



**SOUTH JERSEY TECHNOLOGY PARK AT ROWAN UNIVERSITY, INC.**  
(A Component Unit of Rowan University)

Basic Financial Statements and  
Management's Discussion and Analysis

June 30, 2012 and 2011

(With Independent Auditors' Report Thereon)

**SOUTH JERSEY TECHNOLOGY PARK AT ROWAN UNIVERSITY, INC.**  
(A Component Unit of Rowan University)

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## **Independent Auditors' Report**

The Board of Directors  
South Jersey Technology Park at Rowan University, Inc.:

We have audited the accompanying basic financial statements of South Jersey Technology Park at Rowan University, Inc. (SJTP), a component unit of Rowan University, as of and for the years ended June 30, 2012 and 2011, as listed in the table of contents. These financial statements are the responsibility of SJTP's management. 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 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 SJTP'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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of South Jersey Technology Park at Rowan University, Inc. as of June 30, 2012 and 2011, and the changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 2 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**KPMG LLP**

October 19, 2012

**SOUTH JERSEY TECHNOLOGY PARK AT ROWAN UNIVERSITY, INC.**  
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Management's Discussion and Analysis

June 30, 2012 and 2011

**Introduction**

This section of South Jersey Technology Park at Rowan University, Inc.'s (SJTP) financial statements presents our discussion and analysis of SJTP's financial performance during the fiscal years that ended on June 30, 2012 and 2011, and comparative amounts for the year ended June 30, 2010. Since this discussion and analysis is designed to focus on current activities, it should be read in conjunction with SJTP's basic financial statements, which follow this section.

**Basic Financial Statements**

SJTP's basic financial statements include three 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 U.S. generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). These statements present SJTP's operations and focus on its assets, liabilities, revenues, expenses and cash flows on an entity-wide basis. The basic financial statements also include notes to the financial statements.

**Statements of Net Assets**

The Statements of Net Assets presents the assets, liabilities, and net assets of SJTP as of the end of the fiscal year. The Statements of Net Assets are point of time financial statements. The purpose of the Statements of Net Assets is to present to the readers of the financial statements a fiscal snapshot of SJTP. The Statements of Net Assets present 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 SJTP 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 Statements of Net Assets are able to determine the assets available to continue the operations of SJTP. They are also able to determine how much SJTP owes vendors, investors and lending institutions. Finally, the Statements of Net Assets provide a picture of the net assets (assets minus liabilities) and their availability for expenditure by SJTP.

Net assets of SJTP are divided into two major categories. The first category, invested in capital assets, net of related debt, provides SJTP's equity in the property, plant and equipment owned by SJTP. The second category is unrestricted net assets. Unrestricted net assets are available to SJTP for any lawful purpose of SJTP.

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June 30, 2012 and 2011

A summary of SJTP's assets, liabilities, and net assets as of June 30, 2012, 2011, and 2010 follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
		(In thousands)	
Current assets	\$ 1,223	1,109	1,136
Capital assets	11,969	12,336	12,551
Other noncurrent assets	<u>161</u>	<u>169</u>	<u>—</u>
Total assets	<u>13,353</u>	<u>13,614</u>	<u>13,687</u>
Current liabilities	201	199	33
Noncurrent liabilities	<u>5,680</u>	<u>5,846</u>	<u>6,000</u>
Total liabilities	<u>5,881</u>	<u>6,045</u>	<u>6,033</u>
Net assets:			
Invested in capital assets, net of related debt	6,123	6,331	6,551
Unrestricted	<u>1,349</u>	<u>1,238</u>	<u>1,103</u>
Total net assets	<u>\$ 7,472</u>	<u>7,569</u>	<u>7,654</u>

Current assets consist of cash and cash equivalents and receivables and other assets. Noncurrent assets consist of capital assets and deferred financing costs. Current liabilities consist of accounts payable and accrued expenses, accrued interest payable, due to Rowan University, and the current portion of long-term debt; noncurrent liabilities consist of long-term debt payable.

***Fiscal Year 2012 Compared to Fiscal Year 2011***

The decrease in total assets is attributed to a decrease of \$367,435 in capital assets and \$6,922 in deferred financing costs, net of accumulated amortization, offset by an increase of \$103,900 in cash and cash equivalents and \$10,644 in receivables and other assets.

Capital assets decreased \$367,435 due to depreciation. There were no current year capital additions. The increase in cash and cash equivalents was due primarily to the positive cash provided by operating activities.

The increase in current liabilities is due to an increase of \$2,323 in accounts payable and accrued expenses along with an increase of \$6,217 in long-term debt – current portion, offset by decreases of \$5,961 in due to Rowan University and \$459 in accrued interest payable.

Noncurrent liabilities decreased \$165,728 due to principal payments on long-term debt.

Total net assets decreased \$96,205. Within total net assets, invested in capital assets, net of related debt, decreased \$207,924 and unrestricted net assets increased \$111,719.

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***Fiscal Year 2011 Compared to Fiscal Year 2010***

The decrease in total assets is attributed to a decrease of \$23,038 in cash and cash equivalents, \$4,433 in receivables and other assets and \$214,214 in capital assets, offset by an increase of \$168,190 in deferred financing costs, net of accumulated amortization.

Capital assets decreased \$214,214 due to the excess of depreciation over current year capital additions. The decrease in cash and cash equivalents was due primarily to the additional capital improvements and repayment of debt. Receivables and other assets decreased due to the collection of receivables.

The increase in current liabilities is primarily due to an increase of \$159,592 in long-term debt - current portion and \$17,267 increase in accrued interest payable, offset by a decrease of \$17,343 in accounts payable and accrued expenses.

Noncurrent liabilities decreased due to principal payments on the new bond. SJTP refinanced its \$6,000,000 loan from the University through monies received from a private placement bond issued by the Gloucester County Improvement Authority (GCIA) and purchased by TD Bank. The bond was issued in the amount of \$6,120,000. \$6,000,000 of the proceeds was used to repay the debt to Rowan University.

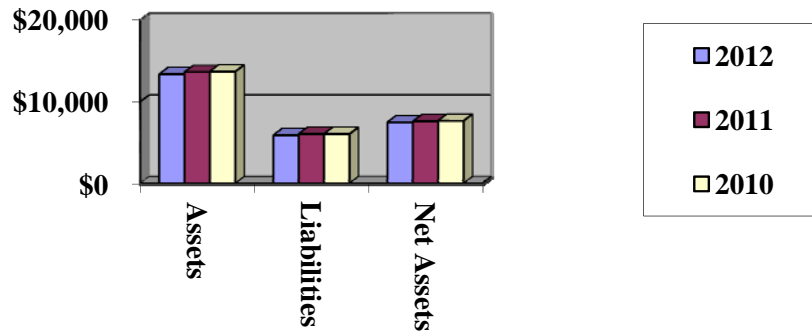
Total net assets decreased \$85,033. Within total net assets, invested in capital assets, net of related debt, decreased \$219,867 and unrestricted net assets increased \$134,834.

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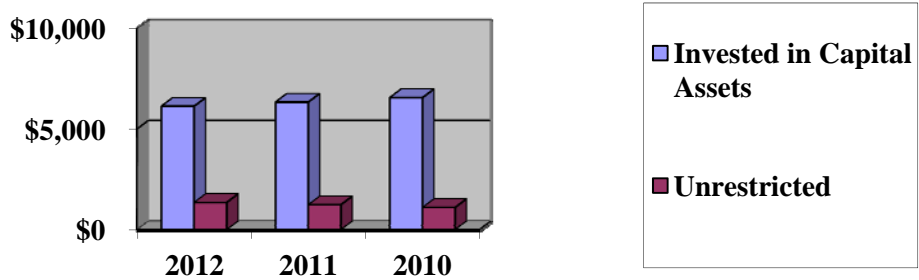
Management's Discussion and Analysis

June 30, 2012 and 2011

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



**Comparative Net Assets  
 For the Years Ended June 30  
 (In thousands)**



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Management's Discussion and Analysis

June 30, 2012 and 2011

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

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

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of SJTP. 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 SJTP. Nonoperating revenues and expenses are revenues and expenses received for which goods and services are not provided, for example, interest and dividend income, and interest expense. The Statements of Revenues, Expenses, and Changes in Net Assets present SJTP's results of operations. A summary of SJTP's revenues, expenses, and changes in net assets for the years ended June 30, 2012, 2011, and 2010 follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
		(In thousands)	
Operating revenues:			
Rental income	\$ 862	800	602
Other income	2	8	14
Total operating revenues	<u>864</u>	<u>808</u>	<u>616</u>
Operating expenses:			
Materials and supplies	14	1	30
Professional and other services	368	310	531
Depreciation expense	374	368	326
Total operating expenses	<u>756</u>	<u>679</u>	<u>887</u>
Operating income (loss)	<u>108</u>	<u>129</u>	<u>(271)</u>
Nonoperating revenues (expenses):			
Interest and dividends	3	8	31
Interest on long-term debt	(208)	(222)	(276)
Net nonoperating expenses	<u>(205)</u>	<u>(214)</u>	<u>(245)</u>
Decrease in net assets	(97)	(85)	(516)
Net assets as of beginning of year	<u>7,569</u>	<u>7,654</u>	<u>8,170</u>
Net assets as of end of year	<u>\$ 7,472</u>	<u>7,569</u>	<u>7,654</u>



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June 30, 2012 and 2011

***Fiscal Year 2012 Compared to Fiscal Year 2011***

Operating revenues increased \$55,980 primarily due to an increase in rental rates. Operating expenses increased \$77,356. Within operating expenses, materials and supplies increased \$13,262, professional and other services increased \$58,292 and depreciation and amortization increased \$5,802.

The professional services increase is mainly a result of an increase in the Business Operating Agreement expenses in the amount of \$85,189. This was offset by decreases in expenses such as postage, legal fees, repairs, and landscaping. Depreciation and amortization expenses increased due to additional capital assets added in fiscal year 2011.

Interest and dividends revenue decreased \$4,728 due to reduced interest rates. Interest paid on the long term debt decreased \$14,932 due to the pay-down of debt.

***Fiscal Year 2011 Compared to Fiscal Year 2010***

Operating revenues increased \$192,387 primarily as a result of an increase in rental income as a result of a full year of rental payments from one tenant. Operating expenses decreased \$208,029. Within operating expenses, professional and other services decreased \$221,164, materials and supplies decreased \$29,161 and depreciation and amortization increased \$42,296.

The professional services decrease is mainly a result of decreased salaries and benefits of \$236,377 due to the impact of staffing changes. Depreciation expense increased because the second-floor fit-out of the Samuel H. Jones Innovation Center was completed in fiscal year 2010. A half year depreciation expense was recorded for the fit-out in 2010, and a full year of depreciation expense was recorded in fiscal year 2011.

Interest and dividends revenue decreased \$23,261 due to both a declining cash balance and reduced interest rates. Interest paid on the long term debt decreased \$53,891. SJTP refinanced its \$6,000,000 loan from the University through monies received from a private placement bond issued by the GCIA and purchased by TD Bank. The re-financing of the debt resulted in a reduced interest rate.

**Capital Assets and Debt Activity**

SJTP owns a two story building which is leased to two tenants. The only activity for fiscal year 2012 is depreciation of \$367,435.

In fiscal year 2011 SJTP secured permanent financing of a 25 year tax-exempt bond. This was used to repay a loan from Rowan University. As of the end of fiscal year 2012 the principal amount of the bond is \$5,846,142.

**Economic Outlook**

The SJTP completed construction of its first building in fiscal year 2009. This building, the Samuel H. Jones Innovation Center, has been fully leased since January 1, 2010. SJTP revenues are based on rental income from the tenants of this first building. In accordance with the leases, this revenue is expected to increase modestly each year over the near future. SJTP is working to develop a marketing strategy to attract new technology companies. These efforts will allow the SJTP to work towards the implementation of its mission.

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Statements of Net Assets

June 30, 2012 and 2011

<b>Assets</b>	<b>2012</b>	<b>2011</b>
Current assets:		
Cash and cash equivalents (note 2)	\$ 1,195,317	1,091,417
Receivables and other assets	28,092	17,448
Total current assets	<u>1,223,409</u>	<u>1,108,865</u>
Noncurrent assets:		
Capital assets (note 4)	11,969,027	12,336,462
Deferred financing costs, net of accumulated amortization	161,268	168,190
Total noncurrent assets	<u>12,130,295</u>	<u>12,504,652</u>
Total assets	<u>13,353,704</u>	<u>13,613,517</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued expenses (note 5)	18,418	16,095
Accrued interest payable	16,808	17,267
Due to Rowan University (note 3)	—	5,961
Long-term debt - current portion (note 6)	165,809	159,592
Total current liabilities	<u>201,035</u>	<u>198,915</u>
Noncurrent liabilities:		
Long-term debt (note 6)	5,680,333	5,846,061
Total noncurrent liabilities	<u>5,680,333</u>	<u>5,846,061</u>
Total liabilities	<u>5,881,368</u>	<u>6,044,976</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	6,122,885	6,330,809
Unrestricted	1,349,451	1,237,732
Total net assets	<u>\$ 7,472,336</u>	<u>7,568,541</u>

See accompanying notes to financial statements.

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Statements of Revenues, Expenses, and Changes in Net Assets

Years ended June 30, 2012 and 2011

	<b>2012</b>	<b>2011</b>
Operating revenues:		
Rental income (notes 3 and 8)	\$ 862,197	800,365
Other income	2,640	8,492
Total operating revenues	864,837	808,857
Operating expenses:		
Materials and supplies	14,437	1,175
Professional and other services	368,009	309,717
Depreciation and amortization	374,357	368,555
Total operating expenses	756,803	679,447
Operating income	108,034	129,410
Nonoperating revenues (expenses):		
Interest and dividends	3,459	8,187
Interest on long-term debt	(207,698)	(222,630)
Net nonoperating expenses	(204,239)	(214,443)
Decrease in net assets	(96,205)	(85,033)
Net assets as of beginning of year	7,568,541	7,653,574
Net assets as of end of year	\$ 7,472,336	7,568,541

See accompanying notes to financial statements.

**SOUTH JERSEY TECHNOLOGY PARK AT ROWAN UNIVERSITY, INC.**  
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Statements of Cash Flows

Years ended June 30, 2012 and 2011

	<b>2012</b>	<b>2011</b>
Cash flows from operating activities:		
Rental income	\$ 856,684	800,365
Other income	—	8,492
Payments to suppliers	(388,575)	(317,841)
Net cash provided by operating activities	468,109	491,016
Cash flows from capital and related financing activities:		
Purchases of capital assets	—	(149,485)
Bond proceeds	—	6,120,000
Principal paid on Rowan University loan	—	(6,000,000)
Principal payment of long-term debt	(159,511)	(114,346)
Cost of bond issuance	—	(173,047)
Interest paid on capital debt	(208,157)	(205,363)
Net cash used by capital and related financing activities	(367,668)	(522,241)
Cash flows from investing activities:		
Interest and dividends	3,459	8,187
Net increase (decrease) in cash and cash equivalents	103,900	(23,038)
Cash and cash equivalents as of beginning of the year	1,091,417	1,114,455
Cash and cash equivalents as of end of the year	\$ 1,195,317	1,091,417
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 108,034	129,410
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization expense	374,357	368,555
Changes in assets and liabilities:		
Receivables and other assets	(10,644)	4,433
Accounts payable and accrued expenses	2,323	(17,343)
Due to Rowan University	(5,961)	5,961
Net cash provided by operating activities	\$ 468,109	491,016

See accompanying notes to financial statements.

**SOUTH JERSEY TECHNOLOGY PARK AT ROWAN UNIVERSITY, INC.**  
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Notes to Financial Statements

June 30, 2012 and 2011

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

***Organization***

South Jersey Technology Park at Rowan University, Inc. (SJTP) was established and is being maintained as part of the educational mission of Rowan University (the University), its initial sole member. SJTP hopes to create jobs and job training and provide new and varied “hands-on” educational experiences for 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. The members of the Board of Directors of SJTP are appointed by the Board of Trustees of the University. The SJTP is considered a component unit of the University and is discretely presented in the University’s financial statements. 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.

***Summary of Significant Accounting Policies***

**Basis of Presentation**

The accounting policies of SJTP conform to U.S. generally accepted accounting principles. SJTP reports are based on all applicable Governmental Accounting Standards Board (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 solely issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

SJTP reports its net assets in the following 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.
- *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 Directors.

**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. SJTP 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**

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

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**Capital Assets**

Capital assets consist of buildings, net of accumulated depreciation. This asset is 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 over their estimated useful lives using the straight-line method. SJTP has estimated the useful life of its building to be forty years and renovations to the building to be twenty years.

**Deferred Financing Costs**

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

**Classification of Revenue**

SJTP's policy for defining operating activities in the statements of revenues, expenses, and changes in net assets are those that serve SJTP's principal purpose and generally result from exchange transactions. Examples would include rental income and expenses related to acquiring or producing goods and services provided in return for the operating revenue. Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as transfers from the University and the University's component units, interest and dividend income and interest expense.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

**(2) Cash and Cash Equivalents**

Custodial credit risk associated with the SJTP's cash and cash equivalents includes uninsured and uncollateralized deposits that exceed FDIC insurance coverage limits. SJTP's bank deposits as of June 30, 2012 and 2011 were partially insured by Federal Depository Insurance in the amount of \$250,000 in 2012 and 2011. SJTP's bank deposits as of June 30, 2012 and 2011 were \$1,189,786 and \$1,107,349 respectively, leaving uninsured and uncollateralized balances of \$939,786 and \$857,349.

**(3) Related Party Transactions**

*Lease Agreements*

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 and is for 50 years with a renewal term of 20 years. Under the lease agreement, SJTP is to pay \$1,000 each year for the first 5 years. After 5 years there is an option that the rent may increase to the market rate for properties of a similar purpose. The rental payment of \$1,000 is included in professional and other services expenses in

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the accompanying statements of revenues, expenses, and changes in net assets for fiscal years 2012 and 2011.

The University Board of Trustees approved a lease agreement by and between the University and the SJTP to lease the first floor of the Samuel H. Jones Innovation Center to support its educational mission. For the years ended June 30, 2012 and 2011, SJTP recognized \$483,576 and \$473,605, respectively, in rental income related to this lease agreement. The University also reimbursed SJTP \$72,651 and \$104,077 for utility charges associated with this lease for fiscal years 2012 and 2011, respectively.

***Financing***

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 year 2011, the SJTP made interest only payments on this loan at the rate of five percent annually.

During fiscal year 2010, the University Board of Trustees approved a bridge loan to SJTP in the amount of \$5,000,000. SJTP used the loan proceeds to refinance its \$5,000,000 debt payable to The Bank. SJTP made interest only payments on this loan in fiscal year 2011 at the rate of four percent annually. Interest only payments on amounts owed to the University ceased during fiscal year 2011 when the SJTP obtained permanent financing and repaid the amounts owed to the University. SJTP repaid 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 closing took place in October 2010.

***Business Operating Agreement***

SJTP and the University entered into a business operating agreement for the University to provide certain services and functions to SJTP. SJTP pays the University for these services and functions which include salaries and benefits of employees who perform functions for SJTP, accounting services, custodial services, repairs and maintenance, and other indirect charges. The charges amounted to \$287,777 and \$202,588 for fiscal years 2012 and 2011, respectively and are reflected in professional and other services expenses in the accompanying statements of revenues, expenses, and changes in net assets. Of these amounts, \$0 was due to the University as of June 30, 2012 and \$5,961 was outstanding as of June 30, 2011.

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**(4) Capital Assets**

The detail of capital assets activity for the years ended June 30, 2012 and 2011 follows:

<u>2012</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions/ transfers</u>	<u>Ending balance</u>
Depreciable assets:				
Buildings	\$ 13,171,269	—	—	13,171,269
Less accumulated depreciation:				
Buildings	834,807	367,435	—	1,202,242
Total capital assets, net	<u>\$ 12,336,462</u>	<u>(367,435)</u>	<u>—</u>	<u>11,969,027</u>
<u>2011</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions/ transfers</u>	<u>Ending balance</u>
Depreciable assets:				
Buildings	\$ 13,021,784	149,485	—	13,171,269
Less accumulated depreciation:				
Buildings	471,108	363,699	—	834,807
Total capital assets, net	<u>\$ 12,550,676</u>	<u>(214,214)</u>	<u>—</u>	<u>12,336,462</u>

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

Accounts payable and accrued expenses consist of the following as of June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Accounts payable – vendor	\$ <u>18,418</u>	<u>16,095</u>

**(6) Long-Term Debt**

In October 2010, the Gloucester County Improvement Authority (GCIA) issued a private placement bond purchased by TD Bank. The bond was issued in the amount of \$6,120,000. \$6,000,000 of the proceeds was used to repay debt to Rowan University. An additional \$120,000 was financed to pay costs associated with the financing. The twenty five year tax-exempt bond matures on November 1, 2035. Interest on the bond is calculated for the first ten years at a fixed rate of 3.45% per annum, except to the extent that there is a determination of taxability in which the rate shall increase to 5.0% per annum. Interest on the bond for each ten year period or portion thereof following the initial ten years of the loan shall be a rate equal to a fixed rate of the Bank's tax exempt equivalent to the current thirty day LIBOR rate plus 350 points provided however, to the extent that the bond shall be taxable the interest rate on the bond shall be the current LIBOR rate for thirty days as of the date of determination of taxability plus 350 basis points. The interest rate on the bond shall reset every 120 months and the then current applicable LIBOR rate shall be applied.



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June 30, 2012 and 2011

Aggregate principal and interest repayments required during the next five fiscal years and in five year increments thereafter are as follows as of June 30, 2012:

	<u>Principal amount</u>	<u>Interest amount</u>	<u>Total amount</u>
Year ending June 30:			
2013	\$ 165,809	201,862	367,671
2014	171,702	195,968	367,670
2015	177,806	189,865	367,671
2016	183,622	184,048	367,670
2017	190,653	177,018	367,671
2018 – 2022	1,059,405	778,946	1,838,351
2023 – 2027	1,261,642	576,709	1,838,351
2028 – 2032	1,502,370	335,981	1,838,351
2033 – 2036	1,133,133	67,644	1,200,777
	<u>\$ 5,846,142</u>	<u>2,708,041</u>	<u>8,554,183</u>

**(7) Noncurrent Liabilities**

Noncurrent liabilities activity for the years ended June 30, 2012 and 2011 was as follows:

<u>2012</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Current portion</u>
Long-term debt	\$ 6,005,653	—	159,511	5,846,142	165,809
Total noncurrent liabilities	<u>\$ 6,005,653</u>	<u>—</u>	<u>159,511</u>	<u>5,846,142</u>	<u>165,809</u>
<u>2011</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Current portion</u>
Due to Rowan University	\$ 6,000,000	—	6,000,000	—	—
Long-term debt	—	6,120,000	114,347	6,005,653	159,592
Total noncurrent liabilities	<u>\$ 6,000,000</u>	<u>6,120,000</u>	<u>6,114,347</u>	<u>6,005,653</u>	<u>159,592</u>

**SOUTH JERSEY TECHNOLOGY PARK AT ROWAN UNIVERSITY, INC.**  
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**(8) Rental Income**

The SJTP leases space to two tenants under operating lease arrangements. Rowan University leases the first floor of the Samuel H. Jones Innovation Center to support its educational mission for a thirty year lease term expiring December 31, 2037. On January 1<sup>st</sup> of each year during the lease term, the annual rent is adjusted to reflect the lesser of (i) the increase in the Consumer Price Index or (ii) three percent. For the years ended June 30, 2012 and 2011, SJTP recognized \$483,576 and \$473,605, respectively, in rental income related to this lease agreement.

The second floor of the Samuel H. Jones Innovation Center is leased to another tenant for a lease term of seven years expiring December 31 2016. The future minimum lease rentals for the noncancelable operating lease as of June 30, 2012 is as follows:

	<u>Amount</u>
Year ending June 30:	
2013	\$ 434,367
2014	476,406
2015	520,575
2016	580,009
2017	313,053
	<u>\$ 2,324,410</u>