



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, 2018 and 2017

(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, 2018 and 2017, 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, 2018 and 2017, 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 8 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 7, 2018

SOUTH JERSEY TECHNOLOGY PARK AT ROWAN UNIVERSITY, INC.

(A Component Unit of Rowan University)

Management's Discussion and Analysis

June 30, 2018 and 2017

(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 during the fiscal years that ended on June 30, 2018 and 2017, and comparative amounts as of and for the year ended June 30, 2016. 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: Statements of Net Position; Statements of Revenues, Expenses and Changes in Net Position; and Statements 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.

Statements of Net Position

The Statements of Net Position present the assets, liabilities, and net position of SJTP as of the end of the fiscal year. The Statements of Net Position are point of time financial statements. The purpose of the Statements of Net Position is to present to the readers of the financial statements a fiscal snapshot of SJTP. The Statements of Net Position present 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 Statements 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 Statements of Net Position provide a picture of the net position and their 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.

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(A Component Unit of Rowan University)

Management's Discussion and Analysis

June 30, 2018 and 2017

(Unaudited)

A condensed summary of SJTP's assets, liabilities, and net position as of June 30, 2018, 2017, and 2016 is as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
		(In thousands)	
Current assets	\$ 1,395	1,415	1,426
Noncurrent assets	<u>9,979</u>	<u>10,132</u>	<u>10,499</u>
Total assets	<u>11,374</u>	<u>11,547</u>	<u>11,925</u>
Current liabilities	376	305	223
Noncurrent liabilities	<u>4,553</u>	<u>4,758</u>	<u>4,955</u>
Total liabilities	<u>4,929</u>	<u>5,063</u>	<u>5,178</u>
Net position:			
Net investment in capital assets	5,222	5,177	5,354
Unrestricted	<u>1,223</u>	<u>1,307</u>	<u>1,393</u>
Total net position	<u>\$ 6,445</u>	<u>6,484</u>	<u>6,747</u>

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 2018 Compared to Fiscal Year 2017

The decrease in current assets is attributed to a decrease of \$27 in cash and cash equivalents, offset by an increase of \$7 due from Rowan University. Capital assets decreased \$153 primarily due to depreciation exceeding purchases of capital assets.

The increase in current liabilities is due to an increase of \$65 in accounts payable and accrued expenses along with an increase of \$7 in long-term debt – current portion. Noncurrent liabilities decreased \$205 due to principal payments on long-term debt.

Total net position decreased \$39. Within total net position, net investment in capital assets increased \$45 and unrestricted net position decreased \$84.

Fiscal Year 2017 Compared to Fiscal Year 2016

The decrease in current assets is attributed to a decrease of \$118 in receivables and other assets, offset by an increase of \$5 due from Rowan University and an increase of \$102 in cash and cash equivalents. Capital assets decreased \$367 due to depreciation. There were no current year capital additions.

SOUTH JERSEY TECHNOLOGY PARK AT ROWAN UNIVERSITY, INC.

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Management's Discussion and Analysis

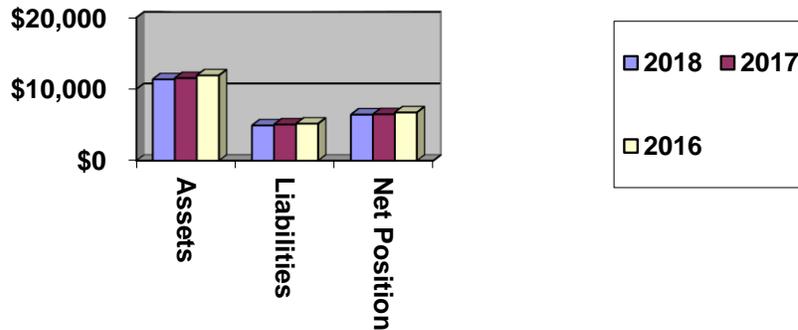
June 30, 2018 and 2017

(Unaudited)

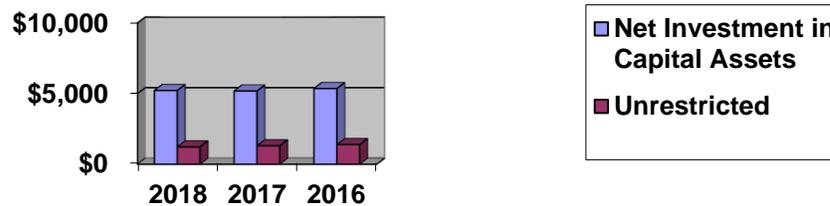
The increase in current liabilities is due to an increase of \$75 in accounts payable and accrued expenses along with an increase of \$7 in long-term debt – current portion. Noncurrent liabilities decreased \$197 due to principal payments on long-term debt.

Total net position decreased \$263. Within total net position, net investment in capital assets decreased \$177 and unrestricted net position decreased \$86.

**Summary of Statements of Net Position
For the Years Ended June 30
(In thousands)**



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



SOUTH JERSEY TECHNOLOGY PARK AT ROWAN UNIVERSITY, INC.

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Management's Discussion and Analysis

June 30, 2018 and 2017

(Unaudited)

Statements of Revenues, Expenses, and Changes in Net Position

Changes in total net position as presented on the Statements 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 Statements 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, 2018, 2017, and 2016 is as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
		(In thousands)	
Operating revenues:			
Rental income	\$ 1,136	1,117	1,095
Total operating revenues	<u>1,136</u>	<u>1,117</u>	<u>1,095</u>
Operating expenses:			
Materials and supplies	18	12	9
Professional and other services	609	837	658
Depreciation expense	386	367	367
Total operating expenses	<u>1,013</u>	<u>1,216</u>	<u>1,034</u>
Operating income (loss)	<u>123</u>	<u>(99)</u>	<u>61</u>
Nonoperating revenues (expenses):			
Interest and dividends	7	4	3
Interest on long-term debt	(170)	(176)	(183)
Other income	1	8	—
Net nonoperating expenses	<u>(162)</u>	<u>(164)</u>	<u>(180)</u>
Decrease in net position	(39)	(263)	(119)
Net position as of beginning of year	<u>6,484</u>	<u>6,747</u>	<u>6,866</u>
Net position as of end of year	<u>\$ 6,445</u>	<u>6,484</u>	<u>6,747</u>

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Management's Discussion and Analysis

June 30, 2018 and 2017

(Unaudited)

Fiscal Year 2018 Compared to Fiscal Year 2017

Operating revenues increased \$19 primarily due to an increase in rental rates. Operating expenses decreased \$203. Within operating expenses, materials and supplies increased \$6 and professional and other services decreased \$228.

The decrease in professional and other services expense is primarily due to a decrease of \$187 in capital project maintenance expense and decreases totaling \$45 in repairs.

Interest and dividends revenue increased \$3. Interest paid on the long term debt decreased \$6 due to the pay-down of debt. Other income decreased \$7.

Fiscal Year 2017 Compared to Fiscal Year 2016

Operating revenues increased \$22 primarily due to an increase in rental rates. Operating expenses increased \$182. Within operating expenses, materials and supplies increased \$2 and professional and other services increased \$179.

The increase in professional and other services expense is primarily due to an increase of \$51 in marketing expense, an increase of \$57 in capital project maintenance expense and increases totaling \$71 in repairs and other professional services.

Interest and dividends revenue increased \$1. Interest paid on the long term debt decreased \$7 due to the pay-down of debt. Other income increased \$8.

Capital Assets and Debt Activity

SJTP owns a two story building, which is leased to a tenant. The activity for fiscal year 2018 includes depreciation of \$386.

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 2018, the principal amount of the bond is \$4,757.

Future Outlook

The SJTP completed construction of its first building in fiscal year 2009. This 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 leases, 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 has assumed the lease for the second floor of the Innovation Center. SJTP is engaged in pre-development activities for a possible second building.

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Statements of Net Position

June 30, 2018 and 2017

Assets	2018	2017
Current assets:		
Cash and cash equivalents (note 2)	\$ 1,375,684	1,402,833
Due from Rowan University	14,591	7,448
Receivables and other assets	4,640	4,457
Total current assets	1,394,915	1,414,738
Noncurrent assets:		
Capital assets (note 4)	9,979,032	10,131,847
Total noncurrent assets	9,979,032	10,131,847
Total assets	11,373,947	11,546,585
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses (note 5)	158,254	93,127
Accrued interest payable	13,677	14,245
Long-term debt – current portion (note 6)	204,511	197,492
Total current liabilities	376,442	304,864
Noncurrent liabilities:		
Long-term debt (note 6)	4,552,814	4,757,317
Total noncurrent liabilities	4,552,814	4,757,317
Total liabilities	4,929,256	5,062,181
Net Position		
Net investment in capital assets	5,221,707	5,177,038
Unrestricted	1,222,984	1,307,366
Total net position	\$ 6,444,691	6,484,404

See accompanying notes to basic financial statements.

SOUTH JERSEY TECHNOLOGY PARK AT ROWAN UNIVERSITY, INC.
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Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2018 and 2017

	2018	2017
Operating revenues:		
Rental income (notes 3 and 8)	\$ 1,135,604	1,116,546
Total operating revenues	1,135,604	1,116,546
Operating expenses:		
Materials and supplies	17,698	11,467
Professional and other services	609,426	836,849
Depreciation (note 4)	386,432	367,436
Total operating expenses	1,013,556	1,215,752
Operating income (loss)	122,048	(99,206)
Nonoperating revenues (expenses):		
Interest and dividends	7,153	4,537
Interest on long-term debt	(169,619)	(176,418)
Other income	705	8,076
Net nonoperating expenses	(161,761)	(163,805)
Decrease in net position	(39,713)	(263,011)
Net position as of beginning of year	6,484,404	6,747,415
Net position as of end of year	\$ 6,444,691	6,484,404

See accompanying notes to basic financial statements.

SOUTH JERSEY TECHNOLOGY PARK AT ROWAN UNIVERSITY, INC.
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Statements of Cash Flows

Years ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Rental income	\$ 1,135,604	1,220,897
Payments to suppliers	(569,323)	(764,254)
Net cash provided by operating activities	566,281	456,643
Cash flows from capital and related financing activities:		
Principal paid on long term debt	(197,484)	(190,703)
Interest paid on capital debt	(170,187)	(176,966)
Purchases of capital assets	(233,617)	—
Other Income	705	8,076
Net cash used by financing activities	(600,583)	(359,593)
Cash flows from investing activities:		
Interest and dividends	7,153	4,537
Net (decrease) increase in cash and cash equivalents	(27,149)	101,587
Cash and cash equivalents as of beginning of the year	1,402,833	1,301,246
Cash and cash equivalents as of end of the period	\$ 1,375,684	1,402,833
Reconciliation of operating gain to net cash provided by operating activities:		
Operating gain (loss)	\$ 122,048	(99,206)
Adjustments to reconcile operating gain (loss) to net cash provided by operating activities:		
Depreciation expense	386,432	367,436
Changes in assets and liabilities:		
Due from Rowan University	(7,143)	(4,720)
Receivables and other assets	(183)	117,993
Accounts payable and accrued expenses	65,127	75,140
Net cash provided by operating activities	\$ 566,281	456,643
Supplemental disclosures of cash flow information:		
Increase in accounts payable and accrued expenses for capital	\$ 133,374	—

See accompanying notes to basic financial statements.

SOUTH JERSEY TECHNOLOGY PARK AT ROWAN UNIVERSITY, INC.
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Notes to Basic Financial Statements

June 30, 2018 and 2017

(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 consist of one building, net of accumulated depreciation. This asset is recorded at historical cost. 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. SJTP has

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estimated the useful life of its building to be forty years and renovations to the building to be twenty 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) *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 will be effective for periods beginning after December 15, 2019. The University is evaluating the impact of this new statement

(vii) *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.

(viii) *Reclassifications*

Certain reclassifications have been made to the 2017 financial statement amounts and disclosures in order to conform to the presentation of the current year's financial statement amounts and disclosures.

(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, 2018 and 2017 were partially insured by Federal Depository Insurance in the amount of \$250,000 in 2018 and 2017. SJTP's bank deposits as of June 30, 2018 and 2017 were \$1,320,260 and \$1,413,883 respectively, leaving uninsured and uncollateralized balances of \$1,070,260 and \$1,163,883.

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June 30, 2018 and 2017

(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 pay \$1,000 each year. The rental payment of \$1,000 is included in professional and other services expenses in the accompanying statements of revenues, expenses, and changes in net position for fiscal years 2018 and 2017.

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, 2018 and 2017, SJTP recognized \$1,135,604 and \$1,091,300, respectively, in rental income related to this lease agreement. The University also reimbursed SJTP \$148,234 and \$130,629 for utility charges associated with this lease for fiscal years 2018 and 2017, 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 \$397,674 and \$369,236 for fiscal years 2018 and 2017, respectively and are reflected in professional and other services expenses in the accompanying statements of revenues, expenses, and changes in net position.

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June 30, 2018 and 2017

(4) Capital Assets

The detail of capital assets activity for the years ended June 30, 2018 and 2017 follows:

<u>2018</u>	<u>Beginning balance</u>	<u>Additions/ Transfers</u>	<u>Deletions/ transfers</u>	<u>Ending balance</u>
Nondepreciable assets:				
Construction in progress	\$ —	56,750	—	56,750
Total nondepreciable assets	—	56,750	—	56,750
Depreciable assets:				
Building	13,171,269	74,014	—	13,245,283
Equipment	—	102,853	—	102,853
Total depreciable assets	13,171,269	176,867	—	13,348,136
Less accumulated depreciation:				
Building	3,039,422	369,286	—	3,408,708
Equipment	—	17,146	—	17,146
Total accumulated depreciation	3,039,422	386,432	—	3,425,854
Total capital assets, net	\$ 10,131,847	(152,815)	—	9,979,032
<u>2017</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Deletions/ transfers</u>	<u>Ending balance</u>
Depreciable assets:				
Buildings	\$ 13,171,269	—	—	13,171,269
Less accumulated depreciation:				
Buildings	2,671,986	367,436	—	3,039,422
Total capital assets, net	\$ 10,499,283	(367,436)	—	10,131,847

(5) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Accounts payable – vendor	\$ 158,254	93,127

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(6) Long-Term Debt

In October 2010, the Gloucester County Improvement Authority (GCIA) 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.

Aggregate principal and interest repayments, using the fixed interest rate of 3.45% in effect as of June 30, 2018, required during the next five fiscal years and in five year increments thereafter are as follows as of June 30, 2018:

	<u>Principal amount</u>	<u>Interest amount</u>	<u>Total amount</u>
Year ending June 30:			
2019	\$ 204,511	163,159	367,670
2020	211,780	155,890	367,670
2021	219,308	148,362	367,670
2022	227,104	140,566	367,670
2023	235,176	132,494	367,670
2024–2028	1,307,375	530,976	1,838,351
2029–2033	1,556,847	281,504	1,838,351
2034–2036	795,224	32,919	828,143
	<u>\$ 4,757,325</u>	<u>1,585,870</u>	<u>6,343,195</u>

(7) Noncurrent Liabilities

Noncurrent liabilities activity for the years ended June 30, 2018 and 2017 was as follows:

<u>2018</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Current portion</u>
Long-term debt	\$ 4,954,809	—	197,484	4,757,325	204,511
Total noncurrent liabilities	<u>\$ 4,954,809</u>	<u>—</u>	<u>197,484</u>	<u>4,757,325</u>	<u>204,511</u>

SOUTH JERSEY TECHNOLOGY PARK AT ROWAN UNIVERSITY, INC.

(A Component Unit of Rowan University)

Notes to Basic Financial Statements

June 30, 2018 and 2017

<u>2017</u>	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Current portion</u>
Long-term debt	\$ 5,145,512	—	190,703	4,954,809	197,492
Total noncurrent liabilities	\$ <u>5,145,512</u>	<u>—</u>	<u>190,703</u>	<u>4,954,809</u>	<u>197,492</u>

(8) 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, 2018 and 2017, SJTP recognized \$1,135,604 and \$1,091,300, 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, 2018:

	<u>Rental income</u>
Year ending June 30:	
2019	\$ 1,169,672
2020	1,204,762
2021	1,240,905
2022	1,278,132
2023	1,316,476

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