



**ROWAN UNIVERSITY
STUDENT GOVERNMENT ASSOCIATION**

Financial Statements

June 30, 2018 and 2017

(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 statement of financial position as of June 30, 2018 and 2017, 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, 2018 and 2017, 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 7, 2018

**ROWAN UNIVERSITY
STUDENT GOVERNMENT ASSOCIATION**

Statements of Financial Position

June 30, 2018 and 2017

Assets	2018	2017
Deposits held by Rowan University (note 2)	\$ 2,134,428	1,759,780
Prepaid expenses	17,762	18,365
Total assets	<u>\$ 2,152,190</u>	<u>1,778,145</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 120,040	81,327
Net assets – unrestricted:		
Undesignated	1,022,708	834,770
Designated for support of chartered organizations	<u>1,009,442</u>	<u>862,048</u>
Total net assets – unrestricted	<u>2,032,150</u>	<u>1,696,818</u>
Total liabilities and net assets	<u>\$ 2,152,190</u>	<u>1,778,145</u>

See accompanying notes to financial statements.

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Statements of Activities

Years ended June 30, 2018 and 2017

	2018	2017
Revenues, gains, and other support:		
Student activity fees	\$ 2,486,189	2,378,620
Other income	417,149	274,758
Income earned (loss) on deposits held by Rowan University	5,952	(8,369)
Total revenues, gains, and other support	2,909,290	2,645,009
Expenses:		
Program	1,866,151	1,904,438
Management and general	707,807	707,543
Total expenses	2,573,958	2,611,981
Increase in net assets	335,332	33,028
Net assets as of beginning of year	1,696,818	1,663,790
Net assets as of end of year	\$ 2,032,150	1,696,818

See accompanying notes to financial statements.

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Statements of Cash Flows

Years ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Increase in net assets	\$ 335,332	33,028
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Decrease in prepaid expenses	603	555
Increase in accounts payable and accrued expenses	38,713	48,738
Net cash provided by operating activities	374,648	82,321
Cash flows from investing activities:		
Increase in deposits held by Rowan University	(374,648)	(82,321)
Net cash used in investing activities	(374,648)	(82,321)
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.

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Notes to Financial Statements

June 30, 2018 and 2017

(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 unrestricted.

(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.

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June 30, 2018 and 2017

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) New Authoritative Accounting Pronouncements Not Yet Adopted

The FASB issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which among other things, changes how not-for-profit entities report net asset classes, expenses, and liquidity in their financial statements. The significant requirements of the new ASU include the reduction of the number of net asset classes from three to two: with donor restrictions and without donor restrictions; the presentation of expenses by their function and their natural classification in one location; quantitative and qualitative information about the management of liquid resources and availability of financial assets to meet cash needs within one year of the date of the Statement of Financial Position; and retaining the option to present operating cash flows in the Statement of Cash Flows using either the direct or indirect method. The Association plans to adopt ASU 2016-14 for the year ending June 30, 2019.

(g) 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.

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(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. 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 prices in active markets for identical assets or liabilities.
- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted 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, 2018 and 2017, deposits held by the University were \$2,134,428 and \$1,759,780, respectively. These assets are reported at fair value and are considered Level 2 in the fair value hierarchy.

(3) Subsequent Events

The Association evaluated events subsequent to June 30, 2018 and through November 7, 2018, the date on which the financial statements were issued. The Association determined there were no subsequent events to disclose.