



**ROWAN UNIVERSITY  
STUDENT GOVERNMENT ASSOCIATION**

Financial Statements

June 30, 2022 and 2021

(With Independent Auditors' Report Thereon)



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

## **Independent Auditors' Report**

The Executive Board  
Rowan University Student Government Association:

### *Opinion*

We have audited the financial statements of Rowan University Student Government Association (the Association), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for one year after the date that the financial statements are issued.

### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*KPMG LLP*

Short Hills, New Jersey  
November 22, 2022

**ROWAN UNIVERSITY  
STUDENT GOVERNMENT ASSOCIATION**

Statements of Financial Position

June 30, 2022 and 2021

<b>Assets</b>	<b>2022</b>	<b>2021</b>
Deposits held by Rowan University (notes 1(d) and 2)	\$ 3,331,313	3,905,493
Accounts receivable	38,113	7,173
Prepaid expenses	<u>8,256</u>	<u>4,681</u>
Total assets	<u>\$ 3,377,682</u>	<u>3,917,347</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 53,631	81,768
Net assets – without donor restrictions:		
Undesignated	1,544,157	1,504,990
Designated for support of chartered organizations	<u>1,779,894</u>	<u>2,330,589</u>
Total net assets – without donor restrictions	<u>3,324,051</u>	<u>3,835,579</u>
Total liabilities and net assets	<u>\$ 3,377,682</u>	<u>3,917,347</u>

See accompanying notes to financial statements.

**ROWAN UNIVERSITY  
STUDENT GOVERNMENT ASSOCIATION**

Statements of Activities

Years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Net assets without donor restrictions:		
Revenues, gains, and other support:		
Student activity fees	\$ 2,298,867	2,433,027
Other income	201,737	116,019
Income earned on deposits held by Rowan University	291	716
Total revenues, gains, and other support	<u>2,500,895</u>	<u>2,549,762</u>
Expenses:		
Program (note 4)	2,425,611	1,036,932
Management and general	586,812	548,840
Total expenses	<u>3,012,423</u>	<u>1,585,772</u>
(Decrease) increase in net assets	(511,528)	963,990
Net assets as of beginning of year	<u>3,835,579</u>	<u>2,871,589</u>
Net assets as of end of year	<u>\$ 3,324,051</u>	<u>3,835,579</u>

See accompanying notes to financial statements.

**ROWAN UNIVERSITY  
STUDENT GOVERNMENT ASSOCIATION**

Statements of Cash Flows

Years ended June 30, 2022 and 2021

	<b>2022</b>	<b>2021</b>
Cash flows from operating activities:		
(Decrease) increase in net assets	\$ (511,528)	963,990
Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:		
Decrease (increase) in accounts receivable	(30,940)	(7,173)
Increase in prepaid expenses	(3,575)	(1,197)
(Decrease) increase in accounts payable and accrued expenses	(28,137)	12,621
Net cash (used in) provided by operating activities	(574,180)	968,241
Cash flows from investing activities:		
Decrease (increase) in deposits held by Rowan University	574,180	(968,241)
Net cash provided by (used in) investing activities	574,180	(968,241)
Change in cash and cash equivalents	—	—
Cash and cash equivalents as of beginning of year	—	—
Cash and cash equivalents as of end of year	\$ —	—

See accompanying notes to financial statements.

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

*Organization*

Rowan University Student Government Association (the Association) is a not-for-profit organization established to provide funds to chartered organizations of Rowan University (the University), except recognized social fraternities, sororities, and religious organizations. Chartered student organizations may only request funds that are expressly consistent with their major purpose.

The Association is an organization described under Section 501(c)(3) of the Internal Revenue Code and therefore is exempt from Federal income taxes under Section 501(a) of the Code.

*Summary of Significant Accounting Policies*

**(a) Basis of Presentation**

The accompanying financial statements have been prepared in accordance with U.S. generally accepted accounting principles as described by the Financial Accounting Standards Board (FASB). These financial statements are prepared on the accrual basis of accounting and focus on the Association taken as a whole and present balances and transactions according to the existence or absence of donor-imposed restrictions. All of the net assets, revenues and expenses of the Association are dedicated to providing scholarships to students of the University and the continued support of chartered organizations of the University and are considered to be net assets without donor restrictions not subject to donor-imposed stipulations.

**(b) Revenue Recognition**

The Association is funded primarily by student activity fees, which are collected from all the University undergraduate matriculated students. Revenue is recognized in the period earned.

**(c) Functional Allocation of Expenses**

The costs of providing program and management and general services of the Association have been summarized on a functional basis in the statements of activities.

Program expenses consist primarily of the operating expenses of the chartered student organizations and scholarships awarded to students.

**(d) Deposits Held by Rowan University**

Cash, cash equivalents, and investments are held by the University, as custodian for the Association and are classified as deposits held by the University in the accompanying statements of financial position. These funds are combined by the University in order to create a larger scale investment program.

Deposits held by the University are carried at fair value in the financial statements of the University. These amounts consist of cash and cash equivalents and investments. The University classifies as cash equivalents, funds which are in short-term, highly liquid investments and are readily convertible to known amounts of cash. The University records investments at fair value, based on quoted market values obtained from the investment custodian, and consist of amounts invested in U.S. Treasury Bonds.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Complete financial statements of the University can be obtained from the Office of the Chief Financial Officer, Rowan University, Glassboro, New Jersey.

**(e) Contributed Facilities**

The Association utilizes space and utilities provided by the University. Management estimates that the costs to the University of providing such space and utilities are minimal and therefore, such costs have not been included in the accompanying financial statements.

**(f) 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 disclosure 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) Fair Value**

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements*, establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1: Quoted or published prices in active markets for identical assets or liabilities.
- Level 2: Observable inputs other than Level 1 prices such as quoted or published prices for similar assets or liabilities; quoted or published prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset. In addition, the disclosed fair values do not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed.

At June 30, 2022 and 2021, U.S. Treasury Bonds held by the University totaled \$763,903 and \$763,612, respectively. These assets are reported at fair value and are considered Level 2 in the fair value hierarchy.

**(3) Liquidity and Available Resources**

The Association periodically monitors liquidity required to meet its operating needs while maintaining the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Association considers all expenditures related to its ongoing mission-related activities as well as the expenditures undertaken to support those activities to be general expenditures.

The Association's deposits held by the University totaling \$3,331,313 and \$3,905,493 at June 30, 2022 and 2021, respectively, represent the financial assets available to meet its general expenditures within one year of the statement of net position.

The Association's projected aggregate cash needs for fiscal year 2023 is approximately \$2,316,370, which is expected to be primarily covered by the student activity fees provided annually by the University.

**(4) Functional Expenses**

The cost of providing support to the various programs and other activities have been allocated between programming and management in the schedule of functional expenses below, based on management's estimates of costs incurred. Program expenses support the development and monitoring of undergraduate student, campus and club activities and general management expenses comprise the Association's other operational costs incurred to provide support services for the Association's primary mission and program functions.

<b>Functional Expenses</b>			
<b>2022</b>			
	<b>Program</b>	<b>Management and general</b>	<b>Total expenses</b>
Services and professional fees	\$ 902,120	\$ 46,054	\$ 948,174
Salary and benefits	133,397	410,327	543,724
Office and educational supplies	469,675	23,700	493,375
Events	310,550	18,885	329,435
Travel	93,648	510	94,158
Scholarships and waivers	143,105	87,336	230,441
Other	373,116	-	373,116
<b>Total</b>	<b>\$ 2,425,611</b>	<b>\$ 586,812</b>	<b>\$ 3,012,423</b>

<b>Functional Expenses</b>			
<b>2021</b>			
	<b>Program</b>	<b>Management and general</b>	<b>Total expenses</b>
Services and professional fees	\$ 319,090	\$ 51,428	\$ 370,518
Salary and benefits	97,992	393,821	491,813
Office and educational supplies	305,754	18,589	324,343
Events	2,363	2,526	4,889
Travel	6,097	-	6,097
Scholarships and waivers	155,328	80,976	236,304
Other	150,308	1,500	151,808
<b>Total</b>	<b>\$ 1,036,932</b>	<b>\$ 548,840</b>	<b>\$ 1,585,772</b>

**(5) Subsequent Events**

The Association evaluated events subsequent to June 30, 2022 and through November 22, 2022, the date on which the financial statements were issued. The Association determined there were no subsequent events to disclose.