



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

Financial Statements and
Management's Discussion and Analysis

June 30, 2009 and 2008

(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, 2009 and 2008

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, 2009 and 2008, and comparative amounts for the year ended June 30, 2007. 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, 2009, 2008, and 2007 follows:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
		(In thousands)	
Current assets	\$ 2,701	2,837	2,081
Noncurrent assets	11,607	11,402	10,404
Total assets	<u>14,308</u>	<u>14,239</u>	<u>12,485</u>
Current liabilities	138	208	2,156
Noncurrent liabilities	6,000	6,000	2,437
Total liabilities	<u>6,138</u>	<u>6,208</u>	<u>4,593</u>
Net assets:			
Invested in capital assets, net of related debt	5,607	5,294	7,154
Unrestricted	2,563	2,737	738
Total net assets	<u>\$ 8,170</u>	<u>8,031</u>	<u>7,892</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 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.

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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.

Fiscal Year 2008 Compared to Fiscal Year 2007

The increase in total assets is attributed to increases of \$998,017 in capital assets and \$2,041,493 in cash and cash equivalents offset by a decrease in receivables and other assets of \$1,285,473.

Within capital assets, construction in progress increased \$1,549,101 as construction on the SJTP building progressed towards an October 2008 completion date. Land decreased \$551,084 as Rowan University reacquired land previously transferred to SJTP. The increase in cash and cash equivalents was due primarily to the sale of capital assets in the amount of \$3,021,144 to Rowan University. Receivables decreased as grant monies receivable were collected in fiscal year 2008.

The increase in total liabilities is due to an increase in long-term debt of \$3,562,606 and \$77,954 in due to the University for the current portion of loan funds offset by a decrease of \$2,025,215 in accounts payable and accrued expenses.

The increase in long-term debt is a result of the drawdown of funds from a construction line of credit with The Bank to continue construction of the SJTP building. The \$77,594 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 2009. Accounts payable and accrued expenses decreased as several large construction invoices accrued in fiscal year 2007 were paid in fiscal year 2008.

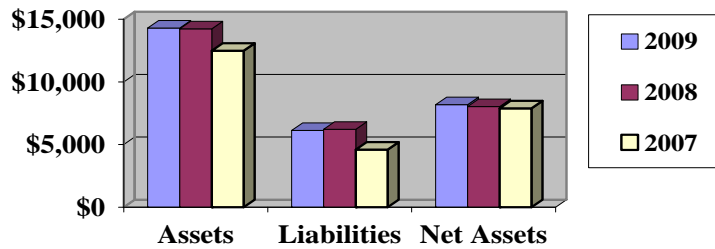
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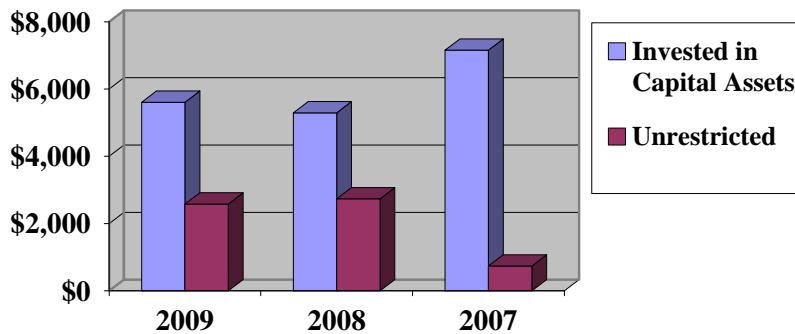
June 30, 2009 and 2008

The increase in total net assets of \$138,692 is primarily due to an increase in unrestricted net assets of \$1,998,882. Unrestricted net assets increased primarily as a result of the purchase of \$3,021,144 in capital assets by the University from SJTP. The SJTP paid infrastructure and site improvement costs related to University property adjacent to the SJTP site during the construction of the Samuel H. Jones Innovation Center. In fiscal year 2008, the University reimbursed the SJTP for these costs in the amount of \$3,021,144.

**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, 2009, 2008, and 2007 follows:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
		(In thousands)	
Operating revenues:			
Rental income	\$ 462	234	—
Total operating revenues	<u>462</u>	<u>234</u>	<u>—</u>
Operating expenses:			
Materials and supplies	46	58	2
Professional and other services	555	354	190
Depreciation expense	145	—	—
Total operating expenses	<u>746</u>	<u>412</u>	<u>192</u>
Operating loss	<u>(284)</u>	<u>(178)</u>	<u>(192)</u>
Nonoperating (expenses) revenues:			
Transfer from (to) Rowan University	—	(551)	551
Gifts and grants from Rowan University			
Foundation	200	600	524
Interest and dividends	31	60	40
Interest on long-term debt	(308)	(293)	(33)
Net nonoperating (expenses) revenues	<u>(77)</u>	<u>(184)</u>	<u>1,082</u>
(Loss) income before other revenues	<u>(361)</u>	<u>(362)</u>	<u>890</u>
Capital grants	<u>500</u>	<u>501</u>	<u>5,441</u>
Increase in net assets	139	139	6,331
Net assets as of beginning of year	<u>8,031</u>	<u>7,892</u>	<u>1,561</u>
Net assets as of end of year	<u>\$ 8,170</u>	<u>8,031</u>	<u>7,892</u>

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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.

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.

Fiscal Year 2008 Compared to Fiscal Year 2007

Operating revenues increased \$233,818 as a result of the University entering into a lease with SJTP for space on the first floor of the Samuel H. Jones Innovation Center effective January 1, 2008. Operating expenses increased \$220,617. Within operating expenses, professional and other services increased \$163,579 and materials and supplies increased \$57,038.

The professional services increase is a result of increased salaries and benefits of \$82,147 as well as increased marketing costs of \$56,163. Salaries and benefits increased due to the hiring of a full-time CEO and an additional staff member. Materials and supplies increased due to the payment in fiscal year 2008 of utility costs in the amount of \$56,163.

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Net nonoperating revenues decreased \$1,266,166. Interest and dividends increased \$20,312 from 2007 to 2008. Gifts and grants to SJTP from the Rowan University Foundation increased by \$75,603 in 2008 compared to 2007. Interest on long-term debt increased by \$259,913 in 2008 compared to 2007. Transfer (to) from Rowan University decreased by \$1,102,168 in 2008 compared to 2007.

The interest and dividend increase is a result of additional interest earnings on a larger cash and cash equivalents on deposit balance. Gifts and grants from the Rowan University Foundation increased due to the transfer of a gift to SJTP from Samuel H. Jones.

Interest paid on long-term debt increased \$259,913 due to the acquisition of additional debt as a result of the conversion of a construction line of credit to a promissory mortgage note. Transfer (to) from 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 2008 were \$501,378. This is a \$4,939,381 decrease from the year ended June 30, 2007. Capital grants decreased due to the receipt of final grant monies due from the New Jersey Economic Development Authority (NJEDA) construction grant. The SJTP received \$4,940,759 in fiscal year 2007 for construction from the NJEDA grant. In fiscal year 2008 the SJTP received the final payment on this grant in the amount of \$1,378.

Economic Outlook

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



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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, 2009 and 2008, 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, 2009 and 2008, 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

November 10, 2009

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Statements of Net Assets

June 30, 2009 and 2008

Assets	2009	2008
Current assets:		
Cash and cash equivalents	\$ 2,560,855	2,792,757
Receivables and other assets (note 2)	140,442	44,206
Total current assets	2,701,297	2,836,963
Noncurrent assets:		
Capital assets (notes 3 and 5)	11,606,798	11,402,425
Total noncurrent assets	11,606,798	11,402,425
Total assets	14,308,095	14,239,388
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses (note 4)	34,952	130,620
Due to Rowan University (note 2)	103,490	77,954
Total current liabilities	138,442	208,574
Noncurrent liabilities:		
Due to Rowan University (note 2)	1,000,000	1,000,000
Long-term debt (note 5)	5,000,000	5,000,000
Total noncurrent liabilities	6,000,000	6,000,000
Total liabilities	6,138,442	6,208,574
Net Assets		
Invested in capital assets, net of related debt	5,606,798	5,293,723
Unrestricted	2,562,855	2,737,091
Total net assets	\$ 8,169,653	8,030,814

See accompanying notes to financial statements.

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Statements of Revenues, Expenses, and Changes in Net Assets

Years ended June 30, 2009 and 2008

	2009	2008
Operating revenues:		
Rental income (note 2)	\$ 461,785	233,818
Total operating revenues	461,785	233,818
Operating expenses:		
Materials and supplies	45,606	58,670
Professional and other services	555,080	353,868
Depreciation expense	144,849	—
Total operating expenses	745,535	412,538
Operating loss	(283,750)	(178,720)
Nonoperating (expenses) revenues:		
Transfer to Rowan University (note 2)	—	(551,084)
Gifts and grants from Rowan University Foundation (note 2)	200,000	600,000
Interest and dividends	31,061	60,065
Interest on long-term debt	(308,472)	(292,947)
Net nonoperating expenses	(77,411)	(183,966)
Loss before other revenues	(361,161)	(362,686)
Capital grants	500,000	501,378
Increase in net assets	138,839	138,692
Net assets as of beginning of year	8,030,814	7,892,122
Net assets as of end of year	\$ 8,169,653	8,030,814

See accompanying notes to financial statements.

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Statements of Cash Flows

Years ended June 30, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Rental income	\$ 386,896	193,994
Payments to suppliers	(583,462)	(330,103)
Net cash used by operating activities	(196,566)	(136,109)
Cash flows from noncapital financing activities:		
Gifts and grants from Rowan University Foundation	200,000	600,000
Net cash provided by noncapital financing activities	200,000	600,000
Cash flows from capital and related financing activities:		
Construction loan proceeds	—	3,562,606
Capital grants	500,000	1,831,057
Sales of capital assets	—	3,021,144
Purchases of capital assets	(457,925)	(6,604,323)
Interest paid on capital debt	(308,472)	(292,947)
Net cash (used by) provided by capital and related financing activities	(266,397)	1,517,537
Cash flows from investing activities:		
Interest and dividends	31,061	60,065
Net (decrease) increase in cash and cash equivalents	(231,902)	2,041,493
Cash and cash equivalents as of beginning of the year	2,792,757	751,264
Cash and cash equivalents as of end of the year	\$ 2,560,855	2,792,757
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (283,750)	(178,720)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	144,849	—
Changes in assets and liabilities:		
Receivables and other assets	(96,236)	(44,206)
Accounts payable and accrued expenses	13,035	8,863
Due to Rowan University	25,536	77,954
Net cash used by operating activities	\$ (196,566)	(136,109)

See accompanying notes to financial statements.

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Notes to Financial Statements

June 30, 2009 and 2008

(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 include 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.

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 2007, the University recorded the transfer of land valued at \$551,084 to SJTP. In fiscal year 2008, the University Board of Trustees simultaneously approved the reacquisition of this parcel of land from SJTP and a long-term lease agreement for this parcel of land from the University to SJTP which 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 year 2009, the SJTP made interest only payments on this loan at the rate of five percent annually. The final terms of this loan agreement are still being negotiated. Additionally, the

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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, 2009 and 2008, SJTP realized \$461,785 and \$233,818, respectively, in rental income related to this lease agreement. As of June 30, 2009 and 2008, SJTP has rent receivables of \$114,713 and \$38,970, 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 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 2009 and 2008, the Rowan University Foundation (the Foundation) transferred gifts and grants of \$200,000 and \$600,000, respectively, to SJTP. As of June 30, 2009, all payments relating to this \$1,000,000 pledge have been received.

(3) Capital Assets

Capital assets are stated at cost and consist of the following as of June 30, 2009 and 2008:

	2009	2008
Construction in progress	\$ 106,537	11,402,425
Buildings	11,645,110	—
	11,751,647	11,402,425
Less accumulated depreciation	(144,849)	—
	\$ 11,606,798	11,402,425

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 second floor of this building is currently undergoing custom fit-out in anticipation of a tenant occupancy anticipated to take place on January 1, 2010. The estimated cost to complete the capital project included in construction in progress approximates \$1,550,000 as of June 30, 2009.

(4) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following as of June 30, 2009 and 2008:

	2009	2008
Accounts payable – vendor	\$ 28,589	125,982
Accrued salaries and benefits	6,363	4,638
	\$ 34,952	130,620

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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 and 2008 is \$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 are due during this interest-only period. At the conclusion of the interest-only term, December 29, 2009, the promissory note will be automatically converted into a twenty-five year term loan. Interest, at the floating rate of Wall Street Journal Prime, will be charged on the part of the principal that has not been paid from the date of conversion for the twenty-five year amortized term with payments and interest, provided that the rate charged shall never be less than 5%. The monthly principal and interest payments will commence on January 1, 2010. One final payment of all unpaid principal and all unpaid accrued interest shall be due and payable on December 1, 2034.

As of June 30, 2008, SJTP has a standby maintenance letter of credit in the amount of \$209,116 in favor of the Township of Mantua. This standby letter of credit expired on March 29, 2009. As of June 30, 2008, no amounts have been paid or assessed against SJTP.