

Financial Statements and Report of  
Independent Certified Public  
Accountants

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

June 30, 2019 and 2018

**Contents**

Page

Report of Independent Certified Public Accountants	3
Financial Statements	
Statements of financial position	4
Statements of activities	5
Statements of cash flows	7
Notes to financial statements	8



---

## 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. 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 design of audit procedures in order to determine 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

<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

	Without Donor Restrictions	Program Restrictions	Endowment Funds	Total	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>	174,288	147,465	204,499	351,964	526,252
Endowment spending policy	57,915	(57,915)	-	(57,915)	-
In-kind contributions	558,846	-	-	-	558,846
Investment return, net	1	-	L		

ntri g s© A - TTTTTTTTTTTTTTT 558,846 T (11m - - N ,- 352 5 \$ 3. m

	<b>Without Donor Restrictions</b>	<b>Program Restrictions</b>	<b>Endowment Funds</b>	<b>Total</b>	<b>Total</b>
<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>	218,885	148,524	196,365	344,889	563,774
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

**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>Net cash provided by operating activities</b>	<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>Net cash used in investing activities</b>	<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>Net cash provided by financing activities</b>	<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 - 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  
(A Component Unit of Stockton University)**

**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

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

**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
	<u>\$ 41,571,254</u>	<u>\$ -</u>	<u>\$ -</u>	<u>41,571,254</u>
Investment at net asset value				<u>71,137</u>
Total				<u>\$ 41,642,391</u>

	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
	<u>\$ 38,637,419</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,637,419</u>
Total				<u>\$ 38,637,419</u>

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	<u>510,593</u>	<u>88,843</u>
Total	<u>\$ 2,788,148</u>	<u>\$ 2,518,777</u>

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:

	<u>2019</u>	<u>2018</u>
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
	<u>\$ 18,146,282</u>	<u>\$ 16,428,283</u>
Total		

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

	<u>2019</u>	<u>2018</u>
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
	<u>\$ 2,301,169</u>	<u>\$ 2,275,078</u>
Total		



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

**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**NOTE I - ENDOWMENTS - Continued**

In accordance with UPMIFA, the Foundation considers the followi



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

**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	\$ 2,430,009	8,680,182	22,152,105	33,262,296



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

**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

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

**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.