



**ROWAN UNIVERSITY
STUDENT GOVERNMENT ASSOCIATION**

Financial Statements

June 30, 2023 and 2022

(With Independent Auditors' Report Thereon)



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

Independent Auditors' Report

The Executive Board
Rowan University Student Government Association:

Opinion

We have audited the financial statements of Rowan University Student Government Association (the Association), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as of June 30, 2023 and 2022, and the changes of its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

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

KPMG LLP

Short Hills, New Jersey
November 28, 2023

**ROWAN UNIVERSITY
STUDENT GOVERNMENT ASSOCIATION**

Statements of Financial Position

June 30, 2023 and 2022

Assets	2023	2022
Deposits held by Rowan University (notes 1(d) and 2)	\$ 2,928,211	3,331,313
Accounts receivable	6,981	38,113
Prepaid expenses	16,160	8,256
Total assets	<u>\$ 2,951,352</u>	<u>3,377,682</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 90,549	53,631
Net assets – without donor restrictions:		
Undesignated	1,716,857	1,544,157
Designated for support of chartered organizations	1,143,946	1,779,894
Total net assets – without donor restrictions	<u>2,860,803</u>	<u>3,324,051</u>
Total liabilities and net assets	<u>\$ 2,951,352</u>	<u>3,377,682</u>

See accompanying notes to the financial statements.

**ROWAN UNIVERSITY
STUDENT GOVERNMENT ASSOCIATION**

Statements of Activities

Years ended June 30, 2023 and 2022

	2023	2022
Net assets without donor restrictions:		
Revenues, gains, and other support:		
Student activity fees	\$ 2,290,885	2,298,867
Other income	227,881	201,737
Income earned on deposits held by Rowan University	26,677	291
Total revenues, gains, and other support	2,545,443	2,500,895
Expenses (notes 1(c) and 4):		
Program	2,476,759	2,425,611
Management and general	531,932	586,812
Total expenses	3,008,691	3,012,423
Decrease in net assets	(463,248)	(511,528)
Net assets as of beginning of year	3,324,051	3,835,579
Net assets as of end of year	\$ 2,860,803	3,324,051

See accompanying notes to the financial statements.

**ROWAN UNIVERSITY
STUDENT GOVERNMENT ASSOCIATION**

Statements of Cash Flows

Years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Decrease in net assets	\$ (463,248)	(511,528)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Decrease (increase) in accounts receivable	31,132	(30,940)
Increase in prepaid expenses	(7,904)	(3,575)
Increase (decrease) in accounts payable and accrued expenses	<u>36,918</u>	<u>(28,137)</u>
Net cash used in operating activities	<u>(403,102)</u>	<u>(574,180)</u>
Cash flows from investing activities:		
Decrease in deposits held by Rowan University	<u>403,102</u>	<u>574,180</u>
Cash provided by investing activities	<u>403,102</u>	<u>574,180</u>
Change in cash and cash equivalents	—	—
Cash and cash equivalents as of beginning of year	<u>—</u>	<u>—</u>
Cash and cash equivalents as of end of year	<u>\$ —</u>	<u>—</u>

See accompanying notes to the financial statements.

(1) Organization and Summary of Significant Accounting Policies

Organization

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

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

Summary of Significant Accounting Policies

(a) Basis of Presentation

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

(b) Revenue Recognition

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

(c) Functional Allocation of Expenses

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

Program expenses consist primarily of the operating expenses of the chartered student organizations and scholarships awarded to students. Expense is recognized when incurred.

Management and general services consist of non-program expenses unrelated to chartered student organizations and scholarships.

(d) Deposits Held by Rowan University

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

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

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

Notes to the Financial Statements as of June 30, 2023 and 2022

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

(e) Contributed Facilities

The Association utilizes space and utilities provided by the University. Costs to the University for providing such space and utilities are minimal.

At June 30, 2023 and 2022, the University charges to the Association totaled \$0 and \$770, respectively.

(f) Use of Estimates

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

(g) New Accounting Standard Adopted

During fiscal year 2023, the Association adopted the Financial Accounting Standards Board (FASB) Accounting Standard Update (ASU) 2016-02, Leases (Topic 842). This comprehensive new standard amends and supersedes existing lease accounting guidance and is intended to increase transparency and comparability among organizations by recognizing right-of-use (ROU) lease assets and lease liabilities on the balance sheet and requiring disclosure of key information about leasing arrangements. Lease expense continues to be recognized in a manner similar to legacy GAAP. The Association has evaluated this new standard and determined that there is no impact.

(2) Fair Value

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

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

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

At June 30, 2023 and 2022, U.S. Treasury Bonds held by the University totaled \$790,581 and \$763,903, respectively. These assets are reported at fair value and are considered Level 2 in the fair value hierarchy.

Notes to the Financial Statements as of June 30, 2023 and 2022

(3) Liquidity and Available Resources

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

At June 30, 2023 and 2022, the Association's deposits held by the University totaled \$2,928,211 and \$3,331,313, respectively, and its accounts receivable totaled \$6,981 and \$38,113, respectively. Combined, they represent the financial assets available to meet its general expenditures within one year of the statement of net position.

The Association's projected aggregate cash needs for fiscal year 2024 is approximately \$2,280,668, which is expected to be primarily covered by the student activity fees provided annually by the University.

(4) Functional Expenses

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

Functional Expenses			
2023			
	Program	Management and general	Total expenses
Services and professional fees	\$ 814,941	\$ 34,278	\$ 849,219
Salary and benefits	344,440	314,788	659,228
Office and educational supplies	491,033	51,416	542,449
Events	341,445	16,007	357,452
Travel	168,350	60	168,410
Scholarships and waivers	155,962	110,137	266,099
Other	160,588	5,246	165,834
Total	\$ 2,476,759	\$ 531,932	\$ 3,008,691

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

(5) Subsequent Events

The Association evaluated events subsequent to the statement of financial position date of June 30, 2023, through November 28, 2023, the date on which the financial statements were available to be issued. The Association determined there were no subsequent events that would require adjustments to, or disclosure, in the 2023 financial statements.