

**New Jersey City University Foundation, Inc.  
and Affiliate**

(A Component Unit of New Jersey City University)

Financial Statements

June 30, 2023 and 2022

## **Independent Auditors' Report**

**To the Board of Directors of  
New Jersey City University Foundation, Inc.  
and Affiliate**

### ***Opinion***

We have audited the consolidated financial statements of New Jersey City University Foundation, Inc. and affiliate (the Organization), which comprise the consolidated statements of financial position as of June 30, 2023, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Prior Period Financial Statements**

The consolidated financial statements of the Organization as of and for the year ended June 30, 2022 were audited by other auditors, whose report dated November 22, 2022, expressed an unmodified opinion on those statements.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Report on Consolidating Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information included in the accompanying consolidating schedules as of and for the year ended June 30, 2023 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position or change in net assets of the individual entities, and is not a required part of the consolidated financial statements. Such consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*PKF O'Connor Davies, LLP*

Woodcliff Lake, NJ  
January 31, 2024

**New Jersey City University Foundation, Inc. and Affiliate**  
(A Component Unit of New Jersey City University)

Statements of Financial Position

	June 30,	
	2023	2022
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,168,741	\$ 5,307,191
Due from New Jersey City University and other receivables	3,142,423	2,853,488
Contributions receivable, net	2,721,588	3,401,343
Investments	4,763,181	4,645,110
Restricted deposits held by bond trustees	8,858,460	7,852,191
Restricted investments	16,503,035	15,314,302
Capital assets, net	<u>43,755,076</u>	<u>45,294,464</u>
	<u>\$ 80,912,504</u>	<u>\$ 84,668,089</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and other accrued expenses	\$ 451,820	\$ 340,466
Donor refund payable (note 13)	-	5,000,000
Accrued interest	1,122,872	1,137,572
Due to New Jersey City University	1,540,287	913,889
Long-term debt, net	<u>46,990,497</u>	<u>47,992,626</u>
Total Liabilities	<u>50,105,476</u>	<u>55,384,553</u>
Net Assets		
Without donor restrictions		
Foundation operating and board designated	391,269	(43,020)
West Campus Housing, LLC	<u>6,561,345</u>	<u>6,149,806</u>
Total Without Donor Restrictions	<u>6,952,614</u>	<u>6,106,786</u>
With donor restrictions		
Restricted for specified purpose or passage of time	19,203,806	18,523,142
Restricted in perpetuity - endowment	<u>4,650,608</u>	<u>4,653,608</u>
Total With Donor Restrictions	23,854,414	23,176,750
Total Net Assets	<u>30,807,028</u>	<u>29,283,536</u>
Total Liabilities and Net Assets	<u>\$ 80,912,504</u>	<u>\$ 84,668,089</u>

See notes to financial statements

**New Jersey City University Foundation, Inc. and Affiliate**  
(A Component Unit of New Jersey City University)

Statements of Activities

	Year Ended June 30, 2023			Year Ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUES</b>						
Support from public contributions	\$ 163,537	\$ 958,017	\$ 1,121,554	\$ 180,939	\$ 1,664,495	\$ 1,845,434
Development grants and contracts	-	40,000	40,000	-	134,405	134,405
Contributed services	768,635	-	768,635	1,182,599	-	1,182,599
Donor refund (note 13)	-	-	-	(5,000,000)	-	(5,000,000)
Investment return, net	605,942	1,151,209	1,757,151	(589,638)	(2,000,574)	(2,590,212)
Student housing revenues	5,246,439	-	5,246,439	3,420,657	-	3,420,657
University operational subsidy	120,000	-	120,000	2,159,121	-	2,159,121
Special events	29,430	15,356	44,786	19,240	18,794	38,034
Other income, net	455	1,190	1,645	2,503	2,657	5,160
Change in fair value of split interest agreements	-	448	448	-	(262,484)	(262,484)
Gift assessments	38,389	(38,389)	-	110,402	(110,402)	-
Net assets released from restrictions in satisfaction of program restrictions	<u>1,450,167</u>	<u>(1,450,167)</u>	<u>-</u>	<u>2,006,020</u>	<u>(2,006,020)</u>	<u>-</u>
Total Support And Revenues	8,422,994	677,664	9,100,658	3,491,843	(2,559,129)	932,714
<b>EXPENSES</b>						
Program Services	1,304,854	-	1,304,854	2,581,361	-	2,581,361
Student housing	1,554,838	-	1,554,838	1,898,299	-	1,898,299
Interest expense	2,192,351	-	2,192,351	2,221,751	-	2,221,751
Management and general	835,427	-	835,427	929,168	-	929,168
Special events	38,767	-	38,767	44,782	-	44,782
Fundraising	80,275	-	80,275	204,466	-	204,466
Depreciation and amortization	<u>1,570,654</u>	<u>-</u>	<u>1,570,654</u>	<u>1,570,913</u>	<u>-</u>	<u>1,570,913</u>
Total Expenses	<u>7,577,166</u>	<u>-</u>	<u>7,577,166</u>	<u>9,450,740</u>	<u>-</u>	<u>9,450,740</u>
Change in Net Assets	845,828	677,664	1,523,492	(5,958,897)	(2,559,129)	(8,518,026)
<b>NET ASSETS</b>						
Beginning of year	<u>6,106,786</u>	<u>23,176,750</u>	<u>29,283,536</u>	<u>12,065,683</u>	<u>25,735,879</u>	<u>37,801,562</u>
End of year	<u>\$ 6,952,614</u>	<u>\$ 23,854,414</u>	<u>\$ 30,807,028</u>	<u>\$ 6,106,786</u>	<u>\$ 23,176,750</u>	<u>\$ 29,283,536</u>

See notes to financial statements

**New Jersey City University Foundation, Inc. and Affiliate**  
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Statements of Cash Flows

	Year Ended June 30,	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,523,492	\$ (8,518,026)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,523,323	1,539,651
Net depreciation (appreciation) in fair value of investments	(1,033,026)	3,070,132
Amortization of bond issue costs and premium	(22,129)	(22,130)
Amortization of unconditional promises to give	13,137	42,728
Change in fair value split interest agreements	(448)	262,484
Bad debt expense	168,100	-
Loss on disposal of fixed asset	16,065	-
Contributions in perpetuity	(42,000)	(210,707)
Change in cash and cash equivalents attributable to changes in operating assets and liabilities:		
Due from New Jersey City University and other receivables	(288,935)	(301,637)
Contributions receivable	498,966	353,030
Accounts payable, other accrued expenses, and donor refund payable	(4,888,646)	5,214,429
Accrued interest	(14,700)	(13,063)
Due to New Jersey City University	626,398	122,190
Net Cash from Operating Activities	(1,920,403)	1,539,081
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Principal paid on capital debt	(980,000)	(950,000)
Decrease in deposits held by bond trustees, net	(1,006,269)	(1,081,067)
Purchases of investments	(7,287,921)	(8,676,853)
Sales of investments	6,600,057	7,699,327
Net Cash from Investing Activities	(2,674,133)	(3,008,593)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions in perpetuity	42,000	210,707
Net Decrease In Cash And Cash Equivalents	(4,552,536)	(1,258,805)
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>		
Beginning of year	6,939,415	8,198,220
End of year	\$ 2,386,879	\$ 6,939,415
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Interest paid	2,207,051	2,288,206

See notes to financial statements

**New Jersey City University Foundation, Inc. and Affiliate**  
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Notes to Financial Statements  
June 30, 2023 and 2022

**1. Nature of the Organization**

The New Jersey City University Foundation, Inc. (the Foundation) was established as a nonprofit corporation in order to provide an independent instrument for control of funds, from other than state sources, that support the purposes and mission of New Jersey City University (the University).

In December 2014, the Foundation established West Campus Housing, LLC, (WCH LLC), a New Jersey limited liability company, whose sole member is the Foundation. In March 2015, the WCH LLC entered into an agreement with the New Jersey Economic Development Authority (NJEDA) to finance and develop a 425 bed student housing facility (the West Campus Housing Facility) and renovate two existing dormitories, Vodra Hall and Co-op Hall (collectively, the Student Housing Facilities). The agreement was pursuant to the NJ 2009, Economic Stimulus Act, which allowed colleges and universities to enter into Public Private Partnerships with private developers. Consequently, the WCH LLC was created to be the owner and borrower of approximately \$50.6 million to finance and develop new student housing and renovate existing dormitories.

In August 2019, the Foundation established WCPAC LLC, a New Jersey nonprofit corporation, whose sole member is the Foundation. WCPAC LLC was established to be the holding corporation that would facilitate the Performing Arts Center transaction discussed in note 13. WCPAC LLC had no activity for the years ended June 30, 2023 and 2022.

The University has had declining enrollment since 2019. Along with the declining enrollment, the University was met with a financial crisis due to some decisions made by the previous administration that resulted in the Board of Trustees declaring a financial emergency in June 2022. This was deemed necessary to institute immediate cost-containment and right-sizing plans to address the University's historical structural budget deficits and its impact on cash reserves and attain financial stability through a series of cost-cutting measures in accordance with collective bargaining obligations and University shared governance. A recovery and revitalization plan that was developed and implemented will ensure the long-term financial sustainability, mission focus, and student success for the University. The plan included a hiring freeze, the elimination of positions, salary reductions and furloughs, a comprehensive enrollment and discounting plan, and a rightsizing of academic programs and structure of the University. In addition, the University hired a real estate consulting firm to review and value its real estate assets for potential monetization, reviewed any lease arrangements to ensure rents are at market value, as well as forming new business partnerships to enhance the revenue stream for the University.

For further information regarding the University Development Programs, including the Performing Arts Center Project, refer to note 13.

**New Jersey City University Foundation, Inc. and Affiliate**  
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Notes to Financial Statements  
June 30, 2023 and 2022

**2. Summary of Significant Accounting Policies**

***Basis of Presentation***

The accompanying consolidated financial statements, which consolidate the Foundation and WCH LLC (collectively, the Organization), are presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles as prescribed by the Financial Accounting Standards Board (FASB). The consolidated financial statements have been prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

- ***Net Assets With Donor Restrictions*** – net assets subject to donor imposed stipulations that will be met by actions of the Foundation or by the passage of time. Some assets with donor restrictions are subject to donor imposed stipulations that the principal be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for program operations or specific purposes.
- ***Net Assets Without Donor Restrictions*** – net assets not subject to donor restrictions for which the governing board has discretionary control to use in carrying out the operations of the Organization. The board may designate these net assets to be used for a particular purpose, such as quasi-endowment.

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. The expendable portion of endowment earnings is reflected as gains on investments in net assets with donor restrictions until such time as they are appropriate for expenditure by the board. Expiration of restrictions on net assets is reported as net assets released from restrictions by incurring expenses satisfying the purposes or by the passage of time as specified by donors.

***Principles of Consolidation***

The consolidated financial statements include the accounts of the Foundation and WCH LLC because the Foundation has both control and an economic interest in WCH LLC. All significant intercompany balances and transactions have been eliminated in the consolidation.

**New Jersey City University Foundation, Inc. and Affiliate**  
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Notes to Financial Statements  
June 30, 2023 and 2022

**2. Summary of Significant Accounting Policies (continued)**

***Contributed Services and Facilities***

The Foundation recognizes contribution revenue and expense for certain voluntary services from the University, while WCH LLC recognizes contribution revenue and expense for certain voluntary services from the Foundation and the University. Contributed services received from the University are reflected in the consolidated financial statements at the estimated cost of the services received. The contribution of services is recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

***Unconditional Promises to Give***

Unconditional promises to give (contributions) are recorded as contributions receivable and revenues in the appropriate net asset category in accordance with donor imposed restrictions. Revenue from contributions may be subject to conditions, in the form of both a barrier to entitlement and a refund of amounts paid (or a release from obligation to make future payments). Conditional promises to give are not recognized until they become unconditional. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation. The fair value of promises to give that are due in more than one year is estimated by discounting the future cash flows using a current rate of return based on the yield of a U.S. Treasury security with a maturity date similar to the expected collection period. Amortization of the discount is included in support from public contributions.

***Cash and Cash Equivalents***

The Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents, except for cash equivalents included as investments for long-term purposes and deposits held by bond trustees which are capital related. The Organization maintains its cash balances at two financial institutions, which at times may exceed the Federal Deposit Insurance Corporation (FDIC) insurance limit of \$250,000 per depositor, per FDIC-insured financial institution, per ownership category. At June 30, 2023 and 2022, the Organization had cash balances in interest bearing accounts in excess of FDIC insured limits amounting to \$712,924 and \$4,807,191 in total, respectively.

The following table summarizes cash, cash equivalents, and restricted cash reported on the consolidated statements of cash flows as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,168,741	\$ 5,307,191
Restricted cash included in investments	<u>1,218,138</u>	<u>1,632,224</u>
	<u>\$ 2,386,879</u>	<u>\$ 6,939,415</u>

**New Jersey City University Foundation, Inc. and Affiliate**  
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Notes to Financial Statements  
June 30, 2023 and 2022

**2. Summary of Significant Accounting Policies (continued)**

***Capital Assets***

Capital assets are carried at cost, or if donated, at fair value on the date the asset was donated. The costs for replacements are capitalized and the replaced items are retired.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings and building improvements	25 to 50 years
Equipment and other assets	5 to 15 years

***Annuities Payable***

Contributions of charitable gift annuities are recorded at the date the assets are received after recording liabilities for the actuarial present value of the estimated payments to be made to the donor and/or other beneficiaries. The liabilities are periodically adjusted for changes in the estimates of future benefits. These adjustments are recorded as change in fair value of annuity obligations and are included in fair value adjustment of split interest agreements in the accompanying consolidated financial statements.

***Income Taxes***

The Foundation and WCH LLC qualify under Section 501(c)(3) of the Internal Revenue Code and are exempt from federal and state income taxes.

***Use of Estimates***

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The more significant estimates and judgements include the valuation of contribution receivable and the classification of net assets. Actual results could differ from those estimates.

***Revenue Recognition***

The Organization recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. A donation or grant is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The presence of both a barrier and a right of return or right of release indicates that a recipient is not entitled to the contribution until it has overcome the barrier(s) in the agreement.

**New Jersey City University Foundation, Inc. and Affiliate**  
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Notes to Financial Statements  
June 30, 2023 and 2022

**2. Summary of Significant Accounting Policies (continued)**

***Revenue Recognition (continued)***

Conditional promises to give are not recognized until they become unconditional, that is, when the barrier(s) in the agreement are overcome. Contributions received are reported as revenues without donor restrictions, unless there are donor-imposed purposes and/or time restrictions on the gift. Gains or losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by the donor. Promises to contribute that include conditions to be met before the contribution is made are not recorded until the conditions are met. Student housing revenues are recognized in the period earned.

***Debt Issuance Costs***

Debt issuance costs are reported on the statement of financial position as a direct deduction from the face amount of the debt. The debt issuance costs are being amortized over the term of the debt on a method that approximates the interest method.

***Functional Classification of Expenses***

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the services and missions served, such as scholarships, grants to the University, and donor specific academic initiatives. Such allocations are determined by management on an equitable, direct basis.

**3. Gift Annuities**

As of June 30, 2023 and 2022, the gift annuities included in restricted investments in the consolidated statement of financial position, at fair value, include the following:

	<u>2023</u>	<u>2022</u>
Segregated gift annuity	\$ 124,553	\$ 111,414

In 2009, the Foundation was issued a special permit by the State of New Jersey Department of Banking and Insurance to issue charitable gift annuities in New Jersey. The Foundation was required to establish a segregated fund of \$100,000 with a financial institution as a requirement for the special permit. In December 2016, the Foundation established a second charitable gift annuity contract, for which a segregated fund is required in connection with this permit. The change in fair value is reflected in the accompanying consolidated financial statements within contributions.

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Notes to Financial Statements  
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**4. Liquidity and Availability of Resources**

The Organization structures its assets to be readily available to meet general expenditures, liabilities, and other obligations as they come due. General expenditures include administrative and general expenses, fundraising expenses, grant commitments expected to be paid in the subsequent year, and principal and interest payments on debt. Annual operations are defined as activities occurring during the Organization's fiscal year. The Foundation's Board of Trustees approves an annual operating budget. The Organization manages its cash available on the following: prudent range of financial soundness and stability, maintaining adequate liquid assets and sufficient reserves to support mission fulfillment.

As of June 30, 2023 and 2022, the following financial assets could readily be available within one year of the statement of financial position date to meet general operating expenses:

	2023	2022
Cash and cash equivalents	\$ 540,678	\$ 20,029
Other receivables	32,419	13,468
Due from New Jersey City University	2,050,612	1,286,307
Contributions receivable (not subject to donor restrictions)	63,916	40,303
Deposits held by bond trustees for debt payments	3,826,569	3,059,329
Investments (not subject to donor restrictions)	4,763,181	4,645,110
	\$11,277,375	\$ 9,064,546

**5. Investments and Restricted Investments**

***Overall Investment Objective***

The investment objective of the Organization is to invest its assets to achieve a long term rate of return within prudent risk restraints sufficient to fund a portion of its spending and to increase investment value after inflation. The Investment Committee of the Board of Trustees establishes investment pools, sets policy and asset allocation guidelines for investment of various funds, determines spending rates and selects external professional investment managers. The vast majority of the Foundation's investments is actively managed by an external investment manager whose authority includes the execution of the investment strategy within the approved policy. Investments in marketable securities are stated at fair value based on readily available published statements. The Organization has unrestricted investments administered by a national bank. The restricted investments have been designated by donors and grant agencies for the Student Investment Management Group, the Kartnoutsos Realty Securities, and the Title V Grant Endowments.

**New Jersey City University Foundation, Inc. and Affiliate**  
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Notes to Financial Statements  
June 30, 2023 and 2022

**5. Investments and Restricted Investments (continued)**

***Investment Strategies***

The objective of the Organization's investments is to achieve long term capital appreciation within prudent risk restraints.

The net assets with donor restrictions (other than the Title V Grant Endowments), net assets without donor restriction and gift annuity pools may be invested in equity, fixed income, and cash equivalents in the form of separately managed accounts, mutual funds, or index funds. The Foundation's investment policy provides allocation targets and diversification of the investment portfolio. The portfolios are expected to earn long term returns primarily from capital appreciation and a growing stream of current income.

The Title V Program is a federally-funded grant program through the U.S. Department of Education. Funding of this program is competitively awarded to educational institutions based on various eligibility requirements, which include enrollment documentation by the educational institution of its diversity programs, the per capita income levels and the educational needs of its student population community, and the educational institution's vision for educational development through its offered academically enhanced courses and rigorous programs. The objective of the Title V endowment funds is growth and income. The portfolios are expected to earn long term returns primarily from capital appreciation and a growing stream of current income. Title V Program accounts may be invested in equity, fixed income, and cash equivalents in the form of separately managed accounts, mutual funds, or index funds. Emphasis is placed on maximizing dividends and income.

***Basis of Reporting***

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, establishes a framework for measuring fair value which provides a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1: Inputs to the valuation methodology are unadjusted quoted or published prices for identical assets or liabilities in active markets that the Organization has the ability to access.

**New Jersey City University Foundation, Inc. and Affiliate**  
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Notes to Financial Statements  
June 30, 2023 and 2022

**5. Investments and Restricted Investments (continued)**

***Basis of Reporting (continued)***

- Level 2: Inputs to the valuation methodology include:
  - quoted or published prices for similar assets or liabilities in active markets;
  - quoted or published prices for identical or similar assets or liabilities in inactive markets;
  - inputs other than quoted or published prices that are observable for the asset or liability;
  - inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies consistently used for assets measured at fair value as of June 30, 2023 and 2022.

Mutual funds: Valued at quoted market price at year end.

Equities: Valued at the quoted market prices at year end.

The Organization believes its valuation methods are appropriate and consistent with other market participants.

The following table sets forth investments at fair value as of June 30, 2023 and 2022.

	2023	2022
Investments (Level 1)		
Mutual funds	\$ 16,402,338	\$ 14,166,160
Equities	3,336,564	3,167,759
Investments at fair value	19,738,902	17,333,919
Cash and cash equivalents	1,527,314	2,625,493
Investments	\$ 21,266,216	\$ 19,959,412

The terms and conditions upon which the investments can be redeemed are daily.

**New Jersey City University Foundation, Inc. and Affiliate**  
(A Component Unit of New Jersey City University)

Notes to Financial Statements  
June 30, 2023 and 2022

**6. Contributions Receivable**

As of June 30, 2023 and 2022, contributions receivable are as follows:

	2023	2022
Unconditional promises to give		
Amount expected to be collected:		
Less than one year	\$ 1,901,783	\$ 956,148
Between one and five years	283,010	1,901,417
Total	\$ 2,184,793	\$ 2,857,565
Less unamortized discount (4.97% to 7.00%)	(209,981)	(202,549)
	1,974,812	2,655,016
Charitable remainder annuity trust	746,776	746,327
Total	\$ 2,721,588	\$ 3,401,343

In December 2004, a donor established a trust with a local bank naming the Foundation as the remainder beneficiary of an irrevocable charitable remainder annuity trust (CRAT). Under the terms of the trust's split interest agreement, the donor is to receive monthly annuity payments equal to 5% of the net fair value of the donated assets at the time of the gift. The net fair value of the donated assets in December 2004 was approximately \$2.5 million. Upon the time of the donor's death, the trust is to terminate, and the remaining trust assets will be distributed to the Foundation. The present value was computed using the Internal Revenue Service actuarial table, a 4.2% discount rate and deducting the present value of the expected monthly payments to the donor, which aggregate to \$125,000 per year. The net fair value of the assets in the trust as of June 30, 2023 and 2022 was approximately \$1.2 million.

**7. Restricted Deposits Held by Bond Trustees**

Restricted deposits held by the Bond Trustees include funds held under the terms of the Trust Indenture. Restricted deposits held by the Bond Trustees are carried in the consolidated financial statements at fair value and consist of money market funds totaling \$8,858,460 and \$7,852,191 as of June 30, 2023 and 2022, respectively. The surplus cash flow funds can be used for operating or capital needs of the WCH LLC. These inputs to the fair value estimate are considered Level 1 in the fair value hierarchy.

**New Jersey City University Foundation, Inc. and Affiliate**  
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Notes to Financial Statements  
June 30, 2023 and 2022

**7. Restricted Deposits Held by Bond Trustees (continued)**

	2023	2022
Receipts fund	\$ 2,479,587	\$ 1,062,446
Surplus cash flow	600,192	927,546
Debt service reserve fund	3,469,052	3,389,278
Interest fund	1,127,395	1,329,673
Principal fund	1,014,051	980,000
Other funds	168,183	163,248
Total	\$ 8,858,460	\$ 7,852,191

**8. Capital Assets**

Capital assets at June 30, 2023 and 2022 comprise the following:

	2023	2022
Building and building improvements	\$ 53,288,270	\$ 53,288,270
Equipment and other assets	1,325,370	1,341,435
	54,613,640	54,629,705
Less accumulated depreciation	(10,858,564)	(9,335,241)
Capital assets, net	\$ 43,755,076	\$ 45,294,464

Depreciation expense totaled \$1,523,323 and \$1,539,651 for the years ended June 30, 2023 and 2022, respectively.

**9. Due To/From the University and Contributed Services**

The University, through its procurement and disbursement system, pays certain expenses on behalf of the Organization. The expenses paid on behalf of the Foundation consist of scholarships and professional services. The University provides resident life services and staffing, administrative support, security personnel and other maintenance amenities for the Student Housing Facilities, all of which will be reimbursed by WCH LLC as operating expenses, except for the portions noted as contributed services.

For the year ended June 30, 2023, the Organization recognized expenses procured and disbursed by the University for the Foundation and the Student Housing Facilities amounting to \$644,964 and \$912,224, respectively. For the year ended June 30, 2022, the Organization recognized expenses procured and disbursed by the University for the Foundation and the Student Housing Facilities amounting to \$989,237 and \$1,103,569 respectively.

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**9. Due To/From the University and Contributed Services (continued)**

The Organization recognized contributed services of \$768,635 and \$1,182,599 in 2023 and 2022, respectively. Contributed services consist of a percentage of salaries and benefits for employees of the University allocated based upon the time spent on the Foundation's and WCH LLC's administration and facility maintenance.

The University also acts as WCH LLC's agent in collecting student housing fees and related charges under the student housing agreements, which totaled \$5,366,439 (including University operational subsidy of \$120,000) and \$5,579,788 (including University operational subsidy of \$2,159,121, which is inclusive of \$1,269,121 in Housing Aid to students in the form of a housing scholarship and \$890,000 in additional subsidy for financial assistance due to COVID-19 – see note 14) in 2023 and 2022, respectively, and deposits them with the bond trustee. The Organization recognized receivables from COVID-19 difficulties due from the University of \$0 and \$890,000 in 2023 and 2022, respectively. The Organization recognized receivables from a University operational subsidy of \$120,000 for the year ended June 30, 2023.

The Organization also recognized that as of June 30, 2023 and 2022, the University owes WCH LLC an amount of \$1,059,393 and \$1,553,713, respectively, in student housing fees that arise from open student account receivables since inception of WCH LLC formation.

Pursuant to the bond trust indenture, the bond trustee accumulates these fees and subsidies to pay the annual debt service of WCH LLC and reimburses the operating expenses of the Student Housing Facilities on a regular basis. WCH LLC will reimburse operating expenses incurred by the University.

As of June 30, 2023 and 2022, the consolidated statements of financial position reflect a liability to the University of \$1.54 million and \$0.9 million, respectively. Subsequent to June 30, 2023, the Foundation reimbursed the University \$300,000.

**10. Net Assets Released from Restriction**

Net assets were released from donor restriction by incurring expenses satisfying the purposes specified by donors as follows:

	<u>2023</u>	<u>2022</u>
Scholarships and awards	\$ 658,575	\$ 914,410
Student and other activities	<u>791,592</u>	<u>1,091,610</u>
Total net assets released from restrictions	<u>\$ 1,450,167</u>	<u>\$ 2,006,020</u>

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**11. Net Assets With Donor Restriction**

The Foundation's net assets with donor restrictions are subject to purpose restrictions for scholarships and awards. Net assets with donor restrictions are designated for the following purposes:

	2023	2022
Scholarships	\$ 7,685,233	\$ 7,705,128
Student and other activities	11,518,573	10,818,014
Donor restricted endowment in perpetuity	4,650,608	4,653,608
Total net assets with donor restrictions	\$ 23,854,414	\$ 23,176,750

The Organization records its net assets in accordance with FASB ASC Subtopic 958-205, *Not-for-Profit Entities – Presentation of Financial Statements* (ASC 958-205). ASC 958-205 provides guidance on the net asset classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). ASC 958-205 also improves disclosures about an organization's donor restricted endowment funds and provides guidance on improving the quality and consistency of financial reporting of endowments held by not for profit organizations. The following endowment disclosures are based on the guidelines provided in ASC 958-205.

***Interpretation of Relevant Law***

The Board of Directors of the Foundation has interpreted UPMIFA and management of the Foundation has classified the donor restricted endowment funds as net assets with donor restriction. The donor restricted endowments include (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the donor restricted endowment, (c) accumulations to the donor restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (d) the investment appreciation on the donor restricted endowment funds.

***Spending Policy***

The Foundation's Endowment Spending Policy is designed to provide a reasonable degree of stability and predictability in the amount of endowment earnings available for scholarships and the other restricted purposes established by donors, as well as in the amount available for general support of the University. The Board of Directors has elected to spend a range between 3% and 5% of twelve quarters trailing average of the market value of the endowment. Should a downturn in the market prevail, the Foundation will spend the lesser of the dividend and interest income for the proceeding four quarters or the calculated spending rate.

The spending policy is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

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**11. Net Assets With Donor Restriction (continued)**

***Gift Assessment***

Effective with a policy approved by the Foundation's Board of Directors on June 5, 2015, a gift assessment is assessed on endowed and nonendowed contributions in order to support the core operations of the Foundation and its various strategic programs. Gift assessments are outlined below:

Contribution Type	Gift Assessment
Nonendowed contributions	5% on new contributions \$5,000 and above; 10% on new contributions less than \$5,000
Endowed contributions	1% annual fee on the corpus market value

***Return Objectives and Risk Parameters***

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a projectable stream of income and growth, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the Foundation's Board of Directors, the endowment assets are invested in a manner that is intended to produce moderate to high rates of return while assuming a moderate to low level of investment risk.

***Funds with Deficiencies***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below corpus. These deficiencies could result from unfavorable market fluctuations. As of June 30, 2023 and 2022, there were no endowment funds with market values below the original gift amount.

The following represents the net asset classes of the Foundation's board designated and donor restricted endowment funds as of June 30, 2023 and 2022:

	2023		2022	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Board-designated endowment funds	\$ 12,108	\$ -	\$ 12,108	\$ -
Donor-restricted endowment funds:				
Restricted in perpetuity	-	4,650,608	-	4,653,608
Non-perpetuity	-	9,838,383	-	9,001,719
	\$ 12,108	\$14,488,991	\$ 12,108	\$13,655,327

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**11. Net Assets With Donor Restriction (continued)**

***Funds with Deficiencies (continued)***

The amounts reported as restricted in perpetuity represent the original corpus of the donor restricted permanent endowments. The amounts reported as non-perpetuity represent the unappropriated appreciation on the donor restricted permanent endowments, as well as the Title V Grant term endowments.

The following table presents changes in endowments for the years ended June 30, 2023 and 2022:

	2023		2022	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Endowment net assets, beginning of year	\$ 12,108	\$13,655,327	\$ 12,108	\$15,485,450
Investment return (loss), net	-	1,063,605	-	(1,813,154)
Contributions	-	42,000	-	274,412
Reclassifications and other	-	(45,000)	-	71,407
Appropriation of endowment assets for expenditure	-	(266,941)	-	(362,788)
Endowment net assets, end of year	<u>\$ 12,108</u>	<u>\$14,448,991</u>	<u>\$ 12,108</u>	<u>\$13,655,327</u>

**12. Debt Financing**

In March 2015, WCH issued \$50,645,000 NJEDA Revenue Bonds for the design and construction and renovation of the Student Housing Facilities. The bonds are secured solely by the revenues and assets generated from this WCH project, a fully funded Debt Service Reserve Fund and an Operating Reserve Fund. The University and the Foundation do not have any obligations with respect to the repayment of the bonds.

The following obligations to the Authority were outstanding as of June 30, 2023 and 2022:

	Interest Rate	2023	2022
Bonds payable			
New Jersey Economic Development Authority Revenue Bonds:			
Series 2015A Revenue Bonds due serially July 1, 2047	2.125%-5.00%	\$ 46,495,000	\$ 47,475,000
Add Premium, net of discounts		1,228,625	1,282,018
Less net debt issuance costs		<u>(733,128)</u>	<u>(764,392)</u>
Long-term debt, net		<u>\$ 46,990,497</u>	<u>\$ 47,992,626</u>

Amounts required by the bond documents to be set aside for debt service total \$3,469,052 and \$3,389,278 as of June 30, 2023 and 2022.

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**12. Debt Financing (continued)**

Aggregate annual maturities of long-term debt at June 30, 2023 are as follows:

2024	\$ 1,010,000
2025	1,060,000
2026	1,110,000
2027	1,165,000
2028	1,275,000
Thereafter	<u>40,875,000</u>
	<u>\$ 46,495,000</u>

Pursuant to the debt service coverage ratio requirements provided under the Continuing Disclosure Agreement of the bond issue, the Organization shall, no later than 30 days after the receipt of its annual financial statements, provide a certificate in connection with the debt service coverage ratio, which for any annual period is determined by dividing the amount of net revenues of the Student Housing Facilities for such period by the annual debt service requirements. The annual debt service requirements refer to the sum of: (1) the amount required to pay the interest on bonds and (2) the amount required to pay the principal of or sinking fund installment on the bonds.

The Organization is subject to certain restrictive covenants, including provisions relating to certain debt ratios. The Debt Service Coverage Ratio (DSCR) requirement under Section 4.12 of the Trust Indenture is not less than 1.00 to 1.00. If the DSCR falls below 1.00 to 1.00, the DSCR must equal or exceed 1.00 to 1.00 by the end of the next succeeding Annual Period or failure to do so will constitute an Event of Default. In addition, per Section 6.2 of the Loan Agreement, if the DSCR falls below 1.20 to 1.00, WCH LLC is to hire a Rate Covenant Consultant and make any recommendations as the Rate Covenant Consultant believes appropriate to enable WCH LLC to achieve the DSCR of at least 1.20 to 1.00 for the subsequent Annual Period. The Organization is in compliance with DSCR requirements provided under the Continuing Disclosure Agreement Section 4.12 and Section 6.2 of the Loan Agreement in fiscal year 2023.

**13. University Development Programs**

In 2002, the Foundation established the University Development Fund (Fund). The purpose of the Fund is to assist in the development of several projects, including but not limited to a Business Development Incubator Project, real estate development of various types and new funding sources for the University. To further support the Fund, the Foundation established WCH LLC, of which it is the sole member.

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**13. University Development Programs (continued)**

***West Campus Housing Project***

*Ground Lease*

In March 2015, the University entered into a ground lease with WCH LLC for land associated with the two existing student residence halls and land located at the west campus site. The term of the ground lease is 40 years commencing on March 17, 2015 with no right to renew or extension option. The base annual rent is equal to the surplus cash flow generated by the operation of the Student Housing Facilities and is paid annually upon WCH LLC's certification that the annual debt service ratio has been met. The agreement also provides that WCH LLC be deemed to be the owner of the two existing resident halls for the term of the ground lease. Therefore, the net book value of \$8,915,624 related to the building and building improvements of the halls was transferred from the University to WCH LLC during the year ended June 30, 2016. Upon termination of the ground lease and full repayment of the related debt, all rights, title, and interest in the New Jersey City University Student Housing Project (Project) shall revert to the University. There were no fixed or variable rental payments made for the years ended June 30, 2023 and 2022.

In connection with the ground lease agreement, in March 2015 WCH LLC issued \$50,645,000 in revenue bonds through the NJEDA to finance the Project. WCH LLC is solely responsible for the repayment of the bonds. The University has no obligation to pay debt service on the financing. Under the terms of the ground lease, the Student Housing Facilities are intended to be a part of the integrated New Jersey City University campus. As such, the University provides certain administrative, residence life, security, and other services to the Student Housing Facilities.

The University also collects all student housing fees and related charges and remits them to the Bond Trustee. Under the terms of the Bond Trust Indenture, the Bond Trustee accumulates these fees to pay the annual debt service of WCH LLC and reimburse the operating expenses of the Student Housing Facilities on a monthly basis. WCH LLC reimburses operating expenses incurred by the University.

*Project Management Agreement*

On January 23, 2017, the management of the Student Housing Facilities fully transitioned back to WCH LLC. The University will act as the Owner's agent in collecting all student housing fees and related charges under the student housing agreements and will deposit the fees and charges in the Receipt Fund held by the Bond Trustee pursuant to the bond documents for the payment of all debt and operating expenses. The University will also provide resident life services and staffing, housing contract services, front desk operations, accounting support, security personnel, mail delivery, and other maintenance amenities all of which will be reimbursed as operating expenses of the Project, except for the portions noted as contributed services. The payment of student housing utility costs will also be advanced by the University and thereafter reimbursed.

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**13. University Development Programs (continued)**

***West Campus Housing Project (continued)***

*Project Management Agreement (continued)*

During the years ended June 30, 2023 and 2022, the University collected student housing fees of \$5,246,439 and \$3,420,657, respectively, which were transferred to WCH LLC. In addition, due to lost revenues associated with the COVID-19 pandemic (see note 13), the University provided WCH LLC an operation subsidy of \$120,000 and \$2,159,121 in 2023 and 2022, respectively. Operating expenses in the amount of \$912,224 and \$1,103,569 have been incurred by the University during the years ended June 30, 2023 and 2022, respectively, and are to be reimbursed by WCH LLC. These costs are included in the student housing expenses on the accompanying statements of activities.

On January 23, 2017, the management of the Student Housing Facilities fully transitioned back to WCH LLC. The University will act as the Owner's agent in collecting all student housing fees and related charges under the student housing agreements and will deposit the fees and charges in the Receipt Fund held by the Bond Trustee pursuant to the bond documents for the payment of all debt and operating expenses. The University will also provide resident life services and staffing, housing contract services, front desk operations, accounting support, security personnel, mail delivery, and other maintenance amenities all of which will be reimbursed as operating expenses of the Project, except for the portions noted as contributed services. The payment of student housing utility costs will also be advanced by the University and thereafter reimbursed. During the years ended June 30, 2023 and June 30, 2022, the University collected student housing fees of \$5,246,439 and \$3,420,657, respectively, which were transferred to WCH LLC. In addition, due to lost revenues associated with the COVID-19 pandemic (see note 14), the University provided WCH LLC an operation subsidy of \$120,000 and \$2,159,121 in 2023 and 2022, respectively. Operating expenses in the amount of \$912,224 and \$1,103,569 have been incurred by the University during the years ended June 30, 2023 and 2022, respectively, and are to be reimbursed by WCH LLC. These costs are included in the student housing expenses on the accompanying statements of activities.

***University Place – Block 4 Development***

In conjunction with the City of Jersey City, the University has developed a master mixed use redevelopment plan for its 22 acre West Campus site called University Place (UP). UP is designed to transform the West Campus neighborhood into a University urban village that will include residential units, a performing arts center, restaurants and parking, and includes several public-private partnerships. The West Campus Housing Project is the first component of UP. In addition, a 163 unit apartment complex opened in 2018 as the second component. In July 2019, the University's Board of Trustees approved the development of the property, which will include a Performing Arts Center (PAC) for Music, Dance and Theater, restaurants, an apartment complex and parking.

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**13. University Development Programs (continued)**

***University Place – Block 4 Development (continued)***

However, due to deteriorating operating results and cash flow constraints of the University, the UP has been placed on hold until a strategic real estate analysis is completed by CBRE. CBRE is a global real estate firm that has been engaged by the University to review the institution's real estate holdings and make recommendations to the Board of Trustees and the senior leadership team. The term of the engagement is approximately 12 months, with the option to renew for an additional 6 months.

In fiscal year 2020, the Foundation received a \$5,000,000 donation from a donor for the naming rights of the Performing Arts Center (PAC). Due to the paused nature of the PAC project, the donation was refunded to the donor in fiscal year 2023.

**14. COVID-19 Pandemic**

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a public health emergency. In response, various governmental agencies mandated stringent regulations and guidelines to help organizations promote the health and safety of their communities. In connection with this event, students, faculty, and staff were transitioned to remote operations and New Jersey City University issued refunds to students for housing of \$863,903 in fiscal year 2020. Refunds issued reduced the amount of student housing revenue recognized. In 2020, the University provided an operating subsidy to WCH, LLC to an amount equal to the refund. This subsidy was funded in fiscal 2021, upon the University's receipt of funding under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. In fiscal year 2022, the University funded the subsidy through the American Rescue Plan (ARP).

The Student Housing Facilities are intended to be a part of the integrated New Jersey City University campus. As such, the University views students as part of its enrollment and payment terms process. Students are part of the total University experience through contracting to attend the University, inclusive of selecting a dormitory. The University is committed to all our students who have contractually engaged in inclusive payment terms, for both tuition and fees and housing. The University has determined it is financially responsible for the student housing refunds related to the pandemic, due to the implicit contract terms between the University and the student. There was significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the United States and international economies. Therefore, the University had provided an operating subsidy to the Foundation for fiscal year 2022 of \$2,159,121. This subsidy was funded through the University receipt of funding under the ARP Act Minority Serving Institution (\$1,269,121) and the ARP Act Higher Education Emergency Relief Fund (HEERF) (\$890,000).

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**15. Risk Management**

The Organization participates in the University's risk management program, which involves insurance for all property risk in a joint insurance program and for all liability risk and employee benefit exposures. The University is exposed to various risks of loss. The University purchased and funds property and casualty insurances through a joint insurance program with the nine State of New Jersey Public Colleges and Universities. The University's risk management program involves insurance for all property risk in the joint insurance program and all liability risk and employee benefit exposures are self-funded programs maintained and administered by the State of New Jersey (including tort liability, auto liability, trustees and officers liability, workers' compensation, unemployment, temporary and long term disability, unemployment liability, life insurance and employee retirement programs).

Buildings, plants, and equipment and lost revenue are fully insured on an all risk replacement basis to the extent that losses exceed \$100,000 per occurrence with a per occurrence limit of \$2,000,000,000. Employee theft coverage provides for the actual loss in excess of \$150,000 with a per occurrence loss limit of \$5,000,000.

As an instrumentality of the State of New Jersey the liability of the University is subject to all of the provisions of the New Jersey Tort Claims Act (NJSA 59:1 1 et seq.), the New Jersey Contractual Liability Act (NJSA 59:13 1 et seq.), and the availability of appropriations. The Tort Claims Act also creates a fund and provides for payment of claims under the Act against the State of New Jersey or against its employees for which the State of New Jersey is obligated to indemnify against tort claims, which arise out of the performance of their duties. All insurance policies are renewed on an annual basis. All of the State of New Jersey self-funded programs are statutory with an annual appropriation provided by the legislature.

**16. Related Party Transactions**

The Organization has a written conflict of interest policy that requires, among other things, the identification of any material, financial or other beneficial interest to any of the Foundation's officer, director, and key employee (or an immediate family member of the foregoing officer, director, and key employee), in organizations engaged in the delivery of products or services to the Foundation and by extension, to any of its affiliates. On an annual basis, each officer, director, and key employee of the Foundation is required to certify compliance with the conflict of interest policy and indicate whether the Foundation conducts business with an entity in which the officer, director, and key employee has a material financial interest.

A former member of the Foundation's Board of Directors was also the key officer of a real estate development firm and its affiliate real estate project management company, which are both involved in the development of West Campus for the University. Fees and project management costs incurred during 2023 and 2022 were approximately \$0 and \$427,166, respectively.

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Notes to Financial Statements  
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**17. Functional Allocation of Expenses**

The following table for the years ended June 30, 2023 and June 30, 2022 presents expenses by natural and functional classification. Allocation of expenses is based on the related functional areas.

Year ended June 30, 2023	Program Services	Student Housing	Management and General	Special Events	Fundraising	Total Expenses
Salaries and wages	\$ -	\$ 543,173	\$ -	\$ -	\$ -	\$ 543,173
Scholarships and awards	565,474	-	-	-	-	565,474
Other operating expenses	735,880	850,259	208,658	38,767	8,929	1,842,493
Contributed salaries and benefits	-	108,443	535,883	-	71,346	715,672
Contributed operating expenses	-	52,963	-	-	-	52,963
Professional services	3,500	-	90,886	-	-	94,386
Interest expense	-	2,192,351	-	-	-	2,192,351
Depreciation and amortization	-	1,569,666	988	-	-	1,570,654
Total functional expenses	<u>\$ 1,304,854</u>	<u>\$ 5,316,855</u>	<u>\$ 836,415</u>	<u>\$ 38,767</u>	<u>\$ 80,275</u>	<u>\$ 7,577,166</u>

Year ended June 30, 2022	Program Services	Student Housing	Management and General	Special Events	Fundraising	Total Expenses
Salaries and wages	\$ -	\$ 664,006	\$ -	\$ -	\$ -	\$ 664,006
Scholarships and awards	914,410	-	-	-	-	914,410
Other operating expenses	677,235	955,824	73,158	27,073	10,307	1,743,597
Contributed salaries and benefits	92,327	131,881	626,979	-	193,977	1,045,164
Contributed operating expenses	-	137,436	-	-	-	137,436
Professional services	897,389	9,152	229,031	17,709	182	1,153,463
Interest expense	-	2,221,751	-	-	-	2,221,751
Depreciation and amortization	-	1,569,928	985	-	-	1,570,913
Total functional expenses	<u>\$ 2,581,361</u>	<u>\$ 5,689,978</u>	<u>\$ 930,153</u>	<u>\$ 44,782</u>	<u>\$ 204,466</u>	<u>\$ 9,450,740</u>

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Notes to Financial Statements  
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**18. Fair Value Measurements**

The table below presents the balances of those assets measured at fair value on a recurring basis at June 30, 2023 and 2022 categorized based upon the U.S GAAP fair value hierarchy:

	2023			Balances at June 30, 2023
	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	
<b>Assets</b>				
Investments				
Mutual funds	\$16,402,338	\$ -	\$ -	\$ 16,402,338
Equities	<u>3,336,564</u>	<u>-</u>	<u>-</u>	<u>3,336,564</u>
Total Investments at fair value	19,738,902	-	-	19,738,902
Cash and cash equivalents included in investments				<u>1,527,314</u>
Total Investments				21,266,216
Restricted deposits held by bond trustees	8,858,460	-	-	8,858,460
Charitable remainder annuity trusts	<u>-</u>	<u>-</u>	<u>746,776</u>	<u>746,776</u>
	<u>\$28,597,362</u>	<u>\$ -</u>	<u>\$746,776</u>	30,871,452
Cash and cash equivalents				<u>1,168,741</u>
<b>Total</b>				<u>\$ 32,040,193</u>
	2022			Balances at June 30, 2022
	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	
<b>Assets</b>				
Investments				
Mutual funds	\$14,166,160	\$ -	\$ -	\$ 14,166,160
Equities	<u>3,167,759</u>	<u>-</u>	<u>-</u>	<u>3,167,759</u>
Total Investments at fair value	17,333,919	-	-	17,333,919
Cash and cash equivalents included in investments				<u>2,625,493</u>
Total Investments				19,959,412
Restricted deposits held by bond trustees	7,852,191	-	-	7,852,191
Charitable remainder annuity trusts	<u>-</u>	<u>-</u>	<u>746,328</u>	<u>746,328</u>
	<u>\$25,186,110</u>	<u>\$ -</u>	<u>\$746,328</u>	28,557,931
Cash and cash equivalents				<u>5,307,191</u>
<b>Total</b>				<u>\$ 33,865,122</u>

**New Jersey City University Foundation, Inc. and Affiliate**  
(A Component Unit of New Jersey City University)

Notes to Financial Statements  
June 30, 2023 and 2022

**18. Fair Value Measurements (continued)**

The following is a reconciliation of the beginning and ending balance for Level 3 investments during the years ended June 30:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 746,327	\$1,008,811
Change in value of charitable remainder annuity trust	<u>449</u>	<u>(262,484)</u>
Ending Balance	<u>\$ 746,776</u>	<u>\$ 746,327</u>

**19. Subsequent Events**

The Organization evaluated additional events subsequent to June 30, 2023 and through January 31, 2023, the date on which the consolidated financial statements were available for issuance. No other events were identified.

\* \* \* \* \*

**New Jersey City University Foundation, Inc.  
and Affiliate**

(A Component Unit of New Jersey City University)

Consolidating Information  
June 30, 2023

**New Jersey City University Foundation, Inc. and Affiliate**  
(A Component Unit of New Jersey City University)

Consolidating Schedule of Financial Position Information  
June 30, 2023

	Foundation	WCH LLC	Elimination Entries	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 821,377	\$ 347,364	\$ -	\$ 1,168,741
Due from New Jersey City University and other receivables	35,357	3,107,066	-	3,142,423
Contributions receivable, net	2,721,588	-	-	2,721,588
Due from WCH, LLC	477,909	-	(477,909)	-
Investments	4,763,181	-	-	4,763,181
Restricted deposits held by bond trustees	-	8,858,460	-	8,858,460
Restricted investments	16,503,035	-	-	16,503,035
Capital assets, net	3,119	43,751,957	-	43,755,076
	<u>\$ 25,325,566</u>	<u>\$ 56,064,847</u>	<u>\$ (477,909)</u>	<u>\$ 80,912,504</u>
<b>LIABILITIES AND NET ASSETS</b>				
Liabilities				
Accounts payable and accrued expenses	\$ 451,820	\$ -	\$ -	\$ 451,820
Accrued interest	-	1,122,872	-	1,122,872
Due to New Jersey City University	628,063	912,224	-	1,540,287
Due to New Jersey City University Foundation	-	477,909	(477,909)	-
Long-term debt, net	-	46,990,497	-	46,990,497
	<u>1,079,883</u>	<u>49,503,502</u>	<u>(477,909)</u>	<u>50,105,476</u>
Net Assets				
Without donor restrictions				
Operating and Board Designated	391,269	-	-	391,269
WCH LLC	-	6,561,345	-	6,561,345
	<u>391,269</u>	<u>6,561,345</u>	<u>-</u>	<u>6,952,614</u>
With Donor Restriction				
Restricted for specified purpose or passage of time	19,203,806	-	-	19,203,806
Restricted in perpetuity - endowment	4,650,608	-	-	4,650,608
	<u>23,854,414</u>	<u>-</u>	<u>-</u>	<u>23,854,414</u>
Total Donor Restrictions	<u>23,854,414</u>	<u>-</u>	<u>-</u>	<u>23,854,414</u>
Total Net Assets	<u>24,245,683</u>	<u>6,561,345</u>	<u>-</u>	<u>30,807,028</u>
Total Liabilities and Net Assets	<u>\$ 25,325,566</u>	<u>\$ 56,064,847</u>	<u>\$ (477,909)</u>	<u>\$ 80,912,504</u>

See independent auditors' report

**New Jersey City University Foundation, Inc. and Affiliate**  
(A Component Unit of New Jersey City University)

Consolidating Schedule of Activities Information

Year Ended June 30, 2023

	Foundation	WCH LLC	Elimination Entries	Total
<b>SUPPORT AND REVENUES</b>				
Support from public contributions	\$ 1,121,554	\$ -	\$ -	\$ 1,121,554
Development grants and contracts	40,000	-	-	40,000
Contributed services	607,229	161,406	-	768,635
Investment return, net	1,556,602	200,549	-	1,757,151
Student housing revenues	-	5,246,439	-	5,246,439
University operational subsidy	-	120,000	-	120,000
Special events	44,786	-	-	44,786
Other income	1,645	-	-	1,645
Change in fair value of split interest agreements	448	-	-	448
Total Support and Revenues	<u>3,372,264</u>	<u>5,728,394</u>	<u>-</u>	<u>9,100,658</u>
<b>EXPENSES</b>				
Program services	1,304,854	-	-	1,304,854
Student housing expenses	-	1,554,838	-	1,554,838
Interest expense	-	2,192,351	-	2,192,351
Management and general	835,427	-	-	835,427
Special events	38,767	-	-	38,767
Fundraising	80,275	-	-	80,275
Depreciation and amortization	988	1,569,666	-	1,570,654
Total Expenses	<u>2,260,311</u>	<u>5,316,855</u>	<u>-</u>	<u>7,577,166</u>
Change in Net Assets	1,111,953	411,539	-	1,523,492
<b>NET ASSETS</b>				
Beginning of year	<u>23,133,730</u>	<u>6,149,806</u>	<u>-</u>	<u>29,283,536</u>
End of year	<u>\$ 24,245,683</u>	<u>\$ 6,561,345</u>	<u>\$ -</u>	<u>\$ 30,807,028</u>

See independent auditors' report