



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, 2011 and 2010

(With Independent Auditors' Report Thereon)

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

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KPMG LLP
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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, 2011 and 2010, 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, 2011 and 2010, 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 2 through 8 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 21, 2011

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

June 30, 2011 and 2010

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, 2011 and 2010, and comparative amounts for the year ended June 30, 2009. 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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A summary of SJTP's assets, liabilities, and net assets as of June 30, 2011, 2010, and 2009 follows:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
		(In thousands)	
Current assets	\$ 1,109	1,136	2,701
Capital assets	12,336	12,551	11,607
Other noncurrent assets	169	—	—
Total assets	<u>13,614</u>	<u>13,687</u>	<u>14,308</u>
Current liabilities	199	33	138
Noncurrent liabilities	5,846	6,000	6,000
Total liabilities	<u>6,045</u>	<u>6,033</u>	<u>6,138</u>
Net assets:			
Invested in capital assets, net of related debt	6,331	6,551	5,607
Unrestricted	1,238	1,103	2,563
Total net assets	<u>\$ 7,569</u>	<u>7,654</u>	<u>8,170</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, Due to Rowan University, accrued interest payable, and the current portion of long-term debt; noncurrent liabilities consist of long-term debt payable.

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 as 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 assets, invested in capital assets decreased \$219,867 and unrestricted net assets increased \$134,834.

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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.

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.

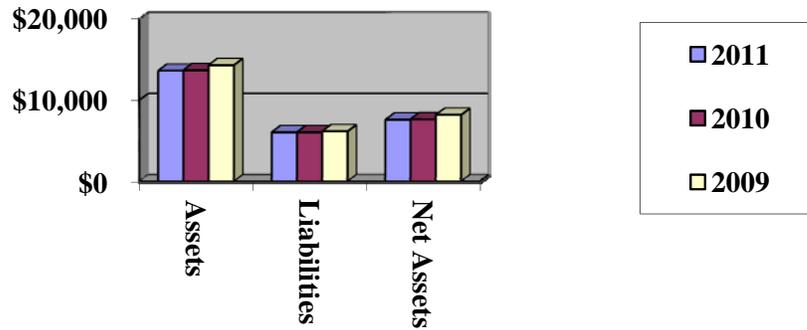
The decrease in total net assets of \$516,079 is primarily due to depreciation expense and the payment of interest on long-term debt.

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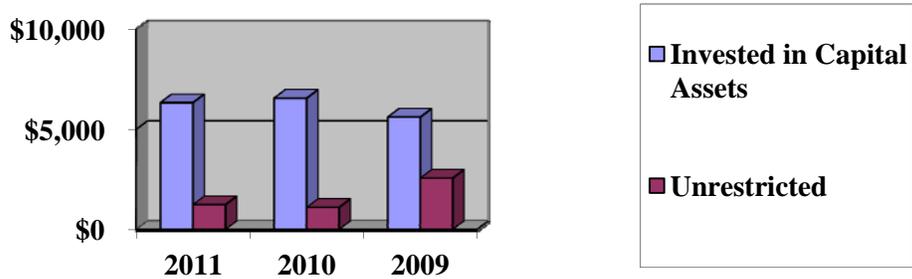
Management's Discussion and Analysis

June 30, 2011 and 2010

**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)**



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

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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, 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, 2011, 2010, and 2009 follows:

	2011	2010	2009
		(In thousands)	
Operating revenues:			
Rental income	\$ 800	602	462
Other income	8	14	—
Total operating revenues	808	616	462
Operating expenses:			
Materials and supplies	1	30	46
Professional and other services	310	531	555
Depreciation expense	368	326	145
Total operating expenses	679	887	746
Operating income (loss)	129	(271)	(284)
Nonoperating (expenses) revenues:			
Gifts and grants from Rowan University Foundation	—	—	200
Interest and dividends	8	31	31
Interest on long-term debt	(222)	(276)	(308)
Net nonoperating expenses	(214)	(245)	(77)
Loss before other revenues	(85)	(516)	(361)
Capital grants	—	—	500
(Decrease) increase in net assets	(85)	(516)	139
Net assets as of beginning of year	7,654	8,170	8,031
Net assets as of end of year	\$ 7,569	7,654	8,170

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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 in 2010. 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 Gloucester County Improvement Authority (GCIA) and purchased by TD Bank. The re-financing of the debt resulted in a reduced interest rate.

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.

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Economic Outlook

The South Jersey Technology Park at Rowan University, Inc (SJTP) evaluated its debt and decided to refinance a \$6,000,000 loan from the University. The SJTP secured a favorable tax-exempt interest rate on a private placement bond issued by the Gloucester County Improvement Authority (GCIA), which was purchased by TD Bank. The proceeds of the \$6,120,000 bond were used to repay the University and cover the costs associated with the issuance of the bond.

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, 2011 and 2010

Assets	2011	2010
Current assets:		
Cash and cash equivalents	\$ 1,091,417	1,114,455
Receivables and other assets (note 2)	17,448	21,881
Total current assets	1,108,865	1,136,336
Noncurrent assets:		
Capital assets (note 3)	12,336,462	12,550,676
Deferred financing costs, net of accumulated amortization	168,190	—
Total noncurrent assets	12,504,652	12,550,676
Total assets	13,613,517	13,687,012
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses (note 4)	16,095	33,438
Accrued interest payable	17,267	—
Due to Rowan University (note 2)	5,961	—
Long-term debt - current portion (note 5)	159,592	—
Total current liabilities	198,915	33,438
Noncurrent liabilities:		
Due to Rowan University (note 2)	—	6,000,000
Long-term debt (note 5)	5,846,061	—
Total noncurrent liabilities	5,846,061	6,000,000
Total liabilities	6,044,976	6,033,438
Net Assets		
Invested in capital assets, net of related debt	6,330,809	6,550,676
Unrestricted	1,237,732	1,102,898
Total net assets	\$ 7,568,541	7,653,574

See accompanying notes to financial statements.

SOUTH JERSEY TECHNOLOGY PARK AT ROWAN UNIVERSITY, INC.
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Statements of Revenues, Expenses, and Changes in Net Assets

Years ended June 30, 2011 and 2010

	2011	2010
Operating revenues:		
Rental income (note 2)	\$ 800,365	601,779
Other income	8,492	14,691
Total operating revenues	808,857	616,470
Operating expenses:		
Materials and supplies	1,175	30,336
Professional and other services	309,717	530,881
Depreciation and amortization	368,555	326,259
Total operating expenses	679,447	887,476
Operating income (loss)	129,410	(271,006)
Nonoperating (expenses) revenues:		
Interest and dividends	8,187	31,448
Interest on long-term debt	(222,630)	(276,521)
Net nonoperating expenses	(214,443)	(245,073)
Decrease in net assets	(85,033)	(516,079)
Net assets as of beginning of year	7,653,574	8,169,653
Net assets as of end of year	\$ 7,568,541	7,653,574

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, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Rental income	\$ 800,365	701,801
Other income	8,492	14,691
Payments to suppliers	(317,841)	(647,682)
Net cash provided by operating activities	491,016	68,810
Cash flows from capital and related financing activities:		
Purchases of capital assets	(149,485)	(1,270,137)
Bond proceeds	6,120,000	—
Principal paid on Rowan University loan	(6,000,000)	—
Proceeds from Rowan University loan	—	5,000,000
Principal payment of long-term debt	(114,346)	(5,000,000)
Cost of bond issuance	(173,047)	—
Interest paid on capital debt	(205,363)	(276,521)
Net cash used by capital and related financing activities	(522,241)	(1,546,658)
Cash flows from investing activities:		
Interest and dividends	8,187	31,448
Net decrease in cash and cash equivalents	(23,038)	(1,446,400)
Cash and cash equivalents as of beginning of the year	1,114,455	2,560,855
Cash and cash equivalents as of end of the year	\$ 1,091,417	1,114,455
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 129,410	(271,006)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	368,555	326,259
Changes in assets and liabilities:		
Receivables and other assets	4,433	118,561
Accounts payable and accrued expenses	(17,343)	(1,514)
Due to Rowan University	5,961	(103,490)
Net cash provided by operating activities	\$ 491,016	68,810

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. 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.

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) 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 the accompanying statements of revenues, expenses, and changes in net assets for fiscal years 2011 and 2010.

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, 2011 and 2010, SJTP recognized \$473,605 and \$458,850, respectively, in rental income related to this lease agreement. The University also reimbursed SJTP \$104,077 and \$95,258 for utility charges associated with this lease for fiscal years 2011 and 2010, 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

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related costs which would later be reimbursed to the SJTP from other funding sources. During fiscal years 2010 and 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 2010 and 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 \$202,588 and \$291,212 for fiscal years 2011 and 2010, 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, \$5,961 was due to the University as of June 30, 2011 and no amounts were outstanding as of June 30, 2010.

(3) Capital Assets

The detail of capital assets activity for the years ended June 30, 2011 and 2010 follows:

<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>

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<u>2010</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions/ transfers</u>	<u>Ending balance</u>
Depreciable assets:				
Construction in progress	\$ 106,537	—	(106,537)	—
Buildings	<u>11,645,110</u>	<u>1,270,137</u>	<u>106,537</u>	<u>13,021,784</u>
Total depreciable assets	11,751,647	1,270,137	—	13,021,784
Less accumulated depreciation:				
Buildings	<u>144,849</u>	<u>326,259</u>	<u>—</u>	<u>471,108</u>
Total capital assets, net	<u>\$ 11,606,798</u>	<u>943,878</u>	<u>—</u>	<u>12,550,676</u>

(4) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following as of June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Accounts payable – vendor	<u>\$ 16,095</u>	<u>33,438</u>

(5) Long-Term Debt

SJTP refinanced its \$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 closed in October 2010. 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. 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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Notes to Financial Statements

June 30, 2011 and 2010

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, 2011:

	<u>Principal amount</u>	<u>Interest amount</u>	<u>Total amount</u>
Year ending June 30:			
2012	\$ 159,592	208,102	367,694
2013	165,811	201,860	367,671
2014	171,704	195,966	367,670
2015	177,808	189,863	367,671
2016	183,624	184,046	367,670
2017 – 2021	1,023,054	815,298	1,838,352
2022 – 2026	1,218,351	620,001	1,838,352
2027 – 2031	1,450,935	387,417	1,838,352
2032 – 2036	1,454,774	113,518	1,568,292
	<u>\$ 6,005,653</u>	<u>2,916,071</u>	<u>8,921,724</u>

(6) Noncurrent Liabilities

Noncurrent liabilities activity for the years ended June 30, 2011 and 2010 was as follows:

<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>
<u>2010</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Current portion</u>
Due to Rowan University	\$ 1,103,490	5,000,000	103,490	6,000,000	—
Long-term debt	5,000,000	—	5,000,000	—	—
Total noncurrent liabilities	<u>\$ 6,103,490</u>	<u>5,000,000</u>	<u>5,103,490</u>	<u>6,000,000</u>	<u>—</u>

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

Notes to Financial Statements

June 30, 2011 and 2010

(7) 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 1st 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, 2011 and 2010, SJTP recognized \$473,605 and \$458,850, 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, 2011 is as follows:

	<u>Amount</u>
Year ending June 30:	
2012	\$ 384,135
2013	437,798
2014	480,011
2015	524,361
2016	586,595
2017	313,053
	<u>\$ 2,725,953</u>