



**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, 2013 and 2012

(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.:

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, 2013 and 2012, 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 of 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, 2013 and 2012, 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 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**KPMG LLP**

October 24, 2013

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

Management's Discussion and Analysis

June 30, 2013 and 2012

**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, 2013 and 2012, and comparative amounts for the year ended June 30, 2011. 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 (assets minus liabilities) 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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Management's Discussion and Analysis

June 30, 2013 and 2012

A summary of SJTP's assets, liabilities, and net position as of June 30, 2013, 2012, and 2011 follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
		(In thousands)	
Current assets	\$ 1,313	1,223	1,109
Capital assets	11,601	11,969	12,336
Other noncurrent assets	154	161	169
<b>Total assets</b>	<u>13,068</u>	<u>13,353</u>	<u>13,614</u>
Current liabilities	220	201	199
Noncurrent liabilities	5,509	5,680	5,846
<b>Total liabilities</b>	<u>5,729</u>	<u>5,881</u>	<u>6,045</u>
Net position:			
Net investment in capital assets	5,921	6,123	6,331
Unrestricted	1,418	1,349	1,238
<b>Total net position</b>	<u>\$ 7,339</u>	<u>7,472</u>	<u>7,569</u>

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

***Fiscal Year 2013 Compared to Fiscal Year 2012***

The decrease in total assets is attributed to a decrease of \$1,292 in receivables and other assets, \$367,436 in capital assets and \$6,922 in deferred financing costs, net of accumulated amortization, offset by an increase of \$90,560 in cash and cash equivalents.

Capital assets decreased \$367,436 due to depreciation. There were no current year capital additions. The increase in cash and cash equivalents was due primarily to the positive cash provided by operating activities.

The increase in current liabilities is due to an increase of \$13,813 in accounts payable and accrued expenses along with an increase of \$5,888 in long-term debt – current portion, offset by a decrease of \$477 in accrued interest payable.

Noncurrent liabilities decreased \$171,555 due to principal payments on long-term debt.

Total net position decreased \$132,759. Within total net position, net investment in capital assets decreased \$201,769 and unrestricted net position increased \$69,010.

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June 30, 2013 and 2012

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

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

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

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

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

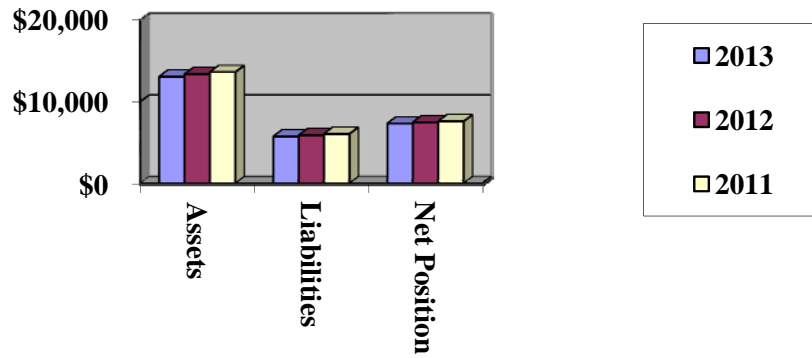
Total net position decreased \$96,205. Within total net position, net investment in capital assets decreased \$207,924 and unrestricted net position increased \$111,719.

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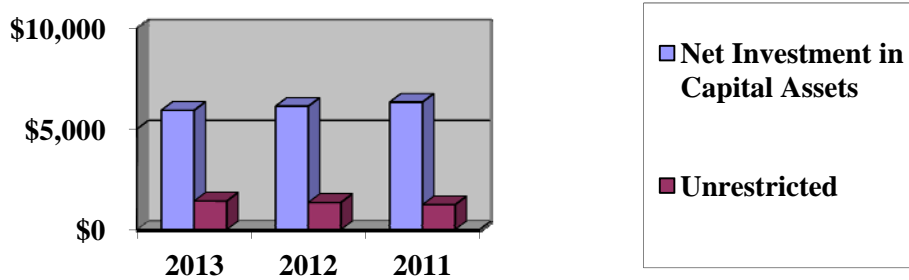
Management's Discussion and Analysis

June 30, 2013 and 2012

**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

June 30, 2013 and 2012

**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, 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, 2013, 2012, and 2011 follows:

	<b>2013</b>	<b>2012</b>	<b>2011</b>
		(In thousands)	
Operating revenues:			
Rental income	\$ 930	862	800
Other income	—	2	8
Total operating revenues	930	864	808
Operating expenses:			
Materials and supplies	9	14	1
Professional and other services	481	368	310
Depreciation expense	374	374	368
Total operating expenses	864	756	679
Operating income	66	108	129
Nonoperating revenues (expenses):			
Interest and dividends	3	3	8
Interest on long-term debt	(202)	(208)	(222)
Net nonoperating expenses	(199)	(205)	(214)
Decrease in net position	(133)	(97)	(85)
Net position as of beginning of year	7,472	7,569	7,654
Net position as of end of year	\$ 7,339	7,472	7,569

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Management's Discussion and Analysis

June 30, 2013 and 2012

***Fiscal Year 2013 Compared to Fiscal Year 2012***

Operating revenues increased \$65,651 primarily due to an increase in rental rates. Operating expenses increased \$107,774. Within operating expenses, materials and supplies decreased \$5,748 and professional and other services increased \$113,522.

The professional services increase is a result of an increase in the Business Operating Agreement expenses in the amount of \$63,050 and increases totaling \$50,472 in marketing, insurance, telephone, and travel expenses.

Interest and dividends revenue decreased \$601 due to reduced interest rates. Interest paid on the long term debt decreased \$6,170 due to the pay-down of debt.

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

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

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

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

**Capital Assets and Debt Activity**

SJTP owns a two story building which is leased to two tenants. The only activity for fiscal year 2013 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 2013 the principal amount of the bond is \$5,680,475.

**Economic Outlook**

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

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Statements of Net Position

June 30, 2013 and 2012

<b>Assets</b>	<b>2013</b>	<b>2012</b>
Current assets:		
Cash and cash equivalents (note 2)	\$ 1,285,877	1,195,317
Receivables and other assets	26,800	28,092
Total current assets	1,312,677	1,223,409
Noncurrent assets:		
Capital assets (note 4)	11,601,591	11,969,027
Deferred financing costs, net of accumulated amortization	154,346	161,268
Total noncurrent assets	11,755,937	12,130,295
Total assets	13,068,614	13,353,704
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued expenses (note 5)	32,231	18,418
Accrued interest payable	16,331	16,808
Long-term debt - current portion (note 6)	171,697	165,809
Total current liabilities	220,259	201,035
Noncurrent liabilities:		
Long-term debt (note 6)	5,508,778	5,680,333
Total noncurrent liabilities	5,508,778	5,680,333
Total liabilities	5,729,037	5,881,368
<b>Net Position</b>		
Net investment in capital assets	5,921,116	6,122,885
Unrestricted	1,418,461	1,349,451
Total net position	\$ 7,339,577	7,472,336

See accompanying notes to financial statements.

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Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2013 and 2012

	<b>2013</b>	<b>2012</b>
Operating revenues:		
Rental income (notes 3 and 8)	\$ 930,488	862,197
Other income	—	2,640
Total operating revenues	930,488	864,837
Operating expenses:		
Materials and supplies	8,689	14,437
Professional and other services	481,531	368,009
Depreciation and amortization	374,357	374,357
Total operating expenses	864,577	756,803
Operating income	65,911	108,034
Nonoperating revenues (expenses):		
Interest and dividends	2,858	3,459
Interest on long-term debt	(201,528)	(207,698)
Net nonoperating expenses	(198,670)	(204,239)
Decrease in net position	(132,759)	(96,205)
Net position as of beginning of year	7,472,336	7,568,541
Net position as of end of year	\$ 7,339,577	7,472,336

See accompanying notes to financial statements.

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Statements of Cash Flows

Years ended June 30, 2013 and 2012

	<b>2013</b>	<b>2012</b>
Cash flows from operating activities:		
Rental and other income	\$ 933,128	856,684
Payments to suppliers	(477,755)	(388,575)
Net cash provided by operating activities	455,373	468,109
Cash flows from capital and related financing activities:		
Principal payment of long-term debt	(165,667)	(159,511)
Interest paid on capital debt	(202,004)	(208,157)
Net cash used by capital and related financing activities	(367,671)	(367,668)
Cash flows from investing activities:		
Interest and dividends	2,858	3,459
Net increase in cash and cash equivalents	90,560	103,900
Cash and cash equivalents as of beginning of the year	1,195,317	1,091,417
Cash and cash equivalents as of end of the year	\$ 1,285,877	1,195,317
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 65,911	108,034
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization expense	374,357	374,357
Changes in assets and liabilities:		
Receivables and other assets	1,292	(10,644)
Accounts payable and accrued expenses	13,813	2,323
Due to Rowan University	—	(5,961)
Net cash provided by operating activities	\$ 455,373	468,109

See accompanying notes to financial statements.

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Notes to Financial Statements

June 30, 2013 and 2012

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

***Organization***

South Jersey Technology Park at Rowan University, Inc. (SJTP) was established and is being maintained as part of the educational mission of Rowan University (the University), its initial sole member. SJTP hopes to create jobs and job training and provide new and varied “hands-on” educational experiences for University students as well as combat community deterioration. The goal of SJTP is to create job opportunities and job training for the under-employed and unemployed of the South Jersey region. The members of the Board of Directors of SJTP are appointed by the Board of Trustees of the University. The SJTP is considered a component unit of the University and is discretely presented in the University’s financial statements. SJTP is an organization described under Section 501(c)(3) of the Internal Revenue Code and therefore exempt from Federal income taxes under Section 501(a) of the Code.

***Summary of Significant Accounting Policies***

**Basis of Presentation**

The accounting policies of SJTP conform to U.S. generally accepted accounting principles. SJTP reports are based on all applicable Governmental Accounting Standards Board (GASB) pronouncements.

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.

**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.

**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

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are depreciated over their estimated useful lives using the straight-line method. SJTP has estimated the useful life of its building to be forty years and renovations to the building to be twenty years.

**Deferred Financing Costs**

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

**Classification of Revenue**

SJTP's policy for defining operating activities in the statements of revenues, expenses, and changes in net 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 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.

**New Accounting Standards Adopted**

In fiscal year 2013, SJTP adopted new accounting standards as follows:

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus* (GASB 61), modifies the existing requirements for the assessment of component units that should be included in the financial statements of SJTP. Implementation of GASB 61 had no effect on SJTP's net position or changes in net position for the years ended June 30, 2013 and 2012.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62), incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance included in FASB pronouncements, which does not conflict with or contradict GASB pronouncements, and eliminates the criteria to apply post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements. Implementation of GASB 62 had no effect on SJTP's net position or changes in net position for the years ended June 30, 2013 and 2012.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB 63), establishes a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the net residual amount of the other elements). The Statement requires deferred outflows of resources and deferred inflows of resources to be reported separately from assets and liabilities. The financial reporting impact and effect of adoption resulting from the implementation of GASB 63 in SJTP's financial statements was to rename all references of "Net Assets" to "Net Position", including changing the name of the financial statement from "Statement of Net Assets" to "Statement of Net Position".

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**Use of Estimates**

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

**(2) Cash and Cash Equivalents**

Custodial credit risk associated with the SJTP's cash and cash equivalents includes uninsured and uncollateralized deposits that exceed FDIC insurance coverage limits. SJTP's bank deposits as of June 30, 2013 and 2012 were partially insured by Federal Depository Insurance in the amount of \$250,000 in 2013 and 2012. SJTP's bank deposits as of June 30, 2013 and 2012 were \$1,228,035 and \$1,189,786 respectively, leaving uninsured and uncollateralized balances of \$978,035 and \$939,786.

**(3) Related Party Transactions**

*Lease Agreements*

In fiscal year 2008, the University Board of Trustees approved a long-term lease agreement for the SJTP to use a parcel of land owned by the University. The lease commenced on January 1, 2008 and is for 50 years with a renewal term of 20 years. Under the lease agreement, SJTP is to pay \$1,000 each year for the first 5 years. After 5 years there is an option that the rent may increase to the market rate for properties of a similar purpose. The rental payment of \$1,000 is included in professional and other services expenses in the accompanying statements of revenues, expenses, and changes in net position for fiscal years 2013 and 2012.

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, 2013 and 2012, SJTP recognized \$496,120 and \$483,576, respectively, in rental income related to this lease agreement. The University also reimbursed SJTP \$90,745 and \$72,651 for utility charges associated with this lease for fiscal years 2013 and 2012, respectively.

*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 \$350,827 and \$287,777 for fiscal years 2013 and 2012, respectively and are reflected in professional and other services expenses in the accompanying statements of revenues, expenses, and changes in net position.



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**(4) Capital Assets**

The detail of capital assets activity for the years ended June 30, 2013 and 2012 follows:

<u>2013</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>1,202,242</u>	<u>367,436</u>	<u>—</u>	<u>1,569,678</u>
Total capital assets, net	<u>\$ 11,969,027</u>	<u>(367,436)</u>	<u>—</u>	<u>11,601,591</u>
<u>2012</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions/ transfers</u>	<u>Ending balance</u>
Depreciable assets:				
Buildings	\$ 13,171,269	—	—	13,171,269
Less accumulated depreciation:				
Buildings	<u>834,807</u>	<u>367,435</u>	<u>—</u>	<u>1,202,242</u>
Total capital assets, net	<u>\$ 12,336,462</u>	<u>(367,435)</u>	<u>—</u>	<u>11,969,027</u>

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

Accounts payable and accrued expenses consist of the following as of June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Accounts payable – vendor	\$ <u>32,231</u>	<u>18,418</u>

**(6) Long-Term Debt**

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

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Aggregate principal and interest repayments, using the fixed interest rate of 3.45% in effect as of June 30, 2013, required during the next five fiscal years and in five year increments thereafter are as follows as of June 30, 2013:

	<u>Principal amount</u>	<u>Interest amount</u>	<u>Total amount</u>
Year ending June 30:			
2014	\$ 171,697	195,973	367,670
2015	177,800	189,870	367,670
2016	184,120	183,550	367,670
2017	190,665	177,005	367,670
2018	197,442	170,228	367,670
2019 – 2023	1,097,607	740,744	1,838,351
2024 – 2028	1,307,052	531,300	1,838,352
2029 – 2033	1,556,462	281,890	1,838,352
2034 – 2037	797,630	33,124	830,754
	<u>\$ 5,680,475</u>	<u>2,503,684</u>	<u>8,184,159</u>

**(7) Noncurrent Liabilities**

Noncurrent liabilities activity for the years ended June 30, 2013 and 2012 was as follows:

<u>2013</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Current portion</u>
Long-term debt	\$ 5,846,142	—	165,667	5,680,475	171,697
Total noncurrent liabilities	<u>\$ 5,846,142</u>	<u>—</u>	<u>165,667</u>	<u>5,680,475</u>	<u>171,697</u>
<u>2012</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Current portion</u>
Long-term debt	\$ 6,005,653	—	159,511	5,846,142	165,809
Total noncurrent liabilities	<u>\$ 6,005,653</u>	<u>—</u>	<u>159,511</u>	<u>5,846,142</u>	<u>165,809</u>

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

Notes to Financial Statements

June 30, 2013 and 2012

**(8) Rental Income**

The SJTP leases space to two tenants under operating lease arrangements. Rowan University leases the first floor of the Samuel H. Jones Innovation Center to support its educational mission for a thirty year lease term expiring December 31, 2037. On January 1<sup>st</sup> of each year during the lease term, the annual rent is adjusted to reflect the lesser of (i) the increase in the Consumer Price Index or (ii) three percent. For the years ended June 30, 2013 and 2012, SJTP recognized \$496,120 and \$483,576, 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, 2013 are as follows:

	<u>Amount</u>
Year ending June 30:	
2014	\$ 476,406
2015	520,575
2016	580,009
2017	<u>313,053</u>
	<u>\$ 1,890,043</u>