



ROWAN UNIVERSITY FOUNDATION
(A Component Unit of Rowan University)

Basic Financial Statements and
Management's Discussion and Analysis

June 30, 2024 and 2023

(With Independent Auditors' Report Thereon)

ROWAN UNIVERSITY FOUNDATION
(A Component Unit of Rowan University)

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Independent Auditors' Report

The Board of Directors
Rowan University Foundation:

Opinion

We have audited the financial statements of the Rowan University Foundation (the Foundation), a component unit of Rowan University, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Foundation'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 financial position of the Foundation as of June 30, 2024 and 2023, and the changes in its financial position and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

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 Foundation 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 Foundation'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 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 Foundation'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 Foundation'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 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
November 26, 2024

Introduction

This section of Rowan University Foundation's (the Foundation) financial statements presents our discussion and analysis of the Foundation's financial performance during the fiscal years that ended on June 30, 2024 and 2023, and certain comparative amounts for the year ended June 30, 2022. Since this discussion and analysis is designed to focus on current activities, it should be read in conjunction with the Foundation's basic financial statements, which follow this section.

Basic Financial Statements

The Foundation'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 generated accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). These statements present the Foundation's operations and focus on its assets, liabilities, deferred inflows of resources, revenues, expenses, and cash flows on an entity-wide basis. The basic financial statements also include notes to the financial statements.

Statement of Net Position

The statement of net position presents the assets, liabilities, deferred inflows of resources, and net position of the Foundation 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 Foundation.

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

Net position of the Foundation is divided into three major categories. The first category is restricted net position, which is divided into two categories, nonexpendable and expendable. The corpus of restricted nonexpendable net position is only available for investment purposes. Restricted expendable net position is available for expenditure by the Foundation 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 Foundation for any lawful purpose of the Foundation.



A condensed summary of the Foundation's assets, liabilities, deferred inflows of resources and net position as of June 30, 2024, 2023 and 2022 is as follows:

Condensed Statements of Net Position			
	2024	2023	2022
Current assets	\$ 18,204,977	20,804,692	17,083,422
Noncurrent assets	410,373,338	370,783,623	333,118,483
Total assets	428,578,315	391,588,315	350,201,905
Current liabilities	721,505	802,005	584,745
Noncurrent liabilities	256,934	247,067	192,907
Total liabilities	978,439	1,049,072	777,652
Deferred inflows of resources	298,868	114,342	78,986
Total deferred inflows of resources	298,868	114,342	78,986
Net position:			
Restricted nonexpendable	266,958,096	252,436,857	221,180,190
Restricted expendable for:			
Scholarships	24,915,139	20,151,570	18,201,318
Other	48,149,732	37,828,960	32,452,284
Unrestricted	87,278,041	80,007,514	77,511,475
Total net position	\$ 427,301,008	390,424,901	349,345,267

Current assets consist of cash and cash equivalents, the current portion of contributions receivable and other assets. Noncurrent assets consist of investments and noncurrent contributions receivable. Current liabilities consist of accounts payable and accrued expenses, amounts due to Rowan University, and the current portion of annuities payable. Noncurrent liabilities consist of the noncurrent portion of annuities payable.

Fiscal Year 2024 Compared to Fiscal Year 2023

The increase in total assets of \$36,990,000 is primarily attributed to a decrease in cash and cash equivalents of \$4,246,687 and an increase in investments at fair value of \$38,309,404 primarily due to additional endowments and market growth.

The decrease in total liabilities of \$70,633 is primarily attributed to a decrease in the amount due to Rowan University of \$91,952 associated with timing of payments on scholarships and transfers from the Foundation to University.

Deferred inflows of resources increased by \$184,526 due to a new annuitant and market fluctuations on annuity investments.

The total net position increased \$36,876,107. Nonexpendable net position increased \$14,521,239. Expendable restricted net position increased \$15,084,341. Unrestricted net position increased \$7,270,527 during the period.



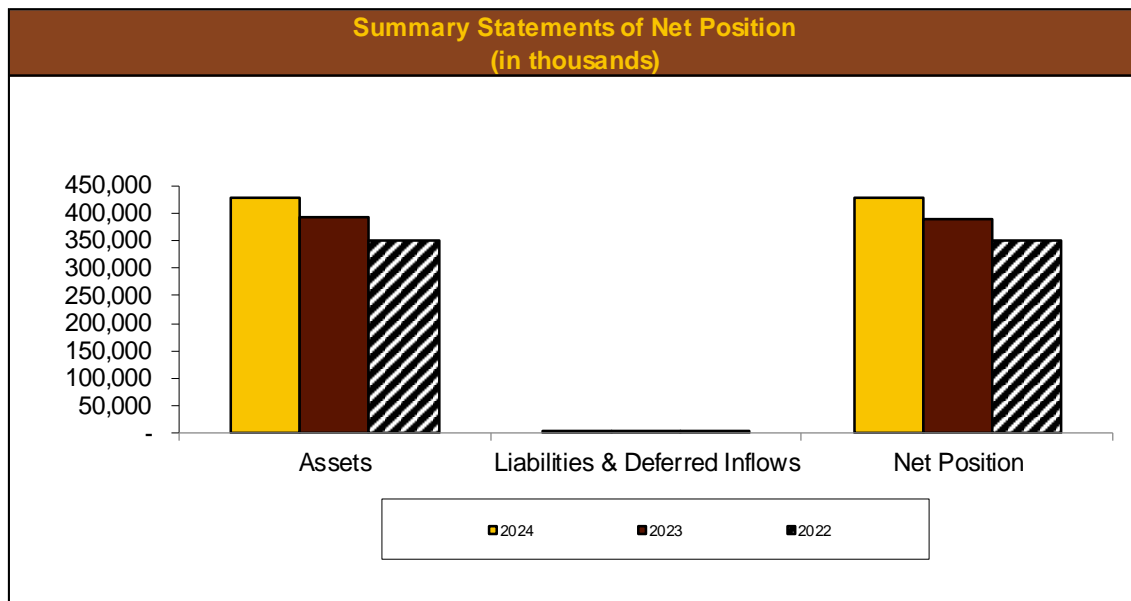
Fiscal Year 2023 Compared to Fiscal Year 2022

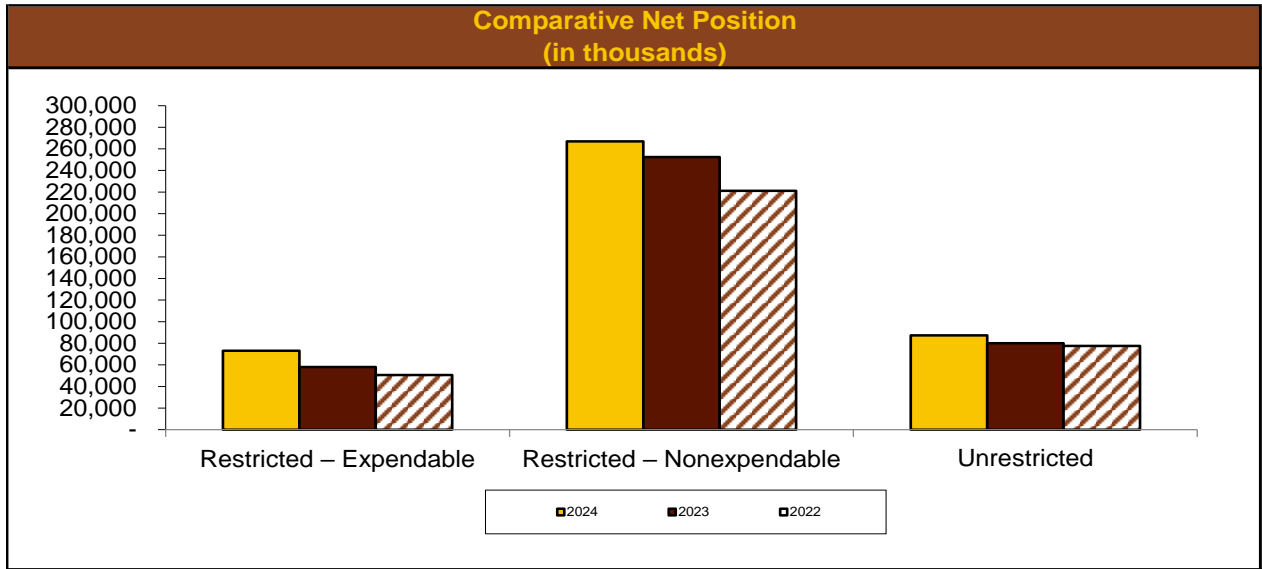
The increase in total assets of \$41,386,410 is primarily attributed to an increase in cash and cash equivalents of \$4,212,285, and an increase in investment at fair value of \$38,232,749 primarily due to additional endowments.

The increase in total liabilities of \$271,420 is primarily attributed to an increase in annuities payable of \$62,460, and an increase in the amount due to Rowan University of \$189,735 associated with timing of payments on scholarships and transfers from the Foundation to University.

Deferred inflows of resources increased \$35,356 due to market fluctuations on annuity investments.

The total net position increased \$41,079,634. Nonexpendable net position increased \$31,256,667. Expendable restricted net position decreased \$7,326,928. Unrestricted net position decreased \$2,496,039 during the period.





Statement of Revenues, Expenses, and Changes in Net Position

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 Foundation, both operating and nonoperating, and the expenses paid by the Foundation, operating and nonoperating, and any other revenues, expenses, gains, and losses received or spent by the Foundation.

Generally speaking, operating revenues are received from expendable contributions to the Foundation. Operating expenses are those expenses paid to carry out the mission of the Foundation. Nonoperating revenues are revenues received for investment income.



The statement of revenues, expenses, and changes in net position present the Foundation's results of operations. A condensed summary of the Foundation's revenues, expenses, and changes in net position for the years ended June 30, 2024, 2023 and 2022 is as follows:

Condensed Statements of Revenues, Expenses, and Changes in Net Position			
	2024	2023	2022
Operating revenues:			
Contributions	\$ 9,353,693	6,134,713	6,615,257
Fundraising events	31,519	44,928	185,397
Other revenue	119,740	152,759	108,402
Total operating revenues	<u>9,504,952</u>	<u>6,332,400</u>	<u>6,909,056</u>
Operating expenses:			
Materials and supplies	19,418	5,105	195
Professional and other services	220,944	190,537	201,800
Other	784,709	153,166	112,732
Grants and scholarships	19,067,058	18,118,543	16,754,777
Total operating expenses	<u>20,092,129</u>	<u>18,467,351</u>	<u>17,069,504</u>
Operating loss	<u>(10,587,177)</u>	<u>(12,134,951)</u>	<u>(10,160,448)</u>
Nonoperating revenues, gains, and losses:			
Investment income (loss), net	32,938,271	22,051,233	(14,339,560)
Net nonoperating revenues, gains, and losses	<u>32,938,271</u>	<u>22,051,233</u>	<u>(14,339,560)</u>
Income (loss) before additions	22,351,094	9,916,282	(24,500,008)
Additions to permanent endowments	14,525,013	31,163,352	35,079,002
Increase in net position	<u>36,876,107</u>	<u>41,079,634</u>	<u>10,578,994</u>
Net position as of beginning of year	390,424,901	349,345,267	338,766,273
Net position as of end of year	<u>\$ 427,301,008</u>	<u>390,424,901</u>	<u>349,345,267</u>



Fiscal Year 2024 Compared to Fiscal Year 2023

Operating revenues increased \$3,172,552 due primarily to an increase in contributions of \$3,218,980. Operating expenses increased \$1,624,778. Within operating expenses, grants and scholarships increased by \$948,515, materials and supplies increased by \$14,313, professional and other services increased by \$30,407, and other operating expenditures increased by \$631,543 primarily as a result of fundraising fees, legal fees, and student emergency funding.

Net nonoperating revenues, gains, and losses increased \$10,887,038. This increase is attributed to an increase in investment income due primarily to market fluctuation.

Permanent endowment contributions for 2024 were \$14,525,013, a \$16,638,339 decrease from the year ended June 30, 2023. The Foundation received the following large contributions during 2024: \$4,375,000 for the Virtua Health College of Medicine & Health Sciences of Rowan University Restricted Endowment Fund, \$3,600,000 for the Rita and Larry Salva Virtua Health College of Medicine & Life Sciences of Rowan University Fund, and \$1,000,000 for the Gourmet Dining Endowed Student Support Fund, \$1,000,000 for the Shreiber School of Veterinary Medicine of Rowan University, \$1,000,000 for the John H. Martinson Honors College of Rowan University Endowment.

Fiscal Year 2023 Compared to Fiscal Year 2022

Operating revenues decreased \$576,655 due primarily to a decrease in contributions of \$480,542. Operating expenses increased \$1,397,847. Within operating expenses, grants and scholarships increased \$1,363,766, materials and supplies increased \$4,910, professional and other services decreased \$11,263, other operating expenditures increased \$40,434.

Net nonoperating revenues, gains, and losses increased \$36,390,793. This increase is attributed to an increase in investment income due primarily to market fluctuation.

Permanent endowment contributions for 2023 were \$31,163,352, a \$3,915,650 decrease from the year ended June 30, 2022. The Foundation received the following large contributions during 2023: \$25,000,000 for the Virtua Health College of Medicine & Health Sciences of Rowan University Restricted Endowment Fund, \$1,000,000 for the John H. Martinson Honors College of Rowan University Endowment, and \$1,000,000 for the Henry M. Rowan College of Engineering Endowment, \$1,000,000 for the Shreiber School of Veterinary Medicine of Rowan University.



ROWAN UNIVERSITY FOUNDATION
(A Component Unit of Rowan University)

Statements of Net Position

June 30, 2024 and 2023

Assets	2024	2023
Current assets:		
Cash and cash equivalents (note 2)	\$ 9,141,455	12,178,080
Restricted cash and cash equivalents (note 2)	7,351,173	8,561,235
Contributions receivable, net (note 3)	6,191	2,358
Restricted contributions receivable, net (note 3)	432,411	39,828
Investments purchased in advance	1,005,025	—
Restricted receivables and other assets	268,722	23,191
Total current assets	<u>18,204,977</u>	<u>20,804,692</u>
Noncurrent assets:		
Investments, at fair value (note 2)	77,872,049	68,529,098
Restricted investments, at fair value (note 2)	62,621,424	48,176,210
Restricted nonexpendable investments, at fair value (note 2)	266,958,096	252,436,857
Contributions receivable, net (note 3)	381,712	62,453
Restricted contributions receivable, net (note 3)	2,540,057	1,579,005
Total noncurrent assets	<u>410,373,338</u>	<u>370,783,623</u>
Total assets	<u>428,578,315</u>	<u>391,588,315</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	124,895	116,991
Due to Rowan University	555,531	647,484
Annuities payable (note 5)	41,079	37,530
Total current liabilities	<u>721,505</u>	<u>802,005</u>
Noncurrent liabilities:		
Annuities payable (note 5)	256,934	247,067
Total noncurrent liabilities	<u>256,934</u>	<u>247,067</u>
Total liabilities	<u>978,439</u>	<u>1,049,072</u>
Deferred Inflow of Resources		
Deferred inflows of resources:		
Split-interest agreements	298,868	114,342
Total deferred inflows of resources	<u>298,868</u>	<u>114,342</u>
Net Position		
Restricted (note 4):		
Nonexpendable (note 6)	266,958,096	252,436,857
Expendable:		
Scholarships	24,915,139	20,151,570
Other	48,149,732	37,828,960
Unrestricted (note 7)	87,278,041	80,007,514
Total net position	<u>\$ 427,301,008</u>	<u>390,424,901</u>

See accompanying notes to the financial statements.

ROWAN UNIVERSITY FOUNDATION
(A Component Unit of Rowan University)

Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2024 and 2023

	2024	2023
Operating revenues:		
Contributions	\$ 9,353,693	6,134,713
Fundraising events	31,519	44,928
Other revenue	119,740	152,759
Total operating revenues	<u>9,504,952</u>	<u>6,332,400</u>
Operating expenses:		
Materials and supplies	19,418	5,105
Professional and other services	220,944	190,537
Other	784,709	153,166
Grants and scholarships:		
Grants to Rowan University (note 4)	15,314,513	14,373,224
Student scholarships	3,734,517	3,738,943
Other grants	18,028	6,376
Total operating expenses	<u>20,092,129</u>	<u>18,467,351</u>
Operating loss	<u>(10,587,177)</u>	<u>(12,134,951)</u>
Nonoperating revenues, gains, and losses:		
Investment income, net of investment expenses	32,938,271	22,051,233
Net nonoperating revenues, gains, and losses	<u>32,938,271</u>	<u>22,051,233</u>
Income before other revenues	22,351,094	9,916,282
Additions to permanent endowments	14,525,013	31,163,352
Increase in net position	<u>36,876,107</u>	<u>41,079,634</u>
Net position as of beginning of year	390,424,901	349,345,267
Net position as of end of year	<u>\$ 427,301,008</u>	<u>390,424,901</u>

See accompanying notes to the financial statements.

ROWAN UNIVERSITY FOUNDATION
(A Component Unit of Rowan University)

Statements of Cash Flows

Years ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Payments to suppliers	\$ (916,704)	(399,147)
Payments for grants and scholarships	(19,159,010)	(17,928,808)
Contributions	7,330,971	7,262,901
Fundraising events	31,519	44,928
Other revenue	119,740	152,759
Net cash used by operating activities	<u>(12,593,484)</u>	<u>(10,867,367)</u>
Cash flows from noncapital financing activities:		
Contributions to permanent endowments	14,525,013	31,163,352
Payments to annuitants	(41,079)	(29,230)
Net cash provided by noncapital financing activities	<u>14,483,934</u>	<u>31,134,122</u>
Cash flows from investing activities:		
Investment income	6,013,382	6,103,086
Purchases of investments	(35,754,968)	(66,407,135)
Sales of investments	23,604,449	44,249,579
Net cash used by investing activities	<u>(6,137,137)</u>	<u>(16,054,470)</u>
Net (decrease) increase in cash and cash equivalents	<u>(4,246,687)</u>	<u>4,212,285</u>
Cash and cash equivalents as of beginning of the year	20,739,315	16,527,030
Cash and cash equivalents as of end of the year	<u>\$ 16,492,628</u>	<u>20,739,315</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (10,587,177)	(12,134,951)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Changes in assets and liabilities and deferred inflows of resources:		
Contributions and other receivables and other assets	(1,922,258)	1,058,624
Accounts payable and accrued expenses	7,903	19,225
Due to Rowan University	(91,952)	189,735
Net cash used by operating activities	<u>\$ (12,593,484)</u>	<u>(10,867,367)</u>
Noncash transactions:		
Increase in deferred inflows of resources	\$ 184,526	35,356
Increase in fair value of investments	27,164,547	16,078,226

See accompanying notes to the financial statements.

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

Rowan University Foundation (the Foundation) was created to assist the Board of Trustees and the President of Rowan University (the University) in their efforts to achieve and advance the mission of the University. The Foundation's board of directors is appointed by the Board of Trustees of the University. The primary purpose of the Foundation is to raise money and obtain gifts-in-kind and to channel those monies and gifts to the University in meeting its educational mission. Although the University does not control the timing or amount of receipts from the Foundation, the resources the Foundation holds are invested and used exclusively for the benefit, support, and promotion of the University and its students for educational activities. The Foundation is considered a component unit of the University and is discretely presented in the University's financial statements. The University provides accounting, accounts payable and payroll services for the Foundation. The Foundation 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.

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).

(b) Summary of Significant Accounting Policies

(i) Basis of Presentation

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

The Foundation classifies net position into the following:

- Restricted:

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

Expendable – Net position whose use by the Foundation is subject to externally imposed stipulations that can be fulfilled by actions of the Foundation 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 board of directors.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Foundation's policy is to 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 Foundation 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*.

(iii) *Revenue Recognition*

Contributions, including pledges other than endowment, are recognized when all eligibility requirements for recognition are met, which generally is the period the amount is donated to the Foundation. Additions to permanent endowment are recognized upon receipt. Investment and other income is recognized in the period earned. Unconditional promises to give, other than for endowment, which are to be received in future years are reflected at the estimated present value by discounting the contribution.

(iv) *Classification of Revenue*

The Foundation's policy for defining operating activities in the statements of revenues, expenses, and changes in net position are those that serve the Foundation's principal purpose and generally result from contributions to the Foundation and grants made to the University. Nonoperating revenues include activities that have the characteristics of nonexchange transactions, investment income and adjustments of annuities payable. Other revenues include activities such as additions to permanent endowments.

(v) *Cash and Cash Equivalents*

The Foundation classifies as cash equivalents, funds which are in short-term, highly liquid investments and are readily convertible to known amounts of cash.

The Foundation invests portions of its cash with two custodians and two banks. Both are interest-bearing accounts from which the funds are available upon demand.

(vi) *Investments*

Investments are stated 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.

(vii) *Annuities Payable*

Annuities payable are created when assets are contributed to the Foundation on condition that the Foundation obligates itself to pay stipulated amounts periodically to designated annuitants. Annuities payable are recorded at the present value of the expected future cash payments to the annuitants.



(viii) Use of Estimates

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

(ix) Risks and Uncertainties

The Foundation maintains a diverse investment portfolio, as detailed in note 2. Alternative investments include interests in real estate, limited partnerships and other domestic and international investment funds. These instruments may contain elements of both credit and market risk. Such risks include, but are not limited to, limited liquidity, absence of regulatory oversight, dependence on key individuals and nondisclosure of portfolio composition. The Foundation reviews the performance and risks associated with these investments on at least a monthly basis. In addition, the Foundation utilizes the services of an investment consultant who continually monitors the individual investment fund performance, any changes in management at the investment fund or any other significant matters affecting the fund and advises the Foundation of any such changes.

As the Foundation is dependent on investment return to fund a significant portion of the operations of the Foundation, a significant decrease in investment return may have a material impact on the financial position, changes in net position, and cash flows of the Foundation.

(x) Accounting Pronouncements Applicable to the Foundation, Issued by Not Yet Effective

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements* (GASB 103). This statement improves key components of the financial reporting model by enhancing the required information that is essential for decision making and assessing a government's accountability. The statement defines operating and nonoperating revenues and expenses and requires enhanced explanation of changes between fiscal years within the management's discussion and analysis. The requirements of the standard are effective for fiscal years beginning after June 15, 2025 (fiscal year 2026). The Foundation is evaluating the impact of this new standard.

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

As of June 30, 2024 and 2023, the Foundation's cash, cash equivalents, and investments, at fair value, are reported on the statements of net position as follows:

	2024	2023
Cash and cash equivalents	\$ 9,141,455	12,178,080
Restricted cash and cash equivalents	7,351,173	8,561,235
Total cash and cash equivalents	\$ 16,492,628	20,739,315
Unrestricted investments	\$ 77,872,049	68,529,098
Restricted investments	62,621,424	48,176,210
Restricted nonexpendable investments	266,958,096	252,436,857
Total investments	\$ 407,451,569	369,142,165



Cash, cash equivalents, restricted nonexpendable investments and investments consist of the following as of June 30, 2024 and 2023:

	2024	2023
Cash and cash equivalents:		
Cash	\$ 8,488,591	7,023,930
Money market funds	8,004,037	13,715,385
	<u>\$ 16,492,628</u>	<u>20,739,315</u>

	2024	2023
Investments:		
Bond mutual funds (domestic)	\$ 35,843,070	34,806,073
Common stock mutual funds (domestic)	90,903,971	88,209,870
Common stock mutual funds (international)	62,588,876	52,583,720
Privately held common stock	185,989	214,928
Venture capital investments	5,806,713	5,276,491
Alternative investments	212,122,950	188,051,083
	<u>\$ 407,451,569</u>	<u>369,142,165</u>

For the years ended June 30, 2024 and 2023, the increase in fair value on investments was \$27,164,547 and an increase of \$16,078,226, respectively and the net realized gain on investments for June 30, 2024 and 2023 was \$5,341,208 and \$6,457,740, 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 \$16,506,820 and \$20,422,408, as of June 30, 2024 and 2023, respectively. Of these amounts, \$304,898 and \$303,981, was FDIC insured as of June 30, 2024 and 2023, respectively, leaving uninsured and uncollateralized balances of \$16,201,922 and \$20,118,427, respectively.

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 Standard and Poor's (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, 2024 and 2023, 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, 2024 and 2023 are as follows:

2024			Average effective duration
Investment type	Fair value		
Bond mutual funds (domestic)	\$ 18,829,785	6.91 years	
Bond mutual funds (domestic)	10,572,693	6.15 years	
Bond mutual funds (domestic)	6,290,702	7.13 years	
Bond mutual funds (domestic)	149,890	6.13 years	
Total	<u>\$ 35,843,070</u>		

2023			Average effective duration
Investment type	Fair value		
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	<u>\$ 34,806,073</u>		

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.
- Privately held common stock – The fair value is based off the reported aggregate enterprise value, which is provided by the investment managers in the form of their annual independent valuation review.
- 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, 2024 are summarized in the following table by their fair value hierarchy:

	Total	Level 1	Level 2	Level 3
Investments measured at fair value:				
Bond mutual funds (domestic) \$	35,843,070	35,843,070	—	—
Common stock mutual funds (domestic)	90,903,971	90,903,971	—	—
Common stock mutual funds (international)	62,588,876	62,588,876	—	—
Privately held common stock	185,989	—	—	185,989
Venture capital investments	5,806,713	—	—	5,806,713
Subtotal	195,328,619	\$ 189,335,917	—	5,992,702
Investments measured at net asset value:				
Absolute return	47,735,279			
Private equity	146,231,959			
Realty investments	18,155,712			
Subtotal	212,122,950			
Total cash equivalents and investments \$	407,451,569			

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



Investments Measured at NAV

The following table represents the unfunded commitments and redemption terms by investment type as of June 30, 2024:

		Fair value	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
Absolute return ^(a)	\$	47,735,279	1,925,042	Quarterly	65–100 days
Private equity/credit ^(b)		146,231,959	53,440,527	Illiquid	Not applicable
Realty investments ^(c)		18,155,712	18,700,859	Illiquid	Not applicable
	\$	<u>212,122,950</u>			

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

		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
	\$	<u>188,051,083</u>			

- (a) Absolute return included 5 and 6 hedge funds as of June 30, 2024, and 2023, respectively. The funds seek to achieve capital appreciation 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 as of June 2024. The remaining investments are redeemable as disclosed above.
- (b) Private equity/credit includes 33 and 32 funds as of June 30, 2024, and 2023, respectively. The funds seek to invest in non-publicly 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 11 and 9 funds as of June 30, 2024, and 2023, respectively. 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.



(3) Contributions Receivable

Contributions receivable as of June 30, 2024 and 2023 are expected to be collected as follows:

	2024	2023
Year ending June 30:		
Less than one year	\$ 531,911	102,416
One to five years	2,592,359	1,675,158
More than five years	1,000,785	130,188
	<u>4,125,055</u>	<u>1,907,762</u>
Less present value discount at 0.6%–5.6%	(517,598)	(77,495)
Less allowance for doubtful accounts	(247,086)	(146,623)
	<u>\$ 3,360,371</u>	<u>1,683,644</u>

(4) Donor Restricted Endowment

The Foundation manages, invests and administers the donor restricted endowment funds in accordance with the Uniform Prudent Management of Institutional Funds Act. Endowment investments are subject to the restriction of gift instruments requiring that the principal be invested in perpetuity and the income be utilized in accordance with the terms of each specific gift. It is the Foundation's policy to account for endowment appreciation in accordance with donor specification.

Each February, the Foundation's board of directors approves an unrestricted annual appropriation from the Rowan Endowment to the University based upon the current spending policy. Currently, the spending policy is 4.5% of a twelve-quarter rolling market value. The Foundation also contributes other restricted funds to the University. For the years ended June 30, 2024 and 2023, such contributions were \$15,314,513 and \$14,373,224, respectively.

The fair value of the Foundation's donor restricted endowment assets as of June 30, 2024 and 2023 were \$402,531,861 and \$369,609,391, respectively. This value represents accumulated appreciation in the amount of \$136,875,804 and \$117,334,940, respectively. This appreciation is reflected in the unrestricted and restricted expendable net position balances in the amounts of \$79,781,552 and \$57,094,251, respectively in 2024 and \$72,956,298 and \$44,378,642, respectively in 2023.

(5) Noncurrent Liabilities

Noncurrent liabilities activity for the years ended June 30, 2024 and 2023 was as follows:

		2024			Ending balance	Current portion	Noncurrent portion
		Beginning balance	Additions	Reductions			
Annuities payable	\$	284,597	54,495	41,079	298,013	41,079	256,934
	\$	<u>284,597</u>	<u>54,495</u>	<u>41,079</u>	<u>298,013</u>	<u>41,079</u>	<u>256,934</u>



	Beginning balance	2023			Ending balance	Current portion	Noncurrent portion
		Additions	Reductions				
Annuities payable	\$ 222,137	91,690	29,230	284,597	37,530	247,067	
	\$ 222,137	91,690	29,230	284,597	37,530	247,067	

(6) Restricted Nonexpendable Net Position

Restricted nonexpendable net position as of June 30, 2024 and 2023 consists of the following:

	2024	2023
Henry and Betty Rowan for general operations	\$ 97,000,118	97,000,118
Virtua Health College of Medicine & Health Sciences Endowment	54,375,000	50,000,000
Henry M. Rowan College of Engineering Endowment	21,000,000	21,000,000
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
Rohrer College of Business	6,097,280	5,597,280
Menon and Grant Scholarship Fund for College of Science and Mathematics	5,921,947	5,921,947
Rita and Larry Salva Virtua Health College of Medicine & Life Sciences of Rowan University Fund	5,850,000	—
The Shreiber Family Pet Therapy Program	3,001,345	3,001,330
The John H. Martinson Honors College	3,000,080	2,000,000
Shreiber School of Veterinary Medicine of Rowan University	2,000,500	1,000,000
RowanSOM Endowed Scholarship	—	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	1,403,897
Rohrer College of Business Honors	1,400,000	1,200,000
Rona Stern Staut Res. Professorship	1,346,517	1,346,517
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	1,019,742	1,019,542
Gourmet Dining Endowed Veterans Medical School Scholarship Fund	1,000,000	—
Lawrence and 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
Larry and Rita Salva Student Financial Assistance Fund for Rowan University	500,000	1,000,000
Other endowment funds	24,288,356	21,442,912
	\$ 266,958,096	252,436,857

(7) Designation of Unrestricted Net Position

Designated unrestricted net position as of June 30, 2024, and 2023 consists of \$4,338,699 and \$4,160,817 of board designated quasi-endowment funds.



(8) Subsequent Events

The Foundation evaluated events subsequent to June 30, 2024 and through November 26, 2024, the date of which the financial statements were issued. The Foundation determined that there were no subsequent events to disclose.

