ROWAN UNIVERSITY
(A Component Unit of the State of New Jersey)

Basic Financial Statements,
Management's Discussion and Analysis
and Required Supplementary Information

June 30, 2023 and 2022

(With Independent Auditors' Report Thereon)

ROWAN UNIVERSITY
(A Component Unit of the State of New Jersey)

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KPMG LLP
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Independent Auditors' Report

The Board of Trustees
Rowan University:

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of Rowan University (the University), a component unit of the State of New Jersey, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements for the years then ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University, as of June 30, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

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 University 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 opinions.

Emphasis of Matter

As discussed in note 1(b)(xiv) to the financial statements, in 2023, the University adopted Governmental Accounting Standards Boards (GASB) Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* and Statement No. 96, *Subscription-Based Information Technology Arrangements.* Our opinions are not modified with respect to these matters.

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 University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. 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 University'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 University'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.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis, the schedules of employer contributions, the schedules of proportionate share of net pension liability, and the schedule of proportionate share of the total OPEB liability be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 audits 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
December 21, 2023

Introduction

This section of Rowan University's (the University) financial statements presents our discussion and analysis of the University's financial performance for the fiscal years ended June 30, 2023 and 2022 with certain comparative amounts for the year ended June 30, 2021. Since this discussion and analysis is designed to focus on current activities, it should be read in conjunction with the University's basic financial statements, which follows this section. Management has prepared the financial statements and the related note disclosures, along with the discussion and analysis.

University Overview

Rowan University is a Carnegie-classified national doctoral research institution dedicated to excellence in undergraduate education. A public research university, it has campuses in Glassboro, Camden and Stratford, New Jersey, as well as online programs. Rowan is recognized for its nationally ranked academic and athletic programs, talented faculty and researchers and high-tech facilities. Rowan prides itself on being able to provide its approximately 22,000 students an outstanding education at an exceptional value. Rowan is marking its Centennial year in 2023.

The University comprises eight academic colleges and nine schools, including the William G. Rohrer College of Business; the Ric Edelman College of Communication & Creative Arts; the Henry M. Rowan College of Engineering; Virtua Health College of Medicine & Life Sciences; the Colleges of: Education, Humanities & Social Sciences, Performing Arts, and Science & Mathematics; Cooper Medical School of Rowan University (CMSRU); Rowan-Virtua School of Osteopathic Medicine (SOM); the Rowan-Virtua School of Translational Biomedical Engineering & Sciences; the School of Innovation & Entrepreneurship; the Rita & Larry Salva School of Nursing & Health Professions; the School of Professional Studies; and the School of Earth & Environment, along with the interdisciplinary John H. Martinson Honors College and the School of Graduate Studies. The Shreiber School of Veterinary Medicine (SVM) is expected to welcome its first class in 2025. Rowan's Division of Global Learning & Partnerships offers flexible undergraduate and graduate programs on campus and off site – including at two area community colleges – and online. Within these colleges and schools the University offers more than 90 bachelor's degrees, 48 master's degrees, nine research/scholarship doctoral degrees (Ed.D. and Ph.D.) and two professional doctoral degrees, a Doctor of Medicine (M.D.) and a Doctor of Osteopathic Medicine (D.O.).

Rowan is one of four public universities in the nation to offer M.D. and D.O. medical degree programs. With the addition of SVM, expected in 2025, the University will be one of two universities in the U.S. to offer three medical degrees.

The institution is also home to the South Jersey Technology Park, which fosters the translation of applied research into commercial products and processes. In 2022, U.S. News & World Report ranked Rowan among the top 100 public universities in the nation. The publication ranked the University #122 in Best Value Schools; #132 in Best Colleges for Veterans; #137 in Best Undergraduate Engineering Programs; #194 in National Universities overall; #209 in Top Performers on Social Mobility; and #356 in Nursing.

Additionally, the Carnegie Classification of Institutions of Higher Education has designated Rowan as an R2 institution (high research activity), making it just one of 133 of more than 3,900 colleges and universities across the country with that distinction.

In August 2023, the Chronicle of Education named the University the fourth fastest-growing public research university in the nation.

Rowan University is licensed and authorized by the State of New Jersey (the State) to offer baccalaureate degrees, post-baccalaureate certificates, master's degrees, specialist programs, graduate certificates, doctoral programs, and professional programs in accordance with its programmatic mission as a comprehensive public research university. The New Jersey Legislature appropriates funds annually to support the University. However, the University operates autonomously from the State. Rowan is accredited by the Middle States Commission on Higher Education.

Financial Statements

The University's basic financial statements include three financial statements: statement of net position; statement of revenues, expenses and changes in net position; and statement of cash flows, which have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). These statements focus on its assets, liabilities, deferred outflows and deferred inflows of resources, revenues, expenses, and cash flows on an entity-wide basis.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94), was implemented in FY2023, effective July 1, 2021. The statement improves the information needs of financial statement users by improving the comparability of financial statements among governments that enter into public-private or public-public partnerships and availability payment arrangements by enhancing the understandability, reliability, relevance, and consistency of information. The amounts reported for fiscal year 2022 have been restated for the implementation of GASB 94.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96), was implemented in FY2023, effective July 1, 2021. This statement improves the financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions meeting that definition. It defines SBITAs as a contract that conveys control of the right to use another party's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this statement a government entity is required to establish a right-of-use subscription asset and a corresponding subscription liability. The amounts reported for fiscal year 2022 have been restated for the implementation of GASB 96.

GASB Statement No. 87, *Leases* (GASB 87) was implemented in FY2022, effective July 1, 2020. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-of-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The implementation of GASB 87 impacts all three financial statements. The amounts reported for fiscal year 2021 have been restated for the implementation of GASB 87.

Statement of Net Position

The statement of net position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University as of the end of the fiscal year. The statement of net position is a point of time financial statement. The purpose of the statement of net position is to present to the readers of the financial statements a fiscal snapshot of the University. The statement of net position presents end-of-the-year data concerning assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources, and net position.

Net position is one indicator of the current financial condition of the University 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 statement of net position are able to determine the assets available to continue the operations of the University. They are also able to determine how much the University owes vendors, investors, and lending institutions. Finally, the statement of net position provides a picture of the net position (assets plus deferred outflows of resources minus liabilities minus deferred inflows of resources) and their availability for expenditure by the University.

Net position is divided into three major categories. The first category, net investment in capital assets, provides the institution's equity in property, plant, and equipment owned or leased (including similar subscription arrangements) by the institution less any debt outstanding to finance capital activity. The next category is restricted expendable net position. Restricted expendable net position represents amounts available for expenditure by the institution but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position. Unrestricted net position is available to the University for any lawful purpose of the University.

A condensed summary of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of June 30, 2023, 2022, and 2021 follows:

Condensed Statements of Net Position
(in thousands)

		2023	2022	2021*
Current assets	$	235,218	252,355	274,482
Capital assets, net		1,046,711	1,037,581	1,021,751
Other noncurrent assets		235,444	275,417	216,315
Total assets		1,517,373	1,565,353	1,512,548
Deferred outflows of resources		137,624	61,535	53,376
Total assets and deferred outflows of resources		1,654,997	1,626,888	1,565,924
Current liabilities		182,033	147,994	138,544
Noncurrent liabilities		1,208,195	1,187,531	1,095,990
Total liabilities		1,390,228	1,335,525	1,234,534
Deferred inflows of resources		133,135	162,040	211,829
Total liabilities and deferred inflows of resources		1,523,363	1,497,565	1,446,363
Net position:				
Net investment in capital assets		196,472	174,782	189,808
Restricted expendable		36,816	29,244	29,509
Unrestricted		(101,654)	(74,703)	(99,756)
Total net position	$	131,634	129,323	119,561

* Amounts not restated for GASB 94 and GASB 96.

Current assets consist of cash and cash equivalents, deposits held by trustees under bond agreements for current principal and interest payments, the current portion of lease receivables, as well as other receivables, current portion of investments and other current assets. Noncurrent assets consist of deposits held by trustees under agreements for capital activities and long-term capitalized interest, investments, lease receivables, as well as other receivables and net capital assets. Deferred outflows of resources consist of those related to pensions and the loss on bond refinancing. Current liabilities consist of accounts payable and accrued expenses, unearned revenue and the current portion of bonds payable, leases payable to component unit, other long-term debt and financed purchase obligations. Noncurrent liabilities consist of compensated absences, unearned revenue, other liabilities, deposits held in custody for others, bonds payable, net pension liability, leases payable to component unit and other long-term debt. Deferred inflows of resources consist of those related to pensions, the gain on bond refinancing, deferred amounts for leases to be recognized in future periods, and service concession arrangement.

Fiscal Year 2023 Compared to 2022

The University's total assets decreased $48.0 million from $1,565.4 million at June 30, 2022 to $1,517.4 million at June 30, 2023. Current assets decreased $17.1 million, capital assets increased $9.1 million, and other noncurrent assets decreased $40.0 million.

The primary causes for the changes in assets are as follows:

- Within current assets, unrestricted cash and cash equivalents decreased $35.9 million, primarily as a result of increased transfers to investments. Restricted cash and cash equivalents increased $3.8 million, primarily as a result appropriations related to the SVM. Receivables decreased by $5.0 million, primarily as a result of a decrease in grants receivables of $5.3 million and professional services of $3.6 million offset by an increase of $2.4 million and $0.8 million in student receivables and interest and other, respectively. Investments increased by $15.5 million, primarily due to $12.7 million increase in unrealized gains. Restricted deposits held by trustees increased by $2.4 million and other current assets increased by $2.0 million.
- Net capital assets increased approximately $9.1 million primarily due to an increase in building improvements of $54.5 million, equipment of $16.3 million, and land improvements of $1.3 million, offset by depreciation and amortization of $63.0 million.
- Other noncurrent assets decreased $40.0 million for the year ended June 30, 2023. The decrease is primarily due to a $34.5 million decrease in noncurrent restricted deposits held by trustees and a decrease of $4.0 million in long-term investments.

Deferred outflows of resources increased $76.1 million primarily due to loss on bond refinancing of $77.3 million with direct placement debt of the Industrial Development Authority of the City of Phoenix, Arizona (IDA) Series 2022A and Series 2022B bonds.

Current liabilities increased $34.0 million. The increase is primarily attributed to a $29.5 million increase in current long-term debt, $3.1 million increase in unearned revenue due to grant funds received in advance, and an increase $1.4 million in accrued expenses.

Noncurrent liabilities increased $20.7 million. This increase is due primarily to an increase long-term debt of $18.2 million and an increase of $8.2 million in net pension liabilities, offset by a decrease unearned revenue of $2.7 million and leases-component of $0.7 million.

Deferred inflows of resources decreased $28.9 million due primarily to the decrease of $26.4 million in pension related deferred inflows of resources.

Total net position increased by $2.3 million at June 30, 2023 which is primarily the result of a $27.0 million decrease in unrestricted net position, offset by a $21.7 million increase of net investment of capital assets and a $7.6 million increase of the expendable restricted net position.

Fiscal Year 2022 Compared to 2021

The University's total assets increased $52.8 million from $1,512.6 million at June 30, 2021 to $1,565.4 million at June 30, 2022. Current assets decreased $22.1 million, capital assets increased $15.8 million, and other noncurrent assets increased $59.1 million.

The primary causes for the changes in assets are as follows:

- Within current assets, unrestricted cash and cash equivalents decreased $27.1 million primarily as a result of increased transfers to investments. Receivables increased by $2.9 million primarily as a result of an increase in grants receivables of $6.2 million as a result of the increased activity and $0.7 million in student receivables offset by a decrease in State of New Jersey and professional services of $3.2 million and $1.5 million, respectively.

- Net capital assets increased approximately $15.8 million primarily due to an increase of $15.0 million in financed purchase assets as a result of a new agreement for a parking garage, $19.9 million as a result of the progress on the Jean and Ric Edelman Fossil Park as well as other building improvements and equipment of $22.0 million and $7.5 million, respectively, and an increase of $10.8 million as a result of implementing GASB 96 offset by depreciation and amortization of $58.8 million.
- Other noncurrent assets increased $59.1 million for the year ended June 30, 2022. The increase is primarily due to a $75.0 million increase in noncurrent restricted cash and cash equivalents received for construction of the veterinary school building and an increase of $17.7 million in long-term investments, offset by a decrease deposits held by trustees of $29.4 million as a result of drawdowns related to construction progress.

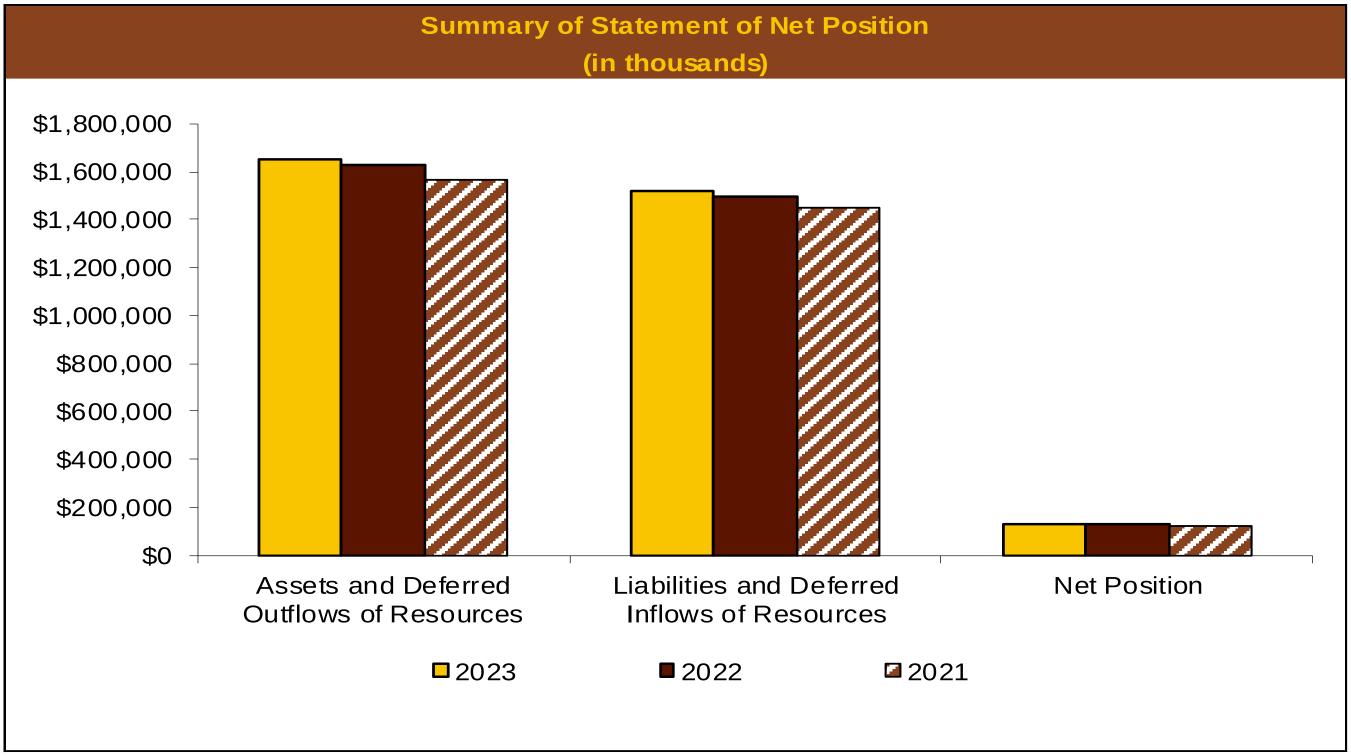
Deferred outflows of resources increased $8.2 million primarily due to the recognition of a $9.7 million increase of deferred outflows of resources in fiscal year 2022 related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68). Additionally, the loss on bond refinancing decreased $1.5 million as a result of amortization of the respective bond issuances outstanding.

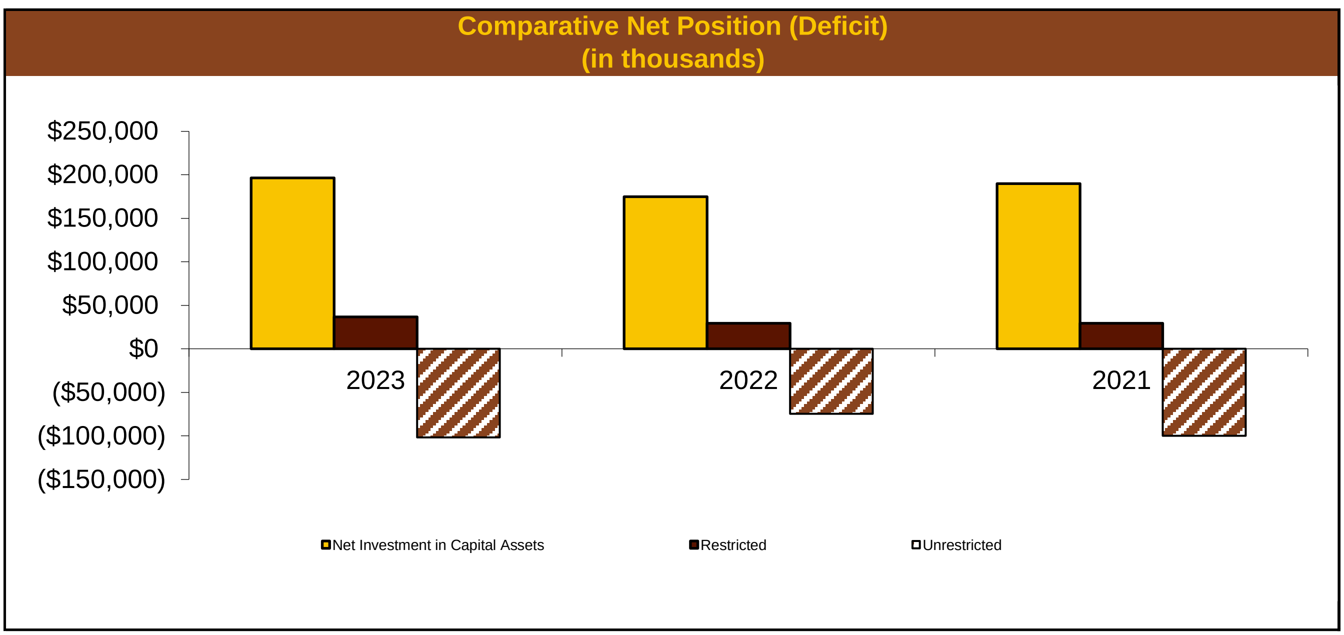
Current liabilities increased $9.5 million. The increase is primarily attributed to a $7.0 million increase in unearned revenue due to grant funds received in advance and an increase in current long-term debt of $1.4 million.

Noncurrent liabilities increased $91.6 million. This increase is due primarily to an increase in unearned revenue of $82.8 million resulting from funds received for the construction of the veterinary school building and implementation of GASB 94, an increase of $6.7 million in pension liabilities, and increase in other liabilities and unearned revenue of $16.5 million as a result of implementing GASB 94 and the now current classification of amounts due under the Coronavirus Aid, Relief and Economic Security (CARES) Act deferral of FICA, offset by a decrease long-term debt of $12.7 million.

Deferred inflows of resources decreased $49.8 million due primarily to the decrease of $32.7 million resulting from the implementation of GASB 94 and $14.8 million in pension related deferred inflows of resources.

Total net position increased by $9.8 million at June 30, 2022 which is primarily the result of a $25.1 million increase in unrestricted net position, offset by a $15.0 million decrease of net investment of capital assets and a $0.3 million decrease of the expendable restricted net position.





Statement of Revenues, Expenses, and Changes in Net Position

The year to year changes in total net position as presented on the statement of net position are based on the activity presented in the statement of revenues, expenses, and changes in net position. The purpose of the statement is to present the revenues received by the University, both operating and nonoperating, and the expenses paid by the University, operating and nonoperating, and any other revenues, expenses, gains, and losses received or spent by the University.

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the University. 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 the University. Nonoperating revenues are revenues received for which goods and services are not provided. For example, state appropriations are nonoperating because they are provided by the State to the University without the State directly receiving commensurate goods and services for those revenues.

The statement of revenues, expenses, and changes in net position presents the University's results of operations. A condensed summary of the University's revenues, expenses, and changes in net position for the years ended June 30, 2023, 2022, and 2021 as follows:

Condensed Statements of Revenue, Expenses, and Changes in Net Position (in thousands)

		2023	2022	2021*
Operating revenues:				
Net student revenues	$	283,352	283,453	260,062
Grants		126,288	98,332	94,614
Professional services and contracts, net		50,481	56,574	57,418
Other		11,975	10,851	8,809
Total operating revenues		472,096	449,210	420,903
Operating expenses		717,239	690,395	624,312
Operating loss		(245,143)	(241,185)	(203,409)
Nonoperating revenues (expenses):				
State appropriations		246,549	235,693	191,890
Gifts from Rowan University Foundation		14,373	13,845	11,808
Investment income (loss), net		11,718	(5,970)	7,485
Interest on capital asset related debt		(30,501)	(37,300)	(35,759)
Other nonoperating revenues, net		3,398	44,526	54,685
Net nonoperating revenues		245,537	250,794	230,109
Income before other revenues		394	9,609	26,700
Capital grants		1,916	154	890
Increase in net position		2,310	9,763	27,590
Net position – beginning of year (as restated)		129,324	119,561	91,971
Net position – end of year	$	131,634	129,324	119,561

* Amounts not restated for GASB 94 and GASB 96.

Fiscal Year 2023 Compared to 2022

The University's net position increased $2.3 million in fiscal year 2023. This net amount represents the total revenue available to the University of $750.0 million compared to total expenses of $747.7 million.

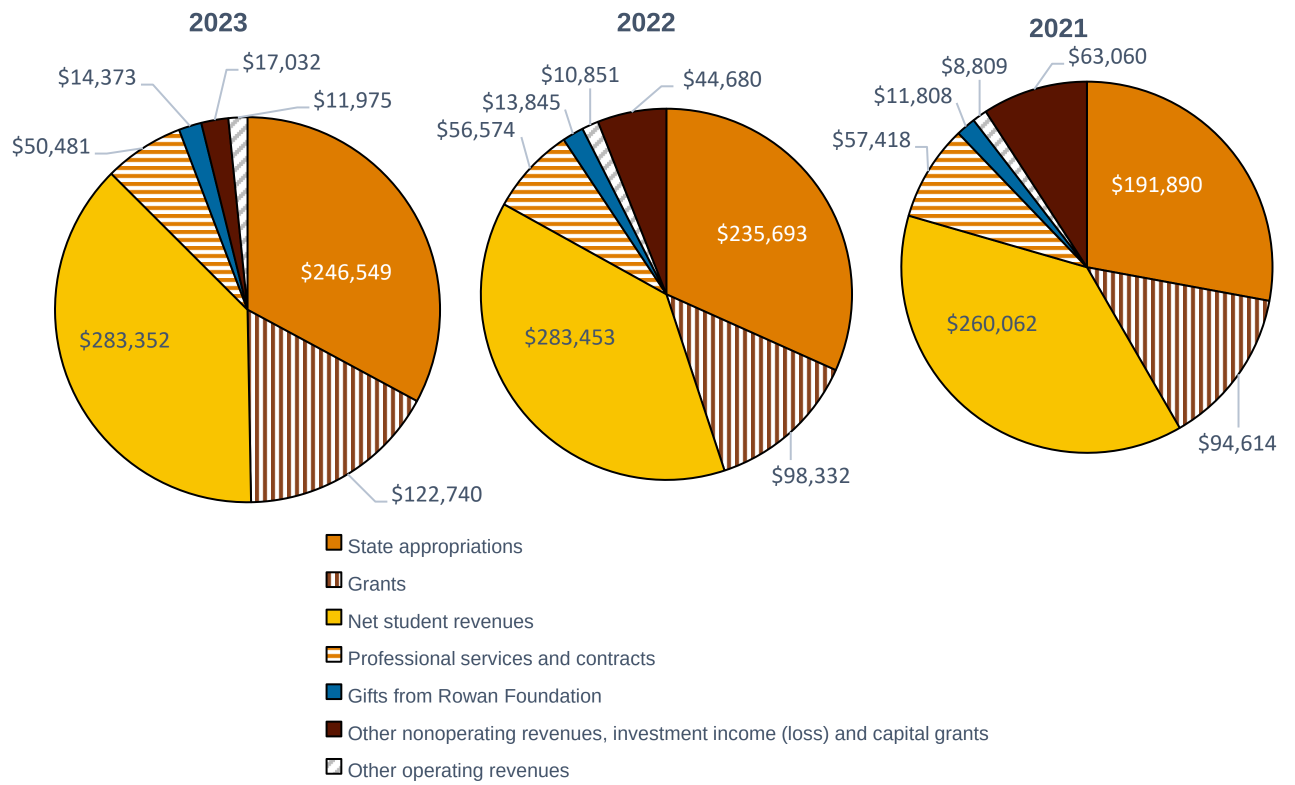
Fiscal Year 2022 Compared to 2021

The University's net position increased $9.8 million in fiscal year 2022. This net amount represents the total revenue available to the University of $743.4 million compared to total expenses of $733.6 million.

Revenues

To fund its operations, the University receives revenues from a variety of operating and nonoperating sources including tuition and fees, auxiliary services, grants, professional services and contracts, State of New Jersey appropriations, gifts from the Rowan University Foundation and investment income. The University is continuing to seek additional funds from all possible sources to adequately fund operating activities. A summary of revenues for the years ended June 30, 2023, 2022, and 2021 as follows:

Summary of Revenues by Source
(in thousands)



	2023		2022		2021	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
Net student revenues	$ 283,352	37.8 %	$ 283,453	38.1 %	$ 260,062	37.8 %
State appropriations	246,549	32.9	235,693	31.7	191,890	27.9
Grants	126,288	16.8	98,332	13.2	94,614	13.8
Professional services and contracts, net	50,481	6.7	56,574	7.6	57,418	8.3
Gifts from Rowan University Foundation	14,373	1.9	13,845	1.9	11,808	1.7
Other operating revenues	11,975	1.6	10,851	1.5	8,809	1.3
Other nonoperating revenues, investment income (loss) and capital grants	17,032	2.3	44,680	6.0	63,060	9.2
Total revenues	$ 750,050	100.0 %	$ 743,428	100.0 %	$ 687,661	100.0 %

Operating Revenues

Fiscal Year 2023 Compared to 2022

Operating revenues for fiscal year ended June 30, 2023 increased $22.9 million over fiscal year 2022. The majority of this increase is due to grants of $28.0 million, offset by a decrease in net professional services and contracts of $6.1 million. The increase in grants is due to the University's efforts in increasing grant revenue from federal, state and private funding sources.

Fiscal Year 2022 Compared to 2021

Operating revenues for fiscal year ended June 30, 2022 increased $28.3 million over fiscal year 2021. The majority of this increase is due to net student revenues of $23.4 million and grants of $3.7 million. The increase in net student revenues was primarily related to student life fees and housing revenue of $9.5 million and $6.9 million, respectively. This increase was largely related to the University's campus fully reopening and the expiration of the 10% tuition and fee discount in place during fiscal year 2021. Additionally, meal plans increased $5.0 million as a result of the increased student activity on campus. The increase in grants is due to the University's efforts in increasing grant revenue from federal, state and private funding sources.

Nonoperating Revenues (Net)

Fiscal Year 2023 Compared to 2022

Nonoperating revenues (net) for the years ended June 30, 2023 and 2022 totaled $245.5 million and $250.8 million, respectively, which is a $5.3 million decrease. The primary source was a $41.1 million decrease in other nonoperating revenue. The decrease in other nonoperating revenue is related to the prior year recognition of the federal aid awarded through the CARES Act, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and American Rescue Plan Act of 2021 (ARP). This decrease was offset by State of New Jersey appropriations which include the University base appropriation as well as appropriations for CMSRU, SOM, SVM, other postemployment benefits (OPEB) revenues and the State paid fringe benefits. The University recorded $246.5 million and $235.7 million in State appropriations for fiscal year 2023 and 2022, respectively. State of New Jersey appropriations increased $10.8 million of which $22.1 million was fringe benefits as a result of an increased fringe rate, $5.8 million was a base appropriation increase and $5.0 million increase for SVM offset by a decrease in the State of New Jersey appropriations for OPEB, CMSRU, and SOM of $17.8 million, $1.3 million, and $3.0 million, respectively. Investment income increase of $17.7 million due to overall improvement in the market.

Fiscal Year 2022 Compared to 2021

Nonoperating revenues (net) for the years ended June 30, 2022 and 2021 totaled $250.8 million and $230.1 million, respectively, which is a $20.7 million increase. The primary source of the increase was State of New Jersey appropriations which include the University base appropriation as well as appropriations for CMSRU, SOM, SVM, other postemployment benefits (OPEB) revenues and the State paid fringe benefits. The University recorded $235.7 million and $191.9 million in State appropriations for fiscal year 2022 and 2021, respectively. State of New Jersey appropriations increased $43.8 million of which $20.8 million was fringe benefits as a result of an increased fringe rate and additional state authorized positions, $8.5 million was a base appropriation increase, $7.6 million was for SOM, $4.3 million was for CMSRU and $7.0 million for SVM, offset by a decrease in OPEB revenues of $4.3 million. The increase in appropriations was offset by a decrease of $13.5 million and $10.2 million in investment income and other nonoperating revenue, respectively. The decrease in investment income was primarily related to the overall decline in the market. The decrease in other nonoperating revenue is related to the recognition of the federal aid awarded through the CARES Act, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and American Rescue Plan Act of 2021 (ARP).

Operating Expenses

Operating expenses are defined as expenses paid by the University to acquire or produce goods and services used to carry out its mission, in return for operating revenues. For the years ended June 30, 2023 and 2022, the University incurred operating expenses totaling $717.2 million and $690.4 million, respectively. The increase of $26.8 million in operating expenses for fiscal year 2023 versus 2022 is an 3.9% increase from the prior year.

The increase of $26.8 million is primarily driven by a $40.1 million increase in non-grant salary and benefits, a $26.9 million increase in non-student aid operating expenditures, offset by a $23.4 million decrease in student aid and a $17.8 million decrease in OPEB.

A summary of operating expenses for the years ended June 30, 2023, 2022 and 2021 follows:

Summary of Expenses
(in thousands)

	2023		2022		2021	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
Instruction	$ 217,266	30.2 %	$ 199,460	28.9 %	$ 183,554	29.3 %
Research	34,888	4.9	28,552	4.1	26,855	4.3
Public service	19,741	2.8	18,029	2.6	17,186	2.8
Academic support	66,165	9.2	56,512	8.2	49,465	7.9
Student services	44,291	6.2	38,290	5.5	34,149	5.5
Institutional support	124,187	17.3	103,875	15.0	78,311	12.5
Operation and maintenance of plant	44,999	6.3	39,944	5.8	37,440	6.0
Student aid	23,991	3.3	47,362	6.9	33,220	5.3
Professional services and contracts	43,103	6.0	48,783	7.1	53,451	8.6
Auxiliary enterprises	47,780	6.7	41,957	6.1	42,875	6.9
Other Postemployment Benefits (OPEB)	(12,157)	(1.7)	5,621	0.8	9,961	1.6
Depreciation and amortization	62,985	8.8	62,010	9.0	57,845	9.3
Total operating expenses	$ 717,239	100.0 %	$ 690,395	100.0 %	$ 624,312	100.0 %

Capital Assets and Debt Activities

The University continues to manage its financial resources so as to ensure adequate financial flexibility to access the capital markets as needed. The University maintains debt ratings from Standard and Poor's and Moody's Investors Service of A and A2, respectively.

As of June 30, 2023 and 2022, the University had $196.5 million and $174.8 million, respectively in net investment in capital assets. Outstanding long-term debt as of June 30, 2023 is $855.8 million, compared to $808.2 million as of June 30, 2022.

Significant transactions related to capital assets and bonded debt that occurred during fiscal year 2023 and 2022 were as follows:

In November 2022, due to the purchase and blended financial reporting of MACQ – New Jersey I, LLC, the financed purchase obligations for SORA Housing LLC, SORA Retail LLC, and SORA A-1 Housing Urban Renewal Entity LLC are treated as refinanced debt using the IDA series 2022A bonds. The 2022 tax exempt lease revenue refunding bonds totaled $191.4 million with a coupon rate of 2.80% and maturing through 2042. The proceeds from these bond issuances were used to refinance the debt associated with the University's financed purchases related to MACQ – New Jersey I, LLC. The principal amounts of these bonds were $187.8 million as of June 30, 2023.

In November 2022, the IDA issued Rowan University Series 2022B Bonds. The 2022 tax exempt lease revenue bonds totaled $14.0 million with a coupon rate of 3.97% and maturing through 2042. The proceeds from these bond issuances were used to finance the costs of Rowan University acquiring the lease revenue bonds through the acquisition of the sole membership interest of MACQ – New Jersey I, LLC and cover the issuance costs of the IDA Series 2022A and Series 2022B. The principal amounts of these bonds were $13.6 million as of June 30, 2023.

In fiscal year 2022, the University's 2019 parking license agreement with the GCIA commenced. GCIA constructed a multi-level parking garage consisting of approximately 1,025 parking spaces. The University's agreement pertains to 507 parking spaces. The term of the agreement is 30 years, or such time as any bonds, notes or other indebtedness issued to finance or refinance the parking garage are no longer outstanding. The University has a financed purchase payable of $14.5 million and $14.8 million as of June 30, 2023 and June 30, 2022, respectively.

The net capital assets related to the implementation of GASB 87 were $116.4 million and $122.4 million as of June 30, 2023 and 2022, respectively. The net capital assets associated with GASB 87 are included in the net investment in capital fund balance.

The net capital assets related to the implementation of GASB 96 were $6.8 million and $7.6 million as of June 30, 2023 and 2022, respectively. The net capital assets associated with GASB 96 are included in the net investment in capital fund balance.

Economic Outlook

Rowan University's mission is to become a new model for higher education by being inclusive, agile, and responsive, offering diverse scholarly and creative educational experiences, pathways, environments, and services to meet the needs of all students; maintaining agility by strategically delivering organizational capacity across the institution; and responding to emerging demands and opportunities regionally and nationally. The University engages in continuous strategic planning in response to the dynamic context of higher education.

The University engages in continuous strategic planning in response to the dynamic context of higher education. A concise planning framework is utilized that identifies key external and internal factors that shape the strategic direction of the University, sets long-term goals, articulates operational values, and identifies key performance indicators. At the center of the plan are the four strategic pillars:

Access - We are committed to expanding quality educational opportunities for students by increasing our enrollment capacity; supporting student success; utilizing an increasing array of pedagogies and platforms; and creating new pathways to undergraduate, graduate, post-graduate, and professional studies.

Affordability - We are committed to keeping education affordable by managing costs; diversifying our revenue streams; reducing student debt; limiting tuition increases to the rate of inflation as measured by the consumer price index; and enhancing internship and employment opportunities for our students and graduates.

Quality - We are committed to providing rigorous, experiential, and engaging educational experiences; support for scholarly, creative, and research activities; a vibrant and healthy campus life; a rich intellectual, cultural, and artistic environment; and a safe, supportive, and inclusive culture that respects and values the diversity of all of its members.

Economic Engine - We are committed to benefiting our local and state communities by making every effort to partner with and invest in regional businesses and organizations that contribute in meaningful ways to furthering our mission; preparing an educated citizenry and skilled workforce; enhancing the health of our citizens and the quality of life; and developing innovative products, services, and ideas.

The four pillars express the University's priorities and guide planning and resource allocation. The functional groups involved in design and execution of the strategic plan include the Board of Trustees, the Executive Cabinet, the Administrative Cabinet, and the Deans' Council. The University Senate and University Budget and Planning Committee are representative bodies charged with engaging the campus community in the strategic planning process. The Office of the Provost oversees institutional data management and analytics to assess performance and inform decision-making. Through the process of continuing strategic planning and self-assessment, the University is committed in its efforts to continue to enrich the lives of those in the campus community and surrounding region.

Historical trends may not be indicative of future results for the foreseeable future. The University's inclusive, agile, and responsive strategic planning framework optimizes its capacity to anticipate uncertainties and to pivot to address new challenges and capitalize on emergent opportunities.

State appropriations remain a vital source of funding for the University and fiscal year 2024 appropriations increased over fiscal year 2023 levels. With increasing costs, particularly resulting from contractual obligations with faculty and staff and debt service, the University faces critical funding issues. Additionally, the University's desire to increase institutionally funded scholarships, continue building its academic program excellence and improve its capital assets will also impact the University's financial outlook.

The University continues to monitor local and national economic conditions as well as demographic changes that may impact the student-age population and the percentage of that population that pursues a college degree. The University will continue to meet the goals of its mission by monitoring operating costs and capital expenditures while seeking additional revenue sources. The University will continue to monitor the situation and maintain a close watch over resources so as to provide the University with the ability to react to potential budgetary challenges that may occur.

ROWAN UNIVERSITY
(A Component Unit of the State of New Jersey)

Statement of Net Position

June 30, 2023

Assets	Rowan University	Rowan University Foundation	South Jersey Technology Park at Rowan University, Inc.	Total
Current assets:				
Cash and cash equivalents (notes 2 and 13)	$ 33,835,246	12,178,080	1,062,059	47,075,385
Restricted cash and cash equivalents (notes 2 and 13)	12,386,394	8,561,235	—	20,947,629
Receivables:				
Students, less allowance of $3,197,728	10,617,276	—	—	10,617,276
Contributions, less allowance of $4,700	—	2,358	—	2,358
Restricted contributions, less allowance of $55,529	—	39,828	—	39,828
Grants	22,789,080	—	—	22,789,080
State of New Jersey	10,319,015	—	—	10,319,015
Professional services and contracts receivable, less allowance of $3,975,699	5,305,788	—	—	5,305,788
Due from Rowan component unit	847,779	—	136,409	984,188
Leases	568,185	—	—	568,185
Leases with Rowan component unit	—	—	856,566	856,566
Interest and other, less allowance of $246,326	3,505,400	23,191	—	3,528,591
Total receivables	53,952,523	65,377	992,975	55,010,875
Restricted deposits held by trustees (note 3)	26,893,768	—	—	26,893,768
Investments, at fair value (note 2)	99,324,168	—	—	99,324,168
Other current assets	8,825,768	—	1,582	8,827,350
Total current assets	235,217,867	20,804,692	2,056,616	258,079,175
Noncurrent assets:				
Restricted cash and cash equivalents (note 2)	73,080,035	—	—	73,080,035
Restricted deposits held by trustees (note 3)	39,276,861	—	—	39,276,861
Investments, at fair value (notes 2 and 13)	116,269,485	68,529,098	—	184,798,583
Restricted investments, at fair value (note 13)	—	48,176,210	—	48,176,210
Restricted nonexpendable investments, at fair value (note 13)	—	252,436,857	—	252,436,857
Loans receivable	1,935,354	—	—	1,935,354
Other non current assets	1,261,475	—	—	1,261,475
Contributions receivable, less allowance of $3,287	—	62,453	—	62,453
Due from Rowan component unit	187,265	—	—	187,265
Restricted contributions receivable, less allowance of $83,105	—	1,579,005	—	1,579,005
Leases receivables	604,724	—	—	604,724
Lease receivables with Rowan component unit	2,828,709	—	15,573,550	18,402,259
Capital assets, net (notes 4 and 11)	1,046,710,914	—	11,855,686	1,058,566,600
Total noncurrent assets	1,282,154,822	370,783,623	27,429,236	1,680,367,681
Total assets	1,517,372,689	391,588,315	29,485,852	1,938,446,856
Deferred Outflows of Resources				
Deferred outflows of resources:				
Pensions related (note 6)	47,240,656	—	—	47,240,656
Loss on bond refinancing	90,383,336	—	—	90,383,336
Total deferred outflows of resources	137,623,992	—	—	137,623,992
Liabilities				
Current liabilities (note 9):				
Accounts payable and accrued expenses (note 7)	83,341,184	116,991	69,516	83,527,691
Due to University/ component units	136,409	647,484	200,295	984,188
Unearned revenue	38,280,239	—	—	38,280,239
Annuities payable – current portion	—	37,530	—	37,530
Leases with Rowan component unit (note 8)	856,566	—	—	856,566
Long-term debt – current portion (note 8)	59,418,674	—	253,341	59,672,015
Total current liabilities	182,033,072	802,005	523,152	183,358,229
Noncurrent liabilities (note 9):				
Compensated absences – noncurrent portion (note 11)	2,739,755	—	—	2,739,755
Due to University/ component units	—	—	187,265	187,265
Unearned revenue	81,037,334	—	—	81,037,334
Other liabilities	21,642,406	—	—	21,642,406
Repurchase liability	3,220,000	—	—	3,220,000
Deposits held in custody for others	2,928,211	—	—	2,928,211
Annuities payable – noncurrent portion	—	247,067	—	247,067
Net pension liabilities (note 6)	284,644,784	—	—	284,644,784
Leases with Rowan component unit - noncurrent portion (note 8)	15,573,550	—	2,828,709	18,402,259
Long-term debt – noncurrent portion (note 8)	796,409,004	—	3,370,262	799,779,266
Total noncurrent liabilities	1,208,195,044	247,067	6,386,236	1,214,828,347
Total liabilities	1,390,228,116	1,049,072	6,909,388	1,398,186,576
Deferred Inflows of Resources				
Deferred inflows of resources:				
Pensions related (note 6)	29,314,663	—	—	29,314,663
Gain on bond refinancing	48,013	—	—	48,013
Developer contribution	5,161,667	—	—	5,161,667
Service concession arrangement (note 11)	93,554,577	—	—	93,554,577
Leases (note 12)	2,502,803	—	—	2,502,803
Leases with Rowan component unit (note 12)	2,553,135	—	15,571,478	18,124,613
Split interest agreements	—	114,342	—	114,342
Total deferred inflows of resources	133,134,858	114,342	15,571,478	148,820,678
Net Position				
Net investment in capital assets	196,471,742	—	5,025,173	201,496,915
Restricted:				
Nonexpendable (note 13)	—	252,436,857	—	252,436,857
Expendable:				
Debt service and reserve	20,136,217	—	—	20,136,217
Other scholarships	—	20,151,570	—	20,151,570
Other	16,679,623	37,828,960	—	54,508,583
Unrestricted	(101,653,875)	80,007,514	1,979,813	(19,666,548)
Total net position	$ 131,633,707	390,424,901	7,004,986	529,063,594

See accompanying notes to the financial statements.

ROWAN UNIVERSITY
(A Component Unit of the State of New Jersey)

Statement of Net Position

June 30, 2022

Assets	Rowan University	Rowan University Foundation	South Jersey Technology Park at Rowan University, Inc.	Total
Current assets:				
Cash and cash equivalents (notes 2 and 13)	$ 69,739,476	10,207,894	1,316,456	81,263,826
Restricted cash and cash equivalents (notes 2 and 13)	8,551,249	6,319,136	—	14,870,385
Receivables:				
Students, less allowance of $2,727,214	8,192,383	—	—	8,192,383
Contributions, less allowance of $7,765	—	11,327	—	11,327
Restricted contributions, less allowance of $92,154	—	315,566	—	315,566
Grants	28,096,301	—	—	28,096,301
State of New Jersey	10,317,888	—	—	10,317,888
Professional services and contracts receivable, less allowance of $5,538,061	8,889,311	—	—	8,889,311
Due from Rowan component unit	643,667	—	132,863	776,530
Leases	86,188	—	—	86,188
Leases with Rowan component unit	—	—	821,450	821,450
Interest and other, less allowance of $64,555	2,689,306	224,499	—	2,913,805
Total receivables	58,915,044	551,392	954,313	60,420,749
Restricted deposits held by trustees (note 3)	24,489,595	—	—	24,489,595
Investments, at fair value (note 2)	83,826,578	—	—	83,826,578
Other current assets	6,832,780	5,000	1,459	6,839,239
Total current assets	252,354,722	17,083,422	2,272,228	271,710,372
Noncurrent assets:				
Restricted cash and cash equivalents (note 2)	74,950,242	—	—	74,950,242
Restricted deposits held by trustees (note 3)	73,826,627	—	—	73,826,627
Investments, at fair value (notes 2 and 13)	120,296,649	67,774,081	—	188,070,730
Restricted investments, at fair value (note 13)	—	41,955,145	—	41,955,145
Restricted nonexpendable investments, at fair value (note 13)	—	221,180,190	—	221,180,190
Loans receivable	2,135,925	—	—	2,135,925
Other non current assets	800,000	—	—	800,000
Contributions receivable, less allowance of $3,878	—	73,689	—	73,689
Due from Rowan component unit	370,826	—	—	370,826
Restricted contributions receivable, less allowance of $112,388	—	2,135,378	—	2,135,378
Leases receivables	241,540	—	—	241,540
Lease receivables with Rowan component unit	2,794,971	—	16,430,117	19,225,088
Capital assets, net (notes 4 and 11)	1,037,581,261	—	12,004,113	1,049,585,374
Total noncurrent assets	1,312,998,041	333,118,483	28,434,230	1,674,550,754
Total assets	1,565,352,763	350,201,905	30,706,458	1,946,261,126
Deferred Outflows of Resources				
Deferred outflows of resources:				
Pensions related (note 6)	46,967,537	—	—	46,967,537
Loss on bond refinancing	14,567,651	—	—	14,567,651
Total deferred outflows of resources	61,535,188	—	—	61,535,188
Liabilities				
Current liabilities (note 9):				
Accounts payable and accrued expenses (note 7)	81,921,837	97,766	29,760	82,049,363
Due to University/ component units	132,863	457,749	185,918	776,530
Unearned revenue	35,157,933	—	—	35,157,933
Annuities payable – current portion	—	29,230	—	29,230
Leases with Rowan component unit (note 8)	846,559	—	—	846,559
Long-term debt – current portion (note 8)	29,934,389	—	247,555	30,181,944
Total current liabilities	147,993,581	584,745	463,233	149,041,559
Noncurrent liabilities (note 9):				
Compensated absences – noncurrent portion (note 11)	2,737,580	—	—	2,737,580
Due to University/ component units	—	—	370,826	370,826
Unearned revenue	83,749,898	—	—	83,749,898
Other liabilities	23,511,869	—	—	23,511,869
Repurchase liability	3,220,000	—	—	3,220,000
Deposits held in custody for others	3,331,313	—	—	3,331,313
Annuities payable – noncurrent portion	—	192,907	—	192,907
Net pension liabilities (note 6)	276,489,837	—	—	276,489,837
Leases with Rowan component unit - noncurrent portion (note 8)	16,238,170	—	2,794,971	19,033,141
Long-term debt – noncurrent portion (note 8)	778,251,992	—	3,623,603	781,875,595
Total noncurrent liabilities	1,187,530,659	192,907	6,789,400	1,194,512,966
Total liabilities	1,335,524,240	777,652	7,252,633	1,343,554,525
Deferred Inflows of Resources				
Deferred inflows of resources:				
Pensions related (note 6)	55,712,665	—	—	55,712,665
Gain on bond refinancing	72,019	—	—	72,019
Developer contribution	5,433,333	—	—	5,433,333
Service concession arrangement (note 11)	96,509,693	—	—	96,509,693
Leases (note 12)	1,712,332	—	—	1,712,332
Leases with Rowan component unit (note 12)	2,599,555	—	16,645,373	19,244,928
Split interest agreements	—	78,986	—	78,986
Total deferred inflows of resources	162,039,597	78,986	16,645,373	178,763,956
Net Position				
Net investment in capital assets	174,782,250	—	4,813,831	179,596,081
Restricted:				
Nonexpendable (note 13)	—	221,180,190	—	221,180,190
Expendable:				
Debt service and reserve	20,706,172	—	—	20,706,172
Other scholarships	—	18,201,318	—	18,201,318
Other	8,538,099	32,452,284	—	40,990,383
Unrestricted	(74,702,407)	77,511,475	1,994,621	4,803,689
Total net position	$ 129,324,114	349,345,267	6,808,452	485,477,833

See accompanying notes to the financial statements.

ROWAN UNIVERSITY
(A Component Unit of the State of New Jersey)

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2023

		Rowan University	Rowan University Foundation	South Jersey Technology Park at Rowan University, Inc.	Total
Operating revenues:					
Net student revenues:					
Tuition and fees	$	315,702,761	—	—	315,702,761
Auxiliary enterprises		58,772,363	—	—	58,772,363
Less scholarship allowances		(91,123,206)	—	—	(91,123,206)
Net student revenues		283,351,918	—	—	283,351,918
Grants		126,288,443	—	—	126,288,443
Self-funded programs		6,106,017	—	—	6,106,017
Fundraising events		—	44,928	—	44,928
Contributions		—	6,134,713	—	6,134,713
Professional services and contracts, net (note 10)		50,481,365	—	—	50,481,365
Rental income (note 14)		—	—	1,107,375	1,107,375
Other operating revenues		4,693,269	152,759	—	4,846,028
Other auxiliary		1,175,181	—	—	1,175,181
Total operating revenues		472,096,193	6,332,400	1,107,375	479,535,968
Operating expenses:					
Instruction		217,266,184	—	—	217,266,184
Research		34,888,177	—	—	34,888,177
Public service		19,741,150	—	—	19,741,150
Academic support		66,165,004	—	—	66,165,004
Student services		44,291,199	—	—	44,291,199
Institutional support		124,187,011	348,808	636,562	125,172,381
Operation and maintenance of plant		44,998,612	—	—	44,998,612
Student aid		23,990,711	—	—	23,990,711
Professional services and contracts		43,103,168	—	—	43,103,168
Auxiliary enterprises		47,780,046	—	—	47,780,046
Other Postemployment Benefits (OPEB) (note 6)		(12,157,072)	—	—	(12,157,072)
Depreciation and amortization		62,985,421	—	529,312	63,514,733
Total operating expenses		717,239,611	348,808	1,165,874	718,754,293
Operating (loss) income		(245,143,418)	5,983,592	(58,499)	(239,218,325)
Nonoperating revenues (expenses):					
State of New Jersey appropriations		53,682,000	—	—	53,682,000
State of New Jersey appropriations – CMSRU		20,208,232	—	—	20,208,232
State of New Jersey appropriations – Rowan-Virtua SOM		33,745,192	—	—	33,745,192
State of New Jersey appropriations – Veterinary School		12,000,000	—	—	12,000,000
State of New Jersey appropriations – OPEB (note 6)		(12,157,072)	—	—	(12,157,072)
State of New Jersey fringe benefits (note 5)		139,071,078	—	—	139,071,078
Student scholarships		—	(3,738,943)	—	(3,738,943)
Gifts from Rowan University Foundation (note 13)		14,373,224	(14,373,224)	—	—
Other grants		—	(6,376)	—	(6,376)
Investment income, net		11,717,595	22,051,233	28,967	33,797,795
Interest on capital asset related debt		(30,500,692)	—	(184,942)	(30,685,634)
Other nonoperating revenues, net		3,397,907	—	411,008	3,808,915
Net nonoperating revenues		245,537,464	3,932,690	255,033	249,725,187
Income before other revenues		394,046	9,916,282	196,534	10,506,862
Capital grants and gifts		1,915,547	—	—	1,915,547
Additions to permanent endowments		—	31,163,352	—	31,163,352
Increase in net position		2,309,593	41,079,634	196,534	43,585,761
Net position as of beginning of year		129,324,114	349,345,267	6,808,452	485,477,833
Net position as of end of year	$	131,633,707	390,424,901	7,004,986	529,063,594

See accompanying notes to the financial statements.

ROWAN UNIVERSITY
(A Component Unit of the State of New Jersey)

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2022

	Rowan University	Rowan University Foundation	South Jersey Technology Park at Rowan University, Inc.	Total
Operating revenues:				
Net student revenues:				
Tuition and fees	$ 294,087,339	—	—	294,087,339
Auxiliary enterprises	54,601,977	—	—	54,601,977
Less scholarship allowances	(65,236,517)	—	—	(65,236,517)
Net student revenues	283,452,799	—	—	283,452,799
Grants	98,332,162	—	—	98,332,162
Self-funded programs	4,610,641	—	—	4,610,641
Fundraising events	—	185,397	—	185,397
Contributions	—	6,615,257	—	6,615,257
Professional services and contracts, net (note 10)	56,574,354	—	—	56,574,354
Rental income (note 14)	—	—	1,084,902	1,084,902
Other operating revenues	5,220,993	108,402	—	5,329,395
Other auxiliary	1,019,590	—	—	1,019,590
Total operating revenues	449,210,539	6,909,056	1,084,902	457,204,497
Operating expenses:				
Instruction	199,459,795	—	—	199,459,795
Research	28,551,912	—	—	28,551,912
Public service	18,029,049	—	—	18,029,049
Academic support	56,512,033	—	—	56,512,033
Student services	38,290,156	—	—	38,290,156
Institutional support	103,874,595	314,727	600,259	104,789,581
Operation and maintenance of plant	39,944,427	—	—	39,944,427
Student aid	47,362,594	—	—	47,362,594
Professional services and contracts	48,782,560	—	—	48,782,560
Auxiliary enterprises	41,956,803	—	—	41,956,803
Other Postemployment Benefits (OPEB) (note 6)	5,621,231	—	—	5,621,231
Depreciation and amortization	62,009,721	—	503,060	62,512,781
Total operating expenses	690,394,876	314,727	1,103,319	691,812,922
Operating (loss) income	(241,184,337)	6,594,329	(18,417)	(234,608,425)
Nonoperating revenues (expenses):				
State of New Jersey appropriations	47,820,000	—	—	47,820,000
State of New Jersey appropriations – CMSRU	21,496,580	—	—	21,496,580
State of New Jersey appropriations – Rowan-Virtua SOM	36,751,231	—	—	36,751,231
State of New Jersey appropriations – Veterinary School	7,000,000	—	—	7,000,000
State of New Jersey appropriations – OPEB (note 6)	5,621,231	—	—	5,621,231
State of New Jersey fringe benefits (note 5)	117,004,419	—	—	117,004,419
Student scholarships	—	(2,906,009)	—	(2,906,009)
Gifts from Rowan University Foundation (note 13)	13,844,804	(13,844,804)	—	—
Other grants	—	(3,964)	—	(3,964)
Investment (loss) income, net	(5,970,039)	(14,339,560)	1,072	(20,308,527)
Interest on capital asset related debt	(37,299,286)	—	(193,335)	(37,492,621)
Other nonoperating revenues, net	44,525,474	—	430,708	44,956,182
Net nonoperating revenues (expenses)	250,794,414	(31,094,337)	238,445	219,938,522
Income (loss) before other revenues	9,610,077	(24,500,008)	220,028	(14,669,903)
Capital grants and gifts	153,523	—	—	153,523
Additions to permanent endowments	—	35,079,002	—	35,079,002
Increase in net position	9,763,600	10,578,994	220,028	20,562,622
Net position as of beginning of year	119,560,514	338,766,273	6,588,424	464,915,211
Net position as of end of year	$ 129,324,114	349,345,267	6,808,452	485,477,833

See accompanying notes to the financial statements.

ROWAN UNIVERSITY
(A Component Unit of the State of New Jersey)

Statements of Cash Flows

(Business-Type Activities – Rowan University only)

Years ended June 30, 2023 and 2022

		2023	2022
Cash flows from operating activities:			
Student revenues	$	282,364,818	284,318,176
Government and private grants		133,280,173	96,730,273
Professional services and contract		54,064,888	58,101,323
Payments to suppliers		(195,936,868)	(204,346,508)
Payments for employee salaries and benefits		(359,136,090)	(334,924,050)
Self-funded programs and other receipts		6,106,017	4,610,641
Net cash used for operating activities		(79,257,062)	(95,510,145)
Cash flows from noncapital financing activities:			
State of New Jersey appropriations		134,676,377	127,618,668
Gifts		14,374,274	13,844,804
(Payments) receipts for other noncapital assets		(1,127)	7,039,532
Receipts for other nonoperating revenues		293,353	40,495,606
Net cash provided by noncapital financing activities		149,342,877	188,998,610
Cash flows from capital and related financing activities:			
Proceeds from bond issuance		209,486,731	25,847,489
Drawdown of restricted deposits held by trustees		32,145,593	31,862,096
Capital grants		—	74,999,685
Costs of issuance		(715,051)	—
Purchases of capital assets		(71,990,033)	(80,386,531)
Principal paid on capital debt		(237,873,004)	(34,068,305)
Interest paid on capital debt		(34,403,143)	(36,723,106)
Net cash used for capital and related financing activities		(103,348,907)	(18,468,672)
Cash flows from investing activities:			
Purchase of investments		(679,289,513)	(456,972,069)
Sale of investments		671,349,583	431,580,265
Interest on investments		7,263,730	3,397,834
Net cash used for investing activities		(676,200)	(21,993,970)
Net (decrease) increase in cash and cash equivalents		(33,939,292)	53,025,823
Cash and cash equivalents as of beginning of the year		153,240,967	100,215,144
Cash and cash equivalents as of end of the year	$	119,301,675	153,240,967
Reconciliation of operating loss to net cash used for operating activities:			
Operating loss	$	(245,143,418)	(241,184,337)
Adjustments to reconcile operating loss to net cash used for operating activities:			
State paid fringe benefits		124,030,125	102,453,562
State paid postemployment benefits		(12,157,072)	5,621,231
Depreciation and amortization expense		62,985,421	62,009,721
Changes in assets and liabilities:			
Receivables		6,160,348	(5,665,404)
Other assets		(1,992,988)	(916,440)
Accounts payable and accrued expenses		5,321,796	185,920
Unearned revenue		2,325,290	5,675,751
Other liabilities		(1,869,463)	(5,179,806)
Deposits held in custody for others		(403,102)	(574,180)
Compensated absences – noncurrent portion		2,175	(178,082)
Net pension liability, net of deferred amounts		(18,516,174)	(17,758,081)
Net cash used for operating activities	$	(79,257,062)	(95,510,145)
Noncash transaction:			
Unrealized gain (loss) on investments	$	4,899,304	(6,940,181)
Decrease in deferred inflows of resources - service concession arrangement		(2,091,677)	(3,429,780)
State of New Jersey paid fringe benefits		124,030,125	102,453,562
State of New Jersey paid other postemployment benefits		(12,157,072)	5,621,231
Right-of-use asset additions		4,096,731	10,847,489

See accompanying notes to the financial statements.

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

Rowan University (the University), formerly Rowan College of New Jersey, was founded in 1923 and effective July 1, 1967, came under the general policy control of the New Jersey Board of Higher Education. Under the Higher Education Act of 1966, the University and all the other New Jersey State colleges became multipurpose institutions of higher education with an emphasis on the liberal arts and sciences and various professional areas including the science of education and the art of teaching. The operation and management of the University is vested in the University's Board of Trustees.

The University is recognized as a public institution by the State of New Jersey (the State). Under the law, the University is an instrumentality of the State with a high degree of autonomy. However, the University is considered a component unit of the State for financial reporting purposes. Accordingly, the financial statements of the University are included in the State's Annual Comprehensive Financial Report (ACFR).

On August 22, 2012 Governor Christie signed the "New Jersey Medical and Health Sciences Education Restructuring Act" (the Law) into law. Effective July 1, 2013, SOM in Stratford, NJ (formerly under the University of Medicine and Dentistry of New Jersey (UMDNJ)) was integrated with the University. The Law also established the University as a public research institution.

(b) Summary of Significant Accounting Policies

(i) Basis of Presentation

The accounting policies of the University conform to accounting principles generally accepted in the United States of America as applicable to public colleges and universities. The University reports are based on all applicable Governmental Accounting Standards Board (GASB) pronouncements.

GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities – an amendment of GASB Statement No. 34* (GASB 35), establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following net position categories:

- *Net investment in capital assets*: Capital assets, including public-private partnerships, leases and similar subscription-based information technology (IT) arrangements, net of accumulated depreciation, capital related payables, outstanding principal balances and interest of debt and deposits held by trustees attributable to the acquisition, construction, or improvement of those assets.
- Restricted:

  Nonexpendable – Net position subject to externally imposed stipulations that must be maintained permanently by the University.

  Expendable – Net position whose use by the University is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to the stipulations or that expire by the passage of time.
- *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 University Board of Trustees.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense towards restricted resources and then towards unrestricted resources.

(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. The University 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* (GASB 34). 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

The University classifies as cash equivalents, funds that are in short-term, highly liquid investments, and are readily convertible to known amounts of cash with a portfolio maturity of one year or less.

The University maintains portions of its cash with three custodians, one bank and the State of New Jersey Cash Management Fund (NJCMF). All are interest-bearing accounts from which the funds are available upon demand.

(iv) Investments

Investments are reflected at fair value. Purchases and sales of investments are accounted for on the trade-date basis. Investment income is recorded on an accrual basis. Realized and unrealized gains and losses are reported in investment income.

(v) Capital Assets (Excluding Right-of-use Lease and Subscription-based IT Assets)

Capital assets include land, land improvements, buildings, and equipment. Such assets are recorded at historical cost. Bulk equipment with a unit cost under $5,000, land improvements, and building improvements costing over $50,000, as well as equipment with a unit cost over $5,000 are capitalized. Donated capital assets, including artwork, are recorded at the acquisition value at the date of donation. 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. Artwork is considered inexhaustible and is not depreciated. Capital assets are depreciated using the straight-line method over the following useful lives:

Capital Asset	Useful lives
Land improvements	20 years
Buildings	20–40 years
Equipment	2–20 years

(vi) Leases and Similar Subscription-based IT Arrangements

The University is a lessee for various noncancelable leases of buildings and equipment and a lessor for various noncancelable building and land leases. The University also has noncancelable subscription-based IT arrangements (similar to a lease) for the right-to-use IT hardware and software (subscription IT arrangements).

Short-term Leases and Subscription IT Arrangements

For leases and subscription IT arrangements with a maximum possible term of 12 months or less at commencement, the University recognizes expense or revenue based on the provisions of the lease contract or subscription IT arrangement, respectively.

Leases and Subscription IT Arrangements Other Than Short-term

For all other leases and subscription IT arrangements, the University recognizes a lease or subscription IT liability, respectively, and an intangible right-of-use lease or subscription IT asset, respectively. As a lessor, a lease receivable and a deferred inflow of resources are established.

Measurement of Lease Amounts

At lease commencement, as a lessee, the University initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the right-of-use lease asset is amortized into depreciation expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. If the University is reasonably certain of exercising a purchase option contained in a lease, the lease asset will be amortized over the useful life of the underlying asset.

At lease commencement, as a lessor, the University initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, less lease payments received at or before the lease commencement date, less any lease incentives paid to, or on behalf of, the lessee at or before the lease commencement date. Subsequently, the deferred inflow of resources is amortized into rental income on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. Amounts associated with a purchase option are recognized as a receivable and an inflow of resources when the option is exercised.

Measurement of Subscription IT Amounts

At subscription commencement, the University initially measures the subscription IT liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription IT liability is reduced by the principal portion of subscription payments made. The subscription IT asset is initially measured as the initial amount of the subscription IT liability, less subscription payments made at or before the subscription commencement date, less any vendor incentives received at or before the subscription commencement date, plus the capitalizable implementation costs. Subsequently, the subscription IT asset is amortized into depreciation and amortization expense on a straight-line basis over the shorter of the subscription term or the useful life of the underlying hardware or software.

Key Estimates and Judgements

Key estimates and judgements include how the University determines (1) the discount rate it uses to calculate the present value of the expected lease and subscription payments, (2) lease and subscription term, and (3) lease and subscription payments.

- The University generally uses its estimated incremental borrowing rate as the discount rate for leases and subscription IT arrangements unless the rate that the lessor/vendor charges is known. The incremental borrowing rate estimate is provided by an external financial advisor. The University's incremental borrowing rate for leases and subscription IT arrangement is based on the rate of interest it would need to pay if it issued general obligation bonds to borrow an amount equal to the lease or subscription payments, respectively, under similar terms at the commencement or remeasurement date. As a lessor, the University uses its own taxable rate as the discount rate.
- The lease or subscription term includes the noncancelable period of the lease or subscription IT arrangement, respectively, plus any additional periods covered by either a University or lessor/vendor unilateral option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both the University and the lessor/vendor have an option to terminate or if both parties have to agree to extend are excluded from the lease or subscription term.
- Payments are evaluated by the University to determine if they should be included in the measurement of the lease and subscription IT liabilities, including those payments that require a determination of whether they are reasonably certain of being made, such as purchase options or payments for termination penalties.

Remeasurement of Leases and Subscription Amounts

The University monitors changes in circumstances that may require remeasurement of a lease or subscription IT arrangement. When certain changes occur that are expected to significantly affect the amount of the lease or subscription IT liability, the liability is remeasured and a corresponding adjustment is made to the lease or subscription IT asset, respectively.

Presentation in Statement of Net Position

Lease and subscription IT assets are reported within capital assets and lease and subscription IT liabilities are reported with long-term debt in the statement of net position.

(vii) Deposits Held in Custody for Others

The University holds cash and cash equivalents as custodian for the Student Government Association and the New Jersey President's Council.

(viii) Net Pension Liability and Related Pension Amounts

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS) and the Teachers' Pension and Annuity Fund (TPAF), which is a special funding situation, and additions to/deductions from PERS's, PFRS's, and TPAF's fiduciary net position have been determined on the same basis as they are reported by PERS, PFRS and TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about PERS, PFRS and TPAF, please refer to the State of New Jersey, Division of Pensions and Benefits' ACFR, which can be found at: www.state.nj.us/treasury/pensions/annual-reports.shtml.

(ix) *Financial Dependency*

One of the University's largest sources of revenue is appropriations from the State, which include state paid fringe benefits. The University is economically dependent on these appropriations to carry on its operations.

(x) *Student Tuition and Fees*

Student tuition and fees are presented net of scholarships applied to student accounts, while other payments made directly to students are presented as student aid expenses and are recognized in the period incurred. Student tuition and fees collected in advance of the fiscal year are recorded as unearned revenue in the accompanying statements of net position.

(xi) *Professional Services and Contract Revenues*

Professional services and contract revenues include the operations of the SOM faculty practice plans and affiliated hospital billings. The professional services and contract revenues are recorded on an accrual basis and reported at the estimated net realizable amounts from patients, third party payers and others for services rendered. The house staff and affiliations revenues are recorded on an actual basis based on contracts with various affiliated hospitals for reimbursement of salary, fringe and malpractice charges incurred by SOM.

(xii) *Grants and Contracts*

All grants and contracts are recognized when all eligibility requirements for revenue recognition are met which is generally the period in which related expenses are incurred. Amounts received from grants and contracts for which eligibility requirements have not been met under the terms of the agreement, are recorded as unearned revenue in the accompanying statements of net position.

(xiii) *Classification of Revenue*

The University's policy for defining operating activities in the statements of revenues, expenses, and changes in net position are those that serve the University's principal purpose and generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Examples include (1) student tuition and fees and auxiliary enterprises, net of scholarship allowances, (2) most Federal, State, and private grants and contracts, and (3) professional services and contract revenue. Nonoperating revenues include activities that have the characteristics of nonexchange transactions or do not result from the receipt or provision of goods and services, such as operating appropriations from the state, private gifts, and investment income.

(xiv) *New Accounting Standard Adopted*

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements ("PPPs"). A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or non-governmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction. This statement also provides guidance for accounting and financial reporting for availability payment arrangements ("APAs"). In 2023, the University adopted GASB 94, effective July 1, 2021.

The adoption of GASB 94 related to service concession arrangements resulted in a reclassification in the 2022 financial statements of $32,655,397 in deferred inflows of resources to $23,907,601 in other liabilities and $8,747,796 in unearned revenue.

Also, the adoption of GASB 94 resulted in a decrease in liability and interest on capital asset related debt of $158,315 and $526,011, respectively, as well as an increase in operating expenses of $367,696 related to components of an APA in the 2022 financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement improves the financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions meeting that definition. It defines SBITAs as a contract that conveys control of the right to use another party's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this statement a government entity is required to establish a right-of-use subscription asset and a corresponding subscription liability. The implementation of GASB 96 at July 1, 2021 right-of-use lease asset of $11,379,498 with a lease liability $10,800,966 in fiscal 2022 restated balances.

(xv) Accounting Pronouncements Applicable to the University, Issued but Not Yet Effective

In June 2023, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62* (GASB 100). This statement improves accounting and financial reporting for accounting changes and error corrections to provide a more understandable, reliable, and comparable information for making decisions or assessing accountability. GASB 100 defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity. Under this Statement, accounting changes would require restatement of reported periods as well as additional note disclosure. The requirements of this standard are effective for periods beginning after June 15, 2023 (fiscal year 2024). The University is evaluating the impact of this new standard.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences* (GASB 101). The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this standard are effective for periods beginning after December 15, 2023 (fiscal year 2025). The University is evaluating the impact of this new standard.

(xvi) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

(xvii) Tax Status

The University is exempt from income taxes on related income pursuant to federal and state tax laws as an instrumentality of the State.

(xviii) Financial Reporting Entity

The University's financial statements and accompanying notes include a blended component unit, Rowan Global Inc. (RGI). RGI is organized as a not-for-profit corporation in which the University is the sole corporate member and appoints the full Board of Directors, as identified in RGI's articles of incorporation. RGI is included in the financial reporting entity as a blended component unit pursuant to the provisions in paragraph 5 of GASB Statement No. 80, *Blending Requirements for Certain Component Units* and GASB Statement No. 14, *The Financial Reporting Entity* paragraphs 21-37, as amended.

The University's financial statements and accompanying notes include a blended component unit, MACQ – NJ I, LLC (MACQ). MACQ is organized as a special-purpose entity formed for the purpose of acting as an intermediary and agency in connection with the issuance of industrial development bonds to refinance the cost of certain facilities at the University. The University is the sole corporate member. MACQ is included in the financial reporting entity as a blended component unit pursuant to the provisions in paragraph 5 of GASB Statement No. 80, *Blending Requirements for Certain Component Units* and GASB Statement No. 14, *The Financial Reporting Entity* paragraphs 21-37, as amended.

(2) Cash, Cash Equivalents, and Investments

(a) Cash and Cash Equivalents

Cash and cash equivalents consist of the following as of June 30, 2023 and 2022:

Cash and Cash Equivalents		2023	2022
Cash	$	112,301,033	151,382,977
State of New Jersey Cash Management Fund		675,757	651,935
Money market accounts		6,324,885	1,206,055
Total cash and cash equivalents	$	119,301,675	153,240,967

Cash and cash equivalents held at a depository and bank balances amounted to $115,590,708 and $156,314,703, respectively, as of June 30, 2023 and 2022. Of these amounts, $500,049 and $500,000 were FDIC insured, and $111,025,829 and $150,598,458 were collateralized pursuant to Chapter 64 of Title 18A of New Jersey Statutes as of June 30, 2023 and 2022, respectively. There was $3,389,073 and $4,564,310 in uncollateralized cash as of June 30, 2023 and 2022, respectively.

The University participates in NJCMF wherein amounts also contributed by other State entities are combined in a large-scale investment program. The University's deposits in the NJCMF were $675,757 and $651,935 as of June 30, 2023 and 2022, respectively. These amounts are collateralized in accordance with New Jersey Statute 52:18-16-1, but not in the University's name.

The operations of the NJCMF are governed by statutes of the State and the provisions of the State Investment Council Regulations for the purpose of determining authorized investments. The fair value of the NJCMF is based on the number of shares held by the University and the market price of those shares as of June 30, 2023 and 2022. The NJCMF is unrated with an average portfolio maturity of less than one year.

Money market funds are not subject to custodial risk, however, they are subject to credit risk. The balances in the University's money market accounts are unrated.

(b) Investments

The University's investments consist of the following as of June 30, 2023 and 2022:

Investments			
		2023	2022
U.S. government treasury securities	$	44,721,518	37,807,251
U.S. government agency securities		31,839,077	6,816,939
U.S. corporate bonds		42,877,072	56,362,681
Foreign corporate bonds		14,846,374	23,574,513
Commercial paper		2,760,487	12,046,511
Asset-backed securities		39,890,154	24,812,335
Commercial mortgage-backed securities		8,440,340	9,894,896
Municipal bonds		6,125,899	11,726,844
Collateralized mortgage obligations		3,435,345	3,424,647
Mutual funds – equity		20,397,953	17,434,970
Common stock – equity		259,434	221,640
Total investments	$	215,593,653	204,123,227

The University has an investment policy, which establishes guidelines for permissible investments. Short-term investment options include, but are not limited to, the funds, municipal obligations, etc. that are deemed appropriate and within the risk parameters as determined by the University Board of Trustees and the University Executive Staff.

The University's long-term investment options include, but are not limited to, the purchase of U.S. Government agency obligations, U.S. government treasury securities, corporate bonds, and other investment vehicles (i.e. mutual funds, asset backed securities, etc.) that are deemed appropriate and within the University's investment policy.

The University's investments are subject to various risks. Among these risks are credit risk and interest rate risk. Each one of these risks is discussed in more detail below.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's Investors Service, Inc. (Moody's) and Standard and Poor's (S&P). The University's investment policy requires that fixed income securities are rated Baa3/BBB – or higher by at least one rating agency. At June 30, 2023 and 2022, the University does not have investments in a single issuer, excluding the U.S. Government, of more than 5% of its total investments and therefore does not have a concentration of credit risk.

The following tables summarize the agency ratings of the fixed income securities included in the University's investments as of June 30, 2023 and 2022:

	2023											
	S&P Rated				Moody's Rated				Other Rated			
	AAA	AA	A	BBB	Aaa	Aa	A	Baa	AAA	AA	A	Total
U.S. government treasury securities	$ —	44,721,518	—	—	—	—	—	—	—	—	—	44,721,518
U.S. government agency securities	580,047	31,259,030	—	—	—	—	—	—	—	—	—	31,839,077
U.S. corporate bonds	—	1,136,055	18,399,415	21,356,182	—	995,100	—	—	—	—	990,320	42,877,072
Foreign corporate bonds	—	—	9,080,627	1,734,511	1,421,241	—	619,874	—	—	999,181	990,940	14,846,374
Commercial paper	—	—	—	—	—	—	—	2,760,487	—	—	—	2,760,487
Asset-backed securities	26,079,778	515,483	500,164	—	7,460,928	1,607,984	789,385	—	1,718,267	27,705	1,190,460	39,890,154
Commercial mortgage-backed securities	2,083,105	612,397	—	—	4,067,287	1,045,903	—	—	228,758	402,890	—	8,440,340
Municipal bonds	256,553	3,710,440	1,915,323	—	—	—	124,207	—	—	119,376	—	6,125,899
Collateralized mortgage obligations	1,286,155	—	—	—	875,177	—	—	—	1,274,013	—	—	3,435,345
Total	$ 30,285,638	81,954,923	29,895,529	23,090,693	13,824,633	3,648,987	1,533,466	2,760,487	3,221,038	1,549,152	3,171,720	194,936,266

	2022										
	S&P Rated				Moody's Rated				Fitch Rated		
	AAA	AA	A	BBB	Aaa	Aa	A	Baa	AAA	AA	Total
U.S. government treasury securities	$ —	32,479,725	—	—	5,327,526	—	—	—	—	—	37,807,251
U.S. government agency securities	653,990	3,842,725	—	—	—	802,180	—	—	1,518,044	—	6,816,939
U.S. corporate bonds	—	7,600,553	21,623,818	26,188,310	—	—	—	950,000	—	—	56,362,681
Foreign corporate bonds	460,170	1,002,060	14,431,141	3,032,826	3,016,945	—	1,397,327	—	234,044	—	23,574,513
Commercial paper	—	—	—	—	—	—	2,149,357	9,897,154	—	—	12,046,511
Asset-backed securities	16,952,879	2,807,804	—	—	4,453,936	294,060	—	—	—	303,656	24,812,335
Commercial mortgage-backed securities	2,094,803	1,284,812	—	—	4,931,021	1,079,751	—	—	97,436	407,073	9,894,896
Municipal bonds	400,441	6,586,639	2,549,135	1,400,000	111,426	553,685	125,518	—	—	—	11,726,844
Collateralized mortgage obligations	593,020	833,992	—	—	454,506	—	—	—	1,543,129	—	3,424,647
Total	$ 21,155,303	56,438,310	38,604,094	30,621,136	18,295,360	2,729,676	3,672,202	10,847,154	3,392,653	710,729	186,466,617

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a debt investment. The University's investment policy does not specifically address limitations in the maturities of investments. For the University, the following tables summarize the maturities of the fixed income security investments as of June 30, 2023 and 2022:

		2023 Investment maturities (in years)			
Investment type	Fair value	Less than 1	1–5	6–10	More than 10
U.S. government treasury securities	$ 44,721,518	24,510,945	20,210,573	—	—
U.S. government agency securities	31,839,077	12,957,794	17,247,224	1,107,109	526,950
U.S. corporate bonds	42,877,072	18,070,779	24,806,293	—	—
Foreign corporate bonds	14,846,374	8,809,639	6,036,735	—	—
Commercial paper	2,760,487	2,760,487	—	—	—
Asset-backed securities	39,890,154	6,566,944	26,241,025	3,521,823	3,560,362
Commercial mortgage-backed securities	8,440,340	793,360	1,006,849	—	6,640,131
Municipal bonds	6,125,899	4,196,834	1,929,065	—	—
Collateralized mortgage obligations	3,435,345	—	639,769	—	2,795,576
Total	$ 194,936,266	78,666,782	98,117,533	4,628,932	13,523,019

		2022 Investment maturities (in years)			
Investment type	Fair value	Less than 1	1–5	6–10	More than 10
U.S. government treasury securities	$ 37,807,251	15,027,450	22,779,801	—	—
U.S. government agency securities	6,816,939	1,404,885	2,067,565	—	3,344,489
U.S. corporate bonds	56,362,681	21,143,014	35,219,667	—	—
Foreign corporate bonds	23,574,513	8,799,074	11,305,260	1,421,858	2,048,321
Commercial paper	12,046,511	12,046,511	—	—	—
Asset-backed securities	24,812,335	24,370	18,261,724	3,582,973	2,943,268
Commercial mortgage-backed securities	9,894,896	1,145,058	3,720	684,598	8,061,520
Municipal bonds	11,726,844	6,579,606	5,147,238	—	—
Collateralized mortgage obligations	3,424,647	—	69,135	237,409	3,118,103
Total	$ 186,466,617	66,169,968	94,854,110	5,926,838	19,515,701

(c) Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the financial statement measurement date. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 – quoted or published prices for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 – quoted or published prices other than those included within Level 1 and other inputs that are observable for an asset or liability, either directly or indirectly.
- Level 3 – pricing inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity or the investment.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3. When the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level that is significant to the entire measurement.

The categorization of a financial instrument within the hierarchy is based upon pricing transparency and is not necessarily an indication of the University's perceived risk of that instrument.

The following is a description of the valuation methodologies used for instruments measured at fair value:

- U. S. government treasury securities and agency securities – The fair value of government securities and agencies are based on institutional bond quotes and evaluations based on various market and industry inputs.
- U. S. and foreign corporate bonds – The fair value of corporate bonds are based on institutional bond quotes and evaluations based on various market and industry inputs.
- Common stocks and mutual funds – equity – The fair value of mutual funds are based on quoted or published market prices, when available, or market prices provided by recognized broker-dealers.
- Asset backed securities, commercial paper, commercial mortgage-backed securities and collateralized mortgage obligations – The fair value of asset backed securities, mortgages, commercial mortgage-backed securities, and collateralized mortgage obligations are based on various market and industry inputs and quotes from market makers and other brokers recognized to be market participants.
- Municipal bonds – The fair value of municipal bonds are based on various market and industry inputs.

The University's financial instruments as of June 30, 2023 are summarized in the following table by their fair value hierarchy:

2023 Investments Measured at Fair Value		Total	Level 1	Level 2	Level 3
Investment:					
U. S. government treasury securities	$	44,721,518	44,721,518	—	—
U. S. government agency securities		31,839,077	—	31,839,077	—
U. S. corporate bonds		42,877,072	—	42,877,072	—
Foreign corporate bonds		14,846,374	—	14,846,374	—
Commercial paper		2,760,487	—	2,760,487	—
Asset-backed securities		39,890,154	—	39,890,154	—
Commercial mortgage-backed securities		8,440,340	—	8,440,340	—
Municipal bonds		6,125,899	—	6,125,899	—
Collateralized mortgage obligations		3,435,345	—	3,435,345	—
Mutual funds – equity		20,397,953	20,397,953	—	—
Common stock – equity		259,434	259,434	—	—
Total investments	$	215,593,653	65,378,905	150,214,748	—

The University's financial instruments as of June 30, 2022 are summarized in the following table by their fair value hierarchy:

2022 Investments Measured at Fair Value		Total	Level 1	Level 2	Level 3
Investment:					
U. S. government treasury securities	$	37,807,251	37,807,251	—	—
U. S. government agency securities		6,816,939	—	6,816,939	—
U. S. corporate bonds		56,362,681	—	56,362,681	—
Foreign corporate bonds		23,574,513	—	23,574,513	—
Commercial paper		12,046,511	—	12,046,511	—
Asset-backed securities		24,812,335	—	24,812,335	—
Commercial mortgage-backed securities		9,894,896	—	9,894,896	—
Municipal bonds		11,726,844	—	11,726,844	—
Collateralized mortgage obligations		3,424,647	—	3,424,647	—
Mutual funds – equity		17,434,970	17,434,970	—	—
Common stock – equity		221,640	221,640	—	—
Total investments	$	204,123,227	55,463,861	148,659,366	—

(3) Restricted Deposits Held by Trustees

Restricted deposits held by trustees include restricted funds held by three Board approved trustees. Deposits held by trustees consist of cash and money market investments, which are measured at amortized cost. The money market investments were unrated. Restricted deposits held by trustees include funds for construction, debt service reserve, and debt service and consist of the following as of June 30, 2023 and 2022:

Restricted Deposits Held by Trustees		2023	2022
Construction funds	$	37,750,346	69,482,090
Debt service and debt service reserve funds		28,420,283	28,834,132
		66,170,629	98,316,222
Less current portion		26,893,768	24,489,595
Noncurrent restricted deposits held by trustees	$	39,276,861	73,826,627

(4) Capital Assets

The detail of capital assets activity for the years ended June 30, 2023 and 2022 is as follows:

2023		Capital Assets Beginning balance	Additions/ Transfers	Deletions/ transfers	Ending balance
Nondepreciable assets:					
Land	$	51,246,664	—	—	51,246,664
Artwork		2,775,761	—	—	2,775,761
Construction in progress		59,763,089	56,643,267	(29,683,529)	86,722,827
Total nondepreciable assets		113,785,514	56,643,267	(29,683,529)	140,745,252
Depreciable assets:					
Land improvements		66,151,591	1,276,850	—	67,428,441
Buildings		1,274,709,768	27,598,826	—	1,302,308,594
Equipment		106,786,083	16,609,521	(297,042)	123,098,562
Total depreciable assets		1,593,021,271	49,581,928	(945,847)	1,641,657,352
Less accumulated depreciation:					
Land improvements		39,033,852	3,261,846	—	42,295,698
Buildings		543,579,131	42,026,627	—	585,605,758
Equipment		71,815,744	11,180,643	(269,231)	82,727,156
Total accumulated depreciation		654,428,727	56,469,116	(269,231)	710,628,612
Total capital assets, net excluding leases	$	907,004,229	45,659,348	(29,711,340)	922,952,237
Nondepreciable right-of-use assets:					
Prepayments on right-of-use assets	$	578,532	44,000	—	622,532
Depreciable right-of-use assets:					
Right-of-use assets		145,373,829	4,096,731	(648,805)	148,821,755
Less accumulated depreciation:					
Right-of-use assets		15,375,329	10,310,281	—	25,685,610
Right-of-use assets, net (Note 12)	$	130,577,032	(6,169,550)	(648,805)	123,758,677
Total capital assets, net as reported in the statement of net position					$ 1,046,710,914

2022		Capital Assets Beginning balance	Additions/ Transfers	Deletions/ transfers	Ending balance
Nondepreciable assets:					
Land	$	50,503,868	742,796	—	51,246,664
Artwork		2,775,761	—	—	2,775,761
Construction in progress		72,688,290	42,642,530	(55,567,731)	59,763,089
Total nondepreciable assets		125,967,919	43,385,326	(55,567,731)	113,785,514
Depreciable assets:					
Land improvements		64,481,111	1,670,480	—	66,151,591
Buildings		1,205,397,331	69,312,437	—	1,274,709,768
Equipment		99,245,141	10,875,856	(3,334,914)	106,786,083
Total depreciable assets		1,503,649,923	92,706,262	(3,334,914)	1,593,021,271
Less accumulated depreciation:					
Land improvements		35,818,026	3,215,826	—	39,033,852
Buildings		502,715,052	40,864,079	—	543,579,131
Equipment		63,580,756	11,477,313	(3,242,325)	71,815,744
Total accumulated depreciation		602,113,834	55,557,218	(3,242,325)	654,428,727
Total capital assets, net excluding leases	$	892,977,668	69,686,881	(55,660,320)	907,004,229
Nondepreciable right-of-use assets:					
Prepayments on right-of-use assets	$	51,556	526,976	—	578,532
Depreciable right-of-use assets:					
Right-of-use assets		134,526,340	10,847,489	—	145,373,829
Less accumulated depreciation:					
Right-of-use assets		5,805,084	9,570,245	—	15,375,329
Right-of-use assets, net (Note 12)	$	128,772,812	1,804,220	—	130,577,032
Total capital assets, net as reported in the statement of net position					$ 1,037,581,261

Depreciation expense for the year ending June 30, 2023 and 2022 is $66,779,397 and $65,127,463, respectively. The estimated cost to complete capital projects included in construction in progress as of June 30, 2023 approximates $147,438,506. Anticipated financing for these projects is approximately $73,083,880 in grant funds, $34,378,790 in bond funding and $39,975,836 in University funds.

(5) State of New Jersey Fringe Benefits

The State, through separate appropriations, pays certain fringe benefits, principally health benefits and FICA taxes, on behalf of University employees and retirees. The costs of these benefits, $139,071,078 and $117,004,419, respectively, for fiscal years 2023 and 2022, were paid directly by the State on behalf of the University and are included in the accompanying financial statements as State of New Jersey fringe benefits revenue and as operating expenses.

(6) Retirement Plans

The University participates in several retirement plans, administered by the State of New Jersey, Division of Pensions and Benefits (the Division), covering its employees – the PERS, the PFRS, the TPAF, the Alternate Benefit Program (ABP), and the Defined Contribution Retirement Program (DCRP). PERS, PFRS and TPAF are cost-sharing, multiple-employer defined benefit retirement plans, while ABP and DCRP are defined contribution retirement plans. Generally all employees, except certain part-time employees, participate in one of these plans. The University is charged for pension costs through a fringe benefit charge assessed by the

State which is included with the State of New Jersey fringe benefits in the accompanying financial statements (see note 5).

A publicly available ACFR of the State of New Jersey, Division of Pensions and Benefits, which includes financial statements, required supplementary information, and detailed information about the PERS's, PFRS's, and TPAF's fiduciary net position, can be obtained at https://www.state.nj.us/treasury/pensions/annual-reports.shtml. or by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

(a) Defined Benefit Pension Plans

General Information

(i) Public Employees' Retirement System

Plan description – PERS was established under the provisions of N.J.S.A. 43:15A to provide retirement, death and disability benefits to substantially all full-time employees of the State or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

Benefits provided – All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions – The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. The member contribution rate at June 30, 2023 and 2022 was 7.5% of pensionable wages. The State contributes the employer's share on behalf of the University. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. The University's contributions to PERS (amounts paid by the State on behalf of the University) for the fiscal year ended June 30, 2023 and 2022 was $19,833,865 and $19,973,992, respectively.

(ii) Police and Firemen's Retirement System

Plan description – PFRS was established under the provisions of N.J.S.A 43:16A to provide retirement, death and disability benefits to substantially all full time county and municipal police or firemen and state firemen or officer employees with police powers appointed after June 30, 1944.

Benefits provided – All benefits vest after ten years of service, except disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier	Definition
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Contributions – The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. The State contributes the employer's share on behalf of the University. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. The member contribution rate at June 30, 2023 and 2022 was 10% of pensionable wages. The University's contributions to PFRS (amounts paid by the State on behalf of the University) for the fiscal year ended June 30, 2023 and 2022 were $2,934,363 and $2,803,178, respectively.

(iii) Teachers' Pension and Annuity Fund

Plan description – TPAF was established under the provisions of N.J.S.A. 18A:66 to provide retirement, death and disability benefits to substantially all teachers or members of the professional staff certified by the State Board of Examiners and employees of the State of New Jersey, Department of Education, who have titles that are unclassified, professional, and certified. Certain faculty members of the University participate in the TPAF. Under the provisions of N.J.S.A. 18A:66-33, the State is legally obligated to make contributions on behalf of all participating employers to the plan, therefore TPAF meets the definition of a special funding situation as defined in GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Benefits provided – The vesting and benefit provisions are set by N.J.S.A. 18A:66. All benefits vest after ten years of service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions – The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. The full normal contribution rate at June 30, 2023 and 2022 was 7.5%. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The University's respective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense related to PERS and PFRS are calculated by the Division. At June 30, 2023, the University reported a liability of $265,732,975 and $18,911,809 for PERS and PFRS, respectively, for its proportionate share of the respective PERS and PFRS net pension liabilities. At June 30, 2022, the University reported a liability of $258,885,863 and $17,603,974 for PERS and PFRS, respectively, for its proportionate share of the respective PERS and PFRS net pension liabilities. As the State is legally obligated to fund TPAF on behalf of the University, the University's proportionate share of net pension liability at June 30, 2023 and 2022 of $888,839 and $840,599, respectively, is recognized by the State. The total pension liabilities used to calculate the net pension liabilities, which were recorded in the statement of net position as of June 30, 2023, were determined by actuarial valuations as of July 1, 2021 and rolled forward to the measurement date of June 30, 2022. The total pension liabilities used to calculate the net pension liabilities, which were recorded in the statement of net position as of June 30, 2022, were determined by actuarial valuations as of July 1, 2020 and rolled forward to the measurement date of June 30, 2021. For PERS and PFRS, the University's proportionate share of the respective net pension liabilities for the fiscal years 2023 and 2022 were based on the actual contributions made by the State on behalf of the University relative to the total contributions of participating employers of the State Group for each plan for fiscal years 2022 and 2021, respectively. For TPAF, the University's proportionate share of the respective net pension liability for the fiscal year was based on the actual contributions made by the State on behalf of the University relative to the total contributions made by the

State for fiscal year 2022 and 2021. The University's allocation percentages and pension expense for each plan are as follows:

2022 Summary of Pension Amounts		PERS	PFRS	TPAF
2022 Allocation percentage – State Group/Nonemployer Group[1]		1.187 %	0.437 %	0.002 %
2022 Allocation percentage – Total Plan[2]		0.707 %	0.106 %	0.002 %
Pension expense for the measurement date June 30, 2022	$	4,001,590	1,223,591	23,921

2021 Summary of Pension Amounts		PERS	PFRS	TPAF
2021 Allocation percentage – State Group/Nonemployer Group[1]		1.197 %	0.433 %	0.002 %
2021 Allocation percentage – Total Plan[2]		0.770 %	0.131 %	0.002 %
Pension expense for the measurement date June 30, 2021	$	4,969,889	935,944	19,780

[1] – Allocation percentage for PERS and PFRS based on total State Group. Allocation percentage for TPAF based on total Nonemployer Group.

[2] – Allocation percentage calculated as the University's respective net pension liability as a percentage of the total plan's net pension liability.

As TPAF is a special funding situation, the University recognized revenue related to the support provided by the State as of June 30, 2023 and 2022 of $23,921 and $19,780, respectively, in the State of New Jersey fringe benefits amount on the statements of revenue, expenses and changes in net position.

The University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources as of June 30, 2023 and 2022:

2023
Deferred Outflows and Inflows of Resources from Pensions

		PERS	PFRS	Total
Deferred outflows of resources:				
Changes of assumptions	$	397,072	19,085	416,157
Changes in proportionate share		10,961,882	1,579,232	12,541,114
Differences between expected and actual experience		4,284,841	140,776	4,425,617
Net differences between projected and actual investment earnings on pension plan investments		6,419,490	670,050	7,089,540
Contributions subsequent to the measurement date		19,833,865	2,934,363	22,768,228
Total	$	41,897,150	5,343,506	47,240,656
Deferred inflows of resources:				
Changes in proportionate share	$	6,710,825	373,775	7,084,600
Differences between expected and actual experience		1,399,371	468,116	1,867,487
Changes of assumptions		19,453,388	909,188	20,362,576
Total	$	27,563,584	1,751,079	29,314,663

2022
Deferred Outflows and Inflows of Resources from Pensions

		PERS	PFRS	Total
Deferred outflows of resources:				
Changes of assumptions	$	528,305	23,446	551,751
Changes in proportionate share		15,489,949	1,856,627	17,346,576
Differences between expected and actual experience		6,292,040	—	6,292,040
Contributions subsequent to the measurement date		19,973,992	2,803,178	22,777,170
Total	$	42,284,286	4,683,251	46,967,537
Deferred inflows of resources:				
Changes in proportionate share	$	6,927,622	568,451	7,496,073
Differences between expected and actual experience		894,428	634,450	1,528,878
Net differences between projected and actual investment earnings on pension plan investments		8,142,002	457,688	8,599,690
Changes of assumptions		36,691,499	1,396,525	38,088,024
Total	$	52,655,551	3,057,114	55,712,665

As the State is legally obligated to fund TPAF on behalf of the University, the University's proportionate share of deferred outflows of resources and deferred inflows of resources are recognized by the State.

At June 30, 2023, $22,768,228 was reported as deferred outflows of resources related to pensions resulting from contributions made on behalf of the University by the State subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Future Net Deferred Outflows (Inflows) of Resources				
		PERS	PFRS	Total
Years ending:				
2024	$	(7,259,095)	(185,309)	(7,444,404)
2025		(2,718,197)	(28,526)	(2,746,723)
2026		1,921,335	278,379	2,199,714
2027		2,596,178	525,076	3,121,254
2028		(40,520)	63,346	22,826
Thereafter		—	5,098	5,098
	$	(5,500,299)	658,064	(4,842,235)

Actuarial Assumptions

The total pension liabilities related to PERS, PFRS, and TPAF measured as of June 30, 2022 and 2021 were based on actuarial valuations as of July 1, 2021 and 2020 using the following actuarial assumptions:

2022 Actuarial Assumptions			
	PERS	PFRS	TPAF
Inflation rate:			
Price	2.75%	2.75%	2.75%
Wage	3.25%	3.25%	3.25%
Salary increases:	2.75 – 6.55% based on years of service	3.25 – 16.25% based on years of service	2.75 – 5.65% based on years of service
Investment rate of return	7.00%	7.00%	7.00%

2021 Actuarial Assumptions	PERS	PFRS	TPAF
Inflation rate:			
Price	2.75%	2.75%	2.75%
Wage	3.25%	-	3.25%
Salary increases:			
Through 2026	2.00 – 6.00% based on years of service	3.25 – 15.25% based on years of service	1.55 – 4.45% based on years of service
Thereafter	3.00 – 7.00% based on years of service	3.25 – 15.25% based on years of service	2.75 – 5.65% based on years of service
Investment rate of return	7.00%	7.00%	7.00%

2022

For PERS, pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021. The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

2021

For PERS, pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021. The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

2022

For PFRS, employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and a 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021. The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

2021

For PFRS, employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and a 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021. The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

2022

For TPAF, pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021. The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

2021

For TPAF, pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021. The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% June 30, 2022 and 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of the arithmetic real rates of return for each major asset class included in PERS's, PFRS's and TPAF's target asset allocations as of June 30, 2022 and 2021 are summarized in the following tables:

2022
Target Asset Allocation and Long-Term Expected Rate of Return

	PERS PFRS TPAF	
	Target allocation	Long-term expected real rate of return
Risk Mitigation Strategies	3.00 %	4.91 %
Cash Equivalents	4.00	1.75
U.S. Treasuries	4.00	1.75
Investment Grade Credit	7.00	3.38
High Yield	4.00	4.95
Private Credit	8.00	8.10
Real Assets	3.00	7.60
Real Estate	8.00	11.19
US Equity	27.00	8.12
Non-U.S. Developed Markets Equity	13.50	8.38
Emerging Markets Equity	5.50	10.33
Private Equity	13.00	11.80

2021
Target Asset Allocation and Long-Term Expected Rate of Return

	PERS PFRS TPAF	
	Target allocation	Long-term expected real rate of return
Risk Mitigation Strategies	3.00 %	3.35 %
Cash Equivalents	4.00	0.50
U.S. Treasuries	5.00	0.95
Investment Grade Credit	8.00	1.68
High Yield	2.00	3.75
Private Credit	8.00	7.60
Real Assets	3.00	7.40
Real Estate	8.00	9.15
US Equity	27.00	8.09
Non-U.S. Developed Markets Equity	13.50	8.71
Emerging Markets Equity	5.50	10.96
Private Equity	13.00	11.30

Discount Rate

The discount rate used to measure the total pension liability was 7.00% for PERS, PFRS, and TPAF as of June 30, 2022 and 2021.

In fiscal year 2023, for PERS, PFRS, and TPAF, the projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contribution for the State. Based on those assumptions, the plan's fiduciary net position as of June 30, 2022 was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments in determining the total pension liability.

In fiscal year 2022, for PERS, PFRS, and TPAF, the projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contribution for the State. Based on those assumptions, the plan's fiduciary net position as of June 30, 2021 was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments in determining the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the University as of the June 30, 2022, measurement date calculated using the discount rates as disclosed above as well as the net pension liability if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

2022 Sensitivity of Net Pension Liability				
Plan (rates)		At 1% decrease	At current discount rate	At 1% increase
PERS(6.00%, 7.00%, 8.00%)	$	303,222,173	265,732,975	233,912,281
PFRS(6.00%, 7.00%, 8.00%)		22,007,749	18,911,809	16,333,209

The following presents the net pension liability of the University as of the June 30, 2021, measurement date calculated using the discount rates as disclosed above as well as the net pension liability if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

2021 Sensitivity of Net Pension Liability				
Plan (rates)		At 1% decrease	At current discount rate	At 1% increase
PERS(6.00%, 7.00%, 8.00%)	$	297,128,789	258,885,863	226,528,512
PFRS(6.00%, 7.00%, 8.00%)		20,604,099	17,603,974	15,106,328

(b) Defined Contribution Retirement Plans

Alternative Benefit Program (ABP)

ABP provides retirement and death benefits for or on behalf of those full-time professional employees and faculty members electing to participate in this optional retirement program. Participation eligibility as well as contributory and noncontributory requirements is established by the State of New Jersey Retirement and Social Security Law. Contributions can be invested with up to six investment carriers available under the plan. Additional voluntary contributions may be made on a tax-deferred basis, subject to limits within the Internal Revenue Code. The University assumes no liability for ABP members other than payment of contributions.

Benefits are determined by the amount of individual accumulations and the retirement income option selected. All benefits vest after the completion of one year of service. Individually owned annuity contracts that provide for full ownership of retirement and survivor benefits are purchased at the time of vesting. Participating University employees contribute 5% of salary and may contribute a voluntary additional contribution up to the maximum Federal statutory limit, on a pre-tax basis.

Employer contributions are 8%. During the year ended June 30, 2023 and 2022, ABP investment carriers received employer and employee contributions as follows:

ABP Employer and Employee Contributions			
		2023	2022
Employer contributions	$	14,779,184	13,768,247
Employee contributions		28,106,213	25,944,625
Basis for contributions:			
Participating employee salaries	$	184,739,801	172,103,087

Employer contributions to ABP are paid by the State and are reflected in the accompanying financial statements as State of New Jersey fringe benefit revenue and as expenses.

Effective July 1, 2010, Governor Christie signed Chapter 31, P.L. 2010 into law, which only allowed employer contributions to ABP for salaries up to $141,000. Effective July 1, 2018, Chapter 14, P.L. 2018 increased the salary cap allowing for employer contributions to ABP for salaries up to $175,000.

Defined Contribution Retirement Plan

DCRP was established under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit along with life insurance and disability coverage. DCRP enrollment eligibility criteria includes employees who: (1) earn below a minimum base salary, or (2) do not work a minimum number of hours per week, or (3) are enrolled in PERS and make in excess of the established “maximum contribution” limits. Participating eligibility, as well as contributory and noncontributory requirements, is established by the State of New Jersey Retirement and Social Security Law.

DCRP has one investment carrier, Prudential, which jointly administers the DCRP investments with the Division of Pensions and Benefits. The University assumes no liability for DCRP members other than payment of contributions. Benefits are determined by the amount of individual accumulations and the retirement option selected. All benefits vest immediately for employees who are enrolled in PERS or after one year for employees not in PERS. Individually owned annuity contracts that provide for full ownership of retirement and survivor benefits are purchased at the time of vesting.

Participating University employees contribute 5.5% of their eligible wages. Employer contributions are 3%. During the years ended June 30, 2023 and 2022, Prudential received employer and employee contributions as follows:

DCRP Employer and Employee Contributions			
		2023	2022
Employer contributions	$	48,012	43,649
Employee contributions		88,021	80,023
Basis for contributions:			
Participating employee salaries	$	1,600,369	1,454,956

(c) Post-Employment Benefits Other than Pensions

The University's retirees participate in the State Health Benefit State Retired Employees Plan (the Plan).

Plan description, including benefits provided - The Plan is a single-employer defined benefit other postemployment benefit (OPEB) plan, which provides medical, prescription drug, and Medicare Part B reimbursements to retirees and their covered dependents. Although the Plan is a single-employer plan, it is treated as a cost-sharing multiple employer plan for standalone reporting purposes. In accordance N.J.S.A. 52:14-17.32, the State of New Jersey (the State) is required to pay the premiums and periodic charges for OPEB of State employees who retire with 25 years or more of credited service, or on a disability pension, from one or more of the following pension plans: the Public Employees' Retirement System (PERS), the Alternate Benefit Program (ABP) or the Police and Firemen's Retirement System (PFRS). In addition, Chapter 302, P.L. 1996 provides that for purposes of this Plan, the University's employees retain any and all rights to the health benefits in the Plan, even though the University is considered autonomous from the State, therefore, its employees are classified as State employees. As such, the State is legally obligated for the benefit payments on behalf of the retirees of the University; therefore, the Plan meets the definition of a special funding situation as defined in GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions* (GASB 75).

Retirees who are not eligible for employer-paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents. Pursuant to Chapter 78, P.L, 2011, future retirees eligible for postretirement medical coverage, who have less than 20 years of creditable service on June 28, 2011, will be required to pay a percentage of the cost of their healthcare coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible for will be determined based on the retiree's annual retirement benefit and level of coverage.

The Plan is administered on a pay-as-you-go-basis. Accordingly, no assets are accumulated in a qualifying trust that meets the definition of a trust as per GASB 75.

Total OPEB Liability and OPEB expense

As of June 30, 2023 and 2022, the State recorded a liability of $419,423,528 and $489,658,735, respectively, which represents the portion of the State's total proportionate share of the collective total OPEB liability that is associated with the University (the University's share). The University's share was based on the ratio of its members to the total members of the Plan. At June 30, 2023, the University's share was 7.54% and 2.01% of the special funding situation and of the Plan, respectively. At June 30, 2022, the University's share was 7.21% and 1.96% of the special funding situation and of the Plan, respectively.

For the year ended June 30, 2023 and 2022, the University recognized OPEB expense of ($12,157,072) and $5,621,231, respectively. As the State is legally obligated for benefit payments on behalf of the University, the University recognized revenue related to the support provided by the State of ($12,157,072) and $5,621,231 in 2023 and 2022, respectively.

Actuarial assumptions and other inputs – The State's liability associated with the University at June 30, 2023 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to the measurement date of June 30, 2022. The State's liability associated with the University at June 30, 2022 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to the measurement date of June 30, 2021. These valuations used the following assumptions:

OPEB Valuation Assumption	
	2023
Inflation	N/A
Discount rate	3.50%
Salary increases	
Through all future years	2.75 – 16.25% based on years of service

OPEB Valuation Assumption	
	2022
Inflation	2.50 %
Discount rate	2.16 %
Salary increases	
Through 2026	1.55 – 15.25%
Thereafter	2.75 – 7.00%

The discount rate is based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Salary increases depend on the pension plan a member is enrolled in. In addition, they are based on years of service and age in 2023 and 2022, respectively.

The June 30, 2021 valuation used preretirement mortality rates based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Future disability mortality was based on Pub-2010 "Safety" (PFRS), "Teachers" (TPAF/ABP), and "General" (PERS) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Current disabled retirees' mortality was based on Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The June 30, 2020 valuation used preretirement mortality rates based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Future disability mortality was based on Pub-2010 "Safety" (PFRS), "Teachers" (TPAF/ABP), and "General" (PERS) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Current disabled retirees' mortality was based on Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Health Care Trend Assumptions – The June 30, 2021 valuations initially used a trend rate of 6.25% and decreases to a 4.5% long-term trend rate after seven years for pre-Medicare medical benefits. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2023 through 2024 are reflected. For PPO the trend is initially 6.36% in fiscal year 2025, increasing to 14.35% in fiscal year 2026 and decreases to 4.5% after 8 years. For HMO the trend is initially 6.53% in fiscal year 2025, increasing to 15.47% in fiscal year 2026 and decreases to 4.5% after 8 years. For prescription drug benefits, the initial trend rate is 8.0% and decreases to a 4.5% long-term trend rate after seven years.

The June 30, 2020 valuations initially used a trend rate of 5.65% and decreases to a 4.5% long-term trend rate after seven years for pre-Medicare medical benefits. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.79% in fiscal year 2024, increasing to 13.79% in fiscal year 2025 and decreases to 4.5% after 11 years. For HMO the trend is initially 5.98% in fiscal year 2024, increasing to 15.49% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long-term trend rate after seven years.

(7) Accounts Payable and Accrued Expenses

The components of accounts payable and accrued expenses as of June 30, 2023 and 2022 are as follows:

Accounts Payable and Accrued Expenses		2023	2022
Vendors and other	$	35,682,513	26,361,022
Salaries, benefits, and withholdings		20,283,864	24,517,903
Due to State of New Jersey		6,561,067	6,528,374
Compensated absences – current portion		11,108,342	10,972,619
Accrued interest payable		9,705,398	13,541,919
Total accounts payable and accrued expenses	$	83,341,184	81,921,837

(8) Long-term Debt

(a) Bonds Payable

Capital assets are financed through revenue bonds of the New Jersey Educational Facilities Authority (NJEFA), the CCIA and the GCIA. The following obligations were outstanding as of June 30, 2023 and 2022:

Outstanding Bonds Payable			
	Interest rate	2023	2022
NJEFA Series 2011 C Revenue Refunding Bonds, due serially to 2025	3.000%–5.000%	$ 4,690,000	7,015,000
CCIA Series 2013 A SOM Revenue Refunding Bonds, due serially to 2032	3.000%–5.000%	17,820,000	19,790,000
CCIA Series 2013 B SOM Revenue Refunding Bonds due serially to 2032	0.890%–5.160%	15,415,000	16,035,000
GCIA Series 2015 A Revenue Bonds, due serially to 2036	3.250%–5.000%	34,745,000	34,745,000
GCIA Series 2015 B Revenue Refunding Bonds, due serially to 2031	1.500%–5.000%	38,135,000	42,160,000
GCIA Series 2015 C Revenue Bonds, due serially to 2044	4.000%–5.000%	51,550,000	51,550,000
NJEFA Series 2016 C Revenue Refunding, due serially to 2031	2.500%–5.000%	32,165,000	35,480,000
GCIA Series 2017 A Revenue Bonds, due serially to 2033	3.000%–5.000%	58,560,000	63,745,000
GCIA Series 2019 Revenue Bonds, due serially to 2048	4.000%-5.000%	56,600,000	56,600,000
CCIA Series 2020 A Revenue Refunding Bonds, due serially to 2035	5.000%	63,740,000	63,740,000
CCIA Series 2020 B Revenue Refunding Bonds, due serially to 2023	1.125%-1.330%	2,710,000	6,550,000
GCIA Series 2021 Loan Revenue Bonds, due serially to 2052	4.000%-5.000%	64,780,000	64,780,000
GCIA Series 2021 Loan Revenue Notes, due serially to 2025	0.600%	24,500,000	24,500,000
		465,410,000	486,690,000
Plus:			
Bond premium		54,260,281	58,554,495
Total bonds payable		$ 519,670,281	545,244,495

Future annual debt service requirements approximate the following:

Bonds Payable Principal and Interest Repayments				
		Principal amount	Interest amount	Total amount
Year ending June 30:				
2024	$	47,485,000	19,528,946	67,013,946
2025		23,845,000	18,262,352	42,107,352
2026		24,045,000	17,087,455	41,132,455
2027		25,445,000	15,851,419	41,296,419
2028		29,780,000	14,456,346	44,236,346
2029-2033		115,845,000	56,896,386	172,741,386
2034-2038		74,725,000	34,813,069	109,538,069
2039-2043		57,915,000	19,996,950	77,911,950
2044-2048		50,170,000	7,692,300	57,862,300
2049-2053		16,155,000	1,324,100	17,479,100
	$	465,410,000	205,909,323	671,319,323

(b) Financed Purchase Obligation

In 2008, the University entered into a lease agreement with SORA Housing LLC (SORA Housing). SORA Housing constructed two four story student housing facilities with a total of 242 units, consisting of 884 total beds, on a leasehold interest in land that was conveyed to SORA Housing by the Borough of Glassboro. SORA Housing agreed to lease the land, the facilities and the facilities equipment together with the fixtures, improvements and equipment to the University. Rental payments are due in semiannual installments on September 1 and February 1, each year. The University has a financed purchase payable as of June 30, 2023 and 2022 in the amount of $0 and $74,480,350, respectively.

In 2008, the University entered into a lease agreement with SORA Retail LLC (SORA Retail). SORA Retail constructed an approximately thirty six thousand square foot two story building for use as a university bookstore and other uses compatible with a university bookstore. The bookstore, which also contains a coffee shop, is being sub-leased to Barnes & Noble College Booksellers, Inc. Rental payments are due in monthly installments. The University has a financed purchase payable as of June 30, 2023 and 2022 in the amount of $0 and $12,233,849, respectively.

In 2011, the University entered into a lease agreement with SORA A-1 Housing Urban Renewal Entity, LLC (SORA A-1). SORA A-1 constructed a mixed-use building on land it owns in Glassboro, New Jersey. The building consists of a five-story, mid-rise apartment building with ground floor retail. Within this building, on the second through fifth floor, SORA A-1 constructed apartment units, classrooms, offices and other administrative spaces. The administrative space, in addition to classrooms and offices, includes lounges, study rooms, recreational rooms together with all common elements, including elevators, laundry facilities, recreational and fitness facilities and other amenities. The University's lease pertains to the apartment units and administrative areas only. The apartment units are being occupied by University honor students and consist of 280 beds. Rental payments are due in semi-annual installments on September 1 and February 1, each year. The University has a financed purchase payable as of June 30, 2023 and 2022 in the amount of $0 and $34,918,186, respectively.

In November 2022, due to the purchase and blended financial reporting of MACQ – New Jersey I, LLC, the financed purchase obligations for SORA Housing, SORA Retail, and SORA A-1 are treated as refinanced debt using the IDA Series 2022A and Series 2022B bonds.

In 2012, the University entered into a Master Lease Agreement to restructure the three leases above into a single lease. The Master Lease will be for a thirty-year term through 2042. The University has the option to purchase all, but not less than all, of the Premises at any time during the Term of the Lease in accordance with terms listed in the Agreement. If no election to purchase the Premises occurs during the term, upon the payment in full of all rent and other charges due under the Lease, the Premises shall be conveyed to the University at the conclusion of the term without additional consideration. The University received a landlord contribution of $8,150,000 to help defray the costs of implementation of the property to its intended use.

In fiscal year 2022, the University's 2019 parking license agreement with the GCIA commenced. GCIA constructed a multi-level parking garage consisting of approximately 1,025 parking spaces. The University's agreement pertains to 507 parking spaces. The term of the agreement is 30 years, or such time as any bonds, notes or other indebtedness issued to finance or refinance the parking garage are no longer outstanding. The University has a financed purchase payable as of June 30, 2023 and 2022 in the amount of $14,453,319 and $14,755,011, respectively.

Future minimum lease payments under the financed purchases are as follows:

Financed Purchase Principal and Interest Payments				
		Principal amount	Interest amount	Total amount
Year ending June 30:				
2024	$	315,382	611,768	927,150
2025		329,616	597,994	927,610
2026		344,374	583,613	927,987
2027		359,692	568,590	928,282
2028		375,580	552,911	928,491
2029-2033		2,137,991	2,504,456	4,642,447
2034-2038		2,637,430	1,996,125	4,633,555
2039-2043		3,240,209	1,371,103	4,611,312
2044-2048		3,970,194	603,821	4,574,015
2049-2050		742,851	14,540	757,391
	$	14,453,319	9,404,921	23,858,240

(c) *Other Long-Term Debt*

Other long-term debt consists of the following:

(A) The Higher Educational Capital Improvement Fund Act was established to finance capital improvements and related costs at public and private institutions of higher education within the State. Funding was provided from bonds issued by the NJEFA. The total University allocation for this program was $23,887,250. The University is required to pay 1/3 of the debt service on its allocation of the bond proceeds, plus administrative fees of the trustees and the Authority. The outstanding balance as of June 30, 2023 and 2022 is $0 and $979,203, respectively, with maturities through August 15, 2022.

(B) In July 2013, the University received notification of an institutional grant award from the New Jersey Higher Education Capital Facilities Grant Program. The University was awarded $26,588,048 from the Higher Educational Capital Improvement Fund Act. The University is required to pay 1/3 of the debt service on its allocation of the bond proceeds plus administrative fees of the Trustees and the

Authority. The outstanding balance as of June 30, 2023 and 2022 is $5,647,041 and $6,028,381, respectively, with maturities through August 15, 2033.

(C) In July 2013, the University received notification of an institutional grant award from the New Jersey Higher Education Capital Facilities Grant Program. The University was awarded $750,000 from the Higher Education Equipment Leasing Fund. The University is required to pay 1/4 of the debt service on its allocation of the bond proceeds plus administrative fees of the Trustees and the Authority. The outstanding balance as of June 30, 2023 and 2022 is $0 and $22,222, respectively.

(D) In July 2016, the University was notified by the State that it was awarded a $16,000,000 grant under the Higher Education Capital Improvement Fund Act. Funding was provided from bonds issued by the NJEFA. The grant is to be used to fund two projects: (1) Facilities Adaptive Reuse Program for Academic Space Expansions and (2) Joint Health Sciences Center Expansion. The University is required to pay 1/3 of the debt service on its allocation of the bond proceeds. The outstanding balance as of June 30, 2023 and 2022 is $4,176,184 and $4,380,654, respectively, with maturities through August 15, 2036.

Principal and interest payments for these obligations are as follows:

Other Long Term Debt Principle and Interest Repayments				
		Principal amount	Interest amount	Total amount
Year ending June 30:				
2024	$	615,777	446,991	1,062,768
2025		646,286	416,564	1,062,850
2026		677,107	385,773	1,062,880
2027		709,164	353,504	1,062,668
2028		739,402	323,260	1,062,662
2029-2033		4,260,984	1,083,093	5,344,077
2034-2038		2,174,505	173,721	2,348,226
	$	9,823,225	3,182,906	13,006,131

(d) Direct Placements

Capital assets are financed through direct placement debt of the IDA. The following obligations were outstanding as of June 30, 2023 and 2022:

Outstanding Direct Placement Debt				
	Interest rate		2023	2022
IDA Series 2022A Lease Revenue Refunding Bonds, due serially to 2042	2.800%		187,785,000	—
IDA Series 2022B Lease Revenue Bonds, due serially to 2042	3.970%		13,640,000	—
Total direct placement bonds payable		$	201,425,000	—

Direct Placement Debt Principle and Interest Repayments				
		Principal amount	Interest amount	Total amount
Year ending June 30:				
2024	$	4,575,000	5,799,488	10,374,488
2025		5,055,000	5,665,597	10,720,597
2026		5,560,000	5,518,031	11,078,031
2027		6,090,000	5,356,091	11,446,091
2028		6,645,000	5,179,078	11,824,078
2029-2033		42,970,000	22,651,075	65,621,075
2034-2038		63,595,000	15,336,655	78,931,655
2039-2043		66,935,000	4,849,605	71,784,605
	$	201,425,000	70,355,620	271,780,620

In November 2022, the IDA issued Rowan University Series 2022A Bonds. The 2022 tax exempt lease revenue refunding bonds totaled $191,425,000 with a coupon rate of 2.800% and maturing through 2042. The proceeds from these bond issuances were used to refinance the debt associated with the University's financed purchases related to MACQ – New Jersey I, LLC. The principal amounts of these bonds were $187,785,000 as of June 30, 2023.

In November 2022, the IDA issued Rowan University Series 2022B Bonds. The 2022 tax exempt lease revenue bonds totaled $13,965,000 with a coupon rate of 3.970% and maturing through 2042. The proceeds from these bond issuances were used to finance the costs of Rowan University acquiring the lease revenue bonds through the acquisition of the sole membership interest of MACQ – New Jersey I, LLC and cover the issuance costs of the IDA Series 2022A and Series 2022B. The principal amounts of these bonds were $13,640,000 as of June 30, 2023.

(e) Long-Term Obligations

Changes in long-term obligations for the year ended June 30, 2023 and 2022 are as follows:

2023 Long-term Obligations Rollforward						
		Beginning balance	Additions	Reductions	Ending balance	Due within One Year
Bonds payable	$	545,244,495	—	25,574,214	519,670,281	47,485,000
Other long-term debt		11,410,460	—	1,587,235	9,823,225	615,777
Financed purchase obligation		136,387,396	—	121,934,077	14,453,319	315,382
Direct placement debt		—	205,390,000	3,965,000	201,425,000	4,575,000
Leases and subscriptions, including component unit		132,228,759	4,096,731	9,439,521	126,885,969	7,284,081
Total long-term obligations	$	825,271,110	209,486,731	162,500,047	872,257,794	60,275,240

2022 Long-term Obligations Rollforward		Beginning balance	Additions	Reductions	Ending balance	Due within One Year
Bonds payable	$	573,623,709	—	28,379,214	545,244,495	21,280,000
Other long-term debt		12,936,915	—	1,526,455	11,410,460	1,587,236
Financed purchase obligation		121,020,605	15,000,000	(366,791)	136,387,396	(54,350)
Leases and subscriptions, including component unit		129,933,242	10,847,489	8,551,972	132,228,759	7,968,062
Total long-term obligations	$	837,514,471	25,847,489	38,090,850	825,271,110	30,780,948

The University does not have any open lines of credit.

The GCIA 2015A, GCIA 2015B, GCIA 2015C, NEFA 2016C, GCIA 2017A, GCIA 2019, GCIA 2021 Bonds, IDA 2022A, IDA 2022B, and GCIA 2021 Notes series contain provisions that, in the event of default, the bondholders have the right to request all outstanding amounts of their respective bond in default immediately. The NEFA 2011C, CCIA 2013A, CCIA 2013B, CCIA 2020A and CCIA 2020B series are secured with the collateral of their respective financed projects. The default remedy allows the respective issuer to refit the building and sublet the property until all outstanding amounts have been recovered, including the refit costs. The lease arrangements with Nexus for a multi-level parking garage and a five-story retail, classroom, and office building contain provisions that, in the event of default, the leaseholder has the right to terminate the lease and sell privately or publicly, the goods, fixtures, or other personal property, as well as cancel the respective purchase options at the end of the lease. The CIF 2016B grants from the Higher Education Capital Improvement Fund Act include provisions that, in the event of default, the issuer has the right to request the forfeiture of all the unused grant funds and the repayment of all used funds, with a credit for an any principal payments already made by the University, with respect to the issuance in default. The 2014 grant from the New Jersey Higher Education Capital Facilities Grant Program contains a provision that, in the event of a default, the State is allowed to withhold appropriations to recover the amount owed.

(9) Noncurrent Liabilities

Noncurrent liabilities activity for the year ended June 30, 2023 and 2022 was as follows:

2023 Noncurrent Liabilities Activity						
	Beginning balance	Additions	Reductions	Ending balance	Current portion	Non-current portion
Compensated absences	$ 13,710,198	11,110,518	10,972,619	13,848,097	11,108,342	2,739,755
Unearned revenue	118,907,831	35,567,675	35,157,933	119,317,573	38,280,239	81,037,334
Other liabilities	32,173,474	—	8,661,605	23,511,869	1,869,463	21,642,406
Repurchase liability	3,220,000	—	—	3,220,000	—	3,220,000
Deposits held in custody for others	3,559,335	2,610,493	3,241,617	2,928,211	—	2,928,211
Net pension liability	276,489,837	33,207,500	25,052,553	284,644,784	—	284,644,784
Bonds payable	545,244,495	—	25,574,214	519,670,281	47,485,000	472,185,281
Other long-term debt	11,410,460	—	1,587,235	9,823,225	615,777	9,207,448
Financed purchase obligation	136,387,396	—	121,934,077	14,453,319	315,382	14,137,937
Direct placement debt	—	205,390,000	3,965,000	201,425,000	4,575,000	196,850,000
Leases and subscriptions, including component unit	132,228,759	4,096,731	9,439,521	126,885,969	7,284,081	119,601,888
Total noncurrent liabilities	$ 1,273,331,785	291,982,917	245,586,374	1,319,728,328	111,533,284	1,208,195,044

2022 Noncurrent Liabilities Activity						
	Beginning balance	Additions	Reductions	Ending balance	Current portion	Non-current portion
Compensated absences	$ 15,185,615	10,794,536	12,269,953	13,710,198	10,972,618	2,737,580
Unearned revenue	37,853,899	109,207,084	28,153,152	118,907,831	35,157,933	83,749,898
Other liabilities	37,107,003	195,369	5,128,898	32,173,474	8,661,605	23,511,869
Repurchase liability	3,220,000	—	—	3,220,000	—	3,220,000
Deposits held in custody for others	4,136,876	2,467,730	3,045,271	3,559,335	228,022	3,331,313
Net pension liability	269,832,080	24,217,751	17,559,994	276,489,837	—	276,489,837
Bonds payable	573,623,709	—	28,379,214	545,244,495	21,280,000	523,964,495
Other long-term debt	12,936,915	—	1,526,455	11,410,460	1,587,236	9,823,224
Financed purchase obligation	121,020,605	15,000,000	(366,791)	136,387,396	(54,350)	136,441,746
Leases and subscriptions, including component unit	129,933,242	10,847,489	8,551,972	132,228,759	7,968,062	124,260,697
Total noncurrent liabilities	$ 1,204,849,944	172,729,959	104,248,118	1,273,331,785	85,801,126	1,187,530,659

(10) Professional Services and Contract Revenues

The SOM Faculty Practice Plan revenues primarily consist of fee for service payments, inclusive of quality incentives and capitation payment, from the Centers for Medicare & Medicaid Services (CMS) and other third party insurance providers for inpatient and outpatient services provided by the SOM faculty. In addition, significant contract payments for medical directorships and other contracted service agreements, such as behavioral health and hospitalist services, account for approximately one-third of the revenues.

The components of net professional services and contract revenues for the year ended June 30, 2023 and 2022 are as follows:

Net Professional Services and Contracts Revenue		2023	2022
Faculty practice revenues:			
Gross charges	$	73,608,575	79,611,968
Contractual and other allowances		(36,459,544)	(40,991,022)
Provision for bad debts		(905,325)	(1,101,430)
Bad debt recovery		193,721	246,091
Affiliation revenue		2,393,092	—
Total faculty practice		38,830,519	37,765,607
House staff and affiliation revenues:			
House staff billings		8,481,144	15,782,599
Affiliation billings		3,169,702	3,026,148
Total house staff and affiliation		11,650,846	18,808,747
Total net professional services and contract revenues	$	50,481,365	56,574,354

Gross charges pertain to the following payers:

Faculty Practice Plan Gross Charges	2023	2022
Medicare	38 %	35 %
Medicaid and Medicaid HMO	20	21
Contracts	10	8
Other third party payors	30	33
Uninsured, charity care and self pays	2	3
	100 %	100 %

Faculty practice gross accounts receivable pertain to the following payers:

Faculty Practice Plan Accounts Receivable	2023	2022
Medicare	18 %	21 %
Medicaid and Medicaid HMO	29	35
Contracts	29	13
Other third party payors	24	28
Self pays	—	3
	100 %	100 %

(11) Commitments and Contingencies

(a) Compensated Absences

The University recorded a liability for accumulated vacation time in the amount of approximately $11,108,000 and $10,973,000 as of June 30, 2023 and 2022, respectively, which is included in accounts payable and accrued expenses in the accompanying statements of net position. The liability is calculated based upon employees' accrued vacation leave as of the statements of net position date.

Payments for accumulated sick leave balances are made to retiring employees upon regular retirement. The payment is based on 50% of the employee's sick leave accumulation, at the pay rate in effect at the time of retirement up to a maximum of $15,000. Employees separating from University service prior to retirement are not entitled to payments for accumulated sick leave balances. Accordingly, the University recorded a liability for accumulated sick leave balances in the amount of approximately $2,417,000 and $2,406,000 as of June 30, 2023 and 2022, respectively, which is included in compensated absences non-current portion in the accompanying statements of net position.

During fiscal year 2010, bargaining unit employees were required to take seven unpaid furlough days. Three of these days were banked for either future use or pay out upon separation. A liability for the accumulated leave bank in the amount of approximately $322,000 and $332,000 as of June 30, 2023 and 2022, respectively, is recorded in compensated absences non-current portion in the accompanying statements of net position.

(b) Risk Management

The University is exposed to various risks of loss. As an instrumentality of the State of New Jersey, the liability of the University is subject to all of the provisions of the New Jersey Tort Claims Act (N.J.S.A. 59:1 1 et seq.), the New Jersey Contractual Liability Act (N.J.S.A. 59:13 1 et seq.), and the availability of appropriations. The Tort Claims Act also creates a Tort Claims Fund and provides for payment of eligible claims filed against the University or against its employees, whom the State is obligated to indemnify against tort claims which arise out of the performance of their duties. Therefore, the University's liability and employee benefit exposures are self funded programs maintained and administered by the State (including tort liability, employment liability, medical professional liability, auto liability, trustee's and officer's liability, workers' compensation, unemployment, temporary and long-term disability, unemployment liability, life insurance and employee retirement programs). An annual appropriation is provided by the legislature for all statutory self funded programs.

The University purchases and maintains a commercial property insurance policy through a joint insurance program with the New Jersey Association of State Colleges and Universities (NJASCU a/k/a the Consortium). University buildings, contents, plant operations, boiler & machinery, business interruption, and lost revenue are insured on an all risk replacement cost basis with a per occurrence limit of $2.0 billion, subject to a $100,000 per occurrence deductible. A $500,000 combined per occurrence deductible applies to several University buildings due to flood exposure; the University's per occurrence policy deductible is capped at the $500,000.

In addition to the property insurance policy maintained through the consortium, the University maintains several policies of insurance to ensure a comprehensive approach to managing the risk of loss from exposures that are or may be ineligible for Tort Claims Protection. The following policies are maintained and these policies also extend coverage to the University's separately incorporated 501(c)(3) auxiliary organizations: Crime insurance policy (moneys and securities coverage) in the amount of $2,000,000 with a per loss deductible of $25,000; Information Security & Privacy Liability in the amount of $15,000,000 with a per loss deductible of $250,000; and Pollution Legal Liability in the amount of $10,000,000 with a per loss deductible of $100,000. The University maintains a Student Professional Liability policy in the amount of $1,000,000 per occurrence with a $3,000,000 annual aggregate and a per loss deductible of $10,000 to cover students participating in professional internships (excludes medical students since they are provided protection through the Tort Claims Act). Effective July 1, 2019 the University maintains an Executive Plus Director's and Officer's Liability policy in the amount of $5,000,000.

The following policies of insurance are maintained for the University's separately incorporated 501 (c)(3) auxiliary organizations (New Jersey Statutes Title 18A Education provides each auxiliary organization with the power to "sue and be sued" (N.J.S.A. 18A:64 30) and directs them to procure their own legal representation because they will not be represented by the State of New Jersey Office of Attorney General (N.J.S.A. 18A:64 35), thereby exempting them from protection under the New Jersey Tort Claims Act): Director's and Officer's Liability in the amount of $5,000,000 with a per occurrence deductible of $25,000; General Liability in the amount of $1,000,000 per occurrence with a $3,000,000 annual aggregate and a per occurrence deductible of $100,000, which also extends coverage to Rowan student educational programs and activities; and excess liability in the amount of $20,000,000 which responds above the General Liability policy, and the University's Student Professional Liability policy referenced above, and also provides difference in conditions coverage to the University to cover any gaps in Tort Claims liability protection. In addition, a professional liability insurance policy is maintained for Rowan Global, Inc. in the amount of $2,000,000 per occurrence and $2,000,000 in the annual aggregate with a deductible of $2,500 per claim.

All commercial insurance policies are renewed on an annual basis. There has been no decrease in insurance coverage during the current year. There have been no settlements in excess of insurance coverage in the past three years.

(c) Medical Malpractice Self-Insurance Fund

The University participates in a fund administered by the State known as the Medical Malpractice Self-Insurance Fund (the Fund), which is used to pay malpractice claims and related insurance premiums. The University and the State approve the payment of claims and the University is required to make contributions to the Fund from the SOM Faculty Practice Plan and the Graduate Medical Education (GME) programs. Monies in the Fund, commercial excess liability insurance coverage, and coverage provided by the New Jersey Tort Claims Act are used to meet the cost of claims against SOM. The State has the ultimate liability for any claims in excess of the Fund's assets.

Payment of claims (indemnity and expenses) from the Fund totaled $372,365 and $2,430,418 in fiscal year 2023 and 2022, respectively, for SOM. The University contributed $2,500,000 to the fund for fiscal year 2023. Of this amount for fiscal year 2023, $1,874,550 was paid while the remaining $625,450 is included in accounts payable and accrued expenses as of June 30, 2023. The University contributed $3,250,000 to the fund for fiscal year 2022. Of this amount for fiscal year 2022, $2,437,500 was paid while the remaining $812,500 is included in accounts payable and accrued expenses as of June 30, 2022.

(d) Voluntary Compliance Plan

UMDNJ had operated under a five year Corporate Integrity Agreement (CIA) with the Department of Health and Human Services Offices of the Inspector General (DHHS OIG) since September 2009. This agreement was assignable to successor organizations. Upon the integration of SOM into Rowan University, the Board of Trustees of Rowan University adopted a healthcare compliance program consistent with relevant laws and practices, and to fulfill the requirements of the CIA and the 15 remaining months of the agreement. The CIA requirements expired September 2014, but the compliance measures that have been developed and implemented will be continued. A Voluntary Compliance Program was implemented on September 26, 2014 and remains in place.

(e) Other Contingencies

The University is involved in several claims and lawsuits incidental to its operations. In the opinion of management, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the University.

(f) Service Concession Arrangement for the Student Housing Facility

(i) Ground Lease

On April 30, 2015, the University entered into a ground lease with Provident Group – Rowan Properties LLC (Provident) to develop, construct and operate a student housing facility (the Project), consisting of an approximately 1,415 bed student housing facility including a shell for a residential dining facility, with all buildings, improvements, fixtures, furnishing, equipment and amenities necessary for the operation thereof on certain real property located on the campus (the Land), along with associated site infrastructure and various related amenities, utilities and improvements within and outside the Land. The term of the ground lease is 37 years and commenced on April 30, 2015 with no option to renew or extend by Provident. Upon termination of the ground lease, all rights, title and interest to the Project shall automatically and immediately vest in the University. The base annual rent is equal to the surplus cash flows, net of reserve requirements from inception to the preceding period. In the event the rent payment would cause Provident to break any debt covenants, the University would not collect rent for that year.

In connection with the ground lease, the New Jersey Economic Development Authority issued Revenue Bonds (the Bonds) and lent the proceeds to Provident in order to fulfill their obligations under the ground lease. The University has no obligation to pay debt service on the Bonds.

During the term of the ground lease, Provident shall use and operate the Land for the sole and exclusive purpose of developing and constructing the Project, operating the Project as a student housing facility only for residents, with a sublease of the Dining Facility with the University under the Dining Facility Sublease for use by the residents, the University, students and staff of the University and their visitors and authorized representatives. The University will act as an agent for Provident, entering into Residence License Agreements with students to reside in the student housing facility, collecting all amounts due and remitting them to the Bond Trustee and enforcing compliance with the Residence License Agreements in accordance with the management agreement. Under the terms of the Bond Trustee Indenture, the Bond Trustee will accumulate these fees to pay the annual debt service of Provident and reimburse the operating expenses of the student housing facilities on a monthly basis.

(ii) Management Agreement

On April 30, 2015, the University entered into a management agreement with Provident and University Student Living Management, LLC (the Manager) (collectively, the Management Agreement) to engage the Manager to manage, operate and maintain the student housing facility. The term of the Management Agreement is five years with extensions for two successive five year periods commencing with the expiration of the original five year engagement, unless either party provides notice of nonextension at least 120 days prior to such expiration. The original five year engagement began after the date of substantial completion of the student housing facility in which revenues are deposited to the Bond Trustee.

All fees due to the Manager are the responsibility of Provident. The University is responsible for the billing and collection of student housing fees, deposits, charges and other amounts under residence license agreements and remitting the funds to the Bond Trustee. The University will provide resident life services and staffing; marketing of the student housing facility; and cable, telephone and internet services, all of which may be reimbursed as operating expenses of the Project.

(iii) Dining Facility Sublease

On April 30, 2015, the University entered into a Dining Facility Sublease with Provident for the operation and management of a dining facility that was constructed under the project development agreement. The term began on the date that the Project is substantially completed and the University accepts possession of the dining facility. The end of the lease is concurrent with the ground lease with automatic renewal to the extent that the ground lease is extended or renewed. The base annual rent is $1.00.

(iv) Nature and Extent of Rights

During the term of the ground lease, Provident shall use and operate the Property for the sole and exclusive purpose of developing and constructing the Project, operating the Project as a student housing facility only for residents, with a sublease of the Dining Facility with the University under the Dining Facility Sublease for use by the residents, the University, students and staff of the University and their visitors and authorized representatives. The building shall be named as determined by the University in its sole and absolute discretion. The Manager shall manage, operate, and maintain the Student Housing Facility, with the advice and consultation of a project operations committee established by Provident under the Operating Agreement, pursuant to the Ground Lease, which shall at all times be composed of five (5) members, three (3) of whom shall be appointed by the University, one (1) of whom shall be appointed by the Manager, one (1) of whom shall be appointed by Provident. Under the ground lease, the University also have the right and option at any time after ten (10) years either (a) to purchase Provident’s right, title, and interest in and to the Property, or (b) to terminate the Ground Lease, or (c) to acquire all the rights, titles and interests of Provident under the Loan Agreement and the other Bond Documents and any and all disbursements to be made. Upon the termination or expiration of the Ground Lease from any cause, all rights and interests of Provident shall immediately cease and terminate, and all of the Project and Property, including all buildings, structures, improvements, equipment, engines, machinery, dynamos, generators, boilers, furnaces, elevators, fire escapes, and all lifting, lighting, heating, cooling, refrigerating, air conditioning, ventilating, gas, electric and plumbing apparatus, appliances and fixtures, as well as other fixtures attached to or within the Property, and all personality and any other personal property located thereon, shall thence forward constitute and belong to and be the absolute property of the University or the University’s successors and assigns.

(v) Amounts of Assets and Deferred Inflows of Resources

The assets that resulted from the service concession arrangement for the student housing facility consists of equipment, building, and building improvements. The equipment for the year ending June 30, 2023 and 2022 is $3,987,171 and $3,899,766, respectively. The building for the year ending June 30, 2023 and 2022 is $115,155,436. The building improvements for the year ending June 30, 2023 and 2022 is $893,088 and $117,054, respectively. The deferred inflow of resources related to service concession arrangement for the year ending June 30, 2023 and 2022 is $93,554,577 and $96,509,693, respectively.

(g) Availability Payment Arrangements for the Camden Garage

On May 22, 2019, the University entered into a ground lease with The Camden County Improvement Authority (CCIA) for the sum of $1,500,000 to develop and construct a parking garage (the Project), consisting of an approximately 1,025 space parking facility to provide parking to, among others, students, faculty, staff, patients, and visitors of the Medical School and Cooper facilities and the expanding health sciences campus. In connection with the ground lease, CCIA issued revenue bonds to construct the Project and settle the lease payment to the University. The University has no obligation to pay debt service on the bonds. The term of the ground lease is from commencement of May 22, 2019 and shall terminate on the date fifteen years from the final maturity date of the Bonds, which shall occur on June 30, 2049. The lease may be extended should the issuance of additional bonds be required to complete the

Project. The lease also has an early termination clause should all indebtedness issued in connection with the Project be paid and all monthly fees owed by the University or Cooper under the parking license agreements (noted below) are paid in full. During the term of the ground lease, CCIA shall use and operate the land for the sole and exclusive purpose of developing and constructing the Project and operating the Project as a parking facility. The parking garage was completed in October 2021. Operating expenses related to the parking garage for the year ending June 30, 2023 and 2022 is $555,360 and $367,696, respectively.

(h) Dining Services

In June 2014, the University entered into a dining services agreement with Gourmet Dining, LLC to provide dining services. The agreement also established a Capex Fund for the University related to the purchase of dining facility related equipment to be amortized over the life of the agreement. The University amended the agreement effective October 2018 which extended the agreement through June 30, 2033 and established an Investment Fund balance at the University to be funded by Gourmet Dining through annual deposits through October 2021, which the University will return in monthly increments through June 30, 2035. The University amended the agreement effective October 2020 which allowed the University to defer the monthly Investment Fund increments due October 2020 through December 2021 until fiscal year 2022. A subsequent amendment extended this deferral through the remainder of fiscal year 2021. The full deferral of $1,102,355 will be amortized beginning July 1, 2021 through June 30, 2033. The unamortized balance in the Capex Fund as of June 30, 2023 and 2022 was $7,950,785 and $8,747,796, respectively. The remaining balance in the Investment fund as of June 30, 2023 and 2022 was $22,060,765 and $23,907,601.

(i) Camden Housing Project

In April 2014, the University entered into an agreement regarding Development of Housing and Related Guaranty of Rental Payment with Broadway Housing Partners LLC (the Developer) to purchase and redevelop the properties in the immediate vicinity of CMSRU. These properties contain approximately fifty-six residential rental units, which the Developer intends to lease to University students as fair market rental housing, and, with regard to any units that are not leased to University students, to any other qualified renters, so as to maximize occupancy of the units in the project. As the University directly benefits from the redevelopment of the properties, the University warrants to pay the Developer on an annual basis the difference between ninety-five percent of aggregate standard rent and the aggregate rent collected. There is no cap of these shortfall payments during the initial term (years 1–10). During the second term (years 11–20), as the rent increases, in year 11 the shortfall payment shall not exceed $300,000; and in each calendar year thereafter the cap shall be increased by a percentage equal to the percentage increase in the CPI index. The University's shortfall payments will not exceed the aggregate amount of $2,500,000 over the course of the second term. The University shall have no obligation to pay any amounts to the Developer for the periods after the expiration of the second term. The first rental year began on August 1, 2015. The University made $260,481 and $234,405 shortfall payments during fiscal year 2023 and 2022, respectively.

(j) Glassboro Housing Project

In November 2016, December 2016, and April 2017 the University entered into agreements with Urban Renewal, LLC (the Developer) for affiliated student housing in Glassboro NJ. These three properties provide housing for approximately 1,619 students. As the University directly benefits from the development of the properties, the University warrants to pay the Developer on an annual basis the difference between ninety-five percent of aggregate standard rent and the aggregate rent collected for each agreement. The ninety-five percent annual guaranty amount for all three properties extends through the spring semester of 2024. The University is due a placement fee per bed up to the ninety-five percent of student units. This amount may be deducted from any shortfall payment the University may need to make. The University received a payment net of the annual guarantee from the developer of $99,803 and $121,393 for fiscal year 2023 and 2022, respectively.

(k) Inspira Health Network

The University entered into a Purchase and Sale Agreement with Inspira Health Network (Inspira) for certain property owned by the University for $11.5 million during fiscal year 2016. In conjunction with the transaction, the University and Inspira also entered into a Repurchase and Right of First Refusal Agreement, whereas the University has the option to repurchase the property if Inspira has not commenced efforts to develop the land by the fourth anniversary of the closing and further, the University has the option to repurchase undeveloped portions of the property after 20 years from the date of the closing. On May 24, 2017, Inspira broke ground on the medical center project planned for the 100-acre parcel property purchased from the University. The first phase of the medical center was approximately 467,000 square feet which will allow for additional development over time. This phase was completed in December 2019. The portion of the property currently under construction represents approximately 72% of the overall property cost. As a result, the University recognized the partial land sale of $8,280,000, a gain of $830,817, as well as $900,000 in contribution revenue for the appraised market value of the donated land from Harrison Township and reduced the original repurchase liability from $12,400,000 as of June 30, 2016 to $3,220,000 as of June 30, 2017. As of June 30, 2023 and 2022, the University has a repurchase liability of $3,220,000.

(12) Leases and SBITAs

(a) Lessee and SBITA

As discussed in note 1(b)(vi), the University is a lessee for various noncancelable leases of buildings and equipment. The University also has noncancelable SBITAs for the right-to-use IT hardware and software.

A summary of right-of-use asset activity during the years ended June 30, 2023 and 2022 are as follows:

2023		Right-of-use Assets Beginning balance	Additions/ Transfers	Deletions/ transfers	Ending balance
Nondepreciable right-of-use assets:					
Prepayment of subscription	$	578,532	44,000	—	622,532
Total right-of-use assets		578,532	44,000	—	622,532
Right-of-use assets:					
Real Estate		134,181,693	923,920	(648,805)	134,456,808
Equipment		391,170	—	—	391,170
Subscription		10,800,966	3,172,811	—	13,973,777
Total right-of-use assets		145,373,829	4,096,731	(648,805)	148,821,755
Less accumulated depreciation:					
Right-of-use assets:					
Real Estate		11,974,425	6,227,862	—	18,202,287
Equipment		184,091	98,562	—	282,653
Subscription		3,216,813	3,983,857	—	7,200,670
Total accumulated depreciation		15,375,329	10,310,281	—	25,685,610
Total right-of-use assets, net	$	130,577,032	(6,169,550)	(648,805)	123,758,677

2022		Right-of-use Assets Beginning balance	Additions/ Transfers	Deletions/ transfers	Ending balance
Nondepreciable right-of-use assets:					
Prepayment of subscription	$	51,556	526,976	—	578,532
Total right-of-use assets		51,556	526,976	—	578,532
Right-of-use assets:					
Real Estate		134,181,693	—	—	134,181,693
Equipment		344,647	46,523	—	391,170
Subscription		—	10,800,966	—	10,800,966
Total right-of-use assets		134,526,340	10,847,489	—	145,373,829
Less accumulated depreciation:					
Right-of-use assets:					
Real Estate		5,718,922	6,255,503	—	11,974,425
Equipment		86,162	97,929	—	184,091
Subscription		—	3,216,813	—	3,216,813
Total accumulated depreciation		5,805,084	9,570,245	—	15,375,329
Total right-of-use assets, net	$	128,772,812	1,804,220	—	130,577,032

Lease and Subscription Liabilities

A summary of changes in the related lease and subscription liabilities during the years ended June 30, 2023 and 2022 are as follows:

2023 Lease and Subscription Liabilities		Beginning balance	Additions	Remeasurements	Reductions	Ending balance	Due within One Year
Leases	$	125,604,832	923,920	(648,805)	4,485,576	121,394,371	4,661,752
Subscriptions		6,623,927	3,172,811	—	4,305,140	5,491,598	2,622,329
Total leases and subsciptions	$	132,228,759	4,096,731	(648,805)	8,790,716	126,885,969	7,284,081

2022 Lease and Subscription Liabilities		Beginning balance	Additions	Remeasurements	Reductions	Ending balance	Due within One Year
Leases	$	129,933,242	46,523	—	4,374,933	125,604,832	4,520,452
Subscriptions		—	10,800,966	—	4,177,039	6,623,927	3,447,610
Total leases and subscriptions	$	129,933,242	10,847,489	—	8,551,972	132,228,759	7,968,062

Future annual payments are as follows:

Lease Payments		Principal amount	Interest amount	Total amount
Year ending June 30:				
2024	$	4,661,752	3,289,844	7,951,596
2025		4,528,106	3,188,519	7,716,625
2026		5,139,511	3,081,683	8,221,194
2027		6,195,745	2,939,049	9,134,794
2028		6,435,716	2,782,489	9,218,205
2029–2033		33,095,214	11,417,921	44,513,135
2034–2038		24,798,887	7,458,417	32,257,304
2039-2043		22,014,435	3,987,114	26,001,549
2044-2048		10,710,960	1,344,472	12,055,432
2049-2053		3,814,045	155,477	3,969,522
	$	121,394,371	39,644,985	161,039,356

Subscription Payments		Principal amount	Interest amount	Total amount
Year ending June 30:				
2024	$	2,622,329	70,839	2,693,168
2025		1,573,751	33,766	1,607,517
2026		995,225	10,097	1,005,322
2027		295,382	983	296,365
2028		4,911	7	4,918
	$	5,491,598	115,692	5,607,290

The University incurred variable expenses associated with SBITAs in the amount of $1,012,239 and $607,986, as of June 30, 2023 and 2022, respectively.

(b) Lessor

As discussed in note 1(b)(vi), the University is a lessor for various noncancelable leases of buildings and land.

The University received variable lease income in the amount of $375,502 and $488,682 as of June 30, 2023 and 2022, respectively.

Future annual lease revenues are as follows:

Lease Revenue						
		Component unit		Non-component unit		
		Future inflows	Interest amount	Future inflows	Interest amount	Total
Year ending June 30:						
2024	$	46,421	86,782	599,796	29,781	762,780
2025		46,421	87,800	337,989	15,598	487,808
2026		46,421	88,797	267,161	5,830	408,209
2027		46,421	89,773	70,079	64	206,337
2028		46,421	90,725	33,333	—	170,479
2029–2033		232,103	466,879	166,667	—	865,649
2034–2038		232,103	485,504	166,667	—	884,274
2039-2043		232,103	497,698	166,667	—	896,468
2044-2048		232,103	500,853	166,667	—	899,623
2049-2053		232,103	491,679	166,667	—	890,449
2054-2058		232,103	466,048	166,667	—	864,818
2059-2063		232,103	418,812	166,667	—	817,582
2064-2068		232,103	343,574	27,776	—	603,453
2069-2073		232,103	232,422	—	—	464,525
2074-2078		232,103	75,601	—	—	307,704
	$	2,553,135	4,422,947	2,502,803	51,273	9,530,158

(13) Rowan University Foundation

(a) Component Unit

Rowan University Foundation (the Foundation) is a legally separate, tax exempt component unit of the University with a fiscal year end of June 30. The Foundation has received a determination letter from the Internal Revenue Service concluding that it is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation acts primarily as a fundraising entity to supplement the resources that are available to the University in support of its programs. Although the University does not control the timing or amount of receipts from the Foundation, the Foundation's assets are used exclusively for the benefit, support, and promotion of the University and its educational activities. Because these resources held by the Foundation can only be used by, or are for the benefit of the University, the Foundation is considered a component unit of the University and is discretely presented as part of the University's financial statements. The University provides accounting, accounts payable, and payroll services for the Foundation.

On August 14, 2014, the Rowan Innovation Venture Fund (the Fund) was formed as a legally separate, single member limited liability corporation whose sole member is the Foundation. The Fund is managed by or under the direction of the Fund's Board of Managers as appointed by the Foundation. Further, the Foundation is able to impose its will on the Fund by influencing its activities and is legally entitled to or can otherwise access the Fund's resources. Because the Foundation is financially accountable for the Fund, the Fund is considered a component unit of the Foundation. The primary purpose of the Fund is establishing, developing, owning, managing, operating and administering a seed and early stage venture capital fund to support and leverage the innovation talents and ideas of the members of the Rowan University community and to accelerate the impact of the University on the economic development of Southern New Jersey. As the Fund is organized as a not-for-profit corporation for which the Foundation is the sole member, its activities are blended into the totals of the Foundation. The Fund is treated as a disregarded entity by the Foundation under Treasury Regulations Sections 301.7701-1 through 301.7701-3 as it is a limited liability corporation with a single owner. Accordingly, the Fund is recognized as a tax exempt entity as described in Section 501(c)(3).

During the year ended June 30, 2023 and 2022 the University received $14,373,224 and $13,844,804, respectively, from the Foundation. Complete financial statements of the Foundation can be obtained from the Office of the Chief Financial Officer, Rowan University, Glassboro, New Jersey.

(b) Cash, Cash Equivalents, Restricted Nonexpendable Investments and Investments

As of June 30, 2023 and 2022, the Foundation's cash, cash equivalents and investments are reported on the statements of net position as follows:

Cash, Cash Equivalents, and Investments			
		2023	**2022**
Cash and cash equivalents	$	12,178,080	10,207,894
Restricted cash and cash equivalents		8,561,235	6,319,136
	$	20,739,315	16,527,030
Investments	$	68,529,098	67,774,081
Restricted investments		48,176,210	41,955,145
Restricted nonexpendable investments		252,436,857	221,180,190
	$	369,142,165	330,909,416

Cash, cash equivalents, restricted nonexpendable investments and investments consist of the following as of June 30, 2023 and 2022:

Cash, Cash Equivalents, and Investments			
		2023	**2022**
Cash and cash equivalents:			
Cash	$	7,023,930	6,994,560
Money market funds		13,715,385	9,532,470
	$	20,739,315	16,527,030
Investments:			
Bond mutual funds (domestic)	$	34,806,073	35,660,291
Common stock mutual funds (domestic)		88,209,870	81,394,113
Common stock mutual funds (international)		52,583,720	37,506,032
Privately held common stock		214,928	108,082
Venture capital investments		5,276,491	5,609,949
Alternative investments		188,051,083	170,630,949
	$	369,142,165	330,909,416

For the years ended June 30, 2023 and 2022, the decrease in fair value on investments was $16,078,226 and an increase of $25,102,571, respectively and the net realized gain on investments for June 30, 2023 and 2022 was $6,457,740 and $11,178,724, respectively. The calculation of realized gains and losses is independent of a calculation of the net change in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in the prior year and the current year.

The Foundation has an investment policy, which establishes guidelines for permissible investments. The Foundation may invest in domestic equity securities, international equity securities, fixed income securities, real estate investments and venture capital investments. The Foundation's cash and cash equivalents and investments are subject to various risks. Among these risks are custodial credit risk, credit risk and interest rate risk. Each one of these risks is discussed below.

Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to it. Cash and money market accounts were held at a depository and bank balances amounted to $20,422,408 and $16,460,159 as of June 30, 2023 and 2022, respectively. Of this amount, $303,981 and $477,412 was FDIC insured, leaving an uninsured and uncollateralized balance of $20,118,427 and $15,982,747.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as S&P and Moody's. The Foundation's investment policy requires fixed income securities to replicate the Barclays Capital Aggregate characteristics with regard to maturity, structure, duration, credit quality, sector distribution, etc. As of June 30, 2023 and 2022, the bond mutual funds (domestic) were unrated.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a debt investment. The Foundation's investment policy does not specifically address limitations in the maturities of investments.

The Foundation's investments' average effective duration for June 30, 2023 and 2022 are as follows:

2023
Foundation Investments' Average Duration

Investment type		Fair value	Average effective duration
Bond mutual funds (domestic)	$	10,188,561	6.62 years
Bond mutual funds (domestic)		18,330,877	7.13 years
Bond mutual funds (domestic)		6,154,007	7.13 years
Bond mutual funds (domestic)		132,628	6.29 years
Total	$	34,806,073	

2022
Foundation Investments' Average Duration

Investment type		Fair value	Average effective duration
Bond mutual funds (domestic)	$	12,736,077	6.59 years
Bond mutual funds (domestic)		7,379,397	6.47 years
Bond mutual funds (domestic)		3,966,671	6.64 years
Bond mutual funds (domestic)		11,472,392	2.50 years
Bond mutual funds (domestic)		105,754	6.43 years
Total	$	35,660,291	

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the financial statement measurement date. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 – unadjusted quoted or published prices for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 – quoted or published prices other than those included within Level 1 and other inputs that are observable for an asset or liability, either directly or indirectly.
- Level 3 – pricing inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity or the investment.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3. When the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level that is significant to the entire measurement.

The following is a description of the valuation methodologies used for instruments measured at fair value:

- Bond and common stock mutual funds – The fair value of bond and common stock mutual funds are based on quotations obtained from national securities exchanges or the published price as of the measurement date.
- Venture capital investments – The fair value of the venture capital investments is based off of the initial cost of investments that are entered into during the current fiscal year and cost was determined to approximate fair value. Venture capital investments made in prior years are analyzed to determine if any adjustments to the cost basis of such investments is necessary.
- Alternative investments (including absolute return, private equity and realty investments) – The fair value is based off of the net asset value (NAV), which is provided by the investment managers and reviewed by the management for reasonableness.

While the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The Foundation's financial instruments at June 30, 2023 are summarized in the following table by their fair value hierarchy:

Foundation Financial Instruments Fair Value Hierarchy	Total	Level 1	Level 2	Level 3
Investments measured at fair value:				
Bond mutual funds (domestic)	$ 34,806,073	34,806,073	—	—
Common stock mutual funds (domestic)	88,209,870	88,209,870	—	—
Common stock mutual funds (international)	52,583,720	52,583,720	—	—
Privately held common stock	214,928	—	—	214,928
Venture capital investments	5,276,491	—	—	5,276,491
Subtotal	181,091,082	$ 175,599,663	—	5,491,419
Investments measured at net asset value:				
Absolute return	44,478,054			
Private equity	127,885,195			
Realty investments	15,687,834			
Subtotal	188,051,083			
Total cash equivalents and investments	$ 369,142,165			

The Foundation's financial instruments at June 30, 2022 are summarized in the following table by their fair value hierarchy:

Foundation Financial Instruments Fair Value Hierarchy						
		Total		Level 1	Level 2	Level 3
Investments measured at fair value:						
Bond mutual funds (domestic)	$	35,660,291		35,660,291	—	—
Common stock mutual funds (domestic)		81,394,113		81,394,113	—	—
Common stock mutual funds (international)		37,506,032		37,506,032	—	—
Privately held common stock		108,082		—	—	108,082
Venture capital investments		5,609,949		—	—	5,609,949
Subtotal		160,278,467	$	154,560,436	—	5,718,031
Investments measured at net asset value:						
Absolute return		51,826,080				
Private equity		102,291,138				
Realty investments		16,513,731				
Subtotal		170,630,949				
Total cash equivalents and investments	$	330,909,416				

Investments Measured at NAV

The following table represents the unfunded commitments and redemption terms by investment type as of June 30, 2023:

Investments Measured at NAV					
		Fair value	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
Absolute return[(a)]	$	44,478,054	3,750,000	Quarterly	65–100 days
Private equity[(b)]		127,885,195	46,800,267	Illiquid	Not applicable
Realty investments[(c)]		15,687,834	16,101,982	Illiquid	Not applicable
	$	188,051,083			

The following table represents the unfunded commitments and redemption terms by investment type as of June 30, 2022:

Investments Measured at NAV					
		Fair value	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
Absolute return[(a)]	$	51,826,080	6,000,000	Quarterly	65–100 days
Private equity[(b)]		102,291,138	45,350,000	Illiquid	Not applicable
Realty investments[(c)]		16,513,731	3,350,000	Illiquid	Not applicable
	$	170,630,949			

(a) Absolute return includes 6 hedge funds as of June 30, 2023 and 2022. The funds seek to achieve capital appreciations through various strategies, including long/short equity, long/short credit, relative value and other market neutral strategies. One of the investments, about 0.1% of the overall total, has been liquidated and fully redeemed by June 2023. The remaining investments are redeemable as disclosed above.

(b) Private equity includes 32 and 30 funds as of June 30, 2023 and 2022, respectively. The funds seek to invest in nonpublicly traded investments that will eventually be sold at a return in excess of public markets. This strategy is implemented through illiquid vehicles and cannot be redeemed. The remaining life of these funds is 1 to 12 years with possible extensions for 14 funds. Capital is distributed to investors as the funds' investments are liquidated over that time period.

(c) Realty investments includes 9 funds as of June 30, 2023 and 2022. All of the funds seek to purchase real estate that can be improved and later sold to provide a return that is in excess of public real estate markets. This strategy is implemented through illiquid vehicles and cannot be redeemed. The remaining life of these funds is 1 to 10 years with possible extensions for four funds. Capital is distributed to investors as the funds' investments are liquidated over that time period.

(c) Restricted Nonexpendable Net Position

Restricted nonexpendable net position as of June 30, 2023 and 2022 consists of the following:

		2023	2022
Henry and Betty Rowan for general operations	$	97,000,118	97,000,118
Vitua Health College of Medicine & Health Sciences Endowment		50,000,000	25,000,000
Henry M. Rowan College of Engineering Endowment		21,000,000	20,000,000
Jean & Ric Edelman Fossil Park Endowment		19,354,204	19,354,204
The Ric Edelman College of Communication & Creative Arts Endowment		9,500,000	9,500,000
Menon and Grant Scholarship Fund for College of Science and Mathematics		5,921,947	5,921,947
Rohrer College of Business		5,597,280	5,097,255
The Shreiber Family Pet Therapy Program		3,001,330	3,000,020
The John H. Martinson Honors College		2,000,000	1,000,000
RowanSOM Endowed Scholarship		1,750,000	1,750,000
Keith and Shirley Campbell Endowment to support library operations		1,641,896	1,641,896
Thomas N. Bantivoglio Honors Program for scholarships		1,403,897	1,403,597
Rona Stern Staut Res. Professorship		1,346,517	1,147,486
Rohrer College of Business Honors		1,200,000	1,000,000
John B. Campbell Professorial Chair		1,176,282	1,176,282
Rohrer Scholars for scholarships		1,080,932	1,080,932
Gus & Janice Bader Scholarship		1,019,542	—
Lawrence & Rita Salva Medical Scholars Fund for CMSRU		1,000,000	1,000,000
William G. Rohrer Professorial Chair in the College of Business		1,000,000	1,000,000
King Family Professorial Chair		1,000,000	1,000,000
Inspira Health Network Endowed Fund		1,000,000	1,000,000
Endowed Chair for Geriatrics		1,000,000	1,000,000
Rowan University Medical School Student Loan Assistance Fund		1,000,000	1,000,000
Shreiber School of Veterinary Medicine of Rowan University		1,000,000	—
Other endowment funds		21,442,912	20,106,453
	$	252,436,857	221,180,190

(14) South Jersey Technology Park at Rowan University, Inc.

Component Unit

South Jersey Technology Park at Rowan University, Inc. (SJTP) was established and is being maintained as part of the economic outreach vision of 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. SJTP’s assets are used exclusively for the benefit, support, and promotion of the University and its educational activities. Because the members of the SJTP Board of Directors are appointed by the Board of Trustees of the University, SJTP is considered a component unit of the University and is discretely presented as part of the University’s financial statements.

(a) 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. The rental payment as of June 30, 2023 and 2022 was $51,500 and $50,000, respectively. The rental payment is subject to GASB 87, as such the interest portion of the payment is included in other nonoperating revenues, net in the accompanying statements of revenues, expenses, and changes in net position for fiscal years 2023 and 2022. The lease is also included in the accompanying statements of net position as discussed in note 1(b)(vi).

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 year ended June 30, 2023 and 2022, SJTP recognized $1,107,375 and $1,084,902, respectively, in rental income related to this lease agreement. The University also reimbursed SJTP $209,982 and $220,265 for utility charges associated with this lease for fiscal year 2023 and 2022, 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 $422,491 and $409,542 for fiscal year 2023 and 2022, respectively, and are reflected in professional and other services expenses in the accompanying statements of revenues, expenses, and changes in net position.

(15) COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a public health emergency. In response, various governmental agencies mandated stringent regulations and guidelines in an effort to help organizations promote the health and safety of their communities.

For fiscal year 2022, the University recognized $40.8 million of pandemic aid received through various programs generated by the ARP act, of which $20.5 million was used as grants for COVID-19 assistance to students. The balance was used to mitigate a portion off the financial losses resulting from the COVID-19 pandemic.

For fiscal year 2023, the University did not recognize any material grants related to the COVID-19 pandemic.

(16) Subsequent Events

The University evaluated events subsequent to June 30, 2023 and through December 21, 2023, the date of which the financial statements were issued.

In July 2023, the University received notification of institutional grant awards from the NJ Higher Education Capital Facilities Programs. The University was awarded $14.0 million from the Higher Education Equipment Leasing Fund Program. The Higher Education Equipment Leasing Fund require Rowan to pay one-quarter of the debt service on the Bonds issued to fund the Rowan projects.

ROWAN UNIVERSITY
(A Component Unit of the State of New Jersey)
Required Supplementary Information (Unaudited)
Schedules of Employer Contributions
June 30, 2023

Public Employees' Retirement System		2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$	19,833,865	19,973,992	14,018,029	10,282,861	9,320,515	7,325,414	5,331,193	3,690,074	2,386,805
Contributions in relation to the contractually required contribution		19,833,865	19,973,992	14,018,029	10,282,861	9,320,515	7,325,414	5,331,193	3,690,074	2,386,805
Contribution deficiency (excess)	$	—	—	—	—	—	—	—	—	—
University employee covered-payroll	$	56,738,564	54,444,989	53,739,590	53,894,207	53,123,772	50,762,197	52,135,711	50,275,748	51,495,300
Contributions as a percentage of employee covered payroll		34.96 %	36.69 %	26.09 %	19.08 %	17.54 %	14.43 %	10.23 %	7.34 %	4.63 %
Police and Firemen's Retirement System		**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Contractually required contribution	$	2,934,363	2,803,178	1,925,985	1,491,764	1,248,845	1,069,699	805,419	545,161	268,537
Contributions in relation to the contractually required contribution		2,934,363	2,803,178	1,925,985	1,491,764	1,248,845	1,069,699	805,419	545,161	268,537
Contribution deficiency (excess)	$	—	—	—	—	—	—	—	—	—
University employee covered-payroll	$	2,388,960	2,220,027	2,259,186	2,214,424	1,974,471	1,901,881	1,960,579	1,918,325	2,066,181
Contributions as a percentage of employee covered payroll		122.83 %	126.27 %	85.25 %	67.37 %	63.25 %	56.24 %	41.08 %	28.42 %	13.00 %

Information provided for Required Supplementary Information will be provided for ten (10) years, as the information becomes available in subsequent years.

See accompanying independent auditors' report.

ROWAN UNIVERSITY
(A Component Unit of the State of New Jersey)

Required Supplementary Information (Unaudited)

Schedules of Proportionate Share of the Net Pension Liability

June 30, 2023

Public Employees' Retirement System		2023	2022	2021	2020	2019	2018	2017	2016	2015
University proportion of the net pension liability – state group		1.187 %	1.197 %	1.138 %	1.181 %	1.157 %	1.152 %	1.147 %	1.058 %	1.184 %
University proportion of the net pension liability – total plan		0.707	0.770	0.654	0.661	0.632	0.604	0.571	0.544	0.613
University proportionate share of the net pension liability	$	265,732,975	258,885,863	252,952,884	271,842,274	274,241,746	295,481,815	337,030,671	251,080,946	238,238,870
University employee covered-payroll		54,444,989	53,739,590	53,894,207	53,123,772	50,762,197	52,135,711	50,275,748	51,495,300	50,121,737
University proportionate share of the net pension liability as a percentage of the employee covered-payroll		488.1 %	481.7 %	469.4 %	511.7 %	540.2 %	566.8 %	670.4 %	487.6 %	475.3 %
Plan fiduciary net position as a percentage of the total pension liability		46.41 %	51.52 %	42.90 %	42.04 %	40.45 %	36.78 %	31.20 %	38.21 %	42.74 %
Police and Firemen's Retirement System		**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
University proportion of the net pension liability – state group		0.437 %	0.433 %	0.393 %	0.388 %	0.412 %	0.412 %	0.395 %	0.379 %	0.406 %
University proportion of the net pension liability – total plan		0.106	0.131	0.088	0.089	0.091	0.084	0.073	0.073	0.083
University proportionate share of the net pension liability	$	18,911,809	17,603,974	16,879,196	16,288,499	17,849,912	18,121,876	18,589,182	16,256,503	14,428,274
University employee covered-payroll		2,220,027	2,259,186	2,214,424	1,974,471	1,901,881	1,960,579	1,918,325	2,066,181	1,985,629
University proportionate share of the net pension liability as a percentage of the employee covered-payroll		851.9 %	779.2 %	762.2 %	825.0 %	938.5 %	924.3 %	969.0 %	786.8 %	726.6 %
Plan fiduciary net position as a percentage of the total pension liability		63.29 %	71.41 %	58.78 %	60.20 %	57.91 %	54.52 %	48.55 %	52.84 %	58.86 %
Teachers' Pension and Annuity Fund		**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
University proportion of the net pension liability		0.002 %	0.002 %	0.002 %	0.002 %	0.002 %	0.002 %	0.002 %	0.010 %	0.012 %
University proportionate share of the net pension liability	$	—	—	—	—	—	—	—	—	—
State's proportionate share of the net pension liability associated with the University		888,839	840,599	1,313,388	1,205,870	1,310,288	1,479,732	1,744,239	6,423,696	6,406,231
Total net pension liability	$	888,839	840,599	1,313,388	1,205,870	1,310,288	1,479,732	1,744,239	6,423,696	6,406,231
University employee covered-payroll	$	—	—	—	—	—	—	—	7,656	7,656
University proportionate share of the net pension liability as a percentage of the employee covered-payroll		— %	— %	— %	— %	— %	— %	— %	— %	— %
Plan fiduciary net position as a percentage of the total pension liability		32.29 %	35.52 %	24.60 %	26.95 %	26.49 %	25.41 %	22.33 %	28.71 %	33.64 %

Information provided for Required Supplementary Information will be provided for ten (10) years, as the information becomes available in subsequent years.

Notes to Required Supplementary Information

Changes in benefit terms – There were no significant changes in benefits for any of the actuarial valuations used to determine required contributions.

Changes in assumptions – The significant changes in assumptions and the annual change in the discount rate and the change in the long-term rate of return as follows:

PERS

For 2022, the discount rate remained at 7.00% and the long-term rate of return remained at 7.00%.
For 2021, the discount rate remained at 7.00% and the long-term rate of return remained at 7.00%.
For 2020, the discount rate changed to 7.00% from 6.28% and the long-term rate of return remained at 7.00%.
For 2019, the mortality rates changed from RP-2006 tables to Pub-2010 tables. The discount rate changed to 6.28% from 5.66% and the long-term rate of return remained at 7.00%.
For 2018, the discount rate changed to 5.66% and the long-term rate of return remained at 7.00%.
For 2017, the discount rate changed to 5.00% and the long-term rate of return changed to 7.00%.
For 2016, the discount rate changed to 3.98% and the long-term rate of return changed to 7.65% from 7.90%.
For 2015, the discount rate changed to 4.90% from 5.39%.

PFRS

For 2022, the discount rate remained at 7.00% and the long-term rate of return remained at 7.00%.
For 2021, the discount rate remained at 7.00% and the long-term rate of return remained at 7.00%.
For 2020, the discount rate changed to 7.00% from 6.85% and the long-term rate of return remained at 7.00%.
For 2019, the mortality rates changed from RP-2000 tables to Pub-2010 tables. The discount rate changed to 6.85% from 6.51% and the long-term rate of return remained at 7.00%.
For 2018, the discount rate changed to 6.51% and the long-term rate of return remained at 7.00%.
For 2017, the discount rate changed to 6.14% and the long-term rate of return changed to 7.00%.
For 2016, the discount rate changed to 5.55% and the long-term rate of return changed to 7.65% from 7.90%.
For 2015, the discount rate changed to 5.79% from 6.32%.

See accompanying independent auditors' report.

ROWAN UNIVERSITY
(A Component Unit of the State of New Jersey)

Required Supplementary Information (Unaudited)

Schedule of Proportionate Share of the Total OPEB Liability

June 30, 2023

		2023	2022	2021	2020	2019	2018
University proportion of the collective total OPEB liability		— %	— %	— %	— %	— %	— %
University proportionate share of the collective total OPEB liability	$	—	—	—	—	—	—
State's proportionate share of the total OPEB liability associated with the University		419,423,528	489,658,735	568,312,787	382,327,565	486,974,034	554,246,968
Total OPEB liability	$	419,423,528	489,658,735	568,312,787	382,327,565	486,974,034	554,246,968
University covered-employee payroll	$	199,849,137	189,307,672	195,126,018	210,927,281	196,319,174	172,658,885
University proportionate share of the total OPEB liability as a percentage of covered-employee payroll		— %	— %	— %	— %	— %	— %

Information provided for Required Supplementary Information will be provided for ten (10) years, as the information becomes available in subsequent years.

Notes to the Schedule: For the State Health Benefit State Retired Employees Plan, there are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions*.

Changes in assumptions – There were no significant changes in assumptions except for the annual change in the discount rate.

For 2023, the discount rate changed to 3.54% from 2.16%. The mortality tables utilized Pub-2010 and Scale MP-2021.
For 2022, the discount rate changed to 2.16% from 2.21%. The mortality tables utilized Pub-2010 and Scale MP-2021.
For 2021, the discount rate changed to 2.21% from 3.50%. The mortality tables utilized Pub-2010 and Scale MP-2020.
For 2020, the discount rate changed to 3.50% from 3.87%. The mortality tables utilized changed from RP-2006 in 2018 to Pub-2010 in 2019.
For 2019, the discount rate changed to 3.87% from 3.58%.

See accompanying independent auditors' report.