



SOUTH JERSEY TECHNOLOGY PARK AT ROWAN UNIVERSITY, INC.
(A Component Unit of Rowan University)

Basic Financial Statements and
Management's Discussion and Analysis

June 30, 2020 and 2019

(With Independent Auditors' Report Thereon)

SOUTH JERSEY TECHNOLOGY PARK AT ROWAN UNIVERSITY, INC.
(A Component Unit of Rowan University)

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

Independent Auditors' Report

The Board of Directors
South Jersey Technology Park at Rowan University, Inc.:

We have audited the accompanying financial statements of South Jersey Technology Park at Rowan University, Inc. (SJTP), a component unit of Rowan University, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise SJTP's basic financial statements as listed in the table of contents.

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 South Jersey Technology Park at Rowan University, Inc. as of June 30, 2020 and 2019, 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.



Other Matter

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, 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 audit 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 20, 2020

Management's Discussion and Analysis (Unaudited)

Introduction

This section of South Jersey Technology Park at Rowan University, Inc.'s (SJTP) financial statements presents our discussion and analysis of SJTP's financial performance as of the fiscal years ended for June 30, 2020 and 2019, and comparative amounts as of and for the year ended June 30, 2018. Since this discussion and analysis is designed to focus on current activities, it should be read in conjunction with SJTP's basic financial statements, which follow this section.

Basic Financial Statements

SJTP'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 U.S. generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). These statements present SJTP's operations and focus on its assets, liabilities, 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, and net position of SJTP 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 SJTP. The statement of net position presents end-of-the-year data concerning assets (current and noncurrent), liabilities (current and noncurrent), and net position (assets minus liabilities).

Net position is one indicator of the current financial condition of SJTP and 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 SJTP. They are also able to determine how much SJTP owes vendors, investors and lending institutions. Finally, the statement of net position provides a picture of the net position and its availability for expenditure by SJTP.

Net position of SJTP is divided into two major categories. The first category, net investment in capital assets, provides SJTP's equity in the property, plant and equipment owned by SJTP. The second category is unrestricted net position. Unrestricted net position is available to SJTP for any lawful purpose of SJTP.

Management's Discussion and Analysis (Unaudited)

A condensed summary of SJTP's assets, liabilities, and net position as of June 30, 2020, 2019, and 2018 is as follows:

Condensed Statement of Net Position (in thousands)			
	2020	2019	2018
Current assets	\$ 1,528	\$ 1,277	\$ 1,395
Noncurrent assets	10,327	9,717	9,979
Total assets	11,855	10,994	11,374
Current liabilities	574	253	376
Noncurrent liabilities	4,849	4,341	4,553
Total liabilities	5,423	4,594	4,929
Net position:			
Net investment in capital assets	4,964	5,165	5,222
Unrestricted	1,468	1,235	1,223
Total net position	\$ 6,432	\$ 6,400	\$ 6,445

Current assets consist of cash and cash equivalents and receivables and other assets. Noncurrent assets consist of capital assets. Current liabilities consist of accounts payable and accrued expenses, accrued interest payable, and the current portion of long term debt; noncurrent liabilities consist of long term debt.

Fiscal Year 2020 Compared to Fiscal Year 2019

The increase in current assets is attributed to an increase of \$138 in cash and cash equivalents, along with an increase of \$113 for amounts due from the University. Capital assets increased \$610 primarily due to the addition of an HVAC improvement project during the current year.

The increase in current liabilities is due to an increase of \$140 in accounts payable and accrued expenses along with an increase of \$180 in long-term debt – current portion. Noncurrent liabilities increased \$508 primarily due to the \$900 liability due the University associated with the reimbursement of the HVAC improvement project.

Total net position increased \$32. Within total net position, net investment in capital assets decreased \$201 and unrestricted net position increased \$233.

Fiscal Year 2019 Compared to Fiscal Year 2018

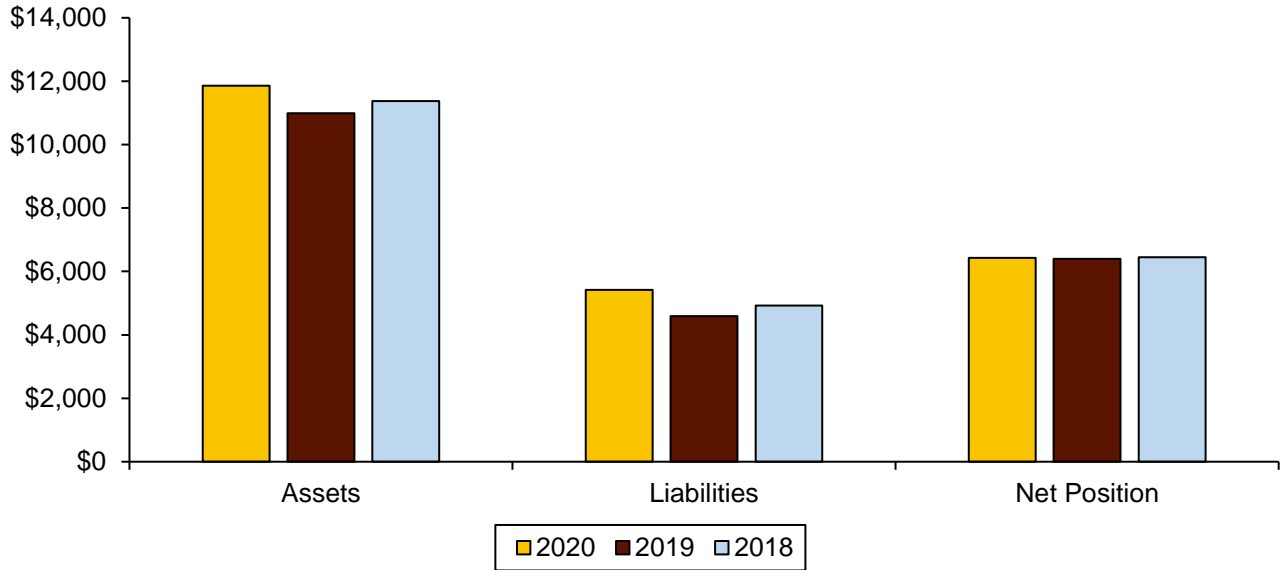
The decrease in current assets is attributed to a decrease of \$111 in cash and cash equivalents, along with a decrease of \$5 for amounts due from the University. Capital assets decreased \$262 primarily due to depreciation exceeding purchases of capital assets.

The decrease in current liabilities is due to a decrease of \$130 in accounts payable and accrued expenses along with an increase of \$7 in long-term debt – current portion. Noncurrent liabilities decreased \$212 due to principal payments on long-term debt.

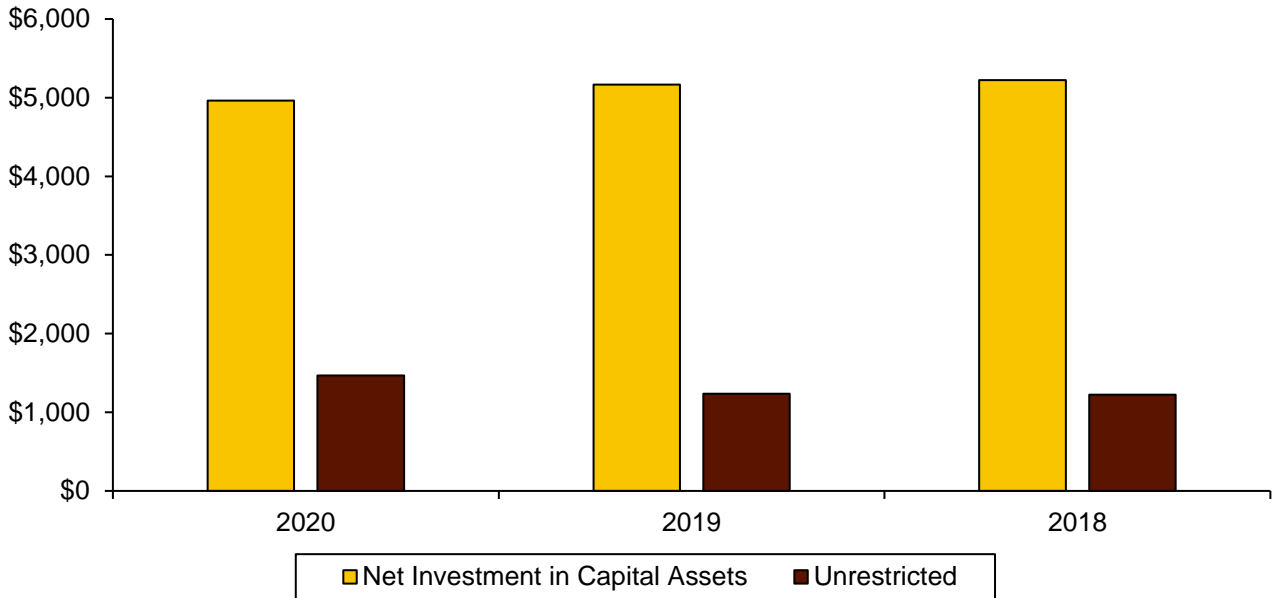
Total net position decreased \$45. Within total net position, net investment in capital assets decreased \$57 and unrestricted net position increased \$12.

Management's Discussion and Analysis (Unaudited)

Summary Statement of Net Position For the Years Ended June 30 (in thousands)



Comparative Net Position For the Years Ended June 30 (in thousands)



Management's Discussion and Analysis (Unaudited)

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 statements of revenues, expenses, and changes in net position. The purpose of the statement is to present the revenues received by SJTP, both operating and nonoperating, and the expenses paid by SJTP, operating and nonoperating, and any other revenues, expenses, gains, and losses received or spent by SJTP.

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of SJTP. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of SJTP. Nonoperating revenues and expenses are revenues and expenses received for which goods and services are not provided, for example, interest and dividend income, other income and interest expense. The statement of revenues, expenses, and changes in net position present SJTP's results of operations.

A summary of SJTP's revenues, expenses, and changes in net position for the years ended June 30, 2020, 2019, and 2018 is as follows:

Statement of Revenue, Expenses, and Changes in Net Position (in thousands)			
	2020	2019	2018
Operating revenues:			
Rental income	\$ 1,186	\$ 1,162	\$ 1,136
Total operating revenues	1,186	1,162	1,136
Operating expenses:			
Materials and supplies	6	15	18
Professional and other services	593	634	609
Depreciation expense	442	411	386
Total operating expenses	1,041	1,060	1,013
Operating income	145	102	123
Nonoperating revenues (expenses):			
Interest and dividends	12	14	7
Interest on long-term debt	(155)	(162)	(170)
Other income	30	1	1
Net nonoperating expenses	(113)	(147)	(162)
Increase (decrease) in net position	32	(45)	(39)
Net position as of beginning of year	6,400	6,445	6,484
Net position as of end of year	\$ 6,432	\$ 6,400	\$ 6,445

Management's Discussion and Analysis (Unaudited)

Fiscal Year 2020 Compared to Fiscal Year 2019

Operating revenues increased \$24 primarily due to an increase in rental rates. Operating expenses decreased \$19. Within operating expenses, materials and supplies decreased \$9, professional and other services decreased \$41 and depreciation expense increased \$31.

The decrease in professional and other services expense is primarily due to a decrease of \$29 in marketing and a decrease of \$24 in repairs.

Interest and dividends revenue decreased \$2. Interest paid on the long-term debt decreased \$7 due to the pay-down of debt. Other income increased \$29 due to external project assistance.

The increase in depreciation expense is primarily due to an increase of \$25 for the addition of the HVAC improvement project placed in service in 2020.

Fiscal Year 2019 Compared to Fiscal Year 2018

Operating revenues increased \$26 primarily due to an increase in rental rates. Operating expenses increased \$47. Within operating expenses, materials and supplies decreased \$3, professional and other services increased \$25 and depreciation expense increased \$25.

The increase in professional and other services expense is primarily due to an increase of \$34 in consulting fees.

Interest and dividends revenue increased \$7. Interest paid on the long-term debt decreased \$7 due to the pay-down of debt.

Capital Assets and Debt Activity

SJTP owns a two-story building, which is leased to a tenant. The activity for fiscal year 2020 includes depreciation of \$442.

In fiscal year 2011, SJTP secured permanent financing of a 25-year tax-exempt bond. This was used to repay a loan from Rowan University. As of the end of fiscal year 2020, the principal amount of the bond is \$4,341.

In fiscal year 2020, SJTP agreed to reimburse Rowan University for \$1,010 of expenditures associated with the acquisition and installation of HVAC air handling units at the Samuel H. Jones Innovation Center. In doing so, SJTP entered into a \$900 promissory loan agreement with Rowan University to be repaid over 5 years, and the other \$110 was due in fiscal 2021.

Future Outlook

The SJTP completed construction of its first building in fiscal year 2009. That building, the Samuel H. Jones Innovation Center, has been fully leased to Rowan University since January 1, 2010. SJTP revenues are based on rental income from the tenants of this first building. In accordance with the lease, this revenue is expected to increase modestly each year over the near future. The second-floor tenant terminated its lease early as of July 15, 2016. Beginning July 16, 2016, Rowan University assumed the lease for the second floor of the Innovation Center. SJTP remains open to consideration of a possible second building.

SOUTH JERSEY TECHNOLOGY PARK AT ROWAN UNIVERSITY, INC.
(A Component Unit of Rowan University)

Statements of Net Position

June 30, 2020 and 2019

Assets	2020	2019
Current assets:		
Cash and cash equivalents (note 2)	\$ 1,402,107	1,264,169
Due from Rowan University	123,670	9,558
Receivables and other assets	1,933	2,876
Total current assets	1,527,710	1,276,603
Noncurrent assets:		
Capital assets (note 4)	10,327,483	9,717,576
Total noncurrent assets	10,327,483	9,717,576
Total assets	11,855,193	10,994,179
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses (note 5)	169,048	28,592
Accrued interest payable	12,482	13,093
Long-term debt – current portion (note 6)	392,171	211,780
Total current liabilities	573,701	253,465
Noncurrent liabilities:		
Long-term debt (note 6)	4,849,317	4,341,046
Total noncurrent liabilities	4,849,317	4,341,046
Total liabilities	5,423,018	4,594,511
Net Position		
Net investment in capital assets	4,963,992	5,164,750
Unrestricted	1,468,183	1,234,918
Total net position	\$ 6,432,175	6,399,668

See accompanying notes to basic financial statements.

SOUTH JERSEY TECHNOLOGY PARK AT ROWAN UNIVERSITY, INC.

(A Component Unit of Rowan University)

Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenues:		
Rental income (notes 3 and 7)	\$ 1,186,384	1,161,544
Total operating revenues	<u>1,186,384</u>	<u>1,161,544</u>
Operating expenses:		
Materials and supplies	6,044	14,938
Professional and other services (note 3)	592,495	633,779
Depreciation (note 4)	442,008	410,564
Total operating expenses	<u>1,040,547</u>	<u>1,059,281</u>
Operating income	<u>145,837</u>	<u>102,263</u>
Nonoperating revenues (expenses):		
Interest and dividends	12,391	14,240
Interest on long-term debt	(155,721)	(162,586)
Other income	30,000	1,060
Net nonoperating expenses	<u>(113,330)</u>	<u>(147,286)</u>
Increase (decrease) in net position	32,507	(45,023)
Net position as of beginning of year	<u>6,399,668</u>	<u>6,444,691</u>
Net position as of end of year	<u>\$ 6,432,175</u>	<u>6,399,668</u>

See accompanying notes to basic financial statements.

SOUTH JERSEY TECHNOLOGY PARK AT ROWAN UNIVERSITY, INC.

(A Component Unit of Rowan University)

Statements of Cash Flows

Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Rental income	\$ 1,186,384	1,161,544
Payments to suppliers	<u>(681,152)</u>	<u>(638,208)</u>
Net cash provided by operating activities	<u>505,232</u>	<u>523,336</u>
Cash flows from capital and related financing activities:		
Principal paid on long term debt	(211,338)	(204,499)
Proceeds from loan	900,000	—
Interest paid on capital debt	(156,332)	(163,170)
Purchases of capital assets	(942,015)	(282,482)
Other Income	<u>30,000</u>	<u>1,060</u>
Net cash used by financing activities	<u>(379,685)</u>	<u>(649,091)</u>
Cash flows from investing activities:		
Interest and dividends	<u>12,391</u>	<u>14,240</u>
Net increase (decrease) in cash and cash equivalents	137,938	(111,515)
Cash and cash equivalents as of beginning of the year	<u>1,264,169</u>	<u>1,375,684</u>
Cash and cash equivalents as of end of the period	<u>\$ 1,402,107</u>	<u>1,264,169</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 145,837	102,263
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	442,008	410,564
Changes in assets and liabilities:		
Due from Rowan University	(114,112)	5,033
Receivables and other assets	943	1,764
Accounts payable and accrued expenses	<u>30,556</u>	<u>3,712</u>
Net cash provided by operating activities	<u>\$ 505,232</u>	<u>523,336</u>
Supplemental disclosures of cash flow information:		
Changes in accounts payable and accrued expenses for capital	\$ 109,900	(133,374)

See accompanying notes to basic financial statements.

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

South Jersey Technology Park at Rowan University, Inc. (SJTP) was established and is being maintained as part of the economic outreach vision of Rowan University (the University). The mission of the SJTP is to expand and strengthen the unique research and learning environment of Rowan University, establish a technology-based entrepreneurial community and create value for its surrounding communities in their economic, physical and social development. The members of the Board of Directors of SJTP are appointed by the Board of Trustees of the University. SJTP is considered a component unit of the University and is discretely presented in the University's financial statements. SJTP is an organization described under Section 501(c)(3) of the Internal Revenue Code and therefore exempt from Federal income taxes under Section 501(a) of the Code.

(b) Summary of Significant Accounting Policies

(i) Basis of Presentation

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

SJTP reports its net position in the following categories:

- *Net investment in capital assets:* Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- *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.

(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. SJTP 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*. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

(iii) Cash and Cash Equivalents

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

(iv) *Capital Assets*

Capital assets include buildings, building improvements, and equipment, net of accumulated depreciation. Such assets are recorded at historical cost. Building improvements costing over \$50,000, as well as equipment with a unit cost over \$5,000 are capitalized. The costs of normal maintenance and repairs that do not add value to the asset are not capitalized. Major outlays for capital assets are capitalized as projects are constructed. Capital assets are depreciated over their estimated useful lives using the straight-line method.

	<u>Useful lives</u>
Buildings	20–40 years
Equipment	3–20 years

(v) *Classification of Revenue and Expenses*

SJTP's policy for defining operating activities in the statements of revenues, expenses, and changes in net position are those that serve SJTP's principal purpose and generally result from exchange transactions. Examples would include rental income and expenses related to acquiring or producing goods and services provided in return for the operating revenue. Nonoperating activities have the characteristics of nonexchange transactions, such as transfers from the University and the University's component units, and interest and dividend income, other income and interest expense.

(vi) *New Accounting Standard Adopted*

In fiscal year 2019, SJTP adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement improves the information that is disclosed in notes to the financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities a government should include when disclosing information related to debt. The adoption of GASB 88 did not impact the basic financial statements, however there are additional disclosures related to outstanding debt including a roll forward found in Note 6.

(vii) *Accounting Pronouncements Applicable to SJTP, Issued but Not Yet Effective*

In June 2017, the GASB issued Statement No. 87, *Leases* (GASB 87). This statement improves accounting and financial reporting for leases by governments. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB 87 would have been effective for periods beginning after December 15, 2019.

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This statement delayed the effective dates for previously issued GASB statements which would now cause undue hardship on governmental entities as a result of the COVID-19 pandemic. SJTP has assessed the impact of this statement and determined the new effective dates for GASB Statement No. 84 – Fiduciary Activities are fiscal years beginning after December 15, 2019 (fiscal year 2021), GASB Statement No. 87 – Leases are fiscal years beginning after June 15, 2021 (fiscal year 2022), GASB Statement No. 89 – Accounting for Interest Cost

Incurring before the End of a Construction Period are fiscal years beginning after December 15, 2020 (fiscal year 2022). The standard is effective immediately upon issuance. SJTP is currently evaluating the impact of the standards delayed by this statement on the financial statements.

(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.

(2) Cash and Cash Equivalents

Custodial credit risk associated with SJTP's cash and cash equivalents includes uninsured and uncollateralized deposits that exceed FDIC insurance coverage limits. SJTP's bank deposits as of June 30, 2020 and 2019 were partially insured by Federal Depository Insurance in the amount of \$250,000 in 2020 and 2019. SJTP's bank deposits as of June 30, 2020 and 2019 were \$1,409,601 and \$1,254,234 respectively, leaving uninsured and uncollateralized balances of \$1,159,601 and \$1,004,234.

(3) Related Party Transactions

(a) Lease Agreements

In fiscal year 2008, the University Board of Trustees approved a long-term lease agreement for the SJTP to use a parcel of land owned by the University. The lease commenced on January 1, 2008 and is for 50 years with a renewal term of 20 years. Under the lease agreement, SJTP is to paid \$50,000 and \$1,000 per year as of June 30, 2020 and 2019. The rental payment is included in professional and other services expenses in the accompanying statements of revenues, expenses, and changes in net position for fiscal years 2020 and 2019.

The University Board of Trustees approved a lease agreement by and between the University and the SJTP to lease the first floor of the Samuel H. Jones Innovation Center to support its educational mission. Beginning July 16, 2016, the University also assumed the lease for the second floor of the Innovation Center. For the years ended June 30, 2020 and 2019, SJTP recognized \$1,186,384 and \$1,161,544, respectively, in rental income related to this lease agreement. The University also reimbursed SJTP \$169,619 and \$150,984 for utility charges associated with this lease for fiscal years 2020 and 2019, respectively.

(b) Business Operating Agreement

SJTP and the University entered into a business operating agreement for the University to provide certain services and functions to SJTP. SJTP pays the University for these services and functions which include salaries and benefits of employees who perform functions for SJTP, accounting services, custodial services, repairs and maintenance, and other indirect charges. The charges amounted to \$442,927 and \$408,606 for fiscal years 2020 and 2019, respectively and are reflected in professional and other services expenses in the accompanying statements of revenues, expenses, and changes in net position.

(4) Capital Assets

The detail of capital assets activity for the years ended June 30, 2020 and 2019 follows:

2020	Capital Assets			
	Beginning balance	Additions/ Transfers	Deletions/ transfers	Ending balance
Nondepreciable assets:				
Construction in progress	\$ —	—	—	—
Total nondepreciable assets	—	—	—	—
Depreciable assets:				
Building	13,451,141	1,051,915	—	14,503,056
Equipment	102,853	—	—	102,853
Total depreciable assets	13,553,994	1,051,915	—	14,605,909
Less accumulated depreciation:				
Building	3,784,991	407,727	—	4,192,718
Equipment	51,427	34,281	—	85,708
Total accumulated depreciation	3,836,418	442,008	—	4,278,426
Total capital assets, net	\$ 9,717,576	609,907	—	10,327,483

2019	Capital Assets			
	Beginning balance	Additions/ Transfers	Deletions/ transfers	Ending balance
Nondepreciable assets:				
Construction in progress	\$ 56,750	—	(56,750)	—
Total nondepreciable assets	56,750	—	(56,750)	—
Depreciable assets:				
Building	13,245,283	205,858	—	13,451,141
Equipment	102,853	—	—	102,853
Total depreciable assets	13,348,136	205,858	—	13,553,994
Less accumulated depreciation:				
Building	3,408,708	376,283	—	3,784,991
Equipment	17,146	34,281	—	51,427
Total accumulated depreciation	3,425,854	410,564	—	3,836,418
Total capital assets, net	\$ 9,979,032	(204,706)	(56,750)	9,717,576

(5) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of amounts due to vendors totaling \$169,048 and \$28,592 for June 30, 2020 and 2019, respectively.

(6) Long-Term Debt

In October 2010, the Gloucester County Improvement Authority (GCI) issued a private placement bond purchased by TD Bank on behalf of SJTP in the amount of \$6,120,000. \$6,000,000 of the proceeds was used to repay SJTP debt to Rowan University. An additional \$120,000 was financed to pay costs associated with the financing. The twenty-five year tax-exempt bond matures on November 1, 2035. Interest on the bond is calculated for the first ten years at a fixed rate of 3.45% per annum, except to the extent that there is a determination of taxability in which the rate shall increase to 5.00% per annum. Interest on the bond for each ten-year period or portion thereof following the initial ten years of the loan shall be a rate equal to a fixed rate of TD Bank's tax-exempt equivalent to the current thirty day LIBOR rate plus 350 points provided however, to the extent that the bond shall be taxable the interest rate on the bond shall be the current LIBOR rate for thirty days as of the date of determination of taxability plus 350 basis points. The interest rate on the bond shall reset every 120 months and the current applicable LIBOR rate at that time shall be applied.

In fiscal year 2020, SJTP entered into a \$900,000 promissory loan agreement with Rowan University to be repaid over 5 years, for the reimbursement of expenditures associated with the acquisition and installation of HVAC air handling units at the Samuel H. Jones Innovation Center.

Aggregate principal and interest repayments, using fixed interest rates in effect as of June 30, 2020, required during the next five fiscal years and in five year increments thereafter are as follows as of June 30, 2020:

Long Term Debt Principle and Interest Repayments				
	Interest rate	Principal amount	Interest amount	Total amount
Year ending June 30:				
2021	2.00-3.45%	\$ 392,171	164,799	556,970
2022	2.00-3.45%	403,455	153,515	556,970
2023	2.00-3.45%	415,087	141,883	556,970
2024	2.00-3.45%	427,077	129,893	556,970
2025	2.00-3.45%	439,439	117,531	556,970
2026–2030	3.45%	1,401,866	436,485	1,838,351
2031–2035	3.45%	1,669,369	168,982	1,838,351
2036–2037	3.45%	93,024	554	93,578
		\$ 5,241,488	1,313,642	6,555,130

Changes in long-term obligations for the year ended June 30, 2020 and 2019 are as follows:

2020					
Long-term Obligations Rollforward					
	Beginning balance	Additions	Reductions	Ending balance	Due within One Year
Private Placement, GCIA	\$ 4,552,826	—	211,338	4,341,488	219,292
Rowan University	—	900,000	—	900,000	172,879
Total long-term obligations	<u>\$ 4,552,826</u>	<u>900,000</u>	<u>211,338</u>	<u>5,241,488</u>	<u>392,171</u>

2019					
Long-term Obligations Rollforward					
	Beginning balance	Additions	Reductions	Ending balance	Due within One Year
Private Placement, GCIA	\$ 4,757,325	—	204,499	4,552,826	211,780
Total long-term obligations	<u>\$ 4,757,325</u>	<u>—</u>	<u>204,499</u>	<u>4,552,826</u>	<u>211,780</u>

The SJTP's building and all improvements are considered collateral for the private placement bond with GCIA noted above. SJTP's agreement with GCIA includes a listing of events of default that could result in finance-related consequences, such as acceleration clauses and surrender of the collateral.

The SJTP does not have any open lines of credit.

(7) Rental Income

The SJTP leased space to two tenants under operating lease arrangements. Rowan University leases the first floor of the Samuel H. Jones Innovation Center to support its educational mission for a thirty year lease term expiring December 31, 2037. The second floor of the Samuel H. Jones Innovation Center was leased to another tenant for a lease term of seven years, which terminated early as of July 15, 2016, when it was assumed by Rowan University at the same square footage rate as the first floor of the building.

On January 1st of each year during the lease term, the annual rent is adjusted to reflect the lesser of (i) the increase in the Consumer Price Index or (ii) three percent. For the years ended June 30, 2020 and 2019, SJTP recognized \$1,186,384 and \$1,161,544, respectively, in rental income related to this lease agreement. The anticipated rental income over the next five fiscal years using the three percent rate are as follows as of June 30, 2020:

Rental Income	
	Amount
Year ending June 30:	
2021	\$ 1,214,708
2022	1,251,149
2023	1,288,684
2024	1,327,344
2025	1,367,165

Actual results may differ from management's estimates based on fluctuations in the Consumer Price Index.

(8) 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, SJTP is unable to determine if it will have a material impact on its operations.

(9) Subsequent Events

The SJTP evaluated events subsequent to June 30, 2020 and through November 20, 2020, the date of which the financial statements were issued. The SJTP determined that there were no subsequent events to disclose