



**ROWAN UNIVERSITY**  
(A Component Unit of the State of New Jersey)

Basic Financial Statements and  
Management's Discussion and Analysis

June 30, 2010 and 2009

(With Independent Auditors' Report Thereon)

**ROWAN UNIVERSITY**  
(A Component Unit of the State of New Jersey)

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**ROWAN UNIVERSITY**  
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Management's Discussion and Analysis

June 30, 2010 and 2009

**Introduction**

This section of Rowan University's (the University) financial statements presents our discussion and analysis of the University's financial performance during the fiscal years that ended on June 30, 2010 and 2009, and comparative amounts for the year ended June 30, 2008. Since this discussion and analysis is designed to focus on current activities, it should be read in conjunction with the University's basic financial statements, which follows this section. Management has prepared the financial statements and the related footnote disclosures, along with the discussion and analysis.

**College Overview**

Rowan University is a selective, medium-sized public university located in Glassboro, New Jersey. It is recognized for its nationally ranked academic and athletic programs, talented professors and high-tech facilities. The University prides itself on being able to provide its more than 11,000 students an outstanding education at an exceptional value.

The University offers 80 undergraduate majors, including 3 accelerated Bachelor's to Master's programs; 55 majors leading to master's degree; 7 professional certification programs; 26 graduate certification of graduate student programs; 6 teacher certification programs, and a doctoral program in educational leadership. Students can pursue their degrees at the main campus, its Camden campus, online, or at several community colleges.

Rowan has been recognized by national organizations that evaluate colleges and universities. US News & World Report ranks Rowan 23<sup>rd</sup> of Northern Regional Universities, 3<sup>rd</sup> among the publics in the category. The Princeton Review included Rowan in its latest edition of "The Best Northeastern Colleges" and the Rohrer College of Business in its edition of the "Best 296 Business Schools." Forbes recognized Rowan in its annual listing of "America's Best Colleges."

Rowan's commitment to the environment was recognized when the U.S. EPA named it a "Top Green Power Purchaser" in its athletic conference and The Princeton Review listed it in its "Guide to 286 Green Colleges." The University has earned 11 awards for green initiatives since 2007.

The State of New Jersey (the State) recognizes the University as a public institution of higher education. The New Jersey Legislature appropriates funds annually to support the University. However, the University operates autonomously from the State.

**Financial Statements**

The University's financial statements include three basic financial statements: Statements of Net Assets; Statements of Revenues, Expenses and Changes in Net Assets; and Statements of Cash Flows, which have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). These statements focus on its assets, liabilities, revenues, expenses, and cash flows on an entity-wide basis.

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Management's Discussion and Analysis

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**Statement of Net Assets**

The Statement of Net Assets presents the assets, liabilities, and net assets of the University as of the end of the fiscal year. The Statement of Net Assets is a point of time financial statement. The purpose of the Statement of Net Assets is to present to the readers of the financial statements a fiscal snapshot of Rowan University. The Statement of Net Assets presents end-of-the-year data concerning assets (current and noncurrent), liabilities (current and noncurrent), and net assets (assets minus liabilities).

Net assets are one indicator of the current financial condition of the University while the change in net assets is an indicator of whether the overall financial condition has improved or worsened during the year.

From the data presented, readers of the Statement of Net Assets are able to determine the assets available to continue the operations of the institution. They are also able to determine how much the institution owes vendors, investors, and lending institutions. Finally, the Statement of Net Assets provides a picture of the net assets (assets minus liabilities) and their availability for expenditure by the institution.

Net assets are divided into three major categories. The first category, invested in capital assets, net of related debt, provides the institution's equity in property, plant, and equipment owned by the institution. The next asset category is restricted net assets, expendable. Expendable restricted net assets are available for expenditure by the institution but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net assets. Unrestricted assets are available to the institution for any lawful purpose of the institution.

A summary of the University's assets, liabilities, and net assets as of June 30, 2010, 2009, and 2008 follows:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
		(In thousands)	
Current assets	\$ 115,458	92,865	84,878
Noncurrent assets	467,204	424,953	437,548
Total assets	<u>\$ 582,662</u>	<u>517,818</u>	<u>522,426</u>
Current liabilities	\$ 39,827	35,964	31,113
Noncurrent liabilities	370,093	333,366	339,423
Total liabilities	<u>\$ 409,920</u>	<u>369,330</u>	<u>370,536</u>
Net assets:			
Invested in capital assets, net of related debt	\$ 71,335	74,663	81,545
Restricted expendable for:			
Renewal and replacement	650	650	650
Debt service	6,165	5,915	4,545
Debt service reserve	14,521	14,521	16,004
Medical School	15,600	—	—
Unrestricted	64,471	52,738	49,146
Total net assets	<u>\$ 172,742</u>	<u>148,487</u>	<u>151,890</u>

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Current assets consist of cash and cash equivalents, deposits held by bond trustees under bond agreements for current principal and interest payments, receivables and other assets. Noncurrent assets consist of deposits held by bond trustees under bond agreements for capital activities, investments, deferred financing costs, and net capital assets. Current liabilities consist of accounts payable and accrued expenses, due to the State of New Jersey, compensated absences, accrued interest payable, deferred revenue and the current portion of bonds payable and long-term debt. Noncurrent liabilities consist primarily of bonds payable, long-term debt, capital lease payable, compensated absences, and deposits held in custody for others.

***Fiscal Year 2010 Compared to 2009***

The University's Statement of Net Assets at June 30, 2010 reflects an increase in total assets of \$64.8 million. Current assets increased \$22.6 million from \$92.9 million at June 30, 2009 to \$115.5 million at June 30, 2010. This increase is primarily a result of increases in cash and cash equivalents of \$21.7 million as well as an increase in total receivables of \$1.1 million. The cash and cash equivalents increase can mainly be attributed to the \$15.6 million increase for the medical school appropriation as well as the increase in net student revenues.

Noncurrent assets increased \$42.3 million in the year ended June 30, 2010. The primary cause for this was an increase of \$43.6 million due to the recording of a capital lease.

Total net assets increased by \$24.3 million at June 30, 2010 compared to June 30, 2009. Invested in capital assets, net of related debt decreased \$3.3 million during the respective time period. Unrestricted net assets increased \$11.7 million. Restricted expendable net assets increased \$15.8 million due primarily to the medical school appropriation of \$15.6 million.

***Fiscal Year 2009 Compared to 2008***

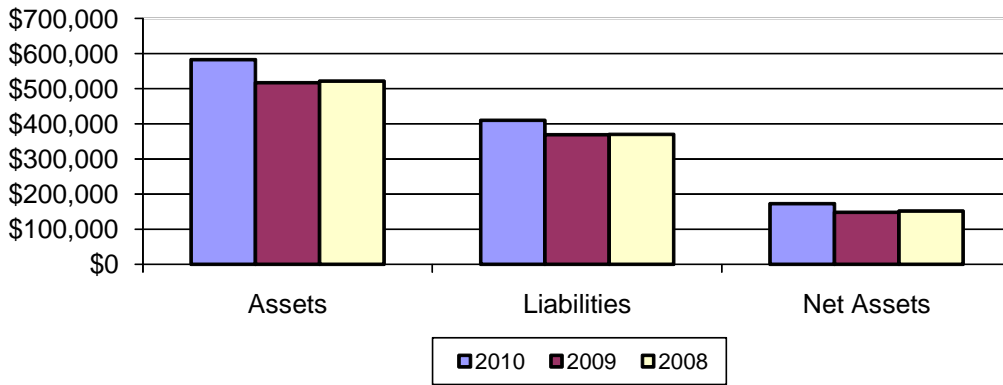
The University's Statement of Net Assets at June 30, 2009 reflects a decrease in total assets of \$4.6 million. Current assets increased \$8.0 million from \$84.9 million at June 30, 2008 to \$92.9 million at June 30, 2009. This increase is primarily a result of increases in cash and cash equivalents of \$3.4 million as well as an increase in total receivables of \$3.6 million. The cash and cash equivalents increase can mainly be attributed to the \$4.3 million increase in net student fee revenue.

Noncurrent assets decreased \$12.6 million in the year ended June 30, 2009. The primary cause for this was a decrease of \$20.1 million in the University's deposits held by bond trustees offset by an increase in capital assets of \$7.8 million.

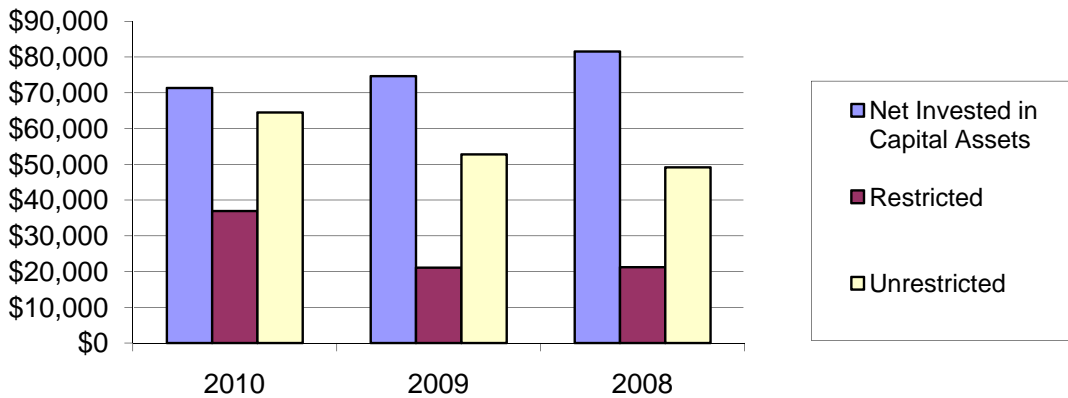
Total net assets decreased by \$3.4 million at June 30, 2009 compared to June 30, 2008. Invested in capital assets, net of related debt decreased \$6.9 million during the respective time period. Unrestricted net assets increased \$3.6. Restricted expendable net assets decreased \$.1 million as a result of a decrease in debt service reserve requirements.

**ROWAN UNIVERSITY**  
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Management's Discussion and Analysis  
June 30, 2010 and 2009

**Summary of Statement of Net Assets  
For the Years Ended June 30  
(In thousands)**



**Comparative Net Assets  
As of June 30  
(In thousands)**



**Statement of Revenues, Expenses, and Changes in Net Assets**

The year to year changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. The purpose of the statement is to present the revenues received by the institution, both operating and nonoperating, and the expenses paid by the institution, operating and nonoperating, and any other revenues, expenses, gains, and losses received or spent by the institution.

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Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the institution. Nonoperating revenues are revenues received for which goods and services are not provided. For example, state appropriations are nonoperating because they are provided by the Legislature to the institution without the Legislature directly receiving commensurate goods and services for those revenues.

The Statement of Revenues, Expenses, and Changes in Net Assets presents the University's results of operations. A summary of the University's revenues, expenses, and changes in net assets for the years ended June 30, 2010, 2009, and 2008 follows:

	<b>2010</b>	<b>2009</b>	<b>2008</b>
		(In thousands)	
Operating revenues:			
Net student revenues	\$ 116,349	107,087	102,831
Grants	32,731	27,024	22,987
Other	4,454	5,530	5,920
Total operating revenues	153,534	139,641	131,738
Operating expenses	201,371	204,457	188,671
Operating loss	(47,837)	(64,816)	(56,933)
Nonoperating revenues (expenses):			
State appropriations	61,646	65,216	63,580
State appropriations - Medical School	15,600	—	—
Gifts	7,957	8,178	6,987
Investment income	801	1,853	2,429
Interest on capital asset related debt	(15,221)	(13,670)	(11,668)
Transfer from (to) South Jersey Technology Park at Rowan University	—	—	551
Other nonoperating revenue (expenses), net	1,309	(317)	(1,057)
Net nonoperating revenues	72,092	61,260	60,822
(Loss) income before other revenues	24,255	(3,556)	3,889
Capital grants	—	153	153
(Decrease) increase in net assets	24,255	(3,403)	4,042
Net assets – beginning of year	148,487	151,890	147,848
Net assets – end of year	\$ 172,742	148,487	151,890

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***Fiscal Year 2010 Compared to 2009***

The University's net assets increased by \$24.3 million in fiscal year 2010. This balance represents the total revenue available to the University of \$240.8 million compared to total expenses of \$216.5 million. This increase can be attributed to the medical school appropriation as well as increased student revenues and prudent expense monitoring.

***Fiscal Year 2009 Compared to 2008***

The University's net assets decreased by \$3.4 million in fiscal year 2009. This balance represents the total revenue available to the University of \$214.9 million compared to total expenses of \$218.4 million. This decrease can be attributed to the University's decision to use reserves to balance its budget as well as increases in utilities and debt service expenses.

**Revenues**

To fund its operations, the University receives revenues from a variety of sources including tuition and fees, grants and contracts, auxiliary services, State of New Jersey appropriations, investment income and gifts from the Rowan University Foundation. The University is continuing to seek additional funds from all possible sources to adequately fund operating activities.

	<u>2010</u>		<u>2009</u>		<u>2008</u>	
	<u>Amount</u>	<u>% of total</u>	<u>Amount</u>	<u>% of total</u>	<u>Amount</u>	<u>% of total</u>
	(Amounts in thousands)					
Operating revenues:						
Net student revenue	\$ 116,349	75.8%	\$ 107,087	76.7%	\$ 102,831	78.1%
Grants	32,731	21.3%	27,024	19.3%	22,987	17.4%
Other	4,454	2.9%	5,530	4.0%	5,920	4.5%
Total operating revenues	<u>\$ 153,534</u>	<u>100.0%</u>	<u>\$ 139,641</u>	<u>100.0%</u>	<u>\$ 131,738</u>	<u>100.0%</u>

**Operating**

***Fiscal Year 2010 Compared to 2009***

Operating revenues for the years ended June 30, 2010 and 2009 totaled \$153,534,487 and \$139,641,286, respectively. The sources of these revenues were student revenues, net of scholarships of \$116,349,408 and \$107,087,127, respectively, governmental grants of \$32,730,887 and \$27,023,989, respectively, and other revenue of \$4,454,192 and \$5,530,170, respectively. The decrease in other revenue is a result of a decrease in self-funded programs revenue of \$1,085,803 offset by an increase in other operating revenue of \$9,825.

***Fiscal Year 2009 Compared to 2008***

Operating revenues for the years ended June 30, 2009 and 2008 totaled \$139,641,286 and \$131,738,361, respectively. The sources of these revenues were student revenues, net of scholarships of \$107,087,127 and \$102,830,786, respectively, governmental grants of \$27,023,989 and \$22,987,302, respectively, and other revenue of \$5,530,170 and \$5,920,273, respectively. The decrease in other revenue is a result of a decrease in self-funded programs revenue of \$354,024 as well as a decrease in other operating revenue of \$36,079.



**ROWAN UNIVERSITY**  
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**Nonoperating**

***Fiscal Year 2010 Compared to 2009***

Nonoperating revenue (net) for the years ended June 30, 2010 and 2009 totaled \$72,091,465 and \$61,259,313, respectively. The primary source of nonoperating revenue was the State of New Jersey appropriations and fringe benefits of \$77,246,277 and \$65,215,937, respectively. The other components of nonoperating revenues were gifts from Rowan University Foundation of \$7,956,848 and \$8,177,980, respectively and investment income of \$800,675 and \$1,852,689, respectively. Interest on capital asset related debt increased from \$13,670,018 at June 30, 2009 to \$15,221,385 at June 30, 2010. Other nonoperating revenues (expenses) were \$1,309,050 and (\$317,075) respectively.

Capital grants decreased \$153,364 from June 30, 2009 to June 30, 2010.

The Statements of Revenues, Expenses, and Changes in Net Assets revealed the University had an increase of \$24,254,335 and a decrease of \$3,402,713 in net assets for the years ended June 30, 2010 and 2009, respectively.

***Fiscal Year 2009 Compared to 2008***

Nonoperating revenue for the years ended June 30, 2009 and 2008 totaled \$75,399,970 and \$73,700,104, respectively. The primary source of nonoperating revenue was the State of New Jersey appropriations and fringe benefits of \$65,215,937 and \$63,579,691, respectively. The other components of nonoperating revenues were gifts from Rowan University Foundation of \$8,177,980 and \$6,986,742, respectively, investment income of \$1,852,689 and \$2,429,222, respectively, and capital grants of \$153,364 in both years.

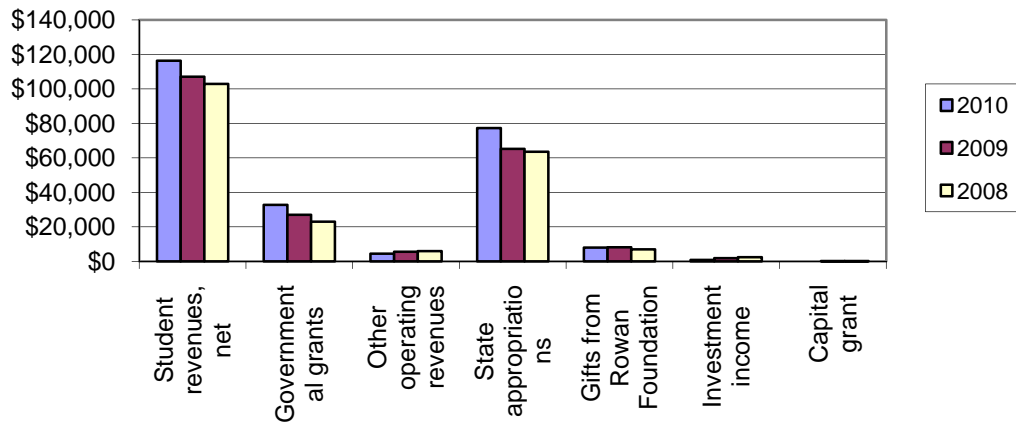
The Statements of Revenues, Expenses, and Changes in Net Assets revealed the University had a decrease of \$3,402,713 and an increase of \$4,042,254 in net assets for the years ended June 30, 2009 and 2008, respectively.

**ROWAN UNIVERSITY**  
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Management's Discussion and Analysis

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**Revenue by Source  
For the Years Ended June 30  
(In thousands)**



Operating revenues for these periods totaled \$153,534,487, \$139,641,286, and \$131,738,361, respectively, causing losses from operations of \$47,837,130, \$64,815,590, and \$56,932,581, respectively.

**Operating Expenses**

Operating expenses are defined as expenses paid by an institution to acquire or produce goods and services used to carry out its mission, in return for operating revenues. For the years ended June 30, 2010, 2009, and 2008, the University incurred operating expenses totaling \$201,371,617, \$204,456,876, and \$188,670,942, respectively.

A summary of operating expenses for the years ended June 30, 2010, 2009, and 2008 follows:

	2010		2009		2008	
	Amount	% of total	Amount	% of total	Amount	% of total
	(Amounts in thousands)					
Instruction	\$ 76,242	37.9%	\$ 74,880	36.6%	\$ 68,546	36.3%
Research	2,507	1.2	2,652	1.3	1,785	0.9
Public service	1,215	0.6	1,514	0.7	2,043	1.1
Academic support	17,184	8.5	16,420	8.0	14,466	7.7
Student services	15,766	7.8	16,732	8.2	14,894	7.9
Institutional support	25,304	12.6	29,182	14.3	28,976	15.4
Operation and maintenance	21,945	10.9	27,237	13.3	21,997	11.7
Student aid	2,057	1.0	1,488	0.7	803	0.4
Auxiliary enterprises	17,210	8.5	15,893	7.8	17,983	9.5
Depreciation/amortization	21,942	10.9	18,459	9.1	17,178	9.1
<b>Total operating expenses</b>	<b>\$ 201,372</b>	<b>100.0%</b>	<b>\$ 204,457</b>	<b>100.0%</b>	<b>\$ 188,671</b>	<b>100.0%</b>

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**Capital Assets and Debt Activities**

The University continues to manage its financial resources so as to ensure adequate financial flexibility to access the capital markets as needed. The University maintains debt ratings from Standard and Poor's and Moody's Investors Service of A+ and A1, respectively.

Total capital additions were \$75.0 million, \$25.7 million, and \$24.1 million for the years ended June 30, 2010, 2009, and 2008, respectively. The major activities were the completion of deferred maintenance projects, upgrades to the University's infrastructure, as well as purchase of additional land which will be used for future expansion.

As of June 30, 2010, 2009, and 2008, the University had \$71.3 million, \$74.7 million, and \$81.5 million, respectively, invested in capital assets, net of related debt. Outstanding bonds as of June 30, 2010 were \$322.1 million, compared to \$327.6 million as of June 30, 2009.

**Economic Outlook**

State of New Jersey appropriations remain a vital source of funding for the University and the current budgetary issues with the State may have a negative impact on future funding. The University's unrestricted general operations appropriation from the State of New Jersey decreased from fiscal year 2009 to fiscal year 2010 and the University continues to experience uncertainty in its future level of state support. With increasing costs, particularly resulting from contractual obligations with faculty and staff and debt service, the University faces critical funding issues. Additionally, the University's desire to increase institutionally funded scholarships, continue building its academic program excellence and improve on its capital assets will also impact on the University's financial outlook. The University will continue to meet the goals of its mission by monitoring operating costs and seeking additional revenue sources. The University will continue to monitor the situation and maintain a close watch over resources so as to provide the University with the ability to react to potential budgetary challenges that may occur.

Through the process of continuing strategic planning and self-assessment, the University is well positioned to continue to enrich the lives of those in the campus community and surrounding region.



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## **Independent Auditors' Report**

The Board of Trustees  
Rowan University:

We have audited the accompanying financial statements of the business-type activities and the discretely presented component units of Rowan University (the University), a component unit of the State of New Jersey, as of and for the years ended June 30, 2010 and 2009, which collectively comprise the University's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express opinions 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of Rowan University as of June 30, 2010 and 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis on pages 1 through 9 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The University has presented certain information in management's discussion and analysis that is not required by U.S. generally accepted accounting principles.

**KPMG LLP**

October 26, 2010

**ROWAN UNIVERSITY**  
(A Component Unit of the State of New Jersey)  
Statement of Net Assets  
June 30, 2010

Assets	Rowan University	Rowan University Foundation	South Jersey Technology Park at Rowan University	Total
Current assets:				
Cash and cash equivalents (notes 2 and 12)	\$ 90,120,965	5,215,876	1,114,455	96,451,296
Receivables:				
Students, less allowance of \$762,000	1,016,304	—	—	1,016,304
Contributions, net	—	533,731	—	533,731
Grants	7,089,139	—	—	7,089,139
State of New Jersey	1,516,927	—	—	1,516,927
Interest and other	603,706	—	21,881	625,587
Total receivables	<u>10,226,076</u>	<u>533,731</u>	<u>21,881</u>	<u>10,781,688</u>
Deposits held by bond trustees (note 3)	13,637,400	—	—	13,637,400
Other current assets	1,473,527	5,002	—	1,478,529
Total current assets	<u>115,457,968</u>	<u>5,754,609</u>	<u>1,136,336</u>	<u>122,348,913</u>
Noncurrent assets:				
Deposits held by bond trustees (note 3)	28,601,380	—	—	28,601,380
Investments, at fair value (notes 2 and 12)	1,269,819	15,700,027	—	16,969,846
Restricted nonexpendable investments, at fair value (note 12)	—	108,685,061	—	108,685,061
Contributions receivable, net	—	4,842,830	—	4,842,830
Deferred financing costs, net of accumulated amortization	3,383,098	—	—	3,383,098
Due from South Jersey Technology Park at Rowan University (note 13)	6,000,000	—	—	6,000,000
Other assets	—	30,844	—	30,844
Capital assets, net (notes 4 and 11)	427,949,341	—	12,550,676	440,500,017
Total noncurrent assets	<u>467,203,638</u>	<u>129,258,762</u>	<u>12,550,676</u>	<u>609,013,076</u>
Total assets	<u>582,661,606</u>	<u>135,013,371</u>	<u>13,687,012</u>	<u>731,361,989</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and accrued expenses (note 7)	13,001,792	11,610	33,438	13,046,840
Due to State of New Jersey	71,693	—	—	71,693
Deferred revenue	10,634,068	41,531	—	10,675,599
Annuities payable – current portion	—	63,383	—	63,383
Compensated absences – current portion (notes 10 and 11)	2,162,411	40,000	—	2,202,411
Accrued interest payable	7,454,815	—	—	7,454,815
Bonds payable – current portion (notes 8 and 10)	6,165,000	—	—	6,165,000
Other long-term debt – current portion (notes 9, 10 and 11)	337,119	—	—	337,119
Total current liabilities	<u>39,826,898</u>	<u>156,524</u>	<u>33,438</u>	<u>40,016,860</u>
Noncurrent liabilities (note 10):				
Student housing deposits	96,990	—	—	96,990
Compensated absences – noncurrent portion (note 11)	2,585,524	80,000	—	2,665,524
Other liabilities	186,533	—	—	186,533
Deposits held in custody for others	1,269,139	1,081,280	—	2,350,419
Bonds payable – noncurrent portion (note 8)	315,893,899	—	—	315,893,899
Other long-term debt – noncurrent portion (note 9)	6,803,261	—	—	6,803,261
Capital lease obligation (note 11)	43,257,638	—	—	43,257,638
Due to Rowan University (note 13)	—	—	6,000,000	6,000,000
Annuities payable – noncurrent portion	—	389,752	—	389,752
Total noncurrent liabilities	<u>370,092,984</u>	<u>1,551,032</u>	<u>6,000,000</u>	<u>377,644,016</u>
Total liabilities	<u>409,919,882</u>	<u>1,707,556</u>	<u>6,033,438</u>	<u>417,660,876</u>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	71,335,179	—	6,550,676	77,885,855
Restricted:				
Nonexpendable	—	108,685,061	—	108,685,061
Expendable:				
Renewal and replacement	650,000	—	—	650,000
Debt service	6,165,000	—	—	6,165,000
Debt service reserve	14,520,650	—	—	14,520,650
Medical School	15,600,000	—	—	15,600,000
Inductotherm Scholarships	—	1,763,310	—	1,763,310
Other scholarships	—	1,374,397	—	1,374,397
College of Business	—	5,190,000	—	5,190,000
Other	—	2,579,006	—	2,579,006
Unrestricted (note 11)	64,470,895	13,714,041	1,102,898	79,287,834
Total net assets	<u>\$ 172,741,724</u>	<u>133,305,815</u>	<u>7,653,574</u>	<u>313,701,113</u>

See accompanying notes to financial statements.

**ROWAN UNIVERSITY**  
(A Component Unit of the State of New Jersey)  
Statement of Net Assets  
June 30, 2009

Assets	Rowan University	Rowan University Foundation	South Jersey Technology Park at Rowan University	Total
<b>Current assets:</b>				
Cash and cash equivalents (notes 2 and 12)	\$ 68,461,226	3,409,598	2,560,855	74,431,679
<b>Receivables:</b>				
Students, less allowance of \$760,000	1,147,501	—	—	1,147,501
Contributions, net	—	539,959	—	539,959
Grants	4,523,381	—	—	4,523,381
State of New Jersey	2,604,124	—	—	2,604,124
Due from South Jersey Technology Park at Rowan University (note 13)	103,490	—	—	103,490
Interest and other	752,051	—	140,442	892,493
Total receivables	9,130,547	539,959	140,442	9,810,948
Deposits held by bond trustees (note 3)	14,391,702	—	—	14,391,702
Other current assets	881,675	5,694	—	887,369
Total current assets	92,865,150	3,955,251	2,701,297	99,521,698
<b>Noncurrent assets:</b>				
Deposits held by bond trustees (note 3)	44,866,657	—	—	44,866,657
Investments, at fair value (notes 2 and 12)	1,145,501	11,068,061	—	12,213,562
Restricted nonexpendable investments, at fair value (note 12)	—	108,976,733	—	108,976,733
Contributions receivable, net	—	5,167,735	—	5,167,735
Deferred financing costs, net of accumulated amortization	3,593,974	—	—	3,593,974
Due from South Jersey Technology Park at Rowan University (note 13)	1,000,000	—	—	1,000,000
Capital assets, net (notes 4 and 11)	374,346,373	—	11,606,798	385,953,171
Total noncurrent assets	424,952,505	125,212,529	11,606,798	561,771,832
Total assets	517,817,655	129,167,780	14,308,095	661,293,530
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued expenses (note 7)	12,434,877	32,173	34,952	12,502,002
Due to State of New Jersey	771,645	—	—	771,645
Deferred revenue	6,651,942	53,784	—	6,705,726
Annuities payable – current portion	—	87,054	—	87,054
Compensated absences – current portion (notes 10 and 11)	1,973,580	40,000	—	2,013,580
Accrued interest payable	7,595,241	—	—	7,595,241
Due to Rowan University (note 13)	—	—	103,490	103,490
Bonds payable – current portion (notes 8 and 10)	5,915,000	—	—	5,915,000
Other long-term debt – current portion (notes 9 and 10)	621,544	—	—	621,544
Total current liabilities	35,963,829	213,011	138,442	36,315,282
<b>Noncurrent liabilities (note 10):</b>				
Student housing deposits	825,600	—	—	825,600
Compensated absences – noncurrent portion (note 11)	1,686,534	120,000	—	1,806,534
Other liabilities	442,245	—	—	442,245
Deposits held in custody for others	1,424,162	1,028,758	—	2,452,920
Bonds payable – noncurrent portion (note 8)	321,691,151	—	—	321,691,151
Other long-term debt – noncurrent portion (note 9)	7,296,745	—	5,000,000	12,296,745
Due to Rowan University (note 13)	—	—	1,000,000	1,000,000
Annuities payable – noncurrent portion	—	407,043	—	407,043
Total noncurrent liabilities	333,366,437	1,555,801	6,000,000	340,922,238
Total liabilities	369,330,266	1,768,812	6,138,442	377,237,520
<b>Net Assets</b>				
Invested in capital assets, net of related debt	74,662,978	—	5,606,798	80,269,776
<b>Restricted:</b>				
Nonexpendable	—	108,976,733	—	108,976,733
<b>Expendable:</b>				
Renewal and replacement	650,000	—	—	650,000
Debt service	5,915,000	—	—	5,915,000
Debt service reserve	14,520,800	—	—	14,520,800
Inductotherm Scholarships	—	2,578,023	—	2,578,023
Other scholarships	—	837,157	—	837,157
Capital construction	—	87,734	—	87,734
College of Business	—	5,420,000	—	5,420,000
Other	—	621,958	—	621,958
Unrestricted (note 11)	52,738,611	8,877,363	2,562,855	64,178,829
Total net assets	\$ 148,487,389	127,398,968	8,169,653	284,056,010

See accompanying notes to financial statements.

**ROWAN UNIVERSITY**  
(A Component Unit of the State of New Jersey)  
Statement of Revenues, Expenses, and Changes in Net Assets  
Year ended June 30, 2010

	<u>Rowan University</u>	<u>Rowan University Foundation</u>	<u>South Jersey Technology Park at Rowan University</u>	<u>Total</u>
Operating revenues:				
Net student revenues:				
Tuition and fees	\$ 115,508,089	—	—	115,508,089
Auxiliary enterprises	33,148,116	—	—	33,148,116
Less scholarship allowances	(32,306,797)	—	—	(32,306,797)
Net student revenues	116,349,408	—	—	116,349,408
Grants	32,730,887	—	—	32,730,887
Self-funded programs	3,968,883	—	—	3,968,883
Fund-raising events	—	98,796	—	98,796
Contributions	—	1,526,806	—	1,526,806
Rental income (note 13)	—	—	601,779	601,779
Other operating revenues	485,309	—	14,691	500,000
Total operating revenues	153,534,487	1,625,602	616,470	155,776,559
Operating expenses:				
Instruction	76,241,969	—	—	76,241,969
Research	2,506,640	—	—	2,506,640
Public service	1,214,964	—	—	1,214,964
Academic support	17,183,890	—	—	17,183,890
Student services	15,766,264	—	—	15,766,264
Institutional support	25,303,940	116,991	424,778	25,845,709
Operation and maintenance of plant	21,945,159	—	136,439	22,081,598
Student aid	2,057,407	—	—	2,057,407
Auxiliary enterprises	17,209,490	—	—	17,209,490
Depreciation and amortization	21,941,894	—	326,259	22,268,153
Total operating expenses	201,371,617	116,991	887,476	202,376,084
Operating (loss) income	(47,837,130)	1,508,611	(271,006)	(46,599,525)
Nonoperating revenues (expenses):				
State of New Jersey appropriations	33,510,000	—	—	33,510,000
State of New Jersey appropriations - Medical School	15,600,000	—	—	15,600,000
State of New Jersey fringe benefits (note 5)	28,136,277	—	—	28,136,277
Student scholarships	—	(1,053,393)	—	(1,053,393)
Gifts from Rowan University Foundation (note 12)	7,956,848	(7,956,848)	—	—
Other grants	—	(2,508)	—	(2,508)
Investment income	800,675	13,394,005	31,448	14,226,128
Investment expenses	—	(114,311)	—	(114,311)
Interest on capital asset related debt	(15,221,385)	—	(276,521)	(15,497,906)
Other nonoperating revenues, net	1,309,050	(58,004)	—	1,251,046
Net nonoperating revenues (expenses)	72,091,465	4,208,941	(245,073)	76,055,333
Gain (loss) before other revenues	24,254,335	5,717,552	(516,079)	29,455,808
Additions to permanent endowments	—	189,295	—	189,295
Increase (decrease) in net assets	24,254,335	5,906,847	(516,079)	29,645,103
Net assets as of beginning of year	148,487,389	127,398,968	8,169,653	284,056,010
Net assets as of end of year	\$ 172,741,724	133,305,815	7,653,574	313,701,113

See accompanying notes to financial statements.

**ROWAN UNIVERSITY**  
(A Component Unit of the State of New Jersey)  
Statement of Revenues, Expenses, and Changes in Net Assets  
Year ended June 30, 2009

	<u>Rowan University</u>	<u>Rowan University Foundation</u>	<u>South Jersey Technology Park at Rowan University</u>	<u>Total</u>
Operating revenues:				
Net student revenues:				
Tuition and fees	\$ 105,116,525	—	—	105,116,525
Auxiliary enterprises	28,272,581	—	—	28,272,581
Less scholarship allowances	(26,301,979)	—	—	(26,301,979)
Net student revenues	107,087,127	—	—	107,087,127
Grants	27,023,989	—	—	27,023,989
Self-funded programs	5,054,686	—	—	5,054,686
Fund-raising events	—	71,514	—	71,514
Contributions	—	2,390,747	—	2,390,747
Rental income (note 13)	—	—	461,785	461,785
Other operating revenues	475,484	—	—	475,484
Total operating revenues	139,641,286	2,462,261	461,785	142,565,332
Operating expenses:				
Instruction	74,879,667	—	—	74,879,667
Research	2,652,246	—	—	2,652,246
Public service	1,514,459	—	—	1,514,459
Academic support	16,420,037	—	—	16,420,037
Student services	16,732,138	—	—	16,732,138
Institutional support	29,181,532	186,808	502,636	29,870,976
Operation and maintenance of plant	27,236,848	—	98,050	27,334,898
Student aid	1,488,524	—	—	1,488,524
Auxiliary enterprises	15,892,669	—	—	15,892,669
Depreciation and amortization	18,458,756	—	144,849	18,603,605
Total operating expenses	204,456,876	186,808	745,535	205,389,219
Operating (loss) income	(64,815,590)	2,275,453	(283,750)	(62,823,887)
Nonoperating revenues (expenses):				
State of New Jersey appropriations	35,799,500	—	—	35,799,500
State of New Jersey fringe benefits (note 5)	29,416,437	—	—	29,416,437
Student scholarships	—	(1,047,964)	—	(1,047,964)
Gifts from Rowan University Foundation (note 12)	8,177,980	(8,177,980)	—	—
Other grants	—	(3,862)	—	(3,862)
Investment income	1,852,689	(29,628,731)	31,061	(27,744,981)
Investment expenses	—	(368,141)	—	(368,141)
Interest on capital asset related debt	(13,670,018)	—	(308,472)	(13,978,490)
Transfer from (to) South Jersey Technology Park at Rowan University	—	(200,000)	200,000	—
Other nonoperating expenses, net	(317,075)	(131,366)	—	(448,441)
Net nonoperating revenues (expenses)	61,259,513	(39,558,044)	(77,411)	21,624,058
Loss before other revenues	(3,556,077)	(37,282,591)	(361,161)	(41,199,829)
Additions to permanent endowments	—	194,919	—	194,919
Capital grants	153,364	—	500,000	653,364
(Decrease) increase in net assets	(3,402,713)	(37,087,672)	138,839	(40,351,546)
Net assets as of beginning of year	151,890,102	164,486,640	8,030,814	324,407,556
Net assets as of end of year	\$ 148,487,389	127,398,968	8,169,653	284,056,010

See accompanying notes to financial statements.



**ROWAN UNIVERSITY**  
(A Component Unit of the State of New Jersey)  
**Statements of Cash Flows**  
(Business-Type Activities – Rowan University only)  
Years ended June 30, 2010 and 2009

	<b>2010</b>	<b>2009</b>
Cash flows from operating activities:		
Student revenues	\$ 116,478,605	106,938,119
Government grants	30,165,129	24,340,813
Payments to suppliers	(46,031,767)	(46,396,785)
Payments for employee salaries and benefits	(105,990,573)	(106,633,516)
Self-funded programs and other receipts	4,729,831	4,608,309
Net cash used by operating activities	(648,775)	(17,143,060)
Cash flows from noncapital financing activities:		
State of New Jersey appropriations	49,110,000	35,799,500
Gifts	7,956,848	8,177,980
Net cash provided by noncapital financing activities	57,066,848	43,977,480
Cash flows from capital and related financing activities:		
Drawdown of deposits held by bond trustees	16,999,579	20,376,277
Capital grants	—	153,364
Purchases of capital assets	(26,469,484)	(25,896,044)
Principal paid on capital debt	(8,935,271)	(5,143,371)
Interest paid on capital debt	(17,303,492)	(15,151,806)
Net cash used by capital and related financing activities	(35,708,668)	(25,661,580)
Cash flows from investing activities:		
Interest on investments	950,334	2,223,722
Net increase in cash and cash equivalents	21,659,739	3,396,562
Cash and cash equivalents as of beginning of the year	68,461,226	65,064,664
Cash and cash equivalents as of end of the year	\$ 90,120,965	68,461,226
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (47,837,130)	(64,815,590)
Adjustments to reconcile operating loss to net cash used by operating activities:		
State paid fringe benefits	28,136,277	29,416,437
Depreciation and amortization expense	21,941,894	18,458,756
Changes in assets and liabilities:		
Receivables	(6,523,451)	(3,611,267)
Inventories	—	192,100
Other current assets	(163,930)	46,137
Accounts payable and accrued expenses	566,915	1,297,544
Due to State of New Jersey	(699,952)	705,871
Deferred revenue	3,982,126	986,554
Student housing deposits	(728,610)	(41,700)
Compensated absences	1,087,821	181,551
Other liabilities	(255,712)	26,332
Deposits held in custody for others	(155,023)	14,215
Net cash used by operating activities	\$ (648,775)	(17,143,060)
Noncash transaction:		
Capital assets acquired through capital lease obligation	\$ 45,500,000	—

See accompanying notes to financial statements.

**ROWAN UNIVERSITY**  
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2010 and 2009

**(1) Organization and Summary of Significant Accounting Policies**

***Organization***

Rowan University (the University), formerly Rowan College of New Jersey, was founded in 1923 and effective July 1, 1967, came under the general policy control of the New Jersey Board of Higher Education. Under the Higher Education Act of 1966, the University and all the other New Jersey State colleges became multipurpose institutions with emphasis on the liberal arts and sciences and various professional areas including the science of education and the art of teaching. The operation and management of the University is vested in the University's board of trustees.

The University is recognized as a public institution by the State of New Jersey (the State). Under the law, the University is an instrumentality of the State of New Jersey with a high degree of autonomy. However, under Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the University is considered a component unit of the State of New Jersey for financial reporting purposes. Accordingly, the financial statements of the University are included in the State's Comprehensive Annual Financial Report.

***Summary of Significant Accounting Policies***

***Basis of Presentation***

The accounting policies of the University conform to accounting principles generally accepted in the United States of America as applicable to public colleges and universities. The University reports are based on all applicable GASB pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Review Boards of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following net asset categories.

- *Invested in capital assets, net of related debt:* Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- *Restricted:*

*Nonexpendable* – Net assets subject to externally imposed stipulations that must be maintained permanently by the University.

*Expendable* – Net assets whose use by the University is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to the stipulations or that expire by the passage of time.

**ROWAN UNIVERSITY**  
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2010 and 2009

- *Unrestricted:* Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management or the board of trustees or may otherwise be limited by contractual agreements with outside parties.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense towards restricted resources and then towards unrestricted resources.

***Measurement Focus and Basis of Accounting***

The accompanying financial statements have been prepared on the accrual basis of accounting utilizing the economic resources measurement focus. The University reports as a business-type activity, as defined by GASB Statement No. 34. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

***Cash and Cash Equivalents***

The University classifies as cash equivalents, funds that are in short-term, highly liquid investments, and are readily convertible to known amounts of cash.

The University invests portions of its cash with two custodians, a bank and the State of New Jersey Cash Management fund. Both are interest-bearing accounts from which the funds are available upon demand.

***Investments***

Investments are reflected at fair value, which is based on quoted market prices. Purchases and sales of investments are accounted for on the trade-date basis. Investment income is recorded on an accrual basis. Realized and unrealized gains and losses are reported in investment income.

***Capital Assets***

Capital assets include land, land improvements, buildings, and equipment. Such assets are recorded at historical cost. The costs of normal maintenance and repairs that do not add value to the asset are not capitalized. Major outlays for capital assets are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following useful lives:

	<u>Useful lives</u>
Land improvements	20 years
Buildings	20 – 40 years
Equipment	3 – 20 years

***Deferred Financing Costs***

The University capitalizes costs incurred in connection with its bonds payable and amortizes these costs over the life of the respective obligations.

**ROWAN UNIVERSITY**  
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2010 and 2009

***Deposits Held in Custody for Others***

The University holds cash and cash equivalents as custodian primarily for the Student Government Association.

***Financial Dependency***

One of the University's largest sources of revenue are appropriations from the State of New Jersey, which include state paid fringe benefits. The University is economically dependent on these appropriations to carry on its operations.

***Student Tuition and Fees***

Student tuition and fees are presented net of scholarships applied to student accounts, while other payments made directly to students are presented as student aid expenses and are recognized in the period incurred. Student tuition and fees collected in advance of the fiscal year are recorded as deferred revenue in the accompanying statements of net assets.

***Grants and Contracts***

All grants and contracts are recognized as the related expenses are incurred. Amounts received from grants and contracts, which have not yet been earned under the terms of the agreement are recorded as deferred revenue in the accompanying statements of net assets.

***Classification of Revenue***

The University's policy for defining operating activities in the statements of revenues, expenses, and changes in net assets are those that serve the University's principal purpose and generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Examples include (1) student tuition and fees, net of scholarship allowances, and (2) most Federal, State, and private grants and contracts. Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as operating appropriations from the state, private gifts, and investment income.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

***Tax Status***

The University is exempt from Federal income taxes under Internal Revenue Code Section 115.

**ROWAN UNIVERSITY**  
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2010 and 2009

**(2) Cash, Cash Equivalents, and Investments**

The University has an investment policy, which establishes guidelines for permissible investments. Short-term investment options include, but are not limited to, the use of the New Jersey Cash Management Fund, and other investment vehicles (i.e. Certificates of Deposit, Repurchase Agreements, etc.) that are deemed appropriate and within the risk parameters as determined by the University board of trustees and the University Executive Staff.

The University's long-term investment options include, but are not limited to, the purchase of U.S. Treasury securities, U.S. Government obligations, and other investment vehicles (i.e. stock, corporate bonds, NJ Municipal obligations, etc.) that are deemed appropriate and within the risk parameters as determined by the University board of trustees and the University Executive Staff.

Cash, cash equivalents, and investments are carried in the financial statements at fair value and consist of the following as of June 30, 2010 and 2009:

	<b>2010</b>	<b>2009</b>
Cash	\$ 12,971,661	4,439,250
State of New Jersey Cash Management Fund	5,593,458	17,571,537
Money market funds and certificates of deposit	71,555,846	46,450,439
Total cash and cash equivalents	\$ 90,120,965	68,461,226
Investments:		
U.S. Treasury notes	\$ 839,810	765,907
TIAA-CREF mutual fund	430,009	379,594
Total investments	\$ 1,269,819	1,145,501

The University's investment at TIAA-CREF and State of New Jersey Cash Management Fund are unrated.

The University's investments and deposits held by bond trustees are subject to various risks. Among these risks are credit risk, concentration of credit risk, and interest rate risk. Each one of these risks is discussed in more detail below.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's Investors Service, Inc. (Moody's). The University's investment policy requires that U.S. Agency bonds are rated Aaa/AAA by Moody's and the corporate bonds are rated Baa.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University's investment policy does not specifically address limitations in the maturities of investments. See table in note 3 for ratings of deposits held by bond trustees.

**ROWAN UNIVERSITY**  
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2010 and 2009

**(3) Deposits Held by Bond Trustees**

Deposits held by bond trustees include restricted funds held by three Board approved trustees. Deposits held by trustees are carried in the financial statements at fair value and consist of cash and U.S. Treasury obligations. Deposits held by trustees include funds for construction, renewal and replacement, debt service reserve, and debt service.

	<b>2010</b>	<b>2009</b>
Construction funds	\$ 17,918,015	33,564,298
Renewal and replacement funds	651,890	653,263
Debt service reserve funds	10,031,475	10,649,096
Debt service funds	13,637,400	14,391,702
	42,238,780	59,258,359
Less current portion	13,637,400	14,391,702
Noncurrent deposits held by bond trustees	\$ 28,601,380	44,866,657

Deposits held by trustees were \$42,238,780 and \$59,258,359 as of June 30, 2010 and 2009, respectively. Of these amounts, \$24,527,194 and \$41,808,296 as of June 30, 2010 and 2009, respectively, were invested in fixed income holdings, with the remainder in money market investments.

The following tables summarize the maturities and agency ratings of the fixed income securities included in the University's deposits held by bond trustees as of June 30, 2010 and 2009:

<b>2010</b>	<b>Rating</b>	<b>Market value</b>	<b>Less than 1 year</b>	<b>1-5 years</b>
Treasury bills and notes	AAA	\$ 24,527,194	24,527,194	—
		\$ 24,527,194	24,527,194	—
<b>2009</b>	<b>Rating</b>	<b>Market value</b>	<b>Less than 1 year</b>	<b>1-5 years</b>
Treasury bills and notes	AAA	\$ 41,808,296	41,808,296	—
		\$ 41,808,296	41,808,296	—

**ROWAN UNIVERSITY**  
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2010 and 2009

**(4) Capital Assets**

The detail of capital assets activity for the years ended June 30, 2010 and 2009 follows:

<u>2010</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions/ transfers</u>	<u>Ending balance</u>
Nondepreciable assets:				
Land	\$ 36,001,470	6,256,825	—	42,258,295
Construction in progress	<u>31,050,745</u>	<u>25,980,754</u>	<u>(25,371,857)</u>	<u>31,659,642</u>
Total nondepreciable assets	<u>67,052,215</u>	<u>32,237,579</u>	<u>(25,371,857)</u>	<u>73,917,937</u>
Depreciable assets:				
Land improvements	27,123,328	3,845,357	—	30,968,685
Buildings	394,134,572	61,734,791	—	455,869,363
Equipment	<u>23,675,261</u>	<u>2,520,369</u>	<u>—</u>	<u>26,195,630</u>
Total depreciable assets	<u>444,933,161</u>	<u>68,100,517</u>	<u>—</u>	<u>513,033,678</u>
Less accumulated depreciation:				
Land improvements	8,787,547	1,390,188	—	10,177,735
Buildings	115,921,066	17,625,521	—	133,546,587
Equipment	<u>12,930,390</u>	<u>2,347,562</u>	<u>—</u>	<u>15,277,952</u>
Total accumulated depreciation	<u>137,639,003</u>	<u>21,363,271</u>	<u>—</u>	<u>159,002,274</u>
Total capital assets, net	<u>\$ 374,346,373</u>	<u>78,974,825</u>	<u>(25,371,857)</u>	<u>427,949,341</u>

**ROWAN UNIVERSITY**  
(A Component Unit of the State of New Jersey)

Notes to Financial Statements

June 30, 2010 and 2009

<u>2009</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions/ transfers</u>	<u>Ending balance</u>
Nondepreciable assets:				
Land	\$ 33,938,344	2,063,126	—	36,001,470
Construction in progress	38,864,300	23,394,635	(31,208,190)	31,050,745
Total nondepreciable assets	<u>72,802,644</u>	<u>25,457,761</u>	<u>(31,208,190)</u>	<u>67,052,215</u>
Depreciable assets:				
Land improvements	26,351,449	771,879	—	27,123,328
Buildings	365,761,387	28,373,185	—	394,134,572
Equipment	21,397,285	2,277,976	—	23,675,261
Total depreciable assets	<u>413,510,121</u>	<u>31,423,040</u>	<u>—</u>	<u>444,933,161</u>
Less accumulated depreciation:				
Land improvements	7,478,838	1,308,709	—	8,787,547
Buildings	101,567,580	14,353,486	—	115,921,066
Equipment	10,708,731	2,221,659	—	12,930,390
Total accumulated depreciation	<u>119,755,149</u>	<u>17,883,854</u>	<u>—</u>	<u>137,639,003</u>
Total capital assets, net	<u>\$ 366,557,616</u>	<u>38,996,947</u>	<u>(31,208,190)</u>	<u>374,346,373</u>

Depreciation expense for the years ended June 30, 2010 and 2009 was \$21,363,271 and \$17,883,854, respectively. During 2010 and 2009, the University has capitalized interest expense, net of related interest income of \$1,914,296 and \$1,558,017, respectively, in construction in progress in the accompanying statements of net assets. Estimated costs to complete capital projects included in construction in progress as of June 30, 2010 approximates \$15,829,000. Financing for these projects is approximately \$14,907,000 in bond proceeds and \$922,000 in University funds.

**(5) State of New Jersey Fringe Benefits**

The State of New Jersey, through separate appropriations, pays certain fringe benefits, principally pension costs, health benefits, and FICA taxes, on behalf of University employees. The costs of these benefits, \$28,136,277 and \$29,416,437, respectively, for fiscal years 2010 and 2009, were paid directly by the State of New Jersey on behalf of the University and are included in the accompanying financial statements as State of New Jersey fringe benefits revenue and as expenses.



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**(6) Retirement Plans**

***Plan Descriptions***

The University participates in several retirement plans covering its employees – Public Employees' Retirement System (PERS), the Alternate Benefit Program (ABP), and the Teachers' Pension and Annuity Fund (TPAF). Generally all employees, except certain part-time employees, participate in one of these plans.

PERS was established under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full-time employees of the State of New Jersey or public agency provided the employee is not a member of another state-administered retirement system. PERS is a cost-sharing, multiple-employer defined benefit pension plan administered by the State of New Jersey.

ABP presently makes contributions to six state approved investment carriers. ABP alternatives are administered by a separate board of trustees.

Certain faculty members of the University participate in the TPAF, which is a State of New Jersey cost-sharing, single-employer defined benefit pension plan. TPAF was established under the provisions of N.J.S.A. 18:66 to provide coverage to substantially all full-time public school teachers of the State of New Jersey.

The State of New Jersey issues publicly available financial reports that include financial statements and required supplementary information for PERS and TPAF. These reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pension and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

***PERS Funding Policies***

PERS members contribute at a uniform rate. The full normal employee contribution rate became 5.5% of annual compensation, effective July 1, 2007. Employers are required to contribute at an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances, cost-of-living adjustments, and non-contributory death benefits. The State of New Jersey contributes to PERS on behalf of the University. The contribution requirements of the plan members and the University are established and may be amended by the State of New Jersey.

***Alternate Benefit Program (ABP) Information***

ABP provides the choice of six investment carriers. The University assumes no liability for ABP members other than payment of contributions. ABP provides retirement and death benefits for or on behalf of those full-time professional employees and faculty members electing to participate in this optional retirement program. Participation eligibility as well as contributory and noncontributory requirements are established by the State of New Jersey Retirement and Social Security Law.

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Benefits are determined by the amount of individual accumulations and the retirement income option selected. All benefits vest after the completion of one year of service. Individually owned annuity contracts that provide for full ownership of retirement and survivor benefits are purchased at the time of vesting. Participating University employees contribute 5% of salary and may contribute a voluntary additional contribution up to the maximum Federal statutory limit, on a pre-tax basis. Employer contributions are 8%. During the years ended June 30, 2010 and 2009, ABP investment carriers received employer and employee contributions as follows:

	<b>2010</b>	<b>2009</b>
Employer contributions	\$ 4,439,946	4,205,296
Employee contributions	6,645,099	6,815,291
Basis for contributions:		
Participating employee salaries	55,499,319	52,566,206

Employer contributions to ABP are paid by the State of New Jersey and are reflected in the accompanying financial statements as State of New Jersey fringe benefit revenue and as expenses.

***Post Employment Benefits Other than Pensions***

The State of New Jersey implemented Government Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for the fiscal year ended June 30, 2008. The State of New Jersey is legally responsible for contributions to the other postemployment benefits plan that covers the employees of the University. The employees of the University are employees of the State of New Jersey, therefore the other postemployment benefit plans liability are reported by the State of New Jersey.

**(7) Accounts Payable and Accrued Expenses**

Accounts payable and accrued expenses consist of the following as of June 30, 2010 and 2009:

	<b>2010</b>	<b>2009</b>
Vendors and other	\$ 8,593,616	8,253,630
Salaries and benefits	4,408,176	4,181,247
Total accounts payable and accrued expenses	\$ 13,001,792	12,434,877

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**(8) Bonds Payable**

Capital assets are financed through revenue bonds of the New Jersey Educational Facilities Authority (the Authority). The following obligations to the Authority were outstanding as of June 30, 2010 and 2009:

	<u>Interest rate</u>	<u>2010</u>	<u>2009</u>
Series 1974 E Revenue Bonds, due serially to 2009	7.0%	\$ —	415,000
Series 1983 D Revenue Bonds, due serially to 2013	3.0%	690,000	850,000
Series 2000 B Revenue Bonds, due serially to 2010	5.0% – 5.25%	1,210,000	2,360,000
Series 2001 B Revenue Bonds, due serially to 2011	4.25%	210,000	210,000
Series 2001 C Revenue Refunding Bonds, due serially to 2026	5.0% – 5.25%	38,850,000	40,470,000
Series 2002 K Revenue Bonds, due serially to 2012	4.0%	665,000	665,000
Series 2003 I Revenue Bonds, due serially to 2013	3.0% – 5.0%	6,880,000	7,820,000
Series 2003 J Revenue Bonds, due serially to 2008	3.0%	—	—
Series 2004 C Revenue Bonds, due serially to 2014	4.0% – 5.0%	8,680,000	8,680,000
Series 2005 D Revenue Refunding Bonds, due serially to 2030	3.25% – 5.25%	51,360,000	51,655,000
Series 2006 G Revenue Bonds, due serially to 2031	4.0% – 4.5%	67,915,000	69,250,000
Series 2007 B Revenue Refunding Bonds, due serially to 2034	3.0% – 5.5%	119,500,000	119,500,000
Series 2008 B Revenue Refunding Bonds, due serially to 2027	4.0% – 5.0%	<u>35,205,000</u>	<u>35,205,000</u>
		331,165,000	337,080,000
Less:			
Deferred loss on bond refinancing		(8,702,022)	(9,105,928)
Bond discount		<u>(404,079)</u>	<u>(367,921)</u>
Total bonds payable		<u>\$ 322,058,899</u>	<u>327,606,151</u>

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As collateral for the above debt, the University has pledged all net revenue, fees, charges, and rentals derived from the related auxiliary enterprises. Future annual debt service requirements approximate the following:

	<u>Principal amount</u>	<u>Interest amount</u>	<u>Total amount</u>
Year ending June 30:			
2011	\$ 6,165,000	14,910,000	21,075,000
2012	10,455,000	14,653,000	25,108,000
2013	10,945,000	14,177,000	25,122,000
2014	11,405,000	13,678,000	25,083,000
2015	11,875,000	13,170,450	25,045,450
2016 – 2020	68,985,000	56,645,250	125,630,250
2021 – 2025	87,250,000	38,535,650	125,785,650
2026 – 2030	94,290,000	16,999,994	111,289,994
2031 – 2035	29,795,000	2,998,112	32,793,112

Funds are on deposit with escrow agents to provide for the payment of principal, interest, and call premiums, when due, on Series 2000 B, Series 2001 B, Series 2001 C, Series 2002 K, Series 2003 I, and Series 2004 C Bonds. Accordingly, these bonds are not considered outstanding obligations of the University as of June 30, 2010 and 2009 and, therefore, are not reflected in the accompanying financial statements. The principal amounts of these bonds were approximately \$167,795,000 and \$170,810,000, respectively, as of June 30, 2010 and 2009.

**(9) Other Long-Term Debt**

Other long-term debt consists of the following:

- (A) The University leases a portion of a building in the City of Camden from Camden County College. In addition to the lease commitment, the University borrowed \$700,000 from the County of Camden in order to make a single payment to terminate a preexisting lease for space with another lessor. This loan, which bears interest at 6.23%, is to be repaid over a term of 21 years and 2 months ending November 30, 2012. As of June 30, 2010 and 2009, the outstanding obligations were \$133,105 and \$182,746, respectively.
- (B) The Higher Educational Capital Improvement Fund Act was established to finance capital improvements and related costs at public and private institutions of higher education within the State of New Jersey. Funding was provided from bonds issued by the New Jersey Educational Facilities Authority. The total University allocation for this program was \$23,887,250. The University is required to pay 1/3 of the debt service, including interest at rates ranging from 3.0 – 5.75%, on its allocation of the bond proceeds, plus administrative fees of the trustees and the Authority. The outstanding balances as of June 30, 2010 and 2009 were \$6,406,829 and \$6,704,348, respectively, with maturities through August 15, 2022.

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- (C) On August 14, 2001, the New Jersey Educational Facilities Authority issued bonds to finance the University's loan amount request pursuant to the Dormitory Safety Trust Fund Act (P.L. 2000, C56). The University's loan under this Act was \$1,780,720 and will be repaid in annual installments from January 15, 2002 through January 15, 2016. The outstanding balances as of June 30, 2010 and 2009 were \$756,704 and \$884,488, respectively. This loan was non-interest bearing; however, the University has discounted this obligation at 5% equal to \$540,027. This amount is shown as deferred financing costs in the accompanying financial statements and is being amortized over the life of the loan.
- (D) The Higher Education Equipment Leasing Fund Act was established to provide financing for the acquisition of scientific, technical, computer, communications, and instructional equipment and related costs at public and private institutions of higher education within the State of New Jersey. Funding was provided from bonds issued by the New Jersey Educational Facilities Authority. The University allocation from this Act was \$3,213,000. The University is required to pay 1/4 of the debt service, amounting to \$803,250, including interest, on its allocation of the bond proceeds, plus administrative fees of the trustees and the Authority. The outstanding balances as of June 30, 2010 and 2009 were \$0 and \$146,707. These bonds matured August 1, 2009.

Principal and interest payments for these five obligations approximate the following:

	<u>Principal amount</u>	<u>Interest amount</u>	<u>Total amount</u>
Year ending June 30:			
2011	\$ 493,000	328,000	821,000
2012	514,000	308,000	822,000
2013	500,000	288,000	788,000
2014	494,000	269,000	763,000
2015	508,000	250,000	758,000
2016 – 2020	2,369,000	926,000	3,295,000
2021 – 2024	2,418,000	210,000	2,628,000

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**(10) Noncurrent Liabilities**

Noncurrent liabilities activity for the years ended June 30, 2010 and 2009 was as follows:

<u>2010</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Current portion</u>
Student housing deposits	\$ 825,600	—	728,610	96,990	—
Compensated absences	3,660,114	1,087,821	—	4,747,935	2,162,411
Other liabilities	442,245	—	255,712	186,533	—
Deposits held in custody for others	1,424,162	—	155,023	1,269,139	—
Bonds payable	327,606,151	—	5,547,252	322,058,899	6,165,000
Other long-term debt	7,918,289	—	621,651	7,296,638	493,377
Capital lease obligation	—	45,500,000	2,398,620	43,101,380	(156,258)
Total noncurrent liabilities	<u>\$ 341,876,561</u>	<u>46,587,821</u>	<u>9,706,868</u>	<u>378,757,514</u>	<u>8,664,530</u>
<u>2009</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Current portion</u>
Student housing deposits	\$ 867,300	—	41,700	825,600	—
Compensated absences	3,478,563	181,551	—	3,660,114	1,973,580
Other liabilities	415,913	26,332	—	442,245	—
Deposits held in custody for others	1,409,947	14,215	—	1,424,162	—
Bonds payable	331,783,403	—	4,177,252	327,606,151	5,915,000
Other long-term debt	8,516,660	—	598,371	7,918,289	621,544
Total noncurrent liabilities	<u>\$ 346,471,786</u>	<u>222,098</u>	<u>4,817,323</u>	<u>341,876,561</u>	<u>8,510,124</u>

**(11) Commitments and Contingencies**

***Operating Leases***

The University leases certain space and equipment used in general operations. Rental expense was approximately \$414,000 in 2010 and \$519,000 in 2009. The leases are noncancelable and have been classified as operating leases, which are expected to expire through 2013. Minimum annual rental commitments approximate the following:

	<u>Amount</u>
Year ending June 30:	
2011	\$ 278,000
2012	264,000
2013	110,000

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***Capital Lease Obligation***

On March 6, 2008 the University entered into a lease agreement with SORA Housing LLC (SORA) whereby SORA will construct two four story student housing facilities with a total of 242 units, consisting of 884 total beds, on a leasehold interest in land that was conveyed to SORA by the Borough of Glassboro. SORA agreed to lease the land, the facilities and the facilities equipment together with the fixtures, improvements and equipment to the University. The initial phase of the development of the facilities will consist of the development and construction of 154 units, or 568 beds. The second phase of the development of the facilities will consist of the development and construction of the 88 remaining units, or 316 beds, together with the common areas and laundry facilities. No rent was due by the University to SORA during the initial term of the lease through the completion of phase one. Phase one was completed for the Fall 2009 semester and was considered ready for occupancy. Beginning in fiscal year 2010, the University will pay rent in semi-annual installments on September 1 and February 1 for twenty years. The rental amount will be contingent upon the number of beds available for use at the beginning of each semester. The total amount paid in fiscal year 2010 under this lease agreement is \$4,316,800. The second phase is expected to be completed and ready for occupancy for the Fall 2010 semester. At the completion of the lease agreement, the University will have two five year options to renew the lease term. The University has recorded a capital lease asset, net of accumulated depreciation, in the amount of \$43,604,167 and a capital lease payable in the amount of \$43,101,380, in the accompanying statements of net assets, for the Phase one portion of the project.

Future minimum lease payments under the capital lease are as follows:

	<u>Principal amount</u>	<u>Interest amount</u>	<u>Total amount</u>
Year ending June 30:			
2011	\$ (156,258)	4,598,018	4,441,760
2012	(68,782)	4,612,782	4,544,000
2013	63,060	4,617,260	4,680,320
2014	213,448	4,607,282	4,820,730
2015	384,527	4,580,824	4,965,351
2016 – 2020	5,395,491	21,757,086	27,152,577
2021 – 2025	14,510,290	16,966,988	31,477,278
2026 – 2030	22,759,604	5,995,333	28,754,937
	<u>\$ 43,101,380</u>	<u>67,735,573</u>	<u>110,836,953</u>

***Compensated Absences***

The University recorded a liability for accumulated vacation time in the amount of approximately \$2,162,000 and \$1,974,000 as of June 30, 2010 and 2009, respectively, which is included in compensated absences in the accompanying statements of net assets. The liability is calculated based upon employees' accrued vacation leave as of the statements of net assets date.

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Payments for accumulated sick leave balances are made to retiring employees upon regular retirement. The payment is based on 50% of the employee's sick leave accumulation, at the pay rate in effect at the time of retirement up to a maximum of \$15,000. Employees separating from University service prior to retirement are not entitled to payments for accumulated sick leave balances. Accordingly, the University recorded a liability for accumulated sick leave balances in the amount of approximately \$1,659,000 and \$1,687,000 as of June 30, 2010 and 2009, respectively, which is included in compensated absences in the accompanying statements of net assets.

During FY10, bargaining unit employees were required to take seven unpaid furlough days. Three of these days were banked for either future use or pay out upon separation. A liability for the accumulated leave bank in the amount of approximately \$926,000 is recorded in compensated absences in the accompanying statements of net assets.

***Unrestricted Net Assets***

Net assets are required to be classified for accounting and reporting purposes into one of four net asset categories according to externally imposed restrictions. Unrestricted net assets, as defined by GASB Statement No. 35, are not subject to externally imposed stipulations. They may, however, be subject to internal designations for specific purposes by action of the University management or the University Board of Trustees. Listed below is a detail of unrestricted net assets as of June 30, 2010 and 2009:

	<b>2010</b>	<b>2009</b>
Designated:		
University operating reserve	\$ 5,945,969	5,886,500
Self-supporting programs	4,660,396	4,582,082
Capital reserve for academic buildings	198,587	3,804,886
Capital reserve for auxiliary enterprises	11,487,451	11,681,654
Reserve for medical school	20,000,000	—
Reserve for debt service	22,178,492	26,783,489
Total unrestricted net assets	\$ 64,470,895	52,738,611

***Other Contingencies***

The University is involved in several claims and lawsuits incidental to its operations. In the opinion of management, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the University.



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**(12) Rowan University Foundation**

***Component Unit***

Rowan University Foundation (the Foundation) is a legally separate, tax-exempt component unit of the University with a fiscal year-end of June 30. The Foundation has received a determination letter from the Internal Revenue Service concluding that it is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation acts primarily as a fund-raising entity to supplement the resources that are available to the University in support of its programs. Although the University does not control the timing or amount of receipts from the Foundation, the Foundation's assets are used exclusively for the benefit, support, and promotion of the University and its educational activities. Because these resources held by the Foundation can only be used by, or are for the benefit of the University, the Foundation is considered a component unit of the University and is discretely presented as part of the University's financial statements in accordance with GASB Statement No. 39.

During the years ended June 30, 2010 and 2009, the University received \$7,956,848 and \$8,177,980, respectively, from the Foundation. Complete financial statements of the Foundation can be obtained from the Office of the Chief Financial Officer, Rowan University, Glassboro, New Jersey.

***Cash, Cash Equivalents, Endowment Investments, and Investments***

Cash, cash equivalents, endowment investments, and investments of the Foundation are carried in the financial statements at fair value, based on quoted market values and consist of the following as of June 30, 2010 and 2009:

	<b>2010</b>	<b>2009</b>
Cash and cash equivalents	\$ 5,215,876	3,409,598
Investments:		
Bond mutual funds (domestic)	\$ 18,139,114	18,151,147
Common stock mutual funds (domestic)	39,289,364	39,417,214
Common stock mutual funds (international)	26,740,376	25,133,766
Realty investments	4,428,045	6,297,428
Alternative investments	35,788,189	31,045,239
	\$ 124,385,088	120,044,794

For the years ended June 30, 2010 and 2009 the net unrealized gain (loss) on investments was \$12,808,735 and \$33,697,655, respectively. The net realized (loss) gain on investments for June 30, 2010 and 2009 was \$1,996,220 and \$567,464, respectively.

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The Foundation maintains a diverse investment portfolio. Alternative investments include interests in real estate, limited partnerships, and other domestic and international investment funds. These instruments may contain elements of both credit and market risk. Such risks include, but are not limited to, limited liquidity, absence of regulatory oversight, dependence on key individuals, and nondisclosure of portfolio composition. The Foundation reviews the performance and risks associated with these investments on at least a monthly basis. In addition, the Foundation utilizes the services of an investment consultant who continually monitors the individual investment fund performance, any changes in management at the investment fund or any other significant matters affecting the fund and advises the Foundation of any such changes.

As the Foundation is dependent on investment return to fund a significant portion of the operations of the Foundation, a significant decrease in investment return may have a material impact on the financial position, changes in net assets, and cash flows of the Foundation.

The Foundation has an investment policy, which establishes guidelines for permissible investments. The Foundation may invest in domestic equity securities, international equity securities, fixed income securities, real estate investments, and venture capital investments. The Foundation's investments are subject to various risks. Among these risks are credit risk and interest rate risk. Each one of these risks are discussed below.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Standard and Poors. The Foundation's investment policy requires fixed income securities to replicate the Barclays Capital Aggregate (formerly Lehman Brothers Aggregate Index) characteristics with regard to maturity, structure, duration, credit quality, sector distribution, etc.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation's investment policy does not specifically address limitations in the maturities of investments.

**(13) South Jersey Technology Park at Rowan University, Inc.**

***Component Unit***

South Jersey Technology Park at Rowan University, Inc. (SJTP) was established and is being maintained as part of the educational mission of the University, its initial sole member. SJTP hopes to create jobs and job training and provide new and varied "hands-on" educational experiences for the University students as well as combat community deterioration. The goal of SJTP is to create job opportunities and job training for the under-employed and unemployed of the South Jersey region. SJTP is an organization described under Section 501(c)(3) of the Internal Revenue Code and therefore exempt from Federal income taxes under Section 501(a) of the Code. SJTP's assets are used exclusively for the benefit, support, and promotion of the University and its educational activities. Because these resources held by SJTP can only be used by, or are for the benefit of the University, SJTP is considered a component unit of the University and is discretely presented as part of the University's financial statements in accordance with GASB Statement No. 39.

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In fiscal year 2008, the University board of trustees approved a long-term lease agreement for the SJTP to use a parcel of land owned by the University. The lease commenced on January 1, 2008. During fiscal year 2007, the University loaned the SJTP \$1,000,000 to provide cash flow during the construction of the Samuel H. Jones Innovation Center. The SJTP used these funds to pay construction related costs which would later be reimbursed to the SJTP from other funding sources. During fiscal years 2009 and 2010, the SJTP made interest only payments on this loan at the rate of five percent annually. Interest only payments on this loan will continue until the SJTP obtains permanent financing. During fiscal year 2010, the University Board of Trustees approved a bridge loan to SJTP in the amount of \$5,000,000. In December 2009, the loan proceeds were used to refinance the \$5,000,000 debt payable to The Bank from SJTP. SJTP made interest only payments on this loan in fiscal year 2010. Interest only payments will continue on this loan at the rate of four percent annually until permanent financing is obtained. It is anticipated that the SJTP will refinance the \$6,000,000 loan from the University through the receipt of monies received from a private placement bond issued by the Gloucester County Improvement Authority (GCIA) and purchased by TD Bank. The private placement bond is expected to close in October 2010. Additionally, the University board of trustees approved a lease agreement by and between the University and SJTP for the first floor of the Samuel H. Jones Innovation Center to support its educational mission. For the years ended June 30, 2010 and 2009, SJTP realized \$458,850 and \$461,785, respectively, in rental income related to this lease agreement.

**(14) Subsequent Event**

On June 25, 2009, Governor Corzine signed Reorganization Plan No. 002-2009 which, among other things, provides for the transfer of specific functions and resources now used by the Robert Wood Johnson Medical School of the University of Medicine and Dentistry (UMDNJ) located in Camden, NJ to Rowan University (University) by: (i) phasing out Robert Wood Johnson Medical School as part of UMDNJ's larger medical school system; (ii) authorizing and approving the establishment of a Medical School to replace Robert Wood Johnson Medical School as the primary medical school in southern New Jersey; and (iii) reallocating, subject to annual appropriation, certain funds appropriated by the State Legislature from UMDNJ to the University for the purpose of supporting the initial establishment of the Medical School and the ongoing training of medical professionals in southern New Jersey.

Rowan University and Cooper Health System (Cooper) have agreed to cooperate and affiliate in the establishment of this new four-year allopathic medical school to be located in the City of Camden that will combine the resources of Cooper and the University to be known as "Cooper Medical School of Rowan University" for purposes of providing a state-of-the-art medical school conferring graduate degrees in medical sciences. It is expected that the first class of graduate students will begin a course of instruction at the new Medical School by the summer of 2012.

During fiscal year 2010, the University received \$15,600,000 in appropriations from the State of New Jersey which represented fiscal year 2009 and 2010 appropriations and are restricted for use in the payment of debt service for the new Medical School.

The University is anticipating the issuance, in the fall of 2010, of \$130,000,000 in one or more series of tax-exempt or taxable bonds thru the Camden County Improvement Authority for the purpose of financing the costs of building the Medical School.