



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

Financial Statements and  
Management's Discussion and Analysis

June 30, 2010 and 2009

(With Independent Auditors' Report Thereon)

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

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

June 30, 2010 and 2009

**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, 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 SJTP's basic financial statements, which follow this section.

**Financial Statements**

SJTP'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 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.

**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 is a point of time financial statement. 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 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 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 assets are available to SJTP for any lawful purpose of SJTP.

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A summary of SJTP'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	\$ 1,136	2,701	2,837
Noncurrent assets	<u>12,551</u>	<u>11,607</u>	<u>11,402</u>
Total assets	<u>13,687</u>	<u>14,308</u>	<u>14,239</u>
Current liabilities	33	138	208
Noncurrent liabilities	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>
Total liabilities	<u>6,033</u>	<u>6,138</u>	<u>6,208</u>
Net assets:			
Invested in capital assets, net of related debt	6,551	5,607	5,294
Unrestricted	<u>1,103</u>	<u>2,563</u>	<u>2,737</u>
Total net assets	\$ <u>7,654</u>	<u>8,170</u>	<u>8,031</u>

Current assets consist of cash and cash equivalents and receivables and other assets. Noncurrent assets consist of capital assets. Current liabilities consist of accounts payable, accrued expenses, and the current portion of loan funds due to Rowan University (the University); noncurrent liabilities consist of a loan from the University and long-term debt.

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

The decrease in total assets is attributed to a decrease of \$118,561 in receivables and other assets and \$1,446,400 in cash and cash equivalents offset by an increase in capital assets of \$943,878.

Capital assets increased \$943,878 as fit-out of the second floor of the building was completed. The decrease in cash and cash equivalents was due primarily to use of cash to fund capital construction and pay interest on debt. Receivables and other assets decreased due to the timing of the rental and utility reimbursement payments.

The decrease in total liabilities is due to a decrease in due to Rowan University of \$103,490 and a decrease of \$1,514 in accounts payable and accrued expenses.

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Accounts payable and accrued expenses decreased due to the completion of construction on the second floor fit-out. The \$103,490 decrease in due to Rowan University is attributed to operating expenses being reimbursed to the University.

The decrease in total net assets of \$516,079 is primarily due to depreciation expense and the payment of interest on long-term debt.

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

The increase in total assets is attributed to an increase of \$96,236 in receivables and other assets and \$204,373 in capital assets offset by a decrease in cash and cash equivalents of \$231,902.

Capital assets increased \$204,373 as construction on the SJTP building was completed and fit-out of the second floor, in anticipation of tenant occupancy, progressed. The decrease in cash and cash equivalents was due primarily to the operating loss. Receivables and other assets increased due to the recognition of rental income for a full year and the timing of the rental payments.

The decrease in total liabilities is due to a decrease in accounts payable and accrued expenses of \$95,668 offset by an increase of \$25,536 in due to Rowan University.

Accounts payable and accrued expenses decreased as several large construction invoices accrued in fiscal year 2008 were paid in fiscal year 2009. The \$25,536 increase in due to Rowan University is attributed to operating expenses paid by the University on behalf of the SJTP for which repayment to the University will be made in fiscal year 2010.

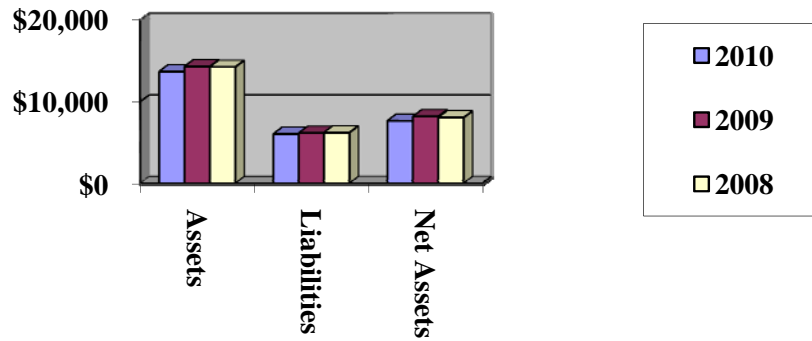
The increase in total net assets of \$138,839 is primarily due to an increase in invested in capital assets, net of related debt of \$313,075. Unrestricted net assets decreased primarily as a result of the operating loss.

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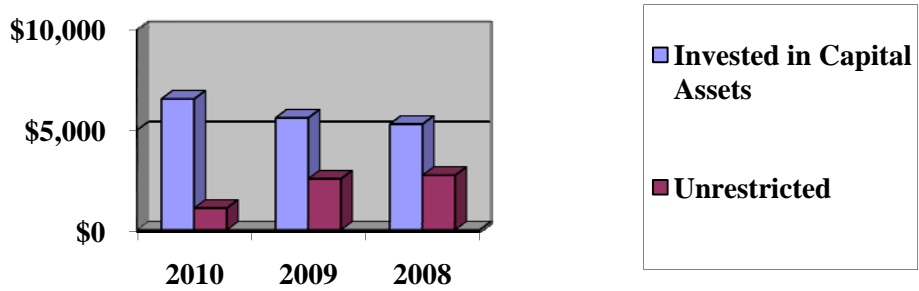
Management's Discussion and Analysis

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**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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**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, 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, 2010, 2009, and 2008 follows:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
		(In thousands)	
Operating revenues:			
Rental income	\$ 602	462	234
Other Income	14	—	—
Total operating revenues	<u>616</u>	<u>462</u>	<u>234</u>
Operating expenses:			
Materials and supplies	30	46	58
Professional and other services	531	555	354
Depreciation expense	326	145	—
Total operating expenses	<u>887</u>	<u>746</u>	<u>412</u>
Operating loss	<u>(271)</u>	<u>(284)</u>	<u>(178)</u>
Nonoperating (expenses) revenues:			
Transfer from (to) Rowan University	—	—	(551)
Gifts and grants from Rowan University Foundation	—	200	600
Interest and dividends	31	31	60
Interest on long-term debt	(276)	(308)	(293)
Net nonoperating expenses	<u>(245)</u>	<u>(77)</u>	<u>(184)</u>
Loss before other revenues	(516)	(361)	(362)
Capital grants	—	500	501
(Decrease) increase in net assets	(516)	139	139
Net assets as of beginning of year	<u>8,170</u>	<u>8,031</u>	<u>7,892</u>
Net assets as of end of year	<u>\$ 7,654</u>	<u>8,170</u>	<u>8,031</u>

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

Operating revenues increased \$154,685 primarily as a result of the addition of a second-floor tenant effective January 2010. Operating expenses increased \$141,941. Within operating expenses, professional and other services decreased \$24,199, materials and supplies decreased \$15,270, and depreciation increased \$181,410.

The professional services decrease is mainly a result of decreased salaries and benefits of \$58,747 partially offset by increases in other professional services as the building became fully occupied. Salaries and benefits decreased due to the impact of staffing changes. Depreciation expense increased because The Samuel H. Jones Innovation Center was placed into service during fiscal year 2009 and a full year of depreciation expense was recorded in fiscal year 2010. Additionally, the second-floor fit-out was completed in fiscal year 2010 and a half year depreciation expense was recorded.

Interest and dividends increased \$387. Gifts and grants to SJTP from the Rowan University Foundation decreased by \$200,000. Interest on the long term debt decreased by \$31,951.

Gifts and grants from the Rowan University Foundation decreased as the transfer of funds to SJTP from the Samuel H. Jones pledge was completed in fiscal year 2009.

Interest paid on long term debt decreased \$31,951 due to a decrease in the interest rate being paid on this debt. The University loaned SJTP \$5,000,000 in December 2009 to pay off its long term debt to the bank. This transaction resulted in a 1% reduction in the interest rate being paid by SJTP on this debt.

Capital grants for 2010 were \$0. This is a \$500,000 decrease from the year ended June 30, 2009. Capital grants decreased due to the receipt of final grant monies due from the New Jersey Commission on Science and Technology (NJCST) construction grant in fiscal year 2009.

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

Operating revenues increased \$227,967 as a result of the University entering into a lease agreement with SJTP for space on the first floor of The Samuel H. Jones Innovation Center effective January 1, 2008. Operating expenses increased \$332,997. Within operating expenses, professional and other services increased \$201,212, materials and supplies decreased \$13,064, and depreciation increased \$144,849.

The professional services increase is a result of increased salaries and benefits of \$94,271 as well as increased legal and building and property maintenance expenses. Salaries and benefits increased due to the impact of a full year of salary and fringe benefit expenses as compared to partial expenses for SJTP staff in the prior year as well as salary and fringe benefit percentage increases. Increased maintenance expenses can be attributed to the opening and occupancy of the building. Depreciation expense increased because The Samuel H. Jones Innovation Center was placed into service during fiscal year 2009 and the SJTP began depreciating this building.



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Interest and dividends decreased \$29,004 from 2008 to 2009. Gifts and grants to SJTP from the Rowan University Foundation decreased by \$400,000. Interest on long-term debt increased by \$15,525. Transfer to Rowan University decreased by \$551,084.

The interest and dividend decrease is a result of reduced interest earnings on a smaller cash and cash equivalents on deposit balance as well as interest rate decreases. Gifts and grants from the Rowan University Foundation decreased as the transfer of funds to SJTP from the Samuel H. Jones pledge was honored.

Interest paid on long-term debt increased \$15,525 due to the addition of interest paid to Rowan University on the \$1,000,00 loan outstanding. Transfer to Rowan University reflects land recorded in fiscal year 2007 from the University. Based on a University Board of Trustees' resolution, this land was reacquired by the University in fiscal year 2008 and SJTP is now leasing the land from the University.

Capital grants for 2009 were \$500,000. This was the final payment received from the State of New Jersey Commission on Science and Technology. This is a \$1,378 decrease from the year ended June 30, 2008. Capital grants decreased due to the receipt of final grant monies due from the New Jersey Economic Development Authority (NJEDA) construction grant in fiscal year 2008.

**Economic Outlook**

The South Jersey Technology Park at Rowan University, Inc (SJTP) completed construction of its building in fiscal year 2009. This building, The Samuel H. Jones Innovation Center, opened on October 27, 2008 with a long term lease agreement for the first floor in effect. In August 2009, SJTP entered into a second lease, with an additional tenant, for the second floor of the building with a projected occupancy date of January 1, 2010. This tenant occupied the building in January 2010 and the building is now fully leased.

Additionally, it is anticipated that the SJTP will be refinancing the \$6,000,000 loan from the University, with favorable tax exempt interest rates, 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.



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## **Independent Auditors' Report**

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

We have audited the accompanying 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, 2010 and 2009, 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, 2010 and 2009, 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.

The management's discussion and analysis on pages 1 through 7 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. 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.

**KPMG LLP**

October 15, 2010

**SOUTH JERSEY TECHNOLOGY PARK AT ROWAN UNIVERSITY, INC.**  
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Statements of Net Assets

June 30, 2010 and 2009

<b>Assets</b>	<b>2010</b>	<b>2009</b>
Current assets:		
Cash and cash equivalents	\$ 1,114,455	2,560,855
Receivables and other assets (note 2)	21,881	140,442
Total current assets	1,136,336	2,701,297
Noncurrent assets:		
Capital assets (notes 3 and 5)	12,550,676	11,606,798
Total noncurrent assets	12,550,676	11,606,798
Total assets	13,687,012	14,308,095
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued expenses (note 4)	33,438	34,952
Due to Rowan University (note 2)	—	103,490
Total current liabilities	33,438	138,442
Noncurrent liabilities:		
Due to Rowan University (note 2)	6,000,000	1,000,000
Long-term debt (note 5)	—	5,000,000
Total noncurrent liabilities	6,000,000	6,000,000
Total liabilities	6,033,438	6,138,442
<b>Net Assets</b>		
Invested in capital assets, net of related debt	6,550,676	5,606,798
Unrestricted	1,102,898	2,562,855
Total net assets	\$ 7,653,574	8,169,653

See accompanying notes to financial statements.

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Statements of Revenues, Expenses, and Changes in Net Assets

Years ended June 30, 2010 and 2009

	<b>2010</b>	<b>2009</b>
Operating revenues:		
Rental income (note 2)	\$ 601,779	461,785
Other Income - Energy Credit	14,691	—
Total operating revenues	616,470	461,785
Operating expenses:		
Materials and supplies	30,336	45,606
Professional and other services	530,881	555,080
Depreciation expense	326,259	144,849
Total operating expenses	887,476	745,535
Operating loss	(271,006)	(283,750)
Nonoperating (expenses) revenues:		
Gifts and grants from Rowan University Foundation (note 2)	—	200,000
Interest and dividends	31,448	31,061
Interest on long-term debt	(276,521)	(308,472)
Net nonoperating expenses	(245,073)	(77,411)
Loss before other revenues	(516,079)	(361,161)
Capital grants	—	500,000
(Decrease) increase in net assets	(516,079)	138,839
Net assets as of beginning of year	8,169,653	8,030,814
Net assets as of end of year	\$ 7,653,574	8,169,653

See accompanying notes to financial statements.

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Statements of Cash Flows

Years ended June 30, 2010 and 2009

	<b>2010</b>	<b>2009</b>
Cash flows from operating activities:		
Rental income	\$ 716,492	386,896
Payments to suppliers	(647,682)	(583,462)
Net cash provided by (used by) operating activities	68,810	(196,566)
Cash flows from noncapital financing activities:		
Gifts and grants from Rowan University Foundation	—	200,000
Net cash provided by noncapital financing activities	—	200,000
Cash flows from capital and related financing activities:		
Capital grants	—	500,000
Purchases of capital assets	(1,270,137)	(457,925)
Due to Rowan University	5,000,000	—
Principal payment of long-term debt	(5,000,000)	—
Interest paid on capital debt	(276,521)	(308,472)
Net cash used by capital and related financing activities	(1,546,658)	(266,397)
Cash flows from investing activities:		
Interest and dividends	31,448	31,061
Net decrease in cash and cash equivalents	(1,446,400)	(231,902)
Cash and cash equivalents as of beginning of the year	2,560,855	2,792,757
Cash and cash equivalents as of end of the year	\$ 1,114,455	2,560,855
Reconciliation of operating loss to net cash provided by (used by) operating activities:		
Operating loss	\$ (271,006)	(283,750)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	326,259	144,849
Changes in assets and liabilities:		
Receivables and other assets	118,561	(96,236)
Accounts payable and accrued expenses	(1,514)	13,035
Due to Rowan University	(103,490)	25,536
Net cash provided by (used by) operating activities	\$ 68,810	(196,566)

See accompanying notes to financial statements.

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Notes to Financial Statements

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**(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 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.

***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 issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

GASB Statement No. 34 states that a proprietary fund’s operating revenues and expenses should be categorized in accordance with how individual transactions are categorized for purposes of preparing a statement of cash flows using GASB Statement No. 9. Transactions for which cash flows are reported as investing activities normally would not be reported as a component of operating income.

GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that resources of SJTP 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.
- *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 or may otherwise be limited by contractual agreements with outside parties.

**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.

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**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.

SJTP invests portions of its cash with two banks. All accounts are interest-bearing accounts from which the funds are available upon demand.

**Capital Assets**

Capital assets consist of construction in progress and buildings, net of accumulated depreciation. 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 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.

**Grants and Contracts**

All grants and contracts are recognized as the related expenses are incurred.

**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 most non-capital grants and contracts as well as rental income. Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as transfers from the University and the University's component units and interest and dividend income.

**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) Related Party Transactions**

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

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2009, SJTP used the loan proceeds to refinance the \$5,000,000 debt payable to the Bank. 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. As of June 30, 2010 and 2009, SJTP had rent receivables of \$0 and \$114,713, respectively, which is included in receivables and other assets in the accompanying statements of net assets.

In fiscal year 2007, SJTP received a pledge from Samuel Jones through the Rowan University Foundation (the Foundation) in the amount of \$1,000,000. In honor of this pledge, SJTP named its first building The Samuel H. Jones Innovation Center. During fiscal years 2010 and 2009, the Foundation transferred gifts and grants of \$0 and \$200,000, respectively, to SJTP. As of June 30, 2009, all payments relating to this pledge were received.

**(3) Capital Assets**

Capital assets are stated at cost and consist of the following as of June 30, 2010 and 2009:

	<b>2010</b>	<b>2009</b>
Construction in progress	\$ —	106,537
Buildings	13,021,784	11,645,110
	13,021,784	11,751,647
Less accumulated depreciation	(471,108)	(144,849)
	\$ 12,550,676	11,606,798

The Samuel H. Jones Innovation Center was completed in October 2008. Costs incurred in the completion of this project are contained in the capital assets classification in the accompanying statements of net assets and are listed as buildings in the table above. The custom fit-out of the second floor of this building has been completed and occupied by the current tenant since January 2010.

**(4) 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>
Accounts payable – vendor	\$ 33,438	28,589
Accrued salaries and benefits	—	6,363
	\$ 33,438	34,952



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**(5) Long-Term Debt**

On February 14, 2008 SJTP converted an existing construction line of credit to a promissory mortgage note with The Bank. The principal balance of the note as of June 30, 2009 was \$5,000,000 with interest accruing on the balance at the floating rate of Wall Street Journal Prime provided that the rate will never be less than 5%.

A modification agreement dated June 26, 2009 extended the interest-only period on this loan to December 29, 2009. Monthly payments of interest were due during this interest-only period. At the conclusion of the interest-only term, December 29, 2009, the promissory note was to be automatically converted into a twenty-five year term loan. During fiscal year 2010, however, the University Board of Trustees approved a bridge loan to SJTP in the amount of \$5,000,000. In December 2009, SJTP used the loan proceeds to repay the \$5,000,000 debt payable to The Bank. SJTP made interest only payments on this loan in fiscal year 2010. Interest only payments will continue on the University 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.