 Foundation'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 Foundation'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, 2020 and 2019, 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.

*Grant Thornton LLP*

Philadelphia, Pennsylvania  
November 25, 2020

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

**STATEMENTS OF FINANCIAL POSITION**

June 30,

<b>ASSETS</b>	<b>2020</b>	<b>2019</b>
Cash and cash equivalents	\$ 496,156	\$ 474,010
Contributions receivable, net	25,863	42,708
Due from University	165	2,263
Pledges receivable (less allowance of \$670,960 in 2020 and \$78,910 in 2019)	6,038,643	710,188
Other receivables	59,340	32,755
Investments	43,944,266	41,642,391
Other assets	109,979	680,824
<b>Total assets</b>	<b>\$ 50,674,412</b>	<b>\$ 43,585,139</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 37,265	\$ 25,449
Due to University	132,353	416,707
<b>Total liabilities</b>	<b>169,618</b>	<b>442,156</b>
 <b>Net assets</b>		
Without donor restrictions		
Designated by the Board	2,411,789	2,430,009
Undesignated	477,794	414,587
<b>Total without donor restrictions</b>	<b>2,889,583</b>	<b>2,844,596</b>
With donor restrictions		
Purpose restricted	9,267,652	9,466,100
Time restricted for future periods	8,566,501	8,680,182
	17,834,153	18,146,282
Endowment funds	29,781,058	22,152,105
<b>Total with donor restrictions</b>	<b>47,615,211</b>	<b>40,298,387</b>
<b>Total net assets</b>	<b>50,504,794</b>	<b>43,142,983</b>
<b>Total liabilities and net assets</b>	<b>\$ 50,674,412</b>	<b>\$ 43,585,139</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, 2020

	With Donor Restrictions				Total
	Without Donor Restrictions	Purpose and Time Restrictions	Endowment Funds	Total	
<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)
<b>Special events revenue, net</b>	<u>151,621</u>	<u>27,227</u>	<u>264,276</u>	<u>291,503</u>	<u>443,124</u>
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)	-
<b>Total revenues</b>	<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
<b>Total expenses</b>	<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)

**STATEMENT OF ACTIVITIES**

Year ended June 30, 2019

	With Donor Restrictions				Total
	Without Donor Restrictions	Purpose and Time Restrictions	Endowment Funds	Total	
<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>	<u>174,288</u>	<u>147,465</u>	<u>204,499</u>	<u>351,964</u>	<u>526,252</u>
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>	<u>3,306,798</u>	<u>1,717,999</u>	<u>1,191,749</u>	<u>2,909,748</u>	<u>6,216,546</u>
<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>	<u>3,128,492</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,128,492</u>
<b>Increase in net assets</b>	178,306	1,717,999	1,191,749	2,909,748	3,088,054
<b>Net assets, beginning of year</b>	<u>2,666,290</u>	<u>16,428,283</u>	<u>20,960,356</u>	<u>37,388,639</u>	<u>40,054,929</u>
<b>Net assets, end 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>

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>2020</b>	<b>2019</b>
<b>Cash flows from operating activities</b>		
Increase in net assets	\$ 7,361,811	\$ 3,088,054
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Provision for doubtful accounts	-	20,000
Change in discount and allowance on pledge receivables	1,427,368	2,480
Contributions restricted for long-term purposes	(7,616,133)	(1,199,704)
Net realized and unrealized losses (gains) on investments	91,891	(1,736,340)
Changes in operating assets and liabilities:		
Contributions receivable	16,845	12,482
Due from University	2,098	(2,075)
Pledges receivable	(140,440)	(61,850)
Other receivables	(26,585)	77,341
Other assets	570,845	(261)
Accounts payable and accrued expenses	11,816	(11,754)
Due to University	(284,354)	262,672
	<b>1,415,162</b>	<b>451,045</b>
<b>Cash flows from investing activities</b>		
Proceeds from sales of investments	19,834,991	9,734,674
Purchases of investments	(22,228,757)	(11,003,306)
	<b>(2,393,766)</b>	<b>(1,268,632)</b>
<b>Cash flows from financing activities</b>		
Proceeds from contributions restricted for long-term purposes	1,000,750	1,199,704
	<b>1,000,750</b>	<b>1,199,704</b>
Net increase in cash and cash equivalents	22,146	382,117
<b>Cash and cash equivalents, beginning of year</b>	<b>474,010</b>	<b>91,893</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 496,156</b>	<b>\$ 474,010</b>

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, 2020 and 2019**

**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 2020 and 2019.

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, 2020 and 2019**

***Contributions and Pledges***

Effective July 1, 2020, the Foundation adopted the Financial Accounting Standard Board's ("FASB") pronouncement clarifying the *Accounting for Contributions Received and Contributions Made*. The guidance clarified the framework by which entities evaluate whether transactions should be accounted for as contributions or exchange transactions subject to other guidance. The guidance also provides a framework for determining whether a contribution is conditional. The Foundation's adoption of this pronouncement had no impact on the Foundation's recognition of contributions or on the current or historical financial position, activities or cash flows.

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.

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2020 and 2019**

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.

***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, as amended, is effective for periods beginning after December 15, 2019. 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*, with subsequent amendments, 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, as amended, is effective for fiscal years beginning after December 15, 2021, 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.

**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.

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2020 and 2019**

**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, 2020 and 2019 were as follows:

	2020	2019
Less than one year	\$ 514,997	\$ 258,365
One to five years	1,122,758	533,307
More than five years	5,934,145	24,405
Total	7,571,900	816,077
Less: Discount to net present value	(862,297)	(26,979)
Less: Allowance for doubtful pledges	(670,960)	(78,910)
Pledges receivable, net	\$ 6,038,643	\$ 710,188

Pledges which are receivable in more than one year are discounted to fair value using an applicable fair market value rate from 0.33% to 3.05%.

Conditional promises to give for both 2020 and 2019, which are not reflected in the accompanying statements of financial position, were as follows:

	2020	2019
Bequests in wills	\$ 800,000	\$ 800,000
Life insurance contracts	100,000	100,000
Total	\$ 900,000	\$ 900,000

**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.

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2020 and 2019**

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

	June 30, 2020			
	Level 1	Level 2	Level 3	Total
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
	\$ 43,606,508	\$ -	\$ -	43,606,508
Investments at net asset value				337,758
Total				\$ 43,944,266

	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
	\$ 41,571,254	\$ -	\$ -	41,571,254
Investments at net asset value				71,137
Total				\$ 41,642,391

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.

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2020 and 2019**

Investment return, net for the years ended June 30, 2020 and 2019 is comprised of the following:

	<u>2020</u>	<u>2019</u>
Dividend and interest income, net	\$ 1,074,984	\$ 1,051,808
Net realized gains on investments	136,919	1,225,747
Net change in unrealized gains and losses on investments	<u>(228,810)</u>	<u>510,593</u>
Investment return, net	<u>\$ 983,093</u>	<u>\$ 2,788,148</u>

Investment fees included in dividend and interest income, net, amounted to \$169,125 and \$156,721 for 2020 and 2019, respectively.

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

At June 30, 2020 and 2019, net assets with donor restrictions for purpose and time consisted of the following:

	<u>2020</u>	<u>2019</u>
Scholarships and awards	\$ 6,335,681	\$ 6,553,661
Academic support	4,149,228	3,842,879
Facilities support	6,517,559	6,897,704
Faculty support	155,791	194,266
Other direct support	150,997	92,496
Official representation	63,102	74,127
Fundraising (special events)	<u>461,795</u>	<u>491,149</u>
Total	<u>\$ 17,834,153</u>	<u>\$ 18,146,282</u>

During the years ended June 30, 2020 and 2019, net assets were released from restrictions for the following purposes:

	<u>2020</u>	<u>2019</u>
Scholarships and awards	\$ 937,238	\$ 882,834
Program expenses:		
Academic support	385,989	538,021
Facilities support	575,772	674,105
Faculty support	11,691	43,273
Other direct support	29,833	3,706
Official representation	12,515	3,705
Fundraising (special events and scholarships)	42,688	135,525
Provision for doubtful accounts	<u>1,983</u>	<u>20,000</u>
	<u>1,060,471</u>	<u>1,418,335</u>
Total	<u>\$ 1,997,709</u>	<u>\$ 2,301,169</u>

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

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2020 and 2019**

**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.

	Year ended June 30,	
	2020	2019
Foundation's support to the University		
Scholarships	\$ 1,009,493	\$ 958,234
Academic support	387,726	538,021
Facilities support		
Holocaust Resource Center	139,156	293,909
Noyes Museum	196,685	122,500
Faculty support	11,691	43,273
	\$ 1,744,751	\$ 1,955,937
Foundation's support to SASI		
Facilities support		
Sam Azeez Museum	\$ 237,375	\$ 234,358

During the years ended June 30, 2020 and 2019, the University provided \$1,015,499 and \$558,846, respectively, of in-kind finance and administration services to the Foundation. During the years ended June 30, 2020 and 2019, SASI provided support for the Foundation's mission in the amount of \$20,000 and \$20,000, 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, 2020 and 2019, the Foundation received \$2,556 and \$5,000, 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.

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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, 2020:

	Without Donor Restrictions	With Donor Restrictions Purpose and Time Restrictions	Endowment Funds	Total
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 losses	(4,245)	(40,838)	(164)	(45,247)
Total investment return	58,975	721,341	12,820	793,136
Contributions	-	-	7,351,857	7,351,857
Transfers to Board-designated endowments	250	-	-	250
Special events contributions	-	-	264,276	264,276
Endowment spending policy	(5,190)	(50,005)	-	(55,195)
Net assets released from Board- designated endowments	(72,255)	-	-	(72,255)
Net assets released from 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>



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**June 30, 2020 and 2019**

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

	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose and Time Restrictions	Endowment Funds	
Donor-restricted endowment funds	\$ -	\$ 8,566,501	\$ 29,781,058	\$ 38,347,559
Board-designated endowment funds	2,411,789	-	-	2,411,789
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 was comprised of the following for the year ended June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose and Time 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 gains	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	<u>87,218</u>	<u>1,152,792</u>	<u>1,191,749</u>	<u>2,431,759</u>
Endowment, end of year	<u>\$ 2,430,009</u>	<u>\$ 8,680,182</u>	<u>\$ 22,152,105</u>	<u>\$ 33,262,296</u>

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**June 30, 2020 and 2019**

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

	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose and Time 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>

***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 without donor restrictions were \$35,730 as of June 30, 2020. There were no deficiencies as of June 30, 2019.

***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.

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**June 30, 2020 and 2019**

**NOTE J - FUNCTIONAL CLASSIFICATION OF EXPENSES**

Expenses by functional and natural classification for the years ended June 30, 2020 and 2019 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	
<u>June 30, 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/fines	-	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>
<u>June 30, 2019</u>								
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/fines	-	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>

All costs are charged directly to the appropriate functional category.

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**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 are as follows:

	2020	2019
Cash and cash equivalents	\$ 496,156	\$ 474,010
Receivables, net	600,365	336,091
Other current assets	109,979	680,824
Investments	43,944,266	41,642,391
Total financial assets available within one year	45,150,766	43,133,316
Less:		
Amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	(9,267,652)	(9,466,100)
Restricted by donors in perpetuity	(29,781,058)	(22,152,105)
Liabilities expected to be paid within one year	(169,618)	(442,156)
Total amounts unavailable for general expenditures within one year	(39,218,328)	(32,060,361)
Amounts unavailable to management without Board approval:		
Board-designated net assets	(2,411,789)	(2,430,009)
Total financial assets available to management for general expenditure within one year	\$ 3,520,649	\$ 8,642,946

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 to its operations.

**NOTE L - SUBSEQUENT EVENTS**

The Foundation evaluated subsequent events through November 25, 2020, 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.