



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, 2017 and 2016

(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
New Jersey Headquarters
51 John F. Kennedy Parkway
Short Hills, NJ 07078-2702

Independent Auditors' Report

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

Report on the Financial Statements

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, 2017 and 2016, and the related notes to the financial statements, which collectively comprise SJTP's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2017 and 2016, and the changes in its financial position and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.



Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

KPMG LLP

Short Hills, New Jersey
October 27, 2017

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

Management's Discussion and Analysis (Unaudited)

June 30, 2017 and 2016

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, 2017 and 2016, and comparative amounts for the year ended June 30, 2015. 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 Position; Statements of Revenues, Expenses and Changes in Net Position; 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 Position

The Statements of Net Position present the assets, liabilities, and net position of SJTP as of the end of the fiscal year. The Statements of Net Position are point of time financial statements. The purpose of the Statements of Net Position is to present to the readers of the financial statements a fiscal snapshot of SJTP. The Statements of Net Position present end-of-the-year data concerning assets (current and noncurrent), liabilities (current and noncurrent), and net position (assets minus liabilities).

Net position is one indicator of the current financial condition of SJTP while the change in net position 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 Position 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 Position provide a picture of the net position and their availability for expenditure by SJTP.

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

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June 30, 2017 and 2016

A summary of SJTP's assets, liabilities, and net position as of June 30, 2017, 2016, and 2015 is as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
		(In thousands)	
Current assets	\$ 1,415	1,426	1,376
Capital assets	<u>10,132</u>	<u>10,499</u>	<u>10,867</u>
Total assets	<u>11,547</u>	<u>11,925</u>	<u>12,243</u>
Current liabilities	305	223	232
Noncurrent liabilities	<u>4,758</u>	<u>4,955</u>	<u>5,145</u>
Total liabilities	<u>5,063</u>	<u>5,178</u>	<u>5,377</u>
Net position:			
Net investment in capital assets	5,177	5,354	5,537
Unrestricted	<u>1,307</u>	<u>1,393</u>	<u>1,329</u>
Total net position	<u>\$ 6,484</u>	<u>6,747</u>	<u>6,866</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 and accrued expenses, accrued interest payable, and the current portion of long term debt; noncurrent liabilities consist of long term debt payable.

Fiscal Year 2017 Compared to Fiscal Year 2016

The decrease in current assets is attributed to a decrease of \$113,273 in receivables and other assets, offset by an increase of \$101,587 in cash and cash equivalents. Capital assets decreased \$367,436 due to depreciation. There were no current year capital additions.

The increase in current liabilities is due to an increase of \$75,140 in accounts payable and accrued expenses along with an increase of \$6,779 in long-term debt – current portion, offset by a decrease of \$548 in accrued interest payable. Noncurrent liabilities decreased \$197,482 due to principal payments on long-term debt.

Total net position decreased \$263,011. Within total net position, net investment in capital assets decreased \$176,733 and unrestricted net position decreased \$86,278.

Fiscal Year 2016 Compared to Fiscal Year 2015

The increase in current assets is attributed to an increase of \$101,143 in cash and cash equivalents, offset by a decrease of \$51,461 in receivables and other assets. Capital assets decreased \$367,436 due to depreciation. There were no current year capital additions.

The decrease in current liabilities is due to a decrease of \$14,465 in accounts payable and accrued expenses along with a decrease of \$528 in accrued interest payable offset by an increase of \$6,529 in long-term debt – current portion. Noncurrent liabilities decreased \$190,200 due to principal payments on long-term debt.

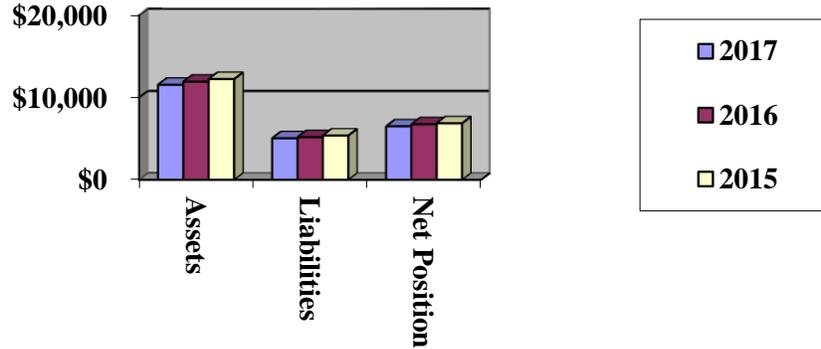
SOUTH JERSEY TECHNOLOGY PARK AT ROWAN UNIVERSITY, INC.
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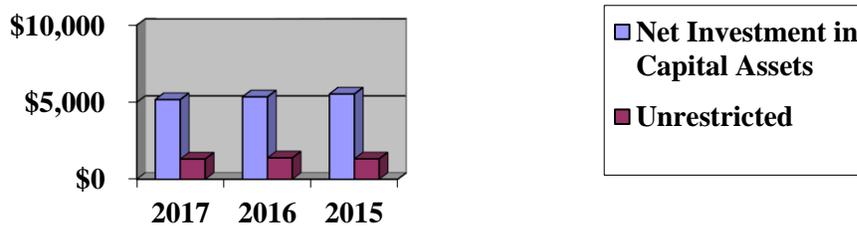
June 30, 2017 and 2016

Total net position decreased \$119,090. Within total net position, net investment in capital assets decreased \$183,765 and unrestricted net position increased \$64,675.

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



Comparative Net Position
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 (Unaudited)

June 30, 2017 and 2016

Statements of Revenues, Expenses, and Changes in Net Position

Changes in total net position as presented on the Statements of Net Position are based on the activity presented in the Statements of Revenues, Expenses, and Changes in Net Position. 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, other income and interest expense. The Statements of Revenues, Expenses, and Changes in Net Position present SJTP's results of operations. A summary of SJTP's revenues, expenses, and changes in net position for the years ended June 30, 2017, 2016, and 2015 is as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
		(In thousands)	
Operating revenues:			
Rental income	\$ 1,117	1,095	1,031
Total operating revenues	<u>1,117</u>	<u>1,095</u>	<u>1,031</u>
Operating expenses:			
Materials and supplies	12	9	9
Professional and other services	837	658	575
Depreciation expense	<u>367</u>	<u>367</u>	<u>368</u>
Total operating expenses	<u>1,216</u>	<u>1,034</u>	<u>952</u>
Operating (loss) income	<u>(99)</u>	<u>61</u>	<u>79</u>
Nonoperating revenues (expenses):			
Interest and dividends	4	3	3
Interest on long-term debt	(176)	(183)	(189)
Other income	<u>8</u>	<u>—</u>	<u>—</u>
Net nonoperating expenses	<u>(164)</u>	<u>(180)</u>	<u>(186)</u>
Decrease in net position	(263)	(119)	(107)
Net position as of beginning of year	<u>6,747</u>	<u>6,866</u>	<u>6,973</u>
Net position as of end of year	<u>\$ 6,484</u>	<u>6,747</u>	<u>6,866</u>

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Management's Discussion and Analysis (Unaudited)

June 30, 2017 and 2016

Fiscal Year 2017 Compared to Fiscal Year 2016

Operating revenues increased \$20,877 primarily due to an increase in rental rates. Operating expenses increased \$181,384. Within operating expenses, materials and supplies increased \$2,119 and professional and other services increased \$179,265.

The increase in professional and other services expense is primarily due to an increase of \$51,396 in marketing expense, an increase of \$56,508 in capital project maintenance expense and increases totaling \$71,361 in repairs and other professional services.

Interest and dividends revenue increased \$1,456. Interest paid on the long term debt decreased \$7,054 due to the pay-down of debt. Other income increased \$8,076.

Fiscal Year 2016 Compared to Fiscal Year 2015

Operating revenues increased \$64,255 primarily due to an increase in rental rates. Operating expenses increased \$82,344. Within operating expenses, materials and supplies increased \$297 and professional and other services increased \$82,047.

The increase in professional and other services expense is primarily due to an increase of \$130,000 in capital project maintenance expense and increases totaling \$60,052 in legal, insurance and other services, offset by a decrease of \$108,714 in professional services and repairs.

Interest and dividends revenue increased \$104. Interest paid on the long term debt decreased \$5,830 due to the pay-down of debt.

Capital Assets and Debt Activity

SJTP owns a two story building which is leased to two tenants. The only activity for fiscal year 2017 is depreciation of \$367,436.

In fiscal year 2011, SJTP secured permanent financing of a 25 year tax-exempt bond. This was used to repay a loan from Rowan University. As of the end of fiscal year 2017, the principal amount of the bond is \$4,954,809.

Economic Outlook

The SJTP completed construction of its first building in fiscal year 2009. The first floor of this building, the Samuel H. Jones Innovation Center, has been fully leased to Rowan University 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. The second floor tenant terminated its lease early as of July 15, 2016. Beginning July 16, 2016, Rowan University has assumed the lease for the second floor of the Innovation Center and intends to conduct renovations to increase wet lab space for the University. SJTP is engaged in pre-development activities for a 100,000 square foot second building. Lease agreements are actively being negotiated with interested parties.

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Statements of Net Position

June 30, 2017 and 2016

Assets	<u>2017</u>	<u>2016</u>
Current assets:		
Cash and cash equivalents (note 2)	\$ 1,402,833	1,301,246
Receivables and other assets	<u>11,905</u>	<u>125,178</u>
Total current assets	<u>1,414,738</u>	<u>1,426,424</u>
Noncurrent assets:		
Capital assets (note 4)	<u>10,131,847</u>	<u>10,499,283</u>
Total noncurrent assets	<u>10,131,847</u>	<u>10,499,283</u>
Total assets	<u>11,546,585</u>	<u>11,925,707</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses (note 5)	93,127	17,987
Accrued interest payable	14,245	14,793
Long-term debt – current portion (notes 6 and 7)	<u>197,492</u>	<u>190,713</u>
Total current liabilities	<u>304,864</u>	<u>223,493</u>
Noncurrent liabilities:		
Long-term debt (notes 6 and 7)	<u>4,757,317</u>	<u>4,954,799</u>
Total noncurrent liabilities	<u>4,757,317</u>	<u>4,954,799</u>
Total liabilities	<u>5,062,181</u>	<u>5,178,292</u>
Net Position		
Net investment in capital assets	5,177,038	5,353,771
Unrestricted	<u>1,307,366</u>	<u>1,393,644</u>
Total net position	<u>\$ 6,484,404</u>	<u>6,747,415</u>

See accompanying notes to basic financial statements.

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Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2017 and 2016

	2017	2016
Operating revenues:		
Rental income (notes 3 and 8)	\$ 1,116,546	1,095,669
Total operating revenues	1,116,546	1,095,669
Operating expenses:		
Materials and supplies	11,467	9,348
Professional and other services	836,849	657,584
Depreciation	367,436	367,436
Total operating expenses	1,215,752	1,034,368
Operating (loss) income	(99,206)	61,301
Nonoperating revenues (expenses):		
Interest and dividends	4,537	3,081
Interest on long-term debt	(176,418)	(183,472)
Other income	8,076	—
Net nonoperating expenses	(163,805)	(180,391)
Decrease in net position	(263,011)	(119,090)
Net position as of beginning of year	6,747,415	6,866,505
Net position as of end of year	\$ 6,484,404	6,747,415

See accompanying notes to basic financial statements.

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Statements of Cash Flows

Years ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Rental income	\$ 1,220,897	1,128,089
Payments to suppliers	(764,254)	(662,356)
Net cash provided by operating activities	456,643	465,733
Cash flows from capital and related financing activities:		
Principal payment of long-term debt	(190,703)	(183,671)
Interest paid on capital debt	(176,966)	(184,000)
Other income	8,076	—
Net cash used by capital and related financing activities	(359,593)	(367,671)
Cash flows from investing activities:		
Interest and dividends	4,537	3,081
Net increase in cash and cash equivalents	101,587	101,143
Cash and cash equivalents as of beginning of the year	1,301,246	1,200,103
Cash and cash equivalents as of end of the year	\$ 1,402,833	1,301,246
Reconciliation of operating (loss) income to net cash provided by operating activities:		
Operating (loss) income	\$ (89,604)	61,301
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:		
Depreciation expense	367,436	367,436
Changes in assets and liabilities:		
Receivables and other assets	113,273	51,461
Accounts payable and accrued expenses	65,538	(14,465)
Net cash provided by operating activities	\$ 456,643	465,733

See accompanying notes to basic financial statements.

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Notes to Basic Financial Statements

June 30, 2017 and 2016

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

South Jersey Technology Park at Rowan University, Inc. (SJTP) was established and is being maintained as part of the economic outreach vision of Rowan University (the University). The mission of the SJTP is to expand and strengthen the unique research and learning environment of Rowan University, establish a technology-based entrepreneurial community and create value for its surrounding communities in their economic, physical and social development. The members of the Board of Directors of SJTP are appointed by the Board of Trustees of the University. 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.

(b) Summary of Significant Accounting Policies

(i) 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.

SJTP reports its net position in the following categories:

- *Net investment in capital assets:* Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- *Unrestricted:* Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Directors.

(ii) 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, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

(iii) 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.

(iv) Capital Assets

Capital assets consist of one building, 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 or extend the useful life of the asset are not capitalized. Major outlays for capital assets are capitalized as projects are constructed. Capital assets are depreciated over their estimated useful

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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.

(v) *Classification of Revenue and Expenses*

SJTP's policy for defining operating activities in the statements of revenues, expenses, and changes in net position 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 activities have the characteristics of nonexchange transactions, such as transfers from the University and the University's component units, and interest and dividend income, other income and interest expense.

(vi) *Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) Cash and Cash Equivalents

Custodial credit risk associated with SJTP's cash and cash equivalents includes uninsured and uncollateralized deposits that exceed FDIC insurance coverage limits. SJTP's bank deposits as of June 30, 2017 and 2016 were partially insured by Federal Depository Insurance in the amount of \$250,000 in 2017 and 2016. SJTP's bank deposits as of June 30, 2017 and 2016 were \$1,413,883 and \$1,285,182 respectively, leaving uninsured and uncollateralized balances of \$1,163,883 and \$1,035,182.

(3) Related Party Transactions

(a) 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. 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 position for fiscal years 2017 and 2016.

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. Beginning July 16, 2016, the University also assumed the lease for the second floor of the Innovation Center and intends to conduct renovations to increase wet lab space for the University. For the years ended June 30, 2017 and 2016, SJTP recognized \$1,091,300 and \$515,660, respectively, in rental income related to this lease agreement. The University also reimbursed SJTP \$130,629 and \$59,276 for utility charges associated with this lease for fiscal years 2017 and 2016, respectively.

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(b) 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 \$369,236 and \$366,981 for fiscal years 2017 and 2016, respectively and are reflected in professional and other services expenses in the accompanying statements of revenues, expenses, and changes in net position.

(4) Capital Assets

The detail of capital assets activity for the years ended June 30, 2017 and 2016 follows:

<u>2017</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions/ transfers</u>	<u>Ending balance</u>
Depreciable assets:				
Buildings	\$ 13,171,269	—	—	13,171,269
Less accumulated depreciation:				
Buildings	<u>2,671,986</u>	<u>367,436</u>	<u>—</u>	<u>3,039,422</u>
Total capital assets, net	<u>\$ 10,499,283</u>	<u>(367,436)</u>	<u>—</u>	<u>10,131,847</u>
<u>2016</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions/ transfers</u>	<u>Ending balance</u>
Depreciable assets:				
Buildings	\$ 13,171,269	—	—	13,171,269
Less accumulated depreciation:				
Buildings	<u>2,304,550</u>	<u>367,436</u>	<u>—</u>	<u>2,671,986</u>
Total capital assets, net	<u>\$ 10,866,719</u>	<u>(367,436)</u>	<u>—</u>	<u>10,499,283</u>

(5) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Accounts payable – vendor	<u>\$ 93,127</u>	<u>17,987</u>

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(6) Long-Term Debt

In October 2010, the Gloucester County Improvement Authority (GCIA) issued a private placement bond purchased by TD Bank on behalf of SJTP in the amount of \$6,120,000. \$6,000,000 of the proceeds was used to repay SJTP 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 TD 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 current applicable LIBOR rate at that time shall be applied.

Aggregate principal and interest repayments, using the fixed interest rate of 3.45% in effect as of June 30, 2017, required during the next five fiscal years and in five year increments thereafter are as follows as of June 30, 2017:

	Principal amount	Interest amount	Total amount
Year ending June 30:			
2018	\$ 197,492	170,178	367,670
2019	204,511	163,159	367,670
2020	211,781	155,889	367,670
2021	219,309	148,361	367,670
2022	227,104	140,566	367,670
2023–2027	1,262,501	575,850	1,838,351
2028–2032	1,503,409	334,941	1,838,350
2033–2036	1,128,702	67,097	1,195,799
	\$ 4,954,809	1,756,041	6,710,850

(7) Noncurrent Liabilities

Noncurrent liabilities activity for the years ended June 30, 2017 and 2016 was as follows:

	Beginning balance	Additions	Reductions	Ending balance	Current portion
2017					
Long-term debt	\$ 5,145,512	—	190,703	4,954,809	197,492
Total noncurrent liabilities	\$ 5,145,512	—	190,703	4,954,809	197,492

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June 30, 2017 and 2016

<u>2016</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Current portion</u>
Long-term debt	\$ 5,329,183	—	183,671	5,145,512	190,713
Total noncurrent liabilities	\$ 5,329,183	—	183,671	5,145,512	190,713

(8) Rental Income

The SJTP leased 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, 2017 and 2016, SJTP recognized \$1,091,300 and \$515,660, respectively, in rental income related to this lease agreement.

The second floor of the Samuel H. Jones Innovation Center was leased to another tenant for a lease term of seven years, which terminated early as of July 15, 2016. For the years ended June 30, 2017 and 2016, SJTP recognized \$25,246 and \$580,009, respectively, in rental income related to this lease agreement. The lease of the second floor was assumed by Rowan University as of July 16, 2016 at the same square footage rate as the first floor of the building.