



**ROWAN UNIVERSITY  
STUDENT GOVERNMENT ASSOCIATION**

Financial Statements

June 30, 2021 and 2020

(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:

We have audited the accompanying financial statements of Rowan University Student Government Association (the Association), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rowan University Student Government Association as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

**KPMG LLP**

November 22, 2021

**ROWAN UNIVERSITY  
STUDENT GOVERNMENT ASSOCIATION**

Statements of Financial Position

June 30, 2021 and 2020

<b>Assets</b>	<u><b>2021</b></u>	<u><b>2020</b></u>
Deposits held by Rowan University (notes 1(d) and 2)	\$ 3,905,493	2,937,252
Accounts receivable	7,173	—
Prepaid expenses	<u>4,681</u>	<u>3,484</u>
Total assets	<u><u>\$ 3,917,347</u></u>	<u><u>2,940,736</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 81,768	69,147
Net assets – without donor restrictions:		
Undesignated	1,504,990	1,428,384
Designated for support of chartered organizations	<u>2,330,589</u>	<u>1,443,205</u>
Total net assets – without donor restrictions	<u>3,835,579</u>	<u>2,871,589</u>
Total liabilities and net assets	<u><u>\$ 3,917,347</u></u>	<u><u>2,940,736</u></u>

See accompanying notes to financial statements.

**ROWAN UNIVERSITY  
STUDENT GOVERNMENT ASSOCIATION**

Statements of Activities

Years ended June 30, 2021 and 2020

	<b>2021</b>	<b>2020</b>
Net assets without donor restrictions:		
Revenues, gains, and other support:		
Student activity fees	\$ 2,433,027	2,571,914
Other income	116,019	185,327
Income earned on deposits held by Rowan University	716	27,538
Total revenues, gains, and other support	2,549,762	2,784,779
Expenses:		
Program (note 4)	1,036,932	1,480,040
Management and general	548,840	514,839
Total expenses	1,585,772	1,994,879
Increase in net assets	963,990	789,900
Net assets as of beginning of year	2,871,589	2,081,689
Net assets as of end of year	\$ 3,835,579	2,871,589

See accompanying notes to financial statements.

**ROWAN UNIVERSITY  
STUDENT GOVERNMENT ASSOCIATION**

Statements of Cash Flows

Years ended June 30, 2021 and 2020

	<b>2021</b>	<b>2020</b>
Cash flows from operating activities:		
Increase in net assets	\$ 963,990	789,900
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Increase in accounts receivable	(7,173)	—
(Increase) decrease in prepaid expenses	(1,197)	9,143
Increase in accounts payable and accrued expenses	12,621	1,839
Net cash provided by operating activities	968,241	800,882
Cash flows from investing activities:		
Increase in deposits held by Rowan University	(968,241)	(800,882)
Net cash used in investing activities	(968,241)	(800,882)
Change in cash and cash equivalents	—	—
Cash and cash equivalents as of beginning of year	—	—
Cash and cash equivalents as of end of year	\$ —	—

See accompanying notes to financial statements.

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

### *Organization*

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

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

### *Summary of Significant Accounting Policies*

#### **(a) Basis of Presentation**

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

#### **(b) Revenue Recognition**

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

#### **(c) Functional Allocation of Expenses**

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

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

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

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

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

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

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

## **(e) Contributed Facilities**

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

## **(f) Use of Estimates**

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

## **(2) Fair Value**

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

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

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

At June 30, 2021 and 2020, U.S. Treasury Bonds held by the University totaled \$763,612 and \$762,896, respectively. These assets are reported at fair value and are considered Level 2 in the fair value hierarchy.

## **(3) Liquidity and Available Resources**

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

The Association's deposits held by the University totaling \$3,905,493 and \$2,937,252 at June 30, 2021 and 2020, respectively, represent the financial assets available to meet its general expenditures within one year of the statement of net position.

The Association's projected aggregate cash needs for fiscal year 2022 is approximately \$2,431,000, which is expected to be primarily covered by the student activity fees provided annually by the University.

# Notes to the Financial Statements as of June 30, 2021 and 2020

## (4) Functional Expenses

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

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

<b>Functional Expenses</b>			
<b>2020</b>			
	Program	Management	Total expenses
Services and Professional Fees	\$ 568,688	\$ 34,364	\$ 603,052
Salary and Benefits	106,412	320,880	427,292
Office and Educational Supplies	281,429	33,871	315,300
Events	209,674	10,136	219,810
Travel	100,230	27,109	127,339
Scholarships and Waivers	105,348	86,564	191,912
Other	108,259	1,915	110,174
Total	<u>\$ 1,480,040</u>	<u>\$ 514,839</u>	<u>\$ 1,994,879</u>

## (5) Coronavirus (COVID-19)

The spread of the coronavirus (COVID-19) around the world has caused significant volatility in the U.S. and international economies and markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Association is unable to determine if it will have a material impact on its operations.

## (6) Subsequent Events

The Association evaluated events subsequent to June 30, 2021 and through November 22, 2021, the date on which the financial statements were issued. The Association determined there were no subsequent events to disclose.