

Financial Statements and Report of
Independent Certified Public
Accountants

Stockton Affiliated Services, Inc.
(A Component Unit of Stockton University)

June 30, 2021 and 2020

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Board of Directors
Stockton Affiliated Services, Inc.

We have audited the accompanying financial statements of Stockton Affiliated Services, Inc., 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

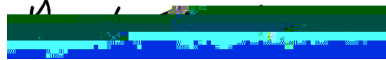
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 controls.



Opinion

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

November 5, 2021

ASSETS	2021	2020
Current assets		
Cash and cash equivalents	\$ -	\$ 837,054
Accounts receivable	-	114,746
Due from (to) related parties	(837,054)	(114,746)
	12,728	8,251.986

Revenues
Food service

2021

2020

3,789,277 1 89,277 1 89,277 1 efef. [\$)32

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ (644,841)	\$ (673,085)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Transfer of net deficit to University upon SASI dissolution	(543,798)	-
Depreciation expense	162,186	203,268
Changes in assets and liabilities:		
Accounts receivable	42,958	(103,503)
Due from University	81,942	189,670
Prepaid expenses	113,589	48,478
Accounts payable and accrued expenses	(6,573)	(15,473)
Deferred revenue	12,420	(51,142)
Other liabilities	(82,463)	
	113,589	

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

SASI follows the Financial Accounting Standards Board (“FASB”) guidance that requires a tax position to be recognized or derecognized based on a “more likely than not” threshold to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position. SASI does not believe its financial statements include any material uncertain tax positions for which recognition or disclosure is warranted. No interest or penalties were recognized in 2021 or 2020.

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

Cash and Cash Equivalents

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and mature in three months or less.

Property and Equipment, Net

Property and equipment are carried at historical cost if purchased or constructed, less accumulated depreciation. SASI provides for depreciation of its property and equipment by the use of the straight-line

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

Risk and Uncertainties

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. As a result of COVID-19, the University moved to a virtual teaching and learning environment commencing mid-March 2020 and during the year ended June 30, 2021, the COVID-19 pandemic continued to negatively impact SASI's financial position. Student credits for ancillary services provided by SASI in the amount of \$819,562 and \$1,785,382, respectively, are included as a reduction in food service and transportation & safety revenues in the statement of activities for the year ended June 30, 2021 and 2020. While the disruption is currently expected to be temporary, there is uncertainty around the duration.

NOTE C - PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following at June 30:

2021

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE E - COMMITMENTS

Compensated Absences

SASI recorded a liability for compensated absences in the amount of \$0 and \$41,039 as of June 30, 2021 and 2020, respectively, which is included in accounts payable and accrued expenses in the accompanying statements of financial position. The liability was calculated based upon employees' accrued vacation leave as of year-end, as well as an estimated vested amount for accrued sick leave.

Payments for unused sick leave balances are made to retiring employees upon regular retirement. The

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE H - FUNCTIONAL CLASSIFICATION OF EXPENSES

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

	Program Expenses					Supporting, Management and General Expenses	Total Expenses Year Ended June 30, 2021
	Food Service	Transportation and Safety	Rental Properties	Rental Properties Managed for the University	Azeez Museum		
Salaries and benefits	\$ -	\$ 90,820	\$ -	\$ -	\$ 9,543	\$ -	\$ 100,363
Contracted services	5,947,162	806,450	700	-	7	-	6,754,319
Legal fees	-	-	1,496	-	-	13,146	14,642
Accounting fees	-	-	-	-	-	30,400	30,400
Utilities	-	-	424	-	16,136	-	16,560
Insurance	-	50,546	-	-	794	25,311	76,651
Depreciation	-	-	-	-	-	162,186	162,186
Occupancy/overhead	-	-	-	-	-	81,282	81,282
Support of University							
Mission/Fundraising	-	-	-	-	-	128,000	128,000
Travel conferences and meetings	-	347	-	-	-	-	347
Printing and advertising	-	-	-	-	2,777	40	2,817
Supplies and non-capital equipment	19,777	-	-	-	-	-	19,777
Maintenance	-	112,467	570	-	16,985	-	130,022
Loan interest	-	-	-	-	-	27,114	27,114
Other expenses	1,644	7,906	135,387	-	1,704	11,595	158,236
Total expenses	\$ 5,968,583	\$ 1,068,536	\$ 138,577	\$ -	\$ 47,946	\$ 479,074	\$ 7,702,716

Program Expenses					Supporting, Management and General Expenses	Total Expenses Year Ended June 30, 2020
Food Service						

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

NOTE I - LIQUIDITY AND AVAILABILITY OF RESOURCES

SASI's financial assets available within one year of the statement of financial position date for general expenditures as of June 30 are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ -	\$ 837,054
Accounts receivable	-	114,746
Due from University	-	98,221
Available loan balance	-	685,317
		<u>1,735,338</u>
Less: current liabilities	<u>-</u>	<u>(1,057,964)</u>
Available to management	<u>\$ -</u>	<u>\$ 677,374</u>

SASI's liquidity and resources available to management fluctuate with the build-up and settlement of the balances with the University. Since SASI's net assets were transferred to the University at June 30, 2021, liquidity and availability of resources is no longer applicable for SASI on a stand-alone basis.

NOTE J - SUBSEQUENT EVENTS

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