KPMG

ROWAN UNIVERSITY

(A Component Unit of the State of New Jersey)

Basic Financial Statements,
Management's Discussion and Analysis
and Required Supplementary Information

June 30, 2022 and 2021

(With Independent Auditors' Report Thereon)

ROWAN UNIVERSITY
(A Component Unit of the State of New Jersey)

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KPMG LLP
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Independent Auditors' Report

The Board of Trustees
Rowan University:

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of Rowan University (the University), a component unit of the State of New Jersey, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements for the years then ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University, as of June 30, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinions

We conducted our audits 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 University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in note 1(b)(xiv) to the financial statements, in 2022, the University adopted Governmental Accounting Standards Boards (GASB) Statement No. 87, *Leases,* and Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period.* Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 opinions. 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 financial statements.

In performing an audit in accordance with GAAS, 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 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 University'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University'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.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis, the schedules of employer contributions, the schedules of proportionate share of net pension liability, and the schedule of proportionate share of the total OPEB liability be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 audits 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
February 22, 2023

Introduction

This section of Rowan University's (the University) financial statements presents our discussion and analysis of the University's financial performance for the fiscal year ended June 30, 2022 and 2021 with comparative amounts for the year ended June 30, 2020. Since this discussion and analysis is designed to focus on current activities, it should be read in conjunction with the University's basic financial statements, which follows this section. Management has prepared the financial statements and the related note disclosures, along with the discussion and analysis.

University Overview

Rowan University is a public research university with campuses located in Glassboro, Camden and Stratford, New Jersey. It is recognized for its nationally ranked academic and athletic programs, talented professors and high-tech facilities. Rowan prides itself on being able to provide its approximately 22,000 students an outstanding education at an exceptional value.

The University comprises seven academic colleges and eight schools, including the William G. Rohrer College of Business; the Ric Edelman College of Communication & Creative Arts; the Henry M. Rowan College of Engineering; the Colleges of: Education, Humanities & Social Sciences, Performing Arts, and Science & Mathematics; the Cooper Medical School of Rowan University; the Rowan University School of Osteopathic Medicine; the Graduate School of Biomedical Sciences; the School of Translational Biomedical Engineering & Sciences; the School of Innovation & Entrepreneurship; the Virtua Health School of Nursing & Health Professions; the School of Professional Studies; and the School of Earth & Environment, along with an interdisciplinary Honors College and School of Graduate Studies. Rowan's Division of Global Learning & Partnerships offers flexible undergraduate and graduate programs on campus and off site – including at two area community colleges – and online. Within these colleges and schools the University offers more than 90 bachelor's degrees, 48 master's degrees, nine research/scholarship doctoral degrees (Ed.D. and Ph.D.) and two professional doctoral degrees, a Doctor of Medicine (M.D.) and a Doctor of Osteopathic Medicine (D.O.).

Rowan is one of two public universities in the nation to offer M.D. and D.O. medical degree programs. The institution is also home to the South Jersey Technology Park, which fosters the translation of applied research into commercial products and processes. U.S. News & World Report, in its "Best Colleges 2022" special edition, ranked Rowan University #88 among public universities and #179 among all National Universities. The Carnegie Classification of Institutions of Higher Education has designated Rowan as an R2 institution (high research activity), making it just one of 134 of more than 3,900 colleges and universities across the country with that distinction.

Rowan University is licensed and authorized by the State of New Jersey (the State) to offer baccalaureate degrees, post-baccalaureate certificates, master's degrees, specialist programs, graduate certificates, doctoral programs, and professional programs in accordance with its programmatic mission as a comprehensive public research university. The New Jersey Legislature appropriates funds annually to support the University. However, the University operates autonomously from the State. Rowan is accredited by the Middle States Commission on Higher Education.

Financial Statements

The University's basic financial statements include three financial statements: statement of net position; statement of revenues, expenses and changes in net position; and statement of cash flows, which have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB). These statements focus on its assets, liabilities, deferred outflows and deferred inflows of resources, revenues, expenses, and cash flows on an entity-wide basis.

GASB Statement No. 87, *Leases* (GASB 87) was implemented in FY2022, effective July 1, 2020. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-of-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. The implementation of GASB 87 impacts all three financial statements and resulted in a restatement of fiscal year 2021. The amounts reported for fiscal year 2020 have not been restated for the implementation of GASB 87.

Statement of Net Position

The statement of net position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University as of the end of the fiscal year. The statement of net position is a point of time financial statement. The purpose of the statement of net position is to present to the readers of the financial statements a fiscal snapshot of Rowan University. The statement of net position presents end-of-the-year data concerning assets (current and noncurrent), deferred outflows of resources, liabilities (current and noncurrent), deferred inflows of resources, and net position.

Net position is one indicator of the current financial condition of the University while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year.

From the data presented, readers of the statement of net position are able to determine the assets available to continue the operations of the University. They are also able to determine how much the University owes vendors, investors, and lending institutions. Finally, the statement of net position provides a picture of the net position (assets plus deferred outflows of resources minus liabilities minus deferred inflows of resources) and their availability for expenditure by the University.

Net position is divided into three major categories. The first category, net investment in capital assets, provides the institution's equity in property, plant, and equipment owned or leased by the institution less any debt outstanding to finance capital activity. The next category is restricted expendable net position. Restricted expendable net position represents amounts available for expenditure by the institution but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position. Unrestricted net position is available to the University for any lawful purpose of the University.

A condensed summary of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of June 30, 2022, 2021, and 2020 follows:

Condensed Statements of Net Position
(in thousands)

		2022	2021	2020*
Current assets	$	252,355	274,482	229,814
Capital assets, net		1,029,997	1,021,751	925,455
Other noncurrent assets		275,417	216,315	142,516
Total assets		1,557,769	1,512,548	1,297,785
Deferred outflows of resources		61,535	53,376	60,445
Total assets and deferred outflows of resources		1,619,304	1,565,924	1,358,230
Current liabilities		141,729	138,544	138,799
Noncurrent liabilities		1,154,674	1,095,990	936,958
Total liabilities		1,296,403	1,234,534	1,075,757
Deferred inflows of resources		194,695	211,829	195,124
Total liabilities and deferred inflows of resources		1,491,098	1,446,363	1,270,881
Net position:				
Net investment in capital assets		188,793	189,808	210,060
Restricted expendable		29,245	29,509	22,923
Unrestricted		(89,832)	(99,756)	(145,634)
Total net position	$	128,206	119,561	87,349

*Amounts not restated for GASB Statement No. 87, *Leases* (GASB 87).

Current assets consist of cash and cash equivalents, deposits held by trustees under bond agreements for current principal and interest payments, the current portion of lease receivables, as well as other receivables, current portion of investments and other current assets. Noncurrent assets consist of deposits held by trustees under agreements for capital activities and long-term capitalized interest, investments, lease receivables, as well as other receivables and net capital assets. Deferred outflows of resources consist of those related to pensions and the loss on bond refinancing. Current liabilities consist of accounts payable and accrued expenses, unearned revenue and the current portion of bonds payable, other long-term debt and financed purchase obligations. Noncurrent liabilities consists of compensated absences, unearned revenue, other liabilities, deposits held in custody for others, bonds payable, net pension liability, leases payable to component units and other long-term debt. Deferred inflows of resources consist of those related to pensions, the gain on bond refinancing, deferred amounts for leases to be recognized in future periods, and service concession arrangement.

Fiscal Year 2022 Compared to 2021

The University's total assets increased $45.2 million from $1,512.6 million at June 30, 2021 to $1,557.8 million at June 30, 2022. Current assets decreased $22.1 million, capital assets increased $8.2 million, and other noncurrent assets increased $59.1 million.

The primary causes for the changes in assets are as follows:

- Within current assets, unrestricted cash and cash equivalents decreased $27.1 million primarily as a result of increased transfers to investments. Receivables increased by $2.9 million primarily as a result of an increase in grants receivables of $6.2 million as a result of the increased activity and $0.7 million in student receivables offset by a decrease in State of New Jersey and professional services of $3.2 million and $1.5 million, respectively.

- Net capital assets increased approximately $8.2 million primarily due to an increase of $15.0 million in financed purchase assets as a result of a new agreement for a parking garage and $19.9 million as a result of the progress on the Jean and Ric Edelman Fossil Park as well as other building improvements and equipment of $22.0 million and $7.5 million, respectively, offset by depreciation and amortization of $58.8 million.
- Other noncurrent assets increased $59.1 million for the year ended June 30, 2022. The increase is primarily due to a $75.0 million increase in noncurrent restricted cash and cash equivalents received for construction of the veterinary school building and an increase of $17.7 million in long-term investments, offset by a decrease deposits held by trustees of $29.4 million as a result of drawdowns related to construction progress.

Deferred outflows of resources increased $8.2 million primarily due to the recognition of a $9.7 million increase of deferred outflows of resources in fiscal year 2022 related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68). Additionally, the loss on bond refinancing decreased $1.5 million as a result of amortization of the respective bond issuances outstanding.

Current liabilities increased $3.2 million. The increase is primarily attributed to a $6.2 million increase in unearned revenue due to grant funds received in advance. This was offset by the decrease in accounts payable and accrued expenses and current long-term debt of $0.8 million and $2.3 million respectively.

Noncurrent liabilities increased $58.7 million. This increase is due primarily to an increase in unearned revenue of $74.8 million resulting from funds received for the construction of the veterinary school building and an increase of $6.7 million in pension liabilities, offset by a decrease long-term debt of $15.5 million and other liabilities of $5.6 million as a result of the now current classification of amounts due under the Coronavirus Aid, Relief and Economic Security (CARES) Act deferral of FICA.

Deferred inflows of resources decreased $17.1 million due primarily to the decrease of $14.8 million in pension related deferred inflows of resources.

Total net position increased by $8.6 million at June 30, 2022 which is primarily the result of a $9.9 million increase in unrestricted net position, offset by a $1.0 million decrease of net investment of capital assets and a $0.3 million decrease of the expendable restricted net position.

Fiscal Year 2021 Compared to 2020

The University's total assets increased $214.8 million from $1,297.8 million at June 30, 2020 to $1,512.6 million at June 30, 2021. Current assets increased $44.7 million, capital assets increased $96.3 million, and other noncurrent assets increased $73.8 million.

The primary causes for the changes in assets are as follows:

- Within current assets, unrestricted cash and cash equivalents increased $26.3 million as a result of increased accounts payables and timing of investment maturities. Receivables increased by $14.4 million primarily as a result of timing around state reimbursement and professional services revenues of $8.4 million and $4.6 million, respectively, and an increase in grants receivables of $4.8 million as a result of the increased activity, offset by a decrease of $2.0 million as a result of timing of Rowan University Foundation gift transfers.
- Net capital assets increased approximately $96.3 million primarily due to the establishment of intangible right-of-use lease assets resulting from the implementation of GASB 87 of $134.5 million and an increase of $51.5 million in assets largely as a result of the progress on Discovery Hall and the Jean and Ric Edelman Fossil Park, offset by depreciation and amortization of $57.8 million and a reduction of financed purchases of $31.0 million resulting from the implementation of GASB 87.
- Other noncurrent assets increased $73.8 million for the year ended June 30, 2021. The increase is primarily due to a $60.2 million increase in restricted deposits held by trustees which is driven by the issuance of the

Series 2021 Bonds and Series 2021 Notes in the amounts of $64.8 million and $24.5 million, respectively, and an increase in investments of $10.8 million.

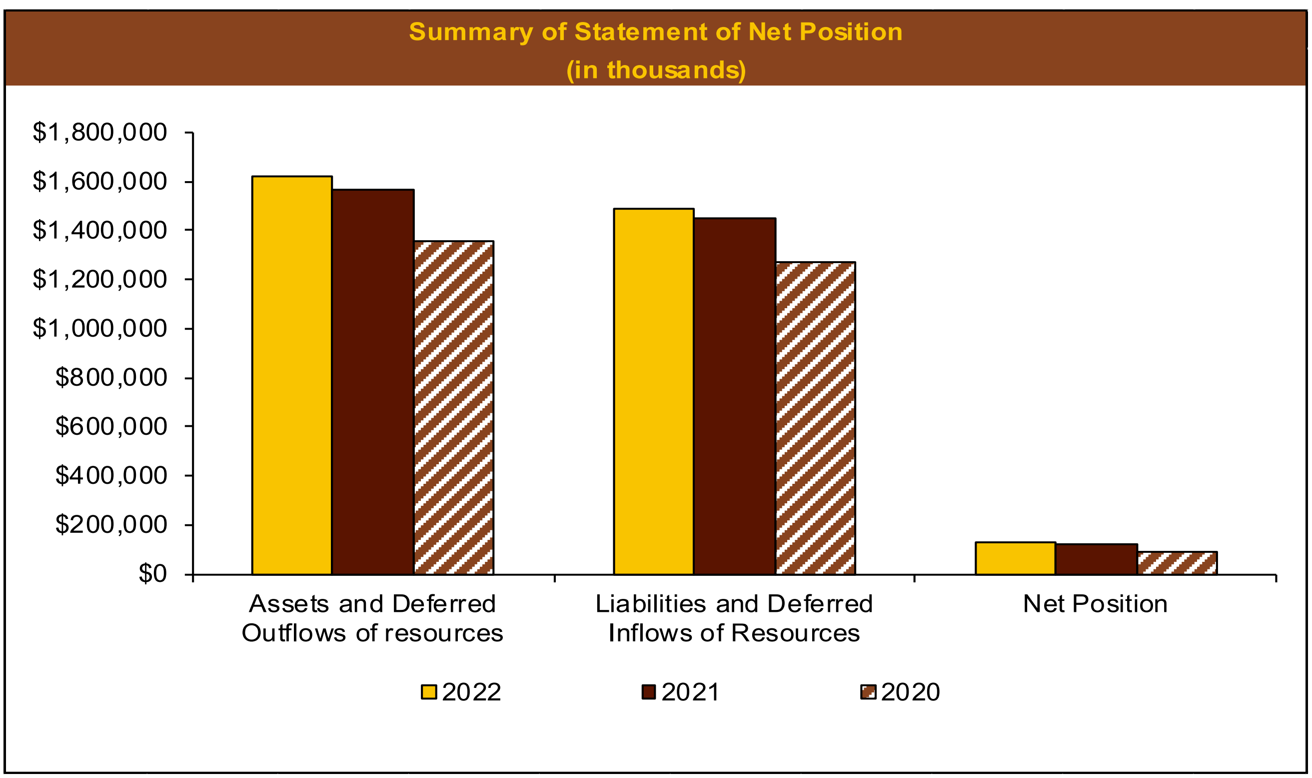
Deferred outflows of resources decreased $7.1 million primarily due to the recognition of a $5.6 million reduction of deferred outflows of resources in fiscal year 2021 related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68). Additionally, the loss on bond refinancing decreased $1.5 million as a result of amortization of the respective bond issuances outstanding.

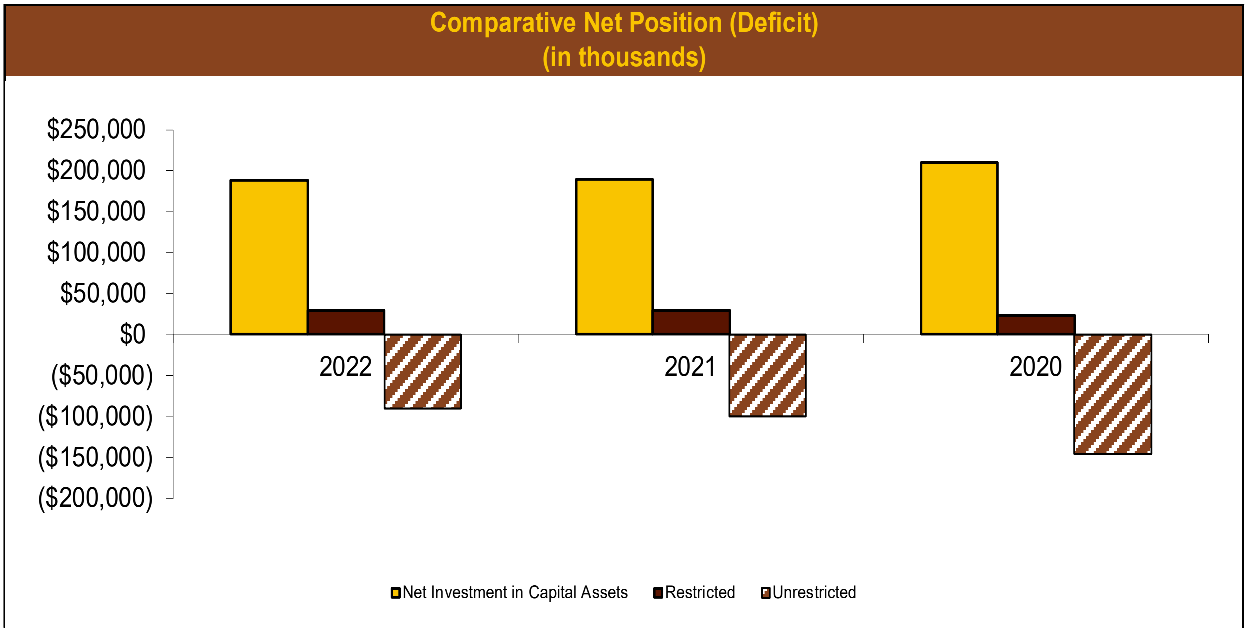
Current liabilities decreased $0.3 million. The decrease is primarily attributed to a $9.6 million decrease in unearned revenue due to the credits provided to students in fiscal year 2020 as a result of COVID-19 refunds being applied against fiscal year 2021 tuition bills and a $10.3 million decrease resulting from the termination of the swap. This was offset by the increase in accounts payable and accrued expenses of $11.8 million as a result of the University's cash management efforts through the pandemic and an increase of $7.2 million in current long-term debt.

Noncurrent liabilities increased $159.0 million. This increase is due primarily to an increase in long-term debt of $158.3 million, which is mostly attributed to the implementation of GASB 87 and the issuance of the Series 2021 Bonds and Series 2021 Notes and an increase of leases payable to component unit of $17.3 million, offset by a decrease in the pension liability of $18.3 million.

Deferred inflows of resources increased $16.7 million due primarily to the increase of $5.6 million for the service concession arrangement, the increase of $7.1 million in pension related deferred inflows of resources, and the increase of $4.3 million resulting from the implementation of GASB 87.

Total net position increased by $32.2 million at June 30, 2021 which is primarily the result of a $45.9 million increase in unrestricted net position, a $6.6 million increase the expendable restricted net position, offset by a $20.3 million decrease of net investment of capital assets.





Statement of Revenues, Expenses, and Changes in Net Position

The year to year changes in total net position as presented on the statement of net position are based on the activity presented in the statement of revenues, expenses, and changes in net position. The purpose of the statement is to present the revenues received by the University, both operating and nonoperating, and the expenses paid by the University, operating and nonoperating, and any other revenues, expenses, gains, and losses received or spent by the University.

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the University. 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 the University. Nonoperating revenues are revenues received for which goods and services are not provided. For example, state appropriations are nonoperating because they are provided by the State to the University without the State directly receiving commensurate goods and services for those revenues.

The statement of revenues, expenses, and changes in net position presents the University's results of operations. A condensed summary of the University's revenues, expenses, and changes in net position for the years ended June 30, 2022, 2021, and 2020 as follows:

Condensed Statements of Revenue, Expenses, and Changes in Net Position (in thousands)				
		2022	2021	2020*
Operating revenues:				
Net student revenues	$	283,453	260,062	277,444
Grants		98,332	94,614	89,638
Professional services and contracts, net		56,574	57,418	53,448
Other		10,851	8,809	11,045
Total operating revenues		449,210	420,903	431,575
Operating expenses		691,056	624,312	571,741
Operating loss		(241,846)	(203,409)	(140,166)
Nonoperating revenues (expenses):				
State appropriations		235,693	191,890	145,726
Gifts from Rowan University Foundation		13,845	11,808	10,548
Investment (loss) income, net		(5,970)	7,485	(1,549)
Interest on capital asset related debt		(37,757)	(35,759)	(43,367)
Other nonoperating revenues, net		44,526	54,685	12,417
Net nonoperating revenues		250,337	230,109	123,775
Income (loss) before other revenues		8,491	26,700	(16,391)
Capital grants		154	890	3,308
Increase (decrease) in net position		8,645	27,590	(13,083)
Net position – beginning of year (as restated)		119,561	91,971	100,432
Net position – end of year	$	128,206	119,561	87,349

*Amounts not restated for GASB 87.

Fiscal Year 2022 Compared to 2021

The University's net position increased $8.6 million in fiscal year 2022. This net amount represents the total revenue available to the University of $743.4 million compared to total expenses of $734.8 million.

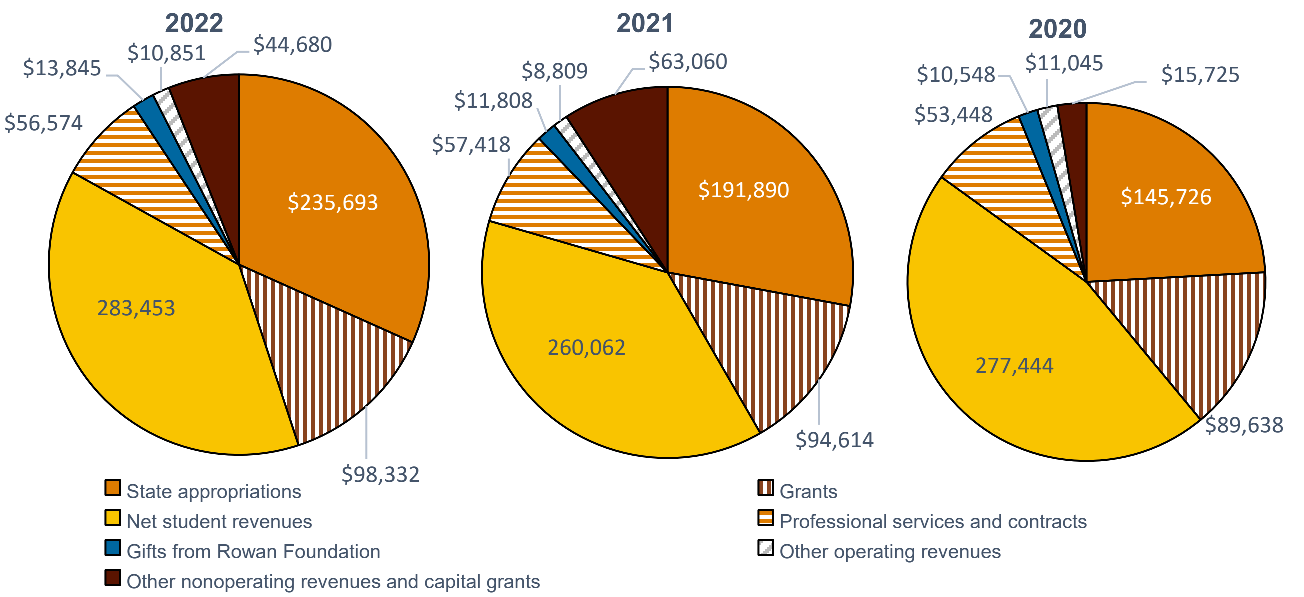
Fiscal Year 2021 Compared to 2020

The University's net position increased $32.2 million in fiscal year 2021 including a restatement of opening net position resulting from the implementation of GASB 87 of $4.6 million. The $27.6 million net amount represents the total revenue available to the University of $687.7 million compared to total expenses of $660.1 million.

Revenues

To fund its operations, the University receives revenues from a variety of operating and nonoperating sources including tuition and fees, auxiliary services, grants, professional services and contracts, State of New Jersey appropriations, gifts from the Rowan University Foundation and investment income. The University is continuing to seek additional funds from all possible sources to adequately fund operating activities. A summary of revenues for the years ended June 30, 2022, 2021, and 2020 as follows:

Summary of Revenues by Source
(in thousands)



	2022		2021		2020	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
Net student revenues	$ 283,453	38.1 %	$ 260,062	37.8 %	$ 277,444	46.0 %
State Appropriations	235,693	31.7	191,890	27.9	145,726	24.1
Grants	98,332	13.2	94,614	13.8	89,638	14.9
Professional services and contracts, net	56,574	7.6	57,418	8.3	53,448	8.9
Gifts from Rowan University Foundation	13,845	1.9	11,808	1.7	10,548	1.7
Other operating revenues	10,851	1.5	8,809	1.3	11,045	1.8
Other nonoperating revenues and capital grants	44,680	6.0	63,060	9.2	15,725	2.6
Total revenues	$ 743,428	100.0 %	$ 687,661	100.0 %	$ 603,574	100.0 %

Operating Revenues

Fiscal Year 2022 Compared to 2021

Operating revenues for fiscal year ended June 30, 2022 increased $28.3 million over fiscal year 2021. The majority of this increase is due to net student revenues of $23.4 million and grants of $3.7 million. The increase in net student revenues was primarily related to student life fees and housing revenue of $9.5 million and $6.9 million, respectively. This increase was largely related to the University's campus fully reopening and the expiration of the 10% tuition and fee discount in place during fiscal year 2021. Additionally, meal plans increased $5.0 million as a result of the increased student activity on campus. The increase in grants is due to the University's efforts in increasing grant revenue from federal, state and private funding sources.

Fiscal Year 2021 Compared to 2020

Operating revenues for fiscal year ended June 30, 2021 decreased $10.7 million over fiscal year 2020. The majority of this decrease is due to a reduction in net student revenues of $17.4 million offset by an increase of $5.0 million and $4.0 million in grants and professional services, respectively. The decrease in net student revenues was in part due to the decision of the University's Board of Trustees to offer a 10% tuition and fee discount to undergraduate students in fiscal year 2021 as a response to the pandemic and the needs of its students, which is in line with its strategic pillars around access and affordability. Net student revenues were also impacted by a decrease in housing revenue reflected in auxiliary revenue on the Statement of Revenue, Expenses, and Changes in Net Position. The increase in grants is due to the University's efforts in increasing grant revenue from federal, state and private funding sources.

Nonoperating Revenues (Net)

Fiscal Year 2022 Compared to 2021

Nonoperating revenues (net) for the years ended June 30, 2022 and 2021 totaled $250.3 million and $230.3 million, respectively, which is a $20.0 million increase. The primary source of the increase was State of New Jersey appropriations which include the University base appropriation as well as appropriations for the Cooper Medical School of Rowan University, the School of Osteopathic Medicine, the School of Veterinary Medicine, other postemployment benefits (OPEB) revenues and the State paid fringe benefits. The University recorded $235.7 million and $191.9 million in State appropriations for fiscal year 2022 and 2021, respectively. State of New Jersey appropriations increased $43.8 million of which $20.8 million was fringe benefits as a result of an increased fringe rate and additional state authorized positions, $8.5 million was a base appropriation increase, $7.6 million was for the School of Osteopathic Medicine, $4.3 million was for the Cooper Medical School of Rowan University and $7.0 million for the Rowan University School of Veterinary Medicine, offset by a decrease in OPEB revenues of $4.3 million. The increase in appropriations was offset by a decrease of $13.5 million and $10.2 million in investment income and other nonoperating revenue, respectively. The decrease in investment income was primarily related to the overall decline in the market. The decrease in other nonoperating revenue is related to the recognition of the Coronavirus aid awarded through the CARES Act, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and American Rescue Plan Act of 2021 (ARP).

Fiscal Year 2021 Compared to 2020

Nonoperating revenues (net) for the years ended June 30, 2021 and 2020 totaled $230.3 million and $123.8 million, respectively, which is a $106.5 million increase. A significant source of the increase was the other nonoperating revenue increase of $42.3 million. This is primarily the result of $53.5 million of funding recognized through the CARES Act and the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) in fiscal year 2021 offset by $2.2 million of bond issuance cost. State of New Jersey appropriations include the University base appropriation as well as appropriations for the Cooper Medical School of Rowan University, the School of Osteopathic Medicine, other postemployment benefits (OPEB) revenues and the State paid fringe benefits. The University recorded $191.9 million and $145.7 million in State appropriations for fiscal year 2021 and 2020, respectively. State of New Jersey appropriations increased $46.2 million of which $15.7 million was fringe benefits as a result of an increased fringe rate and additional state authorized positions, $12.5 million was a base appropriation increase, $7.7 million was related to OPEB revenues, $5.5 million was for the School of Osteopathic Medicine, and $4.8 million was for the Cooper Medical School of Rowan University.

Capital grants decreased in fiscal year 2021 by $2.4 million primarily due to the reduction of expenditures related to the Joint Health Science Center in Camden and the Academic Space Expansions projects which are part of the University's capital grants awarded through the New Jersey Higher Education Capital Financing Grant Program.

Operating Expenses

Operating expenses are defined as expenses paid by the University to acquire or produce goods and services used to carry out its mission, in return for operating revenues. For the years ended June 30, 2022 and 2021, the University incurred operating expenses totaling $691.1 million and $624.3 million, respectively. The increase of $66.8 million in operating expenses for fiscal year 2022 versus 2021 is an 10.7% increase from the prior year.

The increase of $66.8 million is primarily driven by a $39.6 million increase in non-grant salary and benefits, a $40.8 million increase operating expenditures, offset by a $12.2 million and $4.3 million reduction of net pension expense and OPEB, respectively.

A summary of operating expenses for the years ended June 30, 2022, 2021 and 2020 follows:

Summary of Expenses
(in thousands)

	2022		2021		2020	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
Instruction	$ 199,565	28.9 %	$ 183,554	29.3 %	$ 175,565	30.6 %
Research	28,552	4.1	26,855	4.3	23,255	4.1
Public service	18,029	2.6	17,186	2.8	14,280	2.5
Academic support	58,963	8.5	49,465	7.9	48,449	8.5
Student services	38,670	5.6	34,149	5.5	33,620	5.9
Institutional support	105,014	15.2	78,311	12.5	84,515	14.8
Operation and maintenance of plant	39,577	5.7	37,440	6.0	36,307	6.4
Student aid	47,362	6.9	33,220	5.3	21,654	3.8
Professional services and contracts	48,914	7.1	53,451	8.6	51,494	9.0
Auxiliary enterprises	41,996	6.1	42,875	6.9	37,733	6.6
Other Postemployment Benefits (OPEB)	5,621	0.8	9,961	1.6	2,282	0.4
Depreciation and amortization	58,793	8.5	57,845	9.3	42,587	7.4
Total operating expenses	$ 691,056	100.0 %	$ 624,312	100.0 %	$ 571,741	100.0 %

Capital Assets and Debt Activities

The University continues to manage its financial resources so as to ensure adequate financial flexibility to access the capital markets as needed. The University maintains debt ratings from Standard and Poor's and Moody's Investors Service of A and A2, respectively.

As of June 30, 2022 and 2021, the University had $192.0 million and $191.0 million, respectively in net investment in capital assets. Outstanding long-term debt as of June 30, 2022 is $801.7 million, compared to $819.5 million as of June 30, 2021.

Significant transactions related to capital assets and bonded debt that occurred during fiscal year 2022 and 2021 were as follows:

In July 2020, the Camden County Improvement Authority (CCIA) issued Rowan University Series 2020A Bonds. The 2020A tax exempt revenue refunding bonds totaled $63,740,000 with a coupon rate of 5.000% and maturing through 2035. The proceeds from these bond issuances were used to refund and redeem the 2010A Bonds, and pay the costs and expenses incurred in the issuance of the 2020A Bonds. The principal amounts of these bonds, were $63,740,000 as of June 30, 2022.

In July 2020, the CCIA issued Rowan University Series 2020B Bonds. The 2020B federally taxable revenue refunding bonds totaled $10,760,000 with coupon rates ranging from 1.125% to 1.330% and maturing through 2023. The proceeds from these bond issuances were used to pay the costs related to the Swap termination in connection with the refunding of the 2010A Bonds, and pay the costs and expenses incurred in the issuance of the 2020B Bonds. The principal amounts of these bonds were $6,550,000 as of June 30, 2022.

In April 2021, the Gloucester County Improvement Authority (GCIA) issued Rowan University Series 2021 Bonds. The 2021 tax exempt loan revenue bonds totaled $64,780,000 with coupon rates ranging from 4.000% to 5.000% and maturing through 2052. The proceeds from these bond issuances were used to finance a portion of the costs of a project consisting of construction of an approximately thirty thousand one hundred fifty square foot museum/visitors center and a hiking trail on property in Mantua Township, Gloucester County, a portion of the costs of a project consisting of the construction of an approximately thirty thousand square foot expansion of the Chamberlain Student Center, capitalized interest on the 2021 Bonds, and the costs and expenses incurred in the issuance and sale of the 2021 Bonds. The principal amounts of these bonds were $64,780,000 as of June 30, 2022.

In April 2021, the GCIA issued Rowan University Series 2021 Notes. The 2021 tax exempt loan revenue notes totaled $24,500,000 with a coupon rate of 0.600% and maturing through 2025. The proceeds from these bond issuances were used to finance a portion of the costs of the Student Center Project, capitalized interest on the 2021 Notes, and the costs and expenses incurred in the issuance and sale of the 2021 Notes. The principal amounts of these bonds were $24,500,000 as of June 30, 2022.

The net capital assets related to the implementation of GASB 87 were $122.4 million and $128.7 million as of June 30, 2022 and 2021, respectively. The net capital assets associated with GASB 87 are included in the net investment in capital fund balance.

Economic Outlook

Rowan University's mission is to become a new model for higher education by being inclusive, agile, and responsive, offering diverse scholarly and creative educational experiences, pathways, environments, and services to meet the needs of all students; maintaining agility by strategically delivering organizational capacity across the institution; and responding to emerging demands and opportunities regionally and nationally. The University engages in continuous strategic planning in response to the dynamic context of higher education.

The University engages in continuous strategic planning in response to the dynamic context of higher education. A concise planning framework is utilized that identifies key external and internal factors that shape the strategic direction of the University, sets long-term goals, articulates operational values, and identifies key performance indicators. At the center of the plan are the four strategic pillars:

Access - We are committed to expanding quality educational opportunities for students by increasing our enrollment capacity; supporting student success; utilizing an increasing array of pedagogies and platforms; and creating new pathways to undergraduate, graduate, post-graduate, and professional studies.

Affordability - We are committed to keeping education affordable by managing costs; diversifying our revenue streams; reducing student debt; limiting tuition increases to the rate of inflation as measured by the consumer price index; and enhancing internship and employment opportunities for our students and graduates.

Quality - We are committed to providing rigorous, experiential, and engaging educational experiences; support for scholarly, creative, and research activities; a vibrant and healthy campus life; a rich intellectual, cultural, and artistic environment; and a safe, supportive, and inclusive culture that respects and values the diversity of all of its members.

Economic Engine - We are committed to benefiting our local and state communities by making every effort to partner with and invest in regional businesses and organizations that contribute in meaningful ways to furthering our mission; preparing an educated citizenry and skilled workforce; enhancing the health of our citizens and the quality of life; and developing innovative products, services, and ideas.

The four pillars express the University's priorities and guide planning and resource allocation. The functional groups involved in design and execution of the strategic plan include the Board of Trustees, the Executive Cabinet, the Administrative Cabinet, and the Deans' Council. The Strategic Priorities Council, University Senate, and University Budget and Planning Committee are representative bodies charged with engaging the campus community in the strategic planning process. Through the process of continuing strategic planning and self-assessment, the University is committed in its efforts to continue to enrich the lives of those in the campus community and surrounding region.

The University continues to see impacts in fiscal year 2023 related to the COVID-19 pandemic. It has resulted in reductions in student and conference and events rental revenues; and an increase in expenses relating to necessary testing for students and staff for COVID-19; wastewater testing. COVID-19 also resulted in the deferral of project timelines to maintain the University's flexibility to adapt to the current situation which we are still feeling the effects of today.

In order to reduce the financial impact of the pandemic, the University has been able to utilize $40.8 million of pandemic aid received through various programs generated by the ARP act in fiscal year 2022, of which $20.5 million was provided as emergency aid grants to students whose lives have been disrupted and are facing financial challenges due to the pandemic. The remaining $20.3 million of institutional funding allocated through the Higher Education Emergency Relief Fund under the ARP act was applied towards the recovery of fiscal year 2022 lost housing and tuition revenues, student and employee COVID-19 testing costs, and the incentive credits applied to student accounts for receiving the Coronavirus vaccine.

Looking forward, the University continues to adapt and respond to the challenges posed by the evolving risks related to the COVID-19 pandemic. Ultimately, the University cannot predict the duration, severity, or ultimate impact of the COVID-19 pandemic, or any additional intervening legislative and gubernatorial measures in response thereto, upon global, State-wide and local economies and operations, including those of the University. Additionally, the University cannot predict the effect that the spread of COVID-19 will have on its respective operations in the future. Consequently, historical trends may not be indicative of future results for the foreseeable future.

State appropriations remain a vital source of funding for the University and fiscal year 2022 appropriations increased over fiscal year 2021 levels. With increasing costs, particularly resulting from contractual obligations with faculty and staff and debt service, the University faces critical funding issues. Additionally, the University's desire to increase institutionally funded scholarships, continue building its academic program excellence and improve its capital assets will also impact the University's financial outlook.

The University continues to monitor local and national economic conditions as well as demographic changes that may impact the student-age population and the percentage of that population that pursues a college degree. The University will continue to meet the goals of its mission by monitoring operating costs and capital expenditures while seeking additional revenue sources. The University will continue to monitor the situation and maintain a close watch over resources so as to provide the University with the ability to react to potential budgetary challenges that may occur.

ROWAN UNIVERSITY
(A Component Unit of the State of New Jersey)

Statement of Net Position

June 30, 2022

Assets	Rowan University	Rowan University Foundation	South Jersey Technology Park at Rowan University, Inc.	Total
Current assets:				
Cash and cash equivalents (notes 2 and 13)	$ 69,739,476	10,207,894	1,316,456	81,263,826
Restricted cash and cash equivalents (notes 2 and 13)	8,551,249	6,319,136	—	14,870,385
Receivables:				
Students, less allowance of $2,727,214	8,192,383	—	—	8,192,383
Contributions, less allowance of $7,765	—	11,327	—	11,327
Restricted contributions, less allowance of $92,154	—	315,566	—	315,566
Grants	28,096,301	—	—	28,096,301
State of New Jersey	10,317,888	—	—	10,317,888
Professional services and contracts receivable, less allowance of $5,538,061	8,889,311	—	—	8,889,311
Due from Rowan component unit	643,667	—	132,863	776,530
Leases	86,188	—	—	86,188
Leases with Rowan component unit	—	—	821,450	821,450
Interest and other, less allowance of $64,555	2,689,306	224,499	—	2,913,805
Total receivables	58,915,044	551,392	954,313	60,420,749
Restricted deposits held by trustees (note 3)	24,489,595	—	—	24,489,595
Investments, at fair value (note 2)	83,826,578	—	—	83,826,578
Other current assets	6,832,780	5,000	1,459	6,839,239
Total current assets	252,354,722	17,083,422	2,272,228	271,710,372
Noncurrent assets:				
Restricted deposits held by trustees (note 3)	73,826,627	—	—	73,826,627
Restricted cash and cash equivalents (note 2)	74,950,242	—	—	74,950,242
Investments, at fair value (notes 2 and 13)	120,296,649	67,774,081	—	188,070,730
Restricted investments, at fair value (note 13)	—	41,955,145	—	41,955,145
Restricted nonexpendable investments, at fair value (note 13)	—	221,180,190	—	221,180,190
Loans receivable	2,135,925	—	—	2,135,925
Other non current assets	800,000	—	—	800,000
Contributions receivable, less allowance of $3,878	—	73,689	—	73,689
Due from Rowan component unit	370,826	—	—	370,826
Restricted contributions receivable, less allowance of $112,388	—	2,135,378	—	2,135,378
Leases receivables	241,540	—	—	241,540
Lease receivables with Rowan component unit	2,794,971	—	16,430,117	19,225,088
Capital assets, net (notes 4 and 11)	1,029,997,108	—	12,004,113	1,042,001,221
Total noncurrent assets	1,305,413,888	333,118,483	28,434,230	1,666,966,601
Total assets	1,557,768,610	350,201,905	30,706,458	1,938,676,973
Deferred Outflows of Resources				
Deferred outflows of resources:				
Pensions related (note 6)	46,967,537	—	—	46,967,537
Loss on bond refinancing	14,567,651	—	—	14,567,651
Total deferred outflows of resources	61,535,188	—	—	61,535,188
Liabilities				
Current liabilities (note 9):				
Accounts payable and accrued expenses (note 7)	80,140,932	97,766	29,760	80,268,458
Due to University/ component units	132,863	457,749	185,918	776,530
Unearned revenue	34,360,922	—	—	34,360,922
Annuities payable – current portion	—	29,230	—	29,230
Leases with Rowan component unit (note 8)	846,559	—	—	846,559
Long-term debt – current portion (note 8)	26,247,753	—	247,555	26,495,308
Total current liabilities	141,729,029	584,745	463,233	142,777,007
Noncurrent liabilities (note 9):				
Compensated absences – noncurrent portion (note 11)	2,737,580	—	—	2,737,580
Due to University/ component units	—	—	370,826	370,826
Unearned revenue	75,799,113	—	—	75,799,113
Other liabilities	1,451,104	—	—	1,451,104
Repurchase liability	3,220,000	—	—	3,220,000
Deposits held in custody for others	3,331,313	—	—	3,331,313
Annuities payable – noncurrent portion	—	192,907	—	192,907
Net pension liabilities (note 6)	276,489,837	—	—	276,489,837
Leases with Rowan component unit - noncurrent portion (note 8)	16,238,170	—	2,794,971	19,033,141
Long-term debt – noncurrent portion (note 8)	775,407,086	—	3,623,603	779,030,689
Total noncurrent liabilities	1,154,674,203	192,907	6,789,400	1,161,656,510
Total liabilities	1,296,403,232	777,652	7,252,633	1,304,433,517
Deferred Inflows of Resources				
Deferred inflows of resources:				
Pensions related (note 6)	55,712,665	—	—	55,712,665
Gain on bond refinancing	72,019	—	—	72,019
Developer contribution	5,433,333	—	—	5,433,333
Service concession arrangement (note 11)	129,165,090	—	—	129,165,090
Leases (note 12)	1,712,332	—	—	1,712,332
Leases with Rowan component unit (note 12)	2,599,555	—	16,645,373	19,244,928
Split interest agreements	—	78,986	—	78,986
Total deferred inflows of resources	194,694,994	78,986	16,645,373	211,419,353
Net Position				
Net investment in capital assets	188,793,130	—	5,027,876	193,821,006
Restricted:				
Nonexpendable (note 13)	—	221,180,190	—	221,180,190
Expendable:				
Debt service and reserve	20,706,172	—	—	20,706,172
Other scholarships	—	18,201,318	—	18,201,318
Other	8,538,099	32,452,284	—	40,990,383
Unrestricted	(89,831,829)	77,511,475	1,780,576	(10,539,778)
Total net position	$ 128,205,572	349,345,267	6,808,452	484,359,291

See accompanying notes to the financial statements.

ROWAN UNIVERSITY
(A Component Unit of the State of New Jersey)

Statement of Net Position

June 30, 2021

Assets	Rowan University	Rowan University Foundation	South Jersey Technology Park at Rowan University, Inc.	Total
Current assets:				
Cash and cash equivalents (notes 2 and 13)	$ 96,841,879	8,593,411	1,267,467	106,702,757
Restricted cash and cash equivalents (notes 2 and 13)	3,373,265	5,720,764	—	9,094,029
Receivables:				
Students, less allowance of $2,753,006	7,446,002	—	—	7,446,002
Contributions, less allowance of $5,799	—	10,018	—	10,018
Restricted contributions, less allowance of $67,457	—	158,209	—	158,209
Grants	21,898,400	—	—	21,898,400
State of New Jersey	13,524,135	—	—	13,524,135
Professional services and contracts receivable, less allowance of $3,956,083	10,416,280	—	—	10,416,280
Due from Rowan component unit	623,759	—	129,460	753,219
Leases	99,379	—	—	99,379
Leases with Rowan component unit	—	—	787,352	787,352
Interest and other	1,951,883	253,014	—	2,204,897
Total receivables	55,959,838	421,241	916,812	57,297,891
Restricted deposits held by trustees (note 3)	26,913,153	—	—	26,913,153
Investments, at fair value (note 2)	85,476,586	—	—	85,476,586
Other current assets	5,916,340	7,500	4,666	5,928,506
Total current assets	274,481,061	14,742,916	2,188,945	291,412,922
Noncurrent assets:				
Restricted deposits held by trustees (note 3)	103,265,165	—	—	103,265,165
Investments, at fair value (notes 2 and 13)	102,568,919	82,955,010	—	185,523,929
Restricted investments, at fair value (note 13)	—	55,224,402	—	55,224,402
Restricted nonexpendable investments, at fair value (note 13)	—	184,286,100	—	184,286,100
Loans receivable	2,408,338	—	—	2,408,338
Other non current assets	800,000	—	—	800,000
State of New Jersey receivable	3,833,285	—	—	3,833,285
Contributions receivable, less allowance of $4,926	—	93,588	—	93,588
Due from Rowan component unit	550,753	—	—	550,753
Restricted contributions receivable, less allowance of $131,930	—	2,506,661	—	2,506,661
Leases	162,726	—	—	162,726
Leases with Rowan component unit	2,726,029	—	17,251,567	19,977,596
Capital assets, net (notes 4 and 11)	1,021,750,480	—	12,507,173	1,034,257,653
Total noncurrent assets	1,238,065,695	325,065,761	29,758,740	1,592,890,196
Total assets	1,512,546,756	339,808,677	31,947,685	1,884,303,118
Deferred Outflows of Resources				
Deferred outflows of resources:				
Pensions related (note 6)	37,336,006	—	—	37,336,006
Loss on bond refinancing	16,039,797	—	—	16,039,797
Total deferred outflows of resources	53,375,803	—	—	53,375,803
Liabilities				
Current liabilities (note 9):				
Accounts payable and accrued expenses (note 7)	80,897,816	86,455	35,267	81,019,538
Due to University/ component units	129,840	408,276	180,406	718,522
Unearned revenue	28,153,152	161,800	—	28,314,952
Annuities payable – current portion	—	29,230	—	29,230
Leases with Rowan component unit - current portion (note 8)	787,352	—	—	787,352
Long-term debt – current portion (note 8)	28,575,625	—	241,684	28,817,309
Total current liabilities	138,543,785	685,761	457,357	139,686,903
Noncurrent liabilities (note 9):				
Compensated absences – noncurrent portion (note 11)	2,915,662	—	—	2,915,662
Due to University/ component units	—	—	550,753	550,753
Unearned revenue	952,951	—	—	952,951
Other liabilities	7,012,022	—	—	7,012,022
Repurchase liability	3,220,000	—	—	3,220,000
Deposits held in custody for others	3,905,493	—	—	3,905,493
Annuities payable – noncurrent portion	—	203,287	—	203,287
Net pension liabilities (note 6)	269,832,080	—	—	269,832,080
Leases with Rowan component unit (note 8)	17,251,566	—	2,760,725	20,012,291
Long-term debt – noncurrent portion (note 8)	790,899,928	—	3,871,158	794,771,086
Total noncurrent liabilities	1,095,989,702	203,287	7,182,636	1,103,375,625
Total liabilities	1,234,533,487	889,048	7,639,993	1,243,062,528
Deferred Inflows of Resources				
Deferred inflows of resources:				
Pensions related (note 6)	70,496,972	—	—	70,496,972
Gain on bond refinancing	96,025	—	—	96,025
Developer contribution	5,705,000	—	—	5,705,000
Service concession arrangement (note 11)	131,198,985	—	—	131,198,985
Leases (note 12)	1,685,600	—	—	1,685,600
Leases with Rowan component unit (note 12)	2,645,976	—	17,719,268	20,365,244
Split interest agreements	—	153,356	—	153,356
Total deferred inflows of resources	211,828,558	153,356	17,719,268	229,701,182
Net Position				
Net investment in capital assets	189,807,923	—	5,043,850	194,851,773
Restricted:				
Nonexpendable (note 13)	—	184,286,100	—	184,286,100
Expendable:				
Debt service and reserve	26,309,983	—	—	26,309,983
Other scholarships	—	20,185,182	—	20,185,182
Other	3,198,628	43,299,494	—	46,498,122
Unrestricted	(99,756,020)	90,995,497	1,544,574	(7,215,949)
Total net position	$ 119,560,514	338,766,273	6,588,424	464,915,211

See accompanying notes to the financial statements.

ROWAN UNIVERSITY
(A Component Unit of the State of New Jersey)
Statement of Revenues, Expenses, and Changes in Net Position
Year ended June 30, 2022

		Rowan University	Rowan University Foundation	South Jersey Technology Park at Rowan University, Inc.	Total
Operating revenues:					
Net student revenues:					
Tuition and fees	$	294,087,339	—	—	294,087,339
Auxiliary enterprises		54,601,977	—	—	54,601,977
Less scholarship allowances		(65,236,517)	—	—	(65,236,517)
Net student revenues		283,452,799	—	—	283,452,799
Grants		98,332,162	—	—	98,332,162
Self-funded programs		4,610,641	—	—	4,610,641
Fundraising events		—	185,397	—	185,397
Contributions		—	6,615,257	—	6,615,257
Professional services and contracts, net (note 10)		56,574,354	—	—	56,574,354
Rental income (note 14)		—	—	1,084,902	1,084,902
Other operating revenues		5,220,993	108,402	—	5,329,395
Other auxiliary		1,019,590	—	—	1,019,590
Total operating revenues		449,210,539	6,909,056	1,084,902	457,204,497
Operating expenses:					
Instruction		199,565,276	—	—	199,565,276
Research		28,551,912	—	—	28,551,912
Public service		18,029,049	—	—	18,029,049
Academic support		58,962,900	—	—	58,962,900
Student services		38,669,535	—	—	38,669,535
Institutional support		105,014,108	314,727	600,259	105,929,094
Operation and maintenance of plant		39,576,731	—	—	39,576,731
Student aid		47,362,594	—	—	47,362,594
Professional services and contracts		48,913,784	—	—	48,913,784
Auxiliary enterprises		41,995,535	—	—	41,995,535
Other Postemployment Benefits (OPEB) (note 6)		5,621,231	—	—	5,621,231
Depreciation and amortization		58,792,908	—	503,060	59,295,968
Total operating expenses		691,055,563	314,727	1,103,319	692,473,609
Operating (loss) income		(241,845,024)	6,594,329	(18,417)	(235,269,112)
Nonoperating revenues (expenses):					
State of New Jersey appropriations		47,820,000	—	—	47,820,000
State of New Jersey appropriations – CMSRU		21,496,580	—	—	21,496,580
State of New Jersey appropriations – Rowan SOM		36,751,231	—	—	36,751,231
State of New Jersey appropriations – Veterinary School		7,000,000	—	—	7,000,000
State of New Jersey appropriations – OPEB (note 6)		5,621,231	—	—	5,621,231
State of New Jersey fringe benefits (note 5)		117,004,419	—	—	117,004,419
Student scholarships		—	(2,906,009)	—	(2,906,009)
Gifts from Rowan University Foundation (note 13)		13,844,804	(13,844,804)	—	—
Other grants		—	(3,964)	—	(3,964)
Investment income, net		(5,970,039)	(14,339,560)	1,072	(20,308,527)
Interest on capital asset related debt		(37,757,141)	—	(193,335)	(37,950,476)
Other nonoperating revenues, net		44,525,474	—	430,708	44,956,182
Net nonoperating revenues (expenses)		250,336,559	(31,094,337)	238,445	219,480,667
Income (loss) before other revenues		8,491,535	(24,500,008)	220,028	(15,788,445)
Capital grants and gifts		153,523	—	—	153,523
Additions to permanent endowments		—	35,079,002	—	35,079,002
Increase in net position		8,645,058	10,578,994	220,028	19,444,080
Net position as of beginning of year		119,560,514	338,766,273	6,588,424	464,915,211
Net position as of end of year	$	128,205,572	349,345,267	6,808,452	484,359,291

See accompanying notes to the financial statements.

ROWAN UNIVERSITY
(A Component Unit of the State of New Jersey)

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2021

		Rowan University	Rowan University Foundation	South Jersey Technology Park at Rowan University, Inc.	Total
Operating revenues:					
Net student revenues:					
Tuition and fees	$	286,622,689	—	—	286,622,689
Auxiliary enterprises		32,414,286	—	—	32,414,286
Less scholarship allowances		(58,975,210)	—	—	(58,975,210)
Net student revenues		260,061,765	—	—	260,061,765
Grants		94,613,978	—	—	94,613,978
Self-funded programs		4,530,224	—	—	4,530,224
Fundraising events		—	136,341	—	136,341
Contributions		—	6,292,831	—	6,292,831
Professional services and contracts, net (note 10)		57,417,564	—	—	57,417,564
Rental income (note 14)		—	—	1,073,895	1,073,895
Other operating revenues		3,289,078	72,781	—	3,361,859
Other auxiliary		989,900	—	—	989,900
Total operating revenues		420,902,509	6,501,953	1,073,895	428,478,357
Operating expenses:					
Instruction		183,554,659	—	—	183,554,659
Research		26,854,923	—	—	26,854,923
Public service		17,186,095	—	—	17,186,095
Academic support		49,465,255	—	—	49,465,255
Student services		34,148,816	—	—	34,148,816
Institutional support		78,310,577	205,186	637,932	79,153,695
Operation and maintenance of plant		37,440,108	—	—	37,440,108
Student aid		33,219,903	—	—	33,219,903
Professional services and contracts		53,450,544	—	—	53,450,544
Auxiliary enterprises		42,874,991	—	—	42,874,991
Other Postemployment Benefits (OPEB) (note 6)		9,961,545	—	—	9,961,545
Depreciation and amortization		57,844,639	—	520,207	58,364,846
Total operating expenses		624,312,055	205,186	1,158,139	625,675,380
Operating (loss) income		(203,409,546)	6,296,767	(84,244)	(197,197,023)
Nonoperating revenues (expenses):					
State of New Jersey appropriations		39,334,000	—	—	39,334,000
State of New Jersey appropriations – CMSRU		17,220,019	—	—	17,220,019
State of New Jersey appropriations – Rowan SOM		29,140,343	—	—	29,140,343
State of New Jersey appropriations – OPEB (note 6)		9,961,545	—	—	9,961,545
State of New Jersey fringe benefits (note 5)		96,234,230	—	—	96,234,230
Student scholarships		—	(2,795,990)	—	(2,795,990)
Gifts from Rowan University Foundation (note 13)		11,808,167	(11,808,167)	—	—
Other grants		—	(5,046)	—	(5,046)
Investment income, net		7,484,536	84,236,864	4,544	91,725,944
Interest on capital asset related debt		(35,758,871)	—	(217,332)	(35,976,203)
Other nonoperating revenues, net		54,685,155	—	453,281	55,138,436
Net nonoperating revenues		230,109,124	69,627,661	240,493	299,977,278
Income before other revenues		26,699,578	75,924,428	156,249	102,780,255
Capital grants and gifts		890,058	—	—	890,058
Additions to permanent endowments		—	24,837,527	—	24,837,527
Increase in net position		27,589,636	100,761,955	156,249	128,507,840
Net position as of beginning of year		87,348,961	238,004,318	6,432,175	331,785,454
Adjustment to beginning net position resulting from GASB 87 (note 1(b)(xiv))		4,621,917	—	—	4,621,917
Net position as of end of year	$	119,560,514	338,766,273	6,588,424	464,915,211

See accompanying notes to the financial statements.

ROWAN UNIVERSITY
(A Component Unit of the State of New Jersey)

Statements of Cash Flows

(Business-Type Activities – Rowan University only)

Years ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Student revenues	$ 284,318,176	249,612,085
Government and private grants	96,730,273	90,831,460
Professional services and contract	58,101,323	52,778,237
Payments to suppliers	(209,788,075)	(151,774,777)
Payments for employee salaries and benefits	(320,373,193)	(289,157,138)
Self-funded programs and other receipts	4,610,641	4,530,224
Net cash used by operating activities	(86,400,855)	(43,179,909)
Cash flows from noncapital financing activities:		
State of New Jersey appropriations	113,067,811	85,694,362
Gifts	13,844,804	11,808,167
Receipts for other noncapital assets	9,267,480	1,173,604
Receipts for other nonoperating revenues	39,963,587	41,737,239
Net cash provided by noncapital financing activities	176,143,682	140,413,372
Cash flows from capital and related financing activities:		
Proceeds from bond issuance	15,046,523	328,013,467
Drawdown (funding) of restricted deposits held by trustees	31,862,096	(59,352,412)
Capital grants	74,999,685	20,215
Costs of issuance	—	(2,247,393)
Purchases of capital assets	(69,485,955)	(186,830,199)
Principal paid on capital debt	(29,898,492)	(105,976,087)
Interest paid on capital debt	(37,246,891)	(37,126,503)
Net cash used by capital and related financing activities	(14,723,034)	(63,498,912)
Cash flows from investing activities:		
Purchase of investments	(456,972,069)	(210,566,211)
Sale of investments	431,580,265	200,663,067
Interest on investments	3,397,834	3,628,411
Net cash used by investing activities	(21,993,970)	(6,274,733)
Net increase in cash and cash equivalents	53,025,823	27,459,818
Cash and cash equivalents as of beginning of the year	100,215,144	72,755,326
Cash and cash equivalents as of end of the year	$ 153,240,967	100,215,144
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	$ (241,845,024)	(203,409,546)
Adjustments to reconcile operating loss to net cash used by operating activities:		
State paid fringe benefits	117,004,419	96,234,230
State paid postemployment benefits	5,621,231	9,961,545
Depreciation and amortization expense	58,792,908	57,844,639
Changes in assets and liabilities:		
Receivables	(5,665,404)	(4,276,715)
Other current assets	(916,440)	(333,533)
Accounts payable and accrued expenses	(1,529,054)	13,415,542
Unearned revenue	6,207,770	(10,279,107)
Other liabilities	(5,560,918)	2,318,127
Deposits held in custody for others	(574,180)	968,241
Compensated absences – noncurrent portion	(178,082)	(39,455)
Net pension liability, net of deferred amounts	(17,758,081)	(5,583,877)
Net cash used by operating activities	$ (86,400,855)	(43,179,909)
Noncash transaction:		
Unrealized (loss) gain on investments	$ (6,940,181)	4,405,885
Decrease in deferred inflows of resources - service concession arrangement	(3,961,799)	(4,489,456)
State of New Jersey paid fringe benefits	117,004,419	96,234,230
State of New Jersey paid other postemployment benefits	5,621,231	9,961,545

See accompanying notes to the financial statements.

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

Rowan University (the University), formerly Rowan College of New Jersey, was founded in 1923 and effective July 1, 1967, came under the general policy control of the New Jersey Board of Higher Education. Under the Higher Education Act of 1966, the University and all the other New Jersey State colleges became multipurpose institutions of higher education with an emphasis on the liberal arts and sciences and various professional areas including the science of education and the art of teaching. The operation and management of the University is vested in the University's Board of Trustees.

The University is recognized as a public institution by the State of New Jersey (the State). Under the law, the University is an instrumentality of the State with a high degree of autonomy. However, the University is considered a component unit of the State for financial reporting purposes. Accordingly, the financial statements of the University are included in the State's Annual Report.

On August 22, 2012 Governor Christie signed the "New Jersey Medical and Health Sciences Education Restructuring Act" (the Law) into law. Effective July 1, 2013, the School of Osteopathic Medicine (SOM) in Stratford, NJ (formerly under the University of Medicine and Dentistry of New Jersey (UMDNJ)) was integrated with the University. The Law also established the University as a public research institution.

(b) Summary of Significant Accounting Policies

(i) Basis of Presentation

The accounting policies of the University conform to accounting principles generally accepted in the United States of America as applicable to public colleges and universities. The University reports are based on all applicable Governmental Accounting Standards Board (GASB) pronouncements.

GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities – an amendment of GASB Statement* No. 34 (GASB 35), establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following net position categories:

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

  Nonexpendable – Net position subject to externally imposed stipulations that must be maintained permanently by the University.

  Expendable – Net position whose use by the University is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to the stipulations or that expire by the passage of time.

- *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 University Board of Trustees.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense towards restricted resources and then towards unrestricted resources.

(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. The University 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* (GASB 34). 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

The University classifies as cash equivalents, funds that are in short-term, highly liquid investments, and are readily convertible to known amounts of cash with a portfolio maturity of one year or less.

The University maintains portions of its cash with three custodians, one bank and the State of New Jersey Cash Management Fund (NJCMF). All are interest-bearing accounts from which the funds are available upon demand.

(iv) Investments

Investments are reflected at fair value. Purchases and sales of investments are accounted for on the trade-date basis. Investment income is recorded on an accrual basis. Realized and unrealized gains and losses are reported in investment income.

(v) Capital Assets

Capital assets include land, land improvements, buildings, and equipment. Such assets are recorded at historical cost. Bulk equipment with a unit cost under $5,000, land improvements, and building improvements costing over $50,000, as well as equipment with a unit cost over $5,000 are capitalized. Donated capital assets, including artwork, are recorded at the acquisition value at the date of donation. 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. Artwork is considered inexhaustible and is not depreciated. Capital assets are depreciated using the straight-line method over the following useful lives:

Capital Asset	Useful lives
Land improvements	20 years
Buildings	20–40 years
Equipment	2–20 years

(vi) Leases

The University is a lessee for various noncancelable leases of buildings and equipment and a lessor for various noncancelable building and land leases.

<u>Short-term Leases</u>

For leases with a maximum possible term of 12 months or less at commencement, the University recognizes expense or revenue based on the provisions of the lease contract.

<u>Leases other than short-term</u>

For all other leases, the University recognizes a lease liability and an intangible right-of-use lease asset as a lessee or a lease receivable and a deferred inflow of resources as a lessor.

Measurement of Lease Amounts

At lease commencement, as a lessee, the University initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the right-of-use lease asset is amortized into depreciation expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. If the University is reasonably certain of exercising a purchase option contained in a lease, the lease asset will be amortized over the useful life of the underlying asset.

At lease commencement, as a lessor, the University initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, less lease payments received at or before the lease commencement date, less any lease incentives paid to, or on behalf of, the lessee at or before the lease commencement date. Subsequently, the deferred inflow of resources is amortized into rental income on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. Amounts associated with a purchase option are recognized as a receivable and an inflow of resources when the option is exercised.

Key Estimates and Judgements

Key estimates and judgements include how the University determines (1) the discount rate it uses to calculate the present value of the expected lease payments, (2) lease term, and (3) lease payments.

- The University generally uses its estimated incremental borrowing rate as the discount rate for leases unless the rate that the lessor/vendor charges is known. The incremental borrowing rate estimate is provided by an external financial advisor. The University's incremental borrowing rate for leases is based on the rate of interest it would need to pay if it issued general obligation bonds to borrow an amount equal to the lease payments under similar terms at the commencement or remeasurement date. As a lessor, the University uses its own taxable rate as the discount rate.
- The lease term includes the noncancelable period of the lease, plus any additional periods covered by either an University or lessor/lessee unilateral option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both the University and the lessor/lessee have an option to terminate or if both parties have to agree to extend are excluded from the lease term.
- Payments are evaluated by the University to determine if they should be included in the measurement of the lease, including those payments that require a determination of whether they are reasonably certain of being made, such as purchase options or payments for termination penalties.

Remeasurement of Leases

The University monitors changes in circumstances that may require remeasurement of a lease. When certain changes occur that are expected to significantly affect the amount of the lease, the liability is remeasured and a corresponding adjustment is made to the right-of-use lease asset.

Presentation in Statement of Net Position

Lease intangible right-of-use lease assets are reported within capital assets and lease liabilities are reported with long-term debt in the statement of net position.

(vii) Deposits Held in Custody for Others

The University holds cash and cash equivalents as custodian for the Student Government Association and the New Jersey President's Council.

(viii) Net Pension Liability and Related Pension Amounts

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS) and the Teachers' Pension and Annuity Fund (TPAF), which is a special funding situation, and additions to/deductions from PERS's, PFRS's, and TPAF's fiduciary net position have been determined on the same basis as they are reported by PERS, PFRS and TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about PERS, PFRS and TPAF, please refer to the State of New Jersey, Division of Pensions and Benefits' Comprehensive Annual Financial Report (CAFR), which can be found at: www.state.nj.us/treasury/pensions/annual-reports.shtml.

(ix) Financial Dependency

One of the University's largest sources of revenue is appropriations from the State, which include state paid fringe benefits. The University is economically dependent on these appropriations to carry on its operations.

(x) Student Tuition and Fees

Student tuition and fees are presented net of scholarships applied to student accounts, while other payments made directly to students are presented as student aid expenses and are recognized in the period incurred. Student tuition and fees collected in advance of the fiscal year are recorded as unearned revenue in the accompanying statements of net position.

(xi) Professional Services and Contract Revenues

Professional services and contract revenues include the operations of SOM faculty practice plans and affiliated hospital billings. The professional services and contract revenues are recorded on an accrual basis and reported at the estimated net realizable amounts from patients, third party payers and others for services rendered. The house staff and affiliations revenues are recorded on an actual basis based on contracts with various affiliated hospitals for reimbursement of salary, fringe and malpractice charges incurred by SOM.

(xii) Grants and Contracts

All grants and contracts are recognized when all eligibility requirements for revenue recognition are met which is generally the period in which related expenses are incurred. Amounts received from grants and contracts for which eligibility requirements have not been met under the terms of the agreement, are recorded as unearned revenue in the accompanying statements of net position.

(xiii) Classification of Revenue

The University's policy for defining operating activities in the statements of revenues, expenses, and changes in net position are those that serve the University's principal purpose and generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Examples include (1) student tuition and fees and auxiliary enterprises, net of scholarship allowances, (2) most Federal, State, and private grants and contracts, and (3) professional services and contract revenue. Nonoperating revenues include activities that have the characteristics of nonexchange transactions or do not result from the receipt or provision of goods and services, such as operating appropriations from the state, private gifts, and investment income.

(xiv) New Accounting Standard Adopted

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-of-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. The implementation of GASB 87 at July 1, 2020 resulted in an initial lease receivable of $3,019,524 with an equivalent deferred inflow of resources and a right-of-use lease asset of $134,526,340 with an equivalent lease liability in fiscal 2021 restated balances. Certain leases transitioned from capital leases to GASB 87 resulting in a net capital asset reduction of $49,500,969 and a liability reduction of $55,033,187 with a restatement to increase the beginning net position of fiscal 2021 by $4,621,917 and a subsequent impact in fiscal 2021 of $910,301. Additionally, one lease had the prepaid balance of $1,461,111 reclassified from unearned revenue and to deferred inflows of resources.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as expense in the period in which the cost is incurred. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020 (fiscal year 2022). As a result of this Standard, the University did not and will no longer capitalize interest cost related to debt-financed construction projects beginning in fiscal year 2022. The University expensed $310,228 in fiscal year 2022 as a result of the implementation of GASB 89.

(xv) Accounting Pronouncements Applicable to the University, Issued but Not Yet Effective

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*-an amendment of GASB Statement No. 62 (GASB 100). This statement improves accounting and financial reporting for accounting changes and error corrections to provide a more understandable, reliable, and comparable information for making decisions or assessing accountability. GASB 100 defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity. Under this Statement, accounting changes would require restatement of reported periods as well as additional note disclosure. The requirements of this standard are effective for periods beginning after June 15, 2023 (fiscal year 2024). The University is evaluating the impact of this new standard.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The statement improves the information needs of financial statement users by improving the comparability of financial statements among governments that enter into public-private or public-public partnerships and availability payment arrangements by enhancing the understandability, reliability, relevance, and consistency of information. The requirements of this standard are effective for fiscal years beginning after June 15, 2022 (fiscal year 2023). The University is evaluating the impact of this new standard.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement improves the financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions meeting that definition. It defines SBITAs as a contract that conveys control of the right to use another party's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this statement a government entity is required to establish a right-of-use subscription asset and a corresponding subscription liability. The requirements of this standard are effective for fiscal years beginning after June 15, 2022 (fiscal year 2023). The University is evaluating the impact of this new standard.

(xvi) *Use of Estimates*

The preparation of 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 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.

(xvii) *Tax Status*

The University is exempt from income taxes on related income pursuant to federal and state tax laws as an instrumentality of the State.

(xviii) *Financial Reporting Entity*

The University's financial statements and accompanying notes include a blended component unit, Rowan Global Inc. (RGI). RGI is organized as a not-for-profit corporation in which the University is the sole corporate member and appoints the full Board of Directors, as identified in RGI's articles of incorporation. RGI is included in the financial reporting entity as a blended component unit pursuant to the provisions in paragraph 5 of GASB Statement No. 80, *Blending Requirements for Certain Component Units* and GASB Statement No. 14, *The Financial Reporting Entity* paragraphs 21-37, as amended.

(2) Cash, Cash Equivalents, and Investments

(a) Cash and Cash Equivalents

Cash and cash equivalents consist of the following as of June 30, 2022 and 2021:

Cash and Cash Equivalents		2022	2021
Cash	$	151,382,977	76,651,895
State of New Jersey Cash Management Fund		651,935	650,589
Money market accounts		1,206,055	22,912,660
Total cash and cash equivalents	$	153,240,967	100,215,144

Cash and cash equivalents held at a depository and bank balances amounted to $156,314,703 and $77,562,776, respectively, as of June 30, 2022 and 2021. Of these amounts, $500,000 and $250,000 were FDIC insured, and $150,598,458 and $76,662,187 were collateralized pursuant to Chapter 64 of Title 18A of New Jersey Statutes as of June 30, 2022 and 2021, respectively. There was $4,564,310 and $0 in uncollateralized cash as of June 30, 2022 and 2021, respectively.

The University participates in NJCMF wherein amounts also contributed by other State entities are combined in a large-scale investment program. The University's deposits in the NJCMF were $651,935 and $650,589 as of June 30, 2022 and 2021, respectively. These amounts are collateralized in accordance with New Jersey Statute 52:18-16-1, but not in the University's name.

The operations of the NJCMF are governed by statutes of the State and the provisions of the State Investment Council Regulations for the purpose of determining authorized investments. The fair value of the NJCMF is based on the number of shares held by the University and the market price of those shares as of June 30, 2022 and 2021. The NJCMF is unrated with an average portfolio maturity of less than one year.

Money market funds are not subject to custodial risk, however, they are subject to credit risk. The balances in the University's money market accounts are unrated.

(b) Investments

The University's investments consist of the following as of June 30, 2022 and 2021:

Investments		2022	2021
U.S. government treasury securities	$	37,807,251	17,708,985
U.S. government agency securities		6,816,939	1,240,800
U.S. corporate bonds		56,362,681	63,612,639
International bonds		—	3,249,887
Foreign corporate bonds		23,574,513	27,079,987
Commercial paper		12,046,511	9,168,990
Asset-backed securities		24,812,335	22,897,034
Commercial mortgage-backed securities		9,894,896	4,978,507
Municipal bonds		11,726,844	4,926,755
Collateralized mortgage obligations		3,424,647	11,899,818
Mutual funds – equity		17,434,970	21,015,731
Common stock – equity		221,640	266,372
Total investments	$	204,123,227	188,045,505

The University has an investment policy, which establishes guidelines for permissible investments. Short-term investment options include, but are not limited to, the funds, municipal obligations, etc. that are deemed appropriate and within the risk parameters as determined by the University Board of Trustees and the University Executive Staff.

The University's long-term investment options include, but are not limited to, the purchase of U.S. Government agency obligations, U.S. government treasury securities, corporate bonds, and other investment vehicles (i.e. mutual funds, asset backed securities, etc.) that are deemed appropriate and within the University's investment policy.

The University's investments are subject to various risks. Among these risks are credit risk and interest rate risk. Each one of these risks is discussed in more detail below.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's Investors Service, Inc. (Moody's) and Standard and Poor's (S&P). The University's investment policy requires that fixed income securities are rated Baa3/BBB – or higher by at least one rating agency. At June 30, 2022 and 2021, the University does not have investments in a single issuer, excluding the U.S. Government, of more than 5% of its total investments and therefore does not have a concentration of credit risk.

The following tables summarize the agency ratings of the fixed income securities included in the University's investments as of June 30, 2022 and 2021:

	2022										
	S&P Rated				Moody's Rated				Fitch Rated		
	AAA	AA	A	BBB	Aaa	Aa	A	Baa	AAA	AA	Total
U.S. government treasury securities	$ —	32,479,725	—	—	5,327,526	—	—	—	—	—	37,807,251
U.S. government agency securities	653,990	3,842,725	—	—	—	802,180	—	—	1,518,044	—	6,816,939
U.S. corporate bonds	—	7,600,553	21,623,818	26,188,310	—	—	—	950,000	—	—	56,362,681
Foreign corporate bonds	460,170	1,002,060	14,431,141	3,032,826	3,016,945	—	1,397,327	—	234,044	—	23,574,513
Commercial paper	—	—	—	—	—	—	2,149,357	9,897,154	—	—	12,046,511
Asset-backed securities	16,952,879	2,807,804	—	—	4,453,936	294,060	—	—	—	303,656	24,812,335
Commercial mortgage-backed securities	2,094,803	1,284,812	—	—	4,931,021	1,079,751	—	—	97,436	407,073	9,894,896
Municipal bonds	400,441	6,586,639	2,549,135	1,400,000	111,426	553,685	125,518	—	—	—	11,726,844
Collateralized mortgage obligations	593,020	833,992	—	—	454,506	—	—	—	1,543,129	—	3,424,647
Total	$ 21,155,303	56,438,310	38,604,094	30,621,136	18,295,360	2,729,676	3,672,202	10,847,154	3,392,653	710,729	186,466,617

	2021										
	S&P Rated				Moody's Rated				Fitch Rated		
	AAA	AA	A	BBB	Aaa	Aa	A	Baa	AAA	AA	Total
U.S. government treasury securities	$ —	12,462,262	—	—	1,452,283	—	—	—	3,794,440	—	17,708,985
U.S. government agency securities	—	1,240,800	—	—	—	—	—	—	—	—	1,240,800
U.S. corporate bonds	2,024,010	7,053,775	19,184,765	35,230,089	—	120,000	—	—	—	—	63,612,639
International bonds	2,649,827	—	—	—	600,060	—	—	—	—	—	3,249,887
Foreign corporate bonds	—	1,391,042	20,602,035	2,906,509	882,698	—	1,297,703	—	—	—	27,079,987
Commercial paper	—	—	—	7,869,185	—	—	649,896	649,909	—	—	9,168,990
Asset-backed securities	11,324,438	1,634,092	1,124,001	—	6,643,393	176,332	—	—	904,126	1,090,652	22,897,034
Commercial mortgage-backed securities	619,382	—	—	—	3,498,832	621,501	—	—	238,792	—	4,978,507
Municipal bonds	638,898	2,272,641	1,103,910	—	114,836	796,470	—	—	—	—	4,926,755
Collateralized mortgage obligations	532,103	7,616,699	—	—	1,449,822	1,442,636	—	—	583,277	275,281	11,899,818
Total	$ 17,788,658	33,671,311	42,014,711	46,005,783	14,641,924	3,156,939	1,947,599	649,909	5,520,635	1,365,933	166,763,402

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a debt investment. The University's investment policy does not specifically address limitations in the maturities of investments. For the University, the following tables summarize the maturities of the fixed income security investments as of June 30, 2022 and 2021:

		2022			
		Investment maturities (in years)			
Investment type	Fair value	Less than 1	1–5	6–10	More than 10
U.S. government treasury securities	$ 37,807,251	15,027,450	22,779,801	—	—
U.S. government agency securities	6,816,939	1,404,885	2,067,565	—	3,344,489
U.S. corporate bonds	56,362,681	21,143,014	35,219,667	—	—
Foreign corporate bonds	23,574,513	8,799,074	11,305,260	1,421,858	2,048,321
Commercial paper	12,046,511	12,046,511	—	—	—
Asset-backed securities	24,812,335	24,370	18,261,724	3,582,973	2,943,268
Commercial mortgage-backed securities	9,894,896	1,145,058	3,720	684,598	8,061,520
Municipal bonds	11,726,844	6,579,606	5,147,238	—	—
Collateralized mortgage obligations	3,424,647	—	69,135	237,409	3,118,103
Total	$ 186,466,617	66,169,968	94,854,110	5,926,838	19,515,701

		2021			
		Investment maturities (in years)			
Investment type	Fair value	Less than 1	1–5	6–10	More than 10
U.S. government treasury securities	$ 17,708,985	9,405,718	8,303,267	—	—
U.S. government agency securities	1,240,800	1,005,660	20,036	—	215,104
U.S. corporate bonds	63,612,639	26,516,475	37,096,164	—	—
International bonds	3,249,887	1,977,741	1,272,146	—	—
Foreign corporate bonds	27,079,987	13,379,387	13,700,600	—	—
Commercial paper	9,168,990	9,168,990	—	—	—
Asset-backed securities	22,897,034	229,812	13,095,423	4,815,852	4,755,947
Commercial mortgage-backed securities	4,978,507	50,189	—	—	4,928,318
Municipal bonds	4,926,755	2,368,525	2,558,230	—	—
Collateralized mortgage obligations	11,899,818	91,985	4,534,541	1,276,371	5,996,921
Total	$ 166,763,402	64,194,482	80,580,407	6,092,223	15,896,290

(c) *Fair Value Measurement*

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the financial statement measurement date. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 – quoted or published prices for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 – quoted or published prices other than those included within Level 1 and other inputs that are observable for an asset or liability, either directly or indirectly.
- Level 3 – pricing inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity or the investment.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3. When the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level that is significant to the entire measurement.

The categorization of a financial instrument within the hierarchy is based upon pricing transparency and is not necessarily an indication of the University's perceived risk of that instrument.

The following is a description of the valuation methodologies used for instruments measured at fair value:

- U. S. government treasury securities and agency securities – The fair value of government securities and agencies are based on institutional bond quotes and evaluations based on various market and industry inputs.
- U. S., international, and foreign corporate bonds – The fair value of corporate bonds are based on institutional bond quotes and evaluations based on various market and industry inputs.
- Common stocks and mutual funds – equity – The fair value of mutual funds are based on quoted or published market prices, when available, or market prices provided by recognized broker-dealers.
- Asset backed securities, commercial paper, commercial mortgage-backed securities and collateralized mortgage obligations – The fair value of asset backed securities, mortgages, commercial mortgage-backed securities, and collateralized mortgage obligations are based on various market and industry inputs and quotes from market makers and other brokers recognized to be market participants.
- Municipal bonds – The fair value of municipal bonds are based on various market and industry inputs.

The University's financial instruments as of June 30, 2022 are summarized in the following table by their fair value hierarchy:

2022 Investments Measured at Fair Value					
		Total	Level 1	Level 2	Level 3
Investment:					
U. S. government treasury securities	$	37,807,251	37,807,251	—	—
U. S. government agency securities		6,816,939	—	6,816,939	—
U. S. corporate bonds		56,362,681	—	56,362,681	—
Foreign corporate bonds		23,574,513	—	23,574,513	—
Commercial paper		12,046,511	—	12,046,511	—
Asset-backed securities		24,812,335	—	24,812,335	—
Commercial mortgage-backed securities		9,894,896	—	9,894,896	—
Municipal bonds		11,726,844	—	11,726,844	—
Collateralized mortgage obligations		3,424,647	—	3,424,647	—
Mutual funds – equity		17,434,970	17,434,970	—	—
Common stock – equity		221,640	221,640	—	—
Total investments	$	204,123,227	55,463,861	148,659,366	—

The University's financial instruments as of June 30, 2021 are summarized in the following table by their fair value hierarchy:

2021 Investments Measured at Fair Value					
		Total	Level 1	Level 2	Level 3
Investment:					
U. S. government treasury securities	$	17,708,985	17,708,985	—	—
U. S. government agency securities		1,240,800	—	1,240,800	—
U. S. corporate bonds		63,612,639	—	63,612,639	—
International bonds		3,249,887	—	3,249,887	—
Foreign corporate bonds		27,079,987	—	27,079,987	—
Commercial paper		9,168,990	—	9,168,990	—
Asset-backed securities		22,897,034	—	22,897,034	—
Commercial mortgage-backed securities		4,978,507	—	4,978,507	—
Municipal bonds		4,926,755	—	4,926,755	—
Collateralized mortgage obligations		11,899,818	—	11,899,818	—
Mutual funds – equity		21,015,731	21,015,731	—	—
Common stock – equity		266,372	266,372	—	—
Total investments	$	188,045,505	38,991,088	149,054,417	—

(3) Restricted Deposits Held by Trustees

Restricted deposits held by trustees include restricted funds held by three Board approved trustees. Deposits held by trustees consist of cash and money market investments, which are measured at amortized cost. The money market investments were unrated. Restricted deposits held by trustees include funds for construction, debt service reserve, and debt service and consist of the following as of June 30, 2022 and 2021:

Restricted Deposits Held by Trustees		2022	2021
Construction funds	$	69,482,090	95,981,669
Debt service and debt service reserve funds		28,834,132	34,196,649
		98,316,222	130,178,318
Less current portion		24,489,595	26,913,153
Noncurrent restricted deposits held by trustees	$	73,826,627	103,265,165

(4) Capital Assets

The detail of capital assets activity for the years ended June 30, 2022 and 2021 is as follows:

Capital Assets 2022		Beginning balance	Additions/ Transfers	Deletions/ transfers	Ending balance
Nondepreciable assets:					
Land	$	50,503,868	742,796	—	51,246,664
Artwork		2,775,761	—	—	2,775,761
Construction in progress		72,739,846	43,169,506	(55,567,731)	60,341,621
Total nondepreciable assets		126,019,475	43,912,302	(55,567,731)	114,364,046
Depreciable assets:					
Land improvements		64,481,111	1,670,480	—	66,151,591
Buildings		1,205,397,331	69,312,437	—	1,274,709,768
Equipment		99,245,141	10,875,856	(3,334,914)	106,786,083
Total depreciable assets		1,503,649,923	81,905,296	(3,334,914)	1,582,220,305
Less accumulated depreciation:					
Land improvements		35,818,026	3,215,826	—	39,033,852
Buildings		502,715,052	40,864,079	—	543,579,131
Equipment		63,580,756	11,477,313	(3,242,325)	71,815,744
Total accumulated depreciation		602,113,834	55,557,218	(3,242,325)	654,428,727
Total capital assets, net excluding leases	$	893,029,224	70,213,857	(55,660,320)	907,582,761
Right-of-use lease assets:					
Right-of-use lease assets		134,526,340	46,523	—	134,572,863
Less accumulated depreciation:					
Right-of-use lease assets		5,805,084	6,353,432	—	12,158,516
Right-of-use lease assets, net (Note 12)		128,721,256	(6,306,909)	—	122,414,347
Total capital assets, net as reported in the statement of net position					$ 1,029,997,108

2021		Capital Assets Beginning balance	Additions/ Transfers	Deletions/ transfers	Ending balance
Nondepreciable assets:					
Land	$	50,921,926	—	(418,058)	50,503,868
Artwork		2,723,761	52,000	—	2,775,761
Construction in progress		42,855,719	39,575,144	(9,691,017)	72,739,846
Total nondepreciable assets		96,501,406	39,627,144	(10,109,075)	126,019,475
Depreciable assets:					
Land improvements		61,789,466	2,691,645	—	64,481,111
Buildings		1,199,424,068	6,999,373	(1,026,110)	1,205,397,331
Equipment		85,930,959	14,351,571	(1,037,389)	99,245,141
Total depreciable assets		1,503,649,923	81,905,296	(3,334,914)	1,582,220,305
Less accumulated depreciation:					
Land improvements		32,649,077	3,168,949	—	35,818,026
Buildings		463,498,434	40,073,253	(856,635)	502,715,052
Equipment		53,030,464	11,543,840	(993,548)	63,580,756
Total accumulated depreciation		549,177,975	54,786,042	(1,850,183)	602,113,834
Total capital assets, net excluding leases	$	894,467,924	8,883,691	(10,322,391)	893,029,224
Right-of-use lease assets:					
Right-of-use lease assets		—	134,526,340	—	134,526,340
Less accumulated depreciation:					
Right-of-use lease assets		—	5,805,084	—	5,805,084
Right-of-use lease assets, net (Note 12)		—	128,721,256	—	128,721,256
Total capital assets, net as reported in the statement of net position					$ 1,021,750,480

Depreciation expense for the year ending June 30, 2022 and 2021 is $61,910,650 and $60,591,126, respectively. The estimated cost to complete capital projects included in construction in progress as of June 30, 2022 approximates $187,734,636. Anticipated financing for these projects is approximately $75,033,134 in grant funds, $71,053,030 in bond funding and $41,648,472 in University funds.

(5) State of New Jersey Fringe Benefits

The State, through separate appropriations, pays certain fringe benefits, principally health benefits and FICA taxes, on behalf of University employees and retirees. The costs of these benefits, $117,004,419 and $96,234,230, respectively, for fiscal years 2022 and 2021, were paid directly by the State on behalf of the University and are included in the accompanying financial statements as State of New Jersey fringe benefits revenue and as operating expenses.

(6) Retirement Plans

The University participates in several retirement plans, administered by the State of New Jersey, Division of Pensions and Benefits (the Division), covering its employees – the PERS, the PFRS, the TPAF, the Alternate Benefit Program (ABP), and the Defined Contribution Retirement Program (DCRP). PERS, PFRS and TPAF are cost-sharing, multiple-employer defined benefit retirement plans, while ABP and DCRP are defined contribution retirement plans. Generally all employees, except certain part-time employees, participate in one of these plans. The University is charged for pension costs through a fringe benefit charge assessed by the State which is included with the State of New Jersey fringe benefits in the accompanying financial statements (see note 5).

A publicly available Annual Report of the State of New Jersey, Division of Pensions and Benefits, which includes financial statements, required supplementary information, and detailed information about the PERS's, PFRS's, and TPAF's fiduciary net position, can be obtained at https://www.state.nj.us/treasury/pensions/annual-reports.shtml. or by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

(a) Defined Benefit Pension Plans

General Information

(i) Public Employees' Retirement System

Plan description – PERS was established under the provisions of N.J.S.A. 43:15A to provide retirement, death and disability benefits to substantially all full-time employees of the State or any county, municipality, school district or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund.

Benefits provided – All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions – The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. The member contribution rate at June 30, 2022 and 2021 was 7.5% of pensionable wages. The State contributes the employer's share on behalf of the University. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. The University's contributions to PERS (amounts paid by the State on behalf of the University) for the fiscal year ended June 30, 2022 and 2021 was $19,973,992 and $14,018,029, respectively.

(ii) Police and Firemen's Retirement System

Plan description – PFRS was established under the provisions of N.J.S.A 43:16A to provide retirement, death and disability benefits to substantially all full time county and municipal police or firemen and state firemen or officer employees with police powers appointed after June 30, 1944.

Benefits provided – All benefits vest after ten years of service, except disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

Tier	Definition
1	Members who were enrolled prior to May 22, 2010
2	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
3	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Contributions – The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. The State contributes the employer's share on behalf of the University. The State's contribution amount is based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. The member contribution rate at June 30, 2022 and 2021 was 10% of pensionable wages. The University's contributions to PFRS (amounts paid by the State on behalf of the University) for the fiscal year ended June 30, 2022 and 2021 were $2,803,178 and $1,925,985, respectively.

(iii) Teachers' Pension and Annuity Fund

Plan description – TPAF was established under the provisions of N.J.S.A. 18A:66 to provide retirement, death and disability benefits to substantially all teachers or members of the professional staff certified by the State Board of Examiners and employees of the State of New Jersey, Department of Education, who have titles that are unclassified, professional, and certified. Certain faculty members of the University participate in the TPAF. Under the provisions of N.J.S.A. 18A:66-33, the State is legally obligated to make contributions on behalf of all participating employers to the plan, therefore TPAF meets the definition of a special funding situation as defined in GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Benefits provided – The vesting and benefit provisions are set by N.J.S.A. 18A:66. All benefits vest after ten years of service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions – The contribution policy is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. The full normal contribution rate at June 30, 2022 and 2021 was 7.5%. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The University's respective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense related to PERS and PFRS are calculated by the Division. At June 30, 2022, the University reported a liability of $258,885,863 and $17,603,974 for PERS and PFRS, respectively, for its proportionate share of the respective PERS and PFRS net pension liabilities. At June 30, 2021, the University reported a liability of $252,952,884 and $16,879,196 for PERS and PFRS, respectively, for its proportionate share of the respective PERS and PFRS net pension liabilities. As the State is legally obligated to fund TPAF on behalf of the University, the University's proportionate share of net pension liability at June 30, 2022 and 2021 of $840,599 and $1,313,388, respectively, is recognized by the State. The total pension liabilities used to calculate the net pension liabilities, which were recorded in the statement of net position as of June 30, 2022, were determined by actuarial valuations as of July 1, 2020 and rolled forward to the measurement date of June 30, 2021. The total pension liabilities used to calculate the net pension liabilities, which were recorded in the statement of net position as of June 30, 2021, were determined by actuarial valuations as of July 1, 2019 and rolled forward to the measurement date of June 30, 2020. For PERS and PFRS, the University's proportionate share of the respective net pension liabilities for the fiscal years 2022 and 2021 were based on the actual contributions made by the State on behalf of the University relative to the total contributions of participating employers of the State

Group for each plan for fiscal years 2021 and 2020, respectively. For TPAF, the University's proportionate share of the respective net pension liability for the fiscal year was based on the actual contributions made by the State on behalf of the University relative to the total contributions made by the State for fiscal year 2021 and 2020. The University's allocation percentages and pension expense for each plan are as follows:

2021 Summary of Pension Amounts		PERS	PFRS	TPAF
2021 Allocation percentage – State Group/Nonemployer Group[1]		1.197 %	0.433 %	0.002 %
2021 Allocation percentage – Total Plan[2]		0.770 %	0.131 %	0.002 %
Pension expense for the measurement date June 30, 2021	$	4,969,889	935,944	19,780

2020 Summary of Pension Amounts		PERS	PFRS	TPAF
2020 Allocation percentage – State Group/Nonemployer Group[1]		1.138 %	0.393 %	0.002 %
2020 Allocation percentage – Total Plan[2]		0.654 %	0.088 %	0.002 %
Pension expense for the measurement date June 30, 2020	$	10,074,187	920,020	81,672

[1] – Allocation percentage for PERS and PFRS based on total State Group. Allocation percentage for TPAF based on total Nonemployer Group.

[2] – Allocation percentage calculated as the University's respective net pension liability as a percentage of the total plan's net pension liability.

As TPAF is a special funding situation, the University recognized revenue related to the support provided by the State as of June 30, 2022 and 2021 of $19,780 and $81,672, respectively, in the State of New Jersey fringe benefits amount on the statements of revenue, expenses and changes in net position.

The University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources as of June 30, 2022 and 2021:

2022
Deferred Outflows and Inflows of Resources from Pensions

		PERS	PFRS	Total
Deferred outflows of resources:				
Changes of assumptions	$	528,305	23,446	551,751
Changes in proportionate share		15,489,949	1,856,627	17,346,576
Differences between expected and actual experience		6,292,040	—	6,292,040
Contributions subsequent to the measurement date		19,973,992	2,803,178	22,777,170
Total	$	42,284,286	4,683,251	46,967,537
Deferred inflows of resources:				
Changes in proportionate share	$	6,927,622	568,451	7,496,073
Differences between expected and actual experience		894,428	634,450	1,528,878
Net differences between projected and actual investment earnings on pension plan investments		8,142,002	457,688	8,599,690
Changes of assumptions		36,691,499	1,396,525	38,088,024
Total	$	52,655,551	3,057,114	55,712,665

2021
Deferred Outflows and Inflows of Resources from Pensions

		PERS	PFRS	Total
Deferred outflows of resources:				
Changes of assumptions	$	4,220,139	12,345	4,232,484
Changes in proportionate share		6,754,674	475,154	7,229,828
Differences between expected and actual experience		6,650,077	—	6,650,077
Net differences between projected and actual investment earnings on pension plan investments		2,870,582	409,021	3,279,603
Contributions subsequent to the measurement date		14,018,029	1,925,985	15,944,014
Total	$	34,513,501	2,822,505	37,336,006
Deferred inflows of resources:				
Changes in proportionate share	$	9,119,908	763,127	9,883,035
Differences between expected and actual experience		1,362,998	294,233	1,657,231
Changes of assumptions		56,952,756	2,003,950	58,956,706
Total	$	67,435,662	3,061,310	70,496,972

As the State is legally obligated to fund TPAF on behalf of the University, the University's proportionate share of deferred outflows of resources and deferred inflows of resources are recognized by the State.

At June 30, 2022, $22,777,170 was reported as deferred outflows of resources related to pensions resulting from contributions made on behalf of the University by the State subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Future Net Deferred Outflows (Inflows) of Resources				
		PERS	PFRS	Total
Years ending:				
2023	$	(16,151,441)	(666,136)	(16,817,577)
2024		(9,496,685)	(468,291)	(9,964,976)
2025		(4,908,799)	(312,803)	(5,221,602)
2026		(243,800)	(7,106)	(250,906)
2027		455,468	237,004	692,472
Thereafter		—	40,291	40,291
	$	(30,345,257)	(1,177,041)	(31,522,298)

Actuarial Assumptions

The total pension liabilities related to PERS, PFRS, and TPAF measured as of June 30, 2021 and 2020 were based on actuarial valuations as of July 1, 2020 and 2019 using the following actuarial assumptions:

Actuarial Assumptions			
	PERS	PFRS	TPAF
Inflation rate:			
Price	2.75%	2.75%	2.75%
Wage	3.25%	-	3.25%
Salary increases:			
Through 2026	2.00 – 6.00% based on years of service	3.25 – 15.25% based on years of service	1.55 – 4.45% based on years of service
Thereafter	3.00 – 7.00% based on years of service	3.25 – 15.25% based on years of service	2.75 – 5.65% based on years of service
Investment rate of return	7.00%	7.00%	7.00%

2021

For PERS, pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021. The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

2020

For PERS, pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020. The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

2021

For PFRS, employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and a 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021. The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

2020

For PFRS, Pre-retirement mortality rates were based on the Pub-2010 Safety Employee mortality table with a 105.6% adjustment for males and 102.5% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Safety Retiree Below-Median Income Weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. For beneficiaries, the Pub-2010 General Retiree Below-Median Income Weighted mortality table was used, unadjusted, and with future improvement from the base year of 2010 on a generational basis. Disability rates were based on the Pub-2010 Safety Disabled Retiree mortality table with a 152.0% adjustment for males and 109.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020. The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

2021

For TPAF, pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021. The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

2020

For TPAF, pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020. The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% June 30, 2021 and 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of the arithmetic real rates of return for each major asset class included in PERS's, PFRS's and TPAF's target asset allocations as of June 30, 2021 and 2020 are summarized in the following tables:

2021
Target Asset Allocation and Long-Term Expected Rate of Return

	PERS PFRS TPAF	
	Target allocation	Long-term expected real rate of return
Risk Mitigation Strategies	3.00 %	3.35 %
Cash Equivalents	4.00	0.50
U.S. Treasuries	5.00	0.95
Investment Grade Credit	8.00	1.68
High Yield	2.00	3.75
Private Credit	8.00	7.60
Real Assets	3.00	7.40
Real Estate	8.00	9.15
US Equity	27.00	8.09
Non-U.S. Developed Markets Equity	13.50	8.71
Emerging Markets Equity	5.50	10.96
Private Equity	13.00	11.30

2020
Target Asset Allocation and Long-Term Expected Rate of Return

	PERS PFRS TPAF	
	Target allocation	Long-term expected real rate of return
Risk Mitigation Strategies	3.00 %	3.40 %
Cash Equivalents	4.00	0.50
U.S. Treasuries	5.00	1.94
Investment Grade Credit	8.00	2.67
High Yield	2.00	5.95
Private Credit	8.00	7.59
Real Assets	3.00	9.73
Real Estate	8.00	9.56
US Equity	27.00	7.71
Non-U.S. Developed Markets Equity	13.50	8.57
Emerging Markets Equity	5.50	10.23
Private Equity	13.00	11.42

Discount Rate

The discount rate used to measure the total pension liability was 7.00% for PERS, PFRS, and TPAF as of June 30, 2021.

The discount rate used to measure the total pension liability was 7.00% for PERS and PFRS as of June 30, 2020.

The discount rate used to measure the total pension liability was 5.40% for TPAF as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.21% as of June 30, 2020 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

In fiscal year 2022, for PERS, PFRS, and TPAF, the projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contribution for the State. Based on those assumptions, the plan's fiduciary net position as of June 30, 2021 was projected to be available to make projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments in determining the total pension liability.

In fiscal year 2021, for PERS and PFRS, the projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 78% of the actuarially determined contributions for the State employer. Based on those assumptions, the plan's fiduciary net position as of June 30, 2020 was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

In fiscal year 2021, for TPAF, the projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 78% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position as of June 30, 2020 was projected to be available to make projected future benefit payments of current plan members through 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the University as of the June 30, 2021, measurement date calculated using the discount rates as disclosed above as well as the net pension liability if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

2021 Sensitivity of Net Pension Liability				
Plan (rates)		At 1% decrease	At current discount rate	At 1% increase
PERS(6.00%, 7.00%, 8.00%)	$	297,128,789	258,885,863	226,528,512
PFRS(6.00%, 7.00%, 8.00%)		20,604,099	17,603,974	15,106,328

The following presents the net pension liability of the University as of the June 30, 2020, measurement date calculated using the discount rates as disclosed above as well as the net pension liability if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

2020 Sensitivity of Net Pension Liability				
Plan (rates)		At 1% decrease	At current discount rate	At 1% increase
PERS(6.00%, 7.00%, 8.00%)	$	288,576,121	252,952,884	222,817,295
PFRS(6.00%, 7.00%, 8.00%)		19,627,035	16,879,196	14,597,395

(b) Defined Contribution Retirement Plans

Alternative Benefit Program (ABP)

ABP provides retirement and death benefits for or on behalf of those full-time professional employees and faculty members electing to participate in this optional retirement program. Participation eligibility as well as contributory and noncontributory requirements is established by the State of New Jersey Retirement and Social Security Law. Contributions can be invested with up to six investment carriers available under the plan. Additional voluntary contributions may be made on a tax-deferred basis, subject to limits within the Internal Revenue Code. The University assumes no liability for ABP members other than payment of contributions.

Benefits are determined by the amount of individual accumulations and the retirement income option selected. All benefits vest after the completion of one year of service. Individually owned annuity contracts that provide for full ownership of retirement and survivor benefits are purchased at the time of vesting. Participating University employees contribute 5% of salary and may contribute a voluntary additional contribution up to the maximum Federal statutory limit, on a pre-tax basis.

Employer contributions are 8%. During the year ended June 30, 2022 and 2021, ABP investment carriers received employer and employee contributions as follows:

ABP Employer and Employee Contributions			
		2022	2021
Employer contributions	$	13,768,247	13,144,179
Employee contributions		25,944,625	16,245,839
Basis for contributions:			
Participating employee salaries	$	172,103,087	164,302,233

Employer contributions to ABP are paid by the State and are reflected in the accompanying financial statements as State of New Jersey fringe benefit revenue and as expenses.

Effective July 1, 2010, Governor Christie signed Chapter 31, P.L. 2010 into law, which only allowed employer contributions to ABP for salaries up to $141,000. Effective July 1, 2018, Chapter 14, P.L. 2018 increased the salary cap allowing for employer contributions to ABP for salaries up to $175,000.

Defined Contribution Retirement Plan

DCRP was established under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit along with life insurance and disability coverage.

DCRP enrollment eligibility criteria includes employees who: (1) earn below a minimum base salary, or (2) do not work a minimum number of hours per week, or (3) are enrolled in PERS and make in excess of the established "maximum contribution" limits. Participating eligibility, as well as contributory and noncontributory requirements, is established by the State of New Jersey Retirement and Social Security Law.

DCRP has one investment carrier, Prudential, which jointly administers the DCRP investments with the Division of Pensions and Benefits. The University assumes no liability for DCRP members other than payment of contributions. Benefits are determined by the amount of individual accumulations and the retirement option selected. All benefits vest immediately for employees who are enrolled in PERS or after one year for employees not in PERS. Individually owned annuity contracts that provide for full ownership of retirement and survivor benefits are purchased at the time of vesting.

Participating University employees contribute 5.5% of their eligible wages. Employer contributions are 3%. During the years ended June 30, 2022 and 2021, Prudential received employer and employee contributions as follows:

DCRP Employer and Employee Contributions

		2022	2021
Employer contributions	$	43,649	43,129
Employee contributions		80,023	79,069
Basis for contributions:			
Participating employee salaries	$	1,454,956	1,437,616

(c) Post-Employment Benefits Other than Pensions

The University's retirees participate in the State Health Benefit State Retired Employees Plan (the Plan).

Plan description, including benefits provided - The Plan is a single-employer defined benefit other postemployment benefit (OPEB) plan, which provides medical, prescription drug, and Medicare Part B reimbursements to retirees and their covered dependents. Although the Plan is a single-employer plan, it is treated as a cost-sharing multiple employer plan for standalone reporting purposes. In accordance N.J.S.A. 52:14-17.32, the State of New Jersey (the State) is required to pay the premiums and periodic charges for OPEB of State employees who retire with 25 years or more of credited service, or on a disability pension, from one or more of the following pension plans: the Public Employees' Retirement System (PERS), the Alternate Benefit Program (ABP) or the Police and Firemen's Retirement System (PFRS). In addition, Chapter 302, P.L. 1996 provides that for purposes of this Plan, the University's employees retain any and all rights to the health benefits in the Plan, even though the University is considered autonomous from the State, therefore, its employees are classified as State employees. As such, the State is legally obligated for the benefit payments on behalf of the retirees of the University; therefore, the Plan meets the definition of a special funding situation as defined in GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions* (GASB 75).

Retirees who are not eligible for employer-paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents. Pursuant to Chapter 78, P.L, 2011, future retirees eligible for postretirement medical coverage, who have less than 20 years of creditable service on June 28, 2011, will be required to pay a percentage of the cost of their healthcare coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible for will be determined based on the retiree's annual retirement benefit and level of coverage.

The Plan is administered on a pay-as-you-go-basis. Accordingly, no assets are accumulated in a qualifying trust that meets the definition of a trust as per GASB 75.

Total OPEB Liability and OPEB expense

As of June 30, 2022 and 2021, the State recorded a liability of $489,658,735 and $568,312,787, respectively, which represents the portion of the State's total proportionate share of the collective total OPEB liability that is associated with the University (the University's share). The University's share was based on the ratio of its members to the total members of the Plan. At June 30, 2022, the University's share was 7.21% and 1.96% of the special funding situation and of the Plan, respectively. At June 30, 2021, the University's share was 7.11% and 2.01% of the special funding situation and of the Plan, respectively.

For the year ended June 30, 2022 and 2021, the University recognized OPEB expense of $5,621,231 and $9,961,545, respectively. As the State is legally obligated for benefit payments on behalf of the University, the University recognized revenue related to the support provided by the State of $5,621,231 and $9,961,545 in 2022 and 2021, respectively.

Actuarial assumptions and other inputs – The State's liability associated with the University at June 30, 2022 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to the measurement date of June 30, 2021. The State's liability associated with the University at June 30, 2021 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to the measurement date of June 30, 2020. These valuations used the following assumptions:

OPEB Valuation Assumption		
	2022	**2021**
Inflation	2.50 %	2.50 %
Discount rate	2.16 %	2.21 %
Salary increases		
Through 2026	1.55 – 15.25%	1.55 – 15.25%
Thereafter	2.75 – 7.00%	2.75 – 7.00%

The discount rate is based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Salary increases depend on the pension plan a member is enrolled in. In addition, they are based on years of service and age in 2022 and 2021, respectively.

The June 30, 2020 valuation used preretirement mortality rates based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Future disability mortality was based on Pub-2010 "Safety" (PFRS), "Teachers" (TPAF/ABP), and "General" (PERS) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Current disabled retirees mortality was based on Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The June 30, 2019 valuation used preretirement mortality rates based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), General (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on Pub-2010 "Safety", "Teachers", and "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

Health Care Trend Assumptions – The June 30, 2020 valuations initially used a trend rate of 5.65% and decreases to a 4.5% long-term trend rate after seven years for pre-Medicare medical benefits. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.79% in fiscal year 2024, increasing to 13.79% in fiscal year 2025 and decreases to 4.5% after 11 years. For HMO the trend is initially 5.98% in fiscal year 2024, increasing to 15.49% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long-term trend rate after seven years.

The June 30, 2019 valuations initially used a trend rate of 5.6% and decreases to a 4.5% long-term trend rate after seven years for pre-Medicare medical benefits. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The rates used for 2023 and 2024 are 21.83% and 18.53%, respectively, trending to 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.00% and decreases to a 4.5% long-term trend rate after seven years.

(7) Accounts Payable and Accrued Expenses

The components of accounts payable and accrued expenses as of June 30, 2022 and 2021 are as follows:

Accounts Payable and Accrued Expenses			
		2022	2021
Vendors and other	$	24,580,117	26,759,145
Salaries, benefits, and withholdings		24,517,903	23,128,591
Due to State of New Jersey		6,528,374	5,700,483
Compensated absences – current portion		10,972,619	12,269,953
Accrued interest payable		13,541,919	13,039,644
Total accounts payable and accrued expenses	$	80,140,932	80,897,816

(8) Long-term Debt

(a) Bonds Payable

Capital assets are financed through revenue bonds of the New Jersey Educational Facilities Authority (NJEFA), the CCIA and the GCIA. The following obligations were outstanding as of June 30, 2022 and 2021:

Outstanding Bonds Payable			
	Interest rate	2022	2021
NJEFA Series 2011 C Revenue Refunding Bonds, due serially to 2025	3.000%–5.000%	$ 7,015,000	9,850,000
CCIA Series 2013 A Rowan SOM Revenue Refunding Bonds, due serially to 2032	3.000%–5.000%	19,790,000	20,820,000
CCIA Series 2013 B Rowan SOM Revenue Refunding Bonds due serially to 2032	0.890%–5.160%	16,035,000	17,710,000
GCIA Series 2015 A Revenue Bonds, due serially to 2036	3.250%–5.000%	34,745,000	34,745,000
GCIA Series 2015 B Revenue Refunding Bonds, due serially to 2031	1.500%–5.000%	42,160,000	48,155,000
GCIA Series 2015 C Revenue Bonds, due serially to 2044	4.000%–5.000%	51,550,000	51,550,000
NJEFA Series 2016 C Revenue Refunding, due serially to 2031	2.500%–5.000%	35,480,000	38,685,000
GCIA Series 2017 A Revenue Bonds, due serially to 2033	3.000%–5.000%	63,745,000	68,880,000
GCIA Series 2019 Revenue Bonds, due serially to 2048	4.000%-5.000%	56,600,000	56,600,000
CCIA Series 2020 A Revenue Refunding Bonds, due serially to 2035	5.000%	63,740,000	63,740,000
CCIA Series 2020 B Revenue Refunding Bonds, due serially to 2023	1.125%-1.330%	6,550,000	10,760,000
GCIA Series 2021 Loan Revenue Bonds, due serially to 2052	4.000%-5.000%	64,780,000	64,780,000
GCIA Series 2021 Loan Revenue Notes, due serially to 2025	0.600%	24,500,000	24,500,000
		486,690,000	510,775,000
Plus:			
Bond premium		58,554,495	62,848,709
Total bonds payable		$ 545,244,495	573,623,709

Future annual debt service requirements approximate the following:

Bonds Payable Principal and Interest Repayments				
		Principal amount	Interest amount	Total amount
Year ending June 30:				
2023	$	21,280,000	20,497,793	41,777,793
2024		47,485,000	19,528,946	67,013,946
2025		23,845,000	18,262,352	42,107,352
2026		24,045,000	17,087,455	41,132,455
2027		25,445,000	15,851,419	41,296,419
2028-2032		123,445,000	61,990,063	185,435,063
2033-2037		83,880,000	38,679,939	122,559,939
2038-2042		59,110,000	22,461,650	81,571,650
2043-2047		54,295,000	9,842,100	64,137,100
2048-2052		23,860,000	2,205,400	26,065,400
	$	486,690,000	226,407,117	713,097,117

In July 2020, the CCIA issued Rowan University Series 2020A Bonds. The 2020A tax exempt revenue refunding bonds totaled $63,740,000 with a coupon rate of 5.000% and maturing through 2035. The proceeds from these bond issuances were used to refund and redeem the 2010A Bonds, and pay the costs and expenses incurred in the issuance of the 2020A Bonds. The principal amounts of these bonds were $63,740,000 as of June 30, 2022 and 2021. On a net present value basis, savings were $9,557,258 or 11.9% of the par amount of bonds refunded. The refunding resulted in a gross debt service cash-flow savings of $10,647,062.

In July 2020, the CCIA issued Rowan University Series 2020B Bonds. The 2020B federally taxable revenue refunding bonds totaled $10,760,000 with coupon rates ranging from 1.125% to 1.330% and maturing through 2023. The proceeds from these bond issuances were used to pay the costs related to the Swap termination in connection with the refunding of the 2010A Bonds, and pay the costs and expenses incurred in the issuance of the 2020B Bonds. The principal amounts of these bonds were $6,550,000 and $10,760,000 as of June 30, 2022 and 2021, respectively.

In April 2021, the GCIA issued Rowan University Series 2021 Bonds. The 2021 tax exempt loan revenue bonds totaled $64,780,000 with coupon rates ranging from 4.000% to 5.000% and maturing through 2052. The proceeds from these bond issuances were used to finance a portion of the costs of a project consisting of construction of an approximately thirty thousand one hundred fifty square foot museum/visitors center and a hiking trail on property in Mantua Township, Gloucester County, a portion of the costs of a project consisting of the construction of an approximately thirty thousand square foot expansion of the Chamberlain Student Center, capitalized interest on the 2021 Bonds, and the costs and expenses incurred in the issuance and sale of the 2021 Bonds. The principal amounts of these bonds were $64,780,000 as of June 30, 2022 and 2021.

In April 2021, the GCIA issued Rowan University Series 2021 Notes. The 2021 tax exempt loan revenue notes totaled $24,500,000 with a coupon rate of 0.600% and maturing through 2025. The proceeds from these bond issuances were used to finance a portion of the costs of the Student Center Project, capitalized interest on the 2021 Notes, and the costs and expenses incurred in the issuance and sale of the 2021 Notes. The principal amounts of these bonds were $24,500,000 as of June 30, 2022 and 2021.

(b) Financed Purchase Obligation

In 2008, the University entered into a lease agreement with SORA Housing LLC (SORA Housing). SORA Housing constructed two four story student housing facilities with a total of 242 units, consisting of 884 total beds, on a leasehold interest in land that was conveyed to SORA Housing by the Borough of Glassboro. SORA Housing agreed to lease the land, the facilities and the facilities equipment together with the fixtures, improvements and equipment to the University. Rental payments are due in semiannual installments on September 1 and February 1, each year. The University has a financed purchase payable as of June 30, 2022 and 2021 in the amount of $74,480,350 and $74,025,924, respectively.

In 2008, the University entered into a lease agreement with SORA Retail LLC (SORA Retail). SORA Retail constructed an approximately thirty six thousand square foot two story building for use as a university bookstore and other uses compatible with a university bookstore. The bookstore, which also contains a coffee shop, is being sub-leased to Barnes & Noble College Booksellers, Inc. Rental payments are due in monthly installments. The University has a financed purchase payable as of June 30, 2022 and 2021 in the amount of $12,233,849 and $12,146,736, respectively.

In 2011, the University entered into a lease agreement with SORA A-1 Housing Urban Renewal Entity, LLC (SORA A-1). SORA A-1 constructed a mixed-use building on land it owns in Glassboro, New Jersey. The building consists of a five-story, mid-rise apartment building with ground floor retail. Within this building, on the second through fifth floor, SORA A-1 constructed apartment units, classrooms, offices and other administrative spaces. The administrative space, in addition to classrooms and offices, includes lounges, study rooms, recreational rooms together with all common elements, including elevators, laundry facilities, recreational and fitness facilities and other amenities. The University's lease pertains to the apartment units and administrative areas only. The apartment units are being occupied by University honor students and consist of 280 beds. Rental payments are due in semi-annual installments on September 1 and February 1, each year. The University has a financed purchase payable as of June 30, 2022 and 2021 in the amount of $34,918,186 and $34,847,945, respectively.

In 2012, the University entered into a Master Lease Agreement to restructure the three leases above into a single lease. The Master Lease will be for a thirty-year term through 2042. The University has the option to purchase all, but not less than all, of the Premises at any time during the Term of the Lease in accordance with terms listed in the Agreement. If no election to purchase the Premises occurs during the term, upon the payment in full of all rent and other charges due under the Lease, the Premises shall be conveyed to the University at the conclusion of the term without additional consideration. The University received a landlord contribution of $8,150,000 to help defray the costs of implementation of the property to its intended use.

In 2022, the University entered into a lease agreement with the GCIA. GCIA constructed a multi-level parking garage consisting of approximately 1,025 parking spaces. The University's agreement pertains to 507 parking spaces. The term of the agreement is 30 years, or such time as any bonds, notes or other indebtedness issued to finance or refinance the parking garage are no longer outstanding. The University has a financed purchase payable as of June 30, 2022 in the amount of $14,847,396.

Future minimum lease payments under the financed purchases are as follows:

Financed Purchase Principal and Interest Payments		Principal amount	Interest amount	Total amount
Year ending June 30:				
2023	$	(293,376)	12,976,299	12,682,923
2024		9,627	12,998,980	13,008,607
2025		350,754	12,992,134	13,342,888
2026		733,926	12,952,046	13,685,972
2027		1,163,447	12,874,622	14,038,069
2028-2032		14,424,600	61,552,202	75,976,802
2033-2037		37,504,420	50,343,537	87,847,957
2038-2042		74,292,633	24,884,592	99,177,225
2043-2047		5,475,229	2,794,180	8,269,409
2048-2049		2,818,521	266,223	3,084,744
	$	136,479,781	204,634,815	341,114,596

(c) Other Long-Term Debt

Other long-term debt consists of the following:

(A) The Higher Educational Capital Improvement Fund Act was established to finance capital improvements and related costs at public and private institutions of higher education within the State. Funding was provided from bonds issued by the NJEFA. The total University allocation for this program was $23,887,250. The University is required to pay 1/3 of the debt service on its allocation of the bond proceeds, plus administrative fees of the trustees and the Authority. The outstanding balance as of June 30, 2022 and 2021 is $979,203 and $1,927,194, respectively, with maturities through August 15, 2022.

(B) In July 2013, the University received notification of an institutional grant award from the New Jersey Higher Education Capital Facilities Grant Program. The University was awarded $26,588,048 from the Higher Educational Capital Improvement Fund Act. The University is required to pay 1/3 of the debt service on its allocation of the bond proceeds plus administrative fees of the Trustees and the Authority. The outstanding balance as of June 30, 2022 and 2021 is $6,028,381 and $6,391,143, respectively, with maturities through August 15, 2033.

(C) In July 2013, the University received notification of an institutional grant award from the New Jersey Higher Education Capital Facilities Grant Program. The University was awarded $750,000 from the Higher Education Equipment Leasing Fund. The University is required to pay 1/4 of the debt service on its allocation of the bond proceeds plus administrative fees of the Trustees and the Authority. The outstanding balance as of June 30, 2022 and 2021 is $22,222 and $43,377, respectively.

(D) In July 2016, the University was notified by the State that it was awarded a $16,000,000 grant under the Higher Education Capital Improvement Fund Act. Funding was provided from bonds issued by the NJEFA. The grant is to be used to fund two projects: (1) Facilities Adaptive Reuse Program for Academic Space Expansions and (2) Joint Health Sciences Center Expansion. The University is required to pay 1/3 of the debt service on its allocation of the bond proceeds. The outstanding balance as of June 30, 2022 and 2021 is $4,380,654 and $4,575,201, respectively, with maturities through August 15, 2036.

Principal and interest payments for these obligations are as follows:

Other Long Term Debt Principle and Interest Repayments			
	Principal amount	Interest amount	Total amount
Year ending June 30:			
2023	$ 1,587,236	493,231	2,080,467
2024	615,777	446,991	1,062,768
2025	646,286	416,564	1,062,850
2026	677,107	385,773	1,062,880
2027	709,164	353,504	1,062,668
2028-2032	4,042,143	1,271,091	5,313,234
2033-2037	3,132,747	308,983	3,441,730
	$ 11,410,460	3,676,137	15,086,597

(d) Long-Term Obligations

Changes in long-term obligations for the year ended June 30, 2022 and 2021 are as follows:

2022 Long-term Obligations Rollforward					
	Beginning balance	Additions	Reductions	Ending balance	Due within One Year
Bonds payable	$ 573,623,709	—	28,379,214	545,244,495	21,280,000
Other long-term debt	12,936,915	—	1,526,455	11,410,460	1,587,236
Financed purchase obligation	121,020,605	15,000,000	(459,176)	136,479,781	(293,376)
Leases, including component unit	129,933,242	46,523	4,374,933	125,604,832	4,520,452
Total long-term obligations	$ 837,514,471	15,046,523	33,821,426	818,739,568	27,094,312

2021 Long-term Obligations Rollforward					
	Beginning balance	Additions	Reductions	Ending balance	Due within One Year
Bonds payable, including swap liability	$ 494,422,692	193,887,153	114,686,136	573,623,709	24,085,000
Other long-term debt	14,389,064	—	1,452,149	12,936,915	1,526,454
Financed purchase obligation	120,191,654	—	(828,951)	121,020,605	(611,780)
Leases, including component unit	—	134,526,340	4,593,098	129,933,242	4,363,303
Total long-term obligations	$ 629,003,410	328,413,493	119,902,432	837,514,471	29,362,977

The University does not have any direct borrowings or direct placements related to governmental activities or business-type activities. The University does not have any open lines of credit.

The GCIA 2015A, GCIA 2015B, GCIA 2015C, NEFA 2016C, GCIA 2017A, GCIA 2019, GCIA 2021 Bonds, and GCIA 2021 Notes series contain provisions that, in the event of default, the bondholders have the right to request all outstanding amounts of their respective bond in default immediately. The NEFA 2011C, CCIA 2013A, CCIA 2013B, CCIA 2020A and CCIA 2020B series are secured with the collateral of their respective financed projects. The default remedy allows the respective issuer to refit the building and sublet the property until all outstanding amounts have been recovered, including the refit costs. The lease arrangements with Nexus for a multi-level parking garage and a five-story retail, classroom, and office building contain provisions that, in the event of default, the leaseholder has the right to terminate the lease and sell privately or publicly, the goods, fixtures, or other personal property, as well as cancel the respective purchase options at the end of the lease. The 2016A and CIF 2016B grants from the Higher Education Capital Improvement Fund Act include provisions that, in the event of default, the issuer has the right to request the forfeiture of all the unused grant funds and the repayment of all used funds, with a credit for an any principal payments already made by the University, with respect to the issuance in default. The 2014 grant from the New Jersey Higher Education Capital Facilities Grant Program contains a provision that, in the event of a default, the State is allowed to withhold appropriations to recover the amount owed. The 2013 grant from the Higher Education Equipment Leasing Fund contains a provision that, in the event of a default, the State is allowed to sublet the equipment until it recovers the amounts owed. The 2002A long-term debt obligation transferred from UMDNJ contains a provision that, in the event of default, the bondholders have the right to request all outstanding amounts of their respective bond in default immediately.

(9) Noncurrent Liabilities

Noncurrent liabilities activity for the year ended June 30, 2022 and 2021 was as follows:

2022 Noncurrent Liabilities Activity	Beginning balance	Additions	Reductions	Ending balance	Current portion	Non-current portion
Compensated absences	$ 15,185,615	10,794,536	12,269,953	13,710,198	10,972,618	2,737,580
Unearned revenue	29,106,103	109,207,084	28,153,152	110,160,035	34,360,922	75,799,113
Other liabilities	13,321,885	195,369	5,128,898	8,388,356	6,937,252	1,451,104
Repurchase liability	3,220,000	—	—	3,220,000	—	3,220,000
Deposits held in custody for others	4,136,876	2,467,730	3,045,271	3,559,335	228,022	3,331,313
Net pension liability	269,832,080	24,217,751	17,559,994	276,489,837	—	276,489,837
Bonds payable	573,623,709	—	28,379,214	545,244,495	21,280,000	523,964,495
Other long-term debt	12,936,915	—	1,526,455	11,410,460	1,587,236	9,823,224
Financed purchase obligation	121,020,605	15,000,000	(459,176)	136,479,781	(293,376)	136,773,157
Leases, including component unit	129,933,242	46,523	4,374,933	125,604,832	4,520,452	121,084,380
Total noncurrent liabilities	$ 1,172,317,030	161,928,993	99,978,694	1,234,267,329	79,593,126	1,154,674,203

2021 Noncurrent Liabilities Activity						
	Beginning balance	Additions	Reductions	Ending balance	Current portion	Non-current portion
Compensated absences	$ 14,041,548	12,230,498	11,086,431	15,185,615	12,269,953	2,915,662
Unearned revenue	38,827,275	28,083,309	37,804,481	29,106,103	28,153,152	952,951
Other liabilities	4,693,895	8,668,206	40,216	13,321,885	6,309,863	7,012,022
Repurchase liability	3,220,000	—	—	3,220,000	—	3,220,000
Deposits held in custody for others	2,937,252	2,782,227	1,582,603	4,136,876	231,383	3,905,493
Net pension liability	288,130,773	12,281,762	30,580,455	269,832,080	—	269,832,080
Bonds payable	484,075,227	193,561,418	104,012,936	573,623,709	24,085,000	549,538,709
Other long-term debt	14,389,064	—	1,452,149	12,936,915	1,526,454	11,410,461
Financed purchase obligation	120,191,654	—	(828,951)	121,020,605	(611,780)	121,632,385
Leases, including component unit	—	134,526,340	4,593,098	129,933,242	4,363,303	125,569,939
Derivative instruments – swap	10,347,465	325,735	10,673,200	—	—	—
Total noncurrent liabilities	$ 980,854,153	392,459,495	200,996,618	1,172,317,030	76,327,328	1,095,989,702

(10) Professional Services and Contract Revenues

The SOM Faculty Practice Plan revenues primarily consist of fee for service payments, inclusive of quality incentives and capitation payment, from the Centers for Medicare & Medicaid Services (CMS) and other third party insurance providers for inpatient and outpatient services provided by the SOM faculty. In addition, significant contract payments for medical directorships and other contracted service agreements, such as behavioral health and hospitalist services, account for approximately one-third of the revenues.

The components of net professional services and contract revenues for the year ended June 30, 2022 and 2021 are as follows:

Net Professional Services and Contracts Revenue	2022	2021
Faculty practice revenues:		
Gross charges	$ 79,611,968	65,652,291
Contractual and other allowances	(40,991,022)	(31,214,947)
Provision for bad debts	(1,101,430)	(1,338,586)
Bad debt recovery	246,091	238,550
Total faculty practice	37,765,607	33,337,308
House staff and affiliation revenues:		
House staff billings	15,782,599	21,296,411
Affiliation billings	3,026,148	2,783,845
Total house staff and affiliation	18,808,747	24,080,256
Total net professional services and contract revenues	$ 56,574,354	57,417,564

Gross charges pertain to the following payers:

Faculty Practice Plan Gross Charges		
	2022	2021
Medicare	35 %	35 %
Medicaid and Medicaid HMO	21	17
Contracts	8	11
Other third party payors	33	35
Uninsured, charity care and self pays	3	2
	100 %	100 %

Faculty practice gross accounts receivable pertain to the following payers:

Faculty Practice Plan Accounts Receivable		
	2022	2021
Medicare	21 %	24 %
Medicaid and Medicaid HMO	35	21
Contracts	13	21
Other third party payors	28	29
Self pays	3	5
	100 %	100 %

(11) Commitments and Contingencies

(a) Compensated Absences

The University recorded a liability for accumulated vacation time in the amount of approximately $10,973,000 and $12,270,000 as of June 30, 2022 and 2021, respectively, which is included in accounts payable and accrued expenses in the accompanying statements of net position. The liability is calculated based upon employees' accrued vacation leave as of the statements of net position date.

Payments for accumulated sick leave balances are made to retiring employees upon regular retirement. The payment is based on 50% of the employee's sick leave accumulation, at the pay rate in effect at the time of retirement up to a maximum of $15,000. Employees separating from University service prior to retirement are not entitled to payments for accumulated sick leave balances. Accordingly, the University recorded a liability for accumulated sick leave balances in the amount of approximately $2,406,000 and $2,571,000 as of June 30, 2022 and 2021, respectively, which is included in compensated absences non-current portion in the accompanying statements of net position.

During fiscal year 2010, bargaining unit employees were required to take seven unpaid furlough days. Three of these days were banked for either future use or pay out upon separation. A liability for the accumulated leave bank in the amount of approximately $332,000 and $344,000 as of June 30, 2022 and 2021, respectively, is recorded in compensated absences non-current portion in the accompanying statements of net position.

(b) Risk Management

The University is exposed to various risks of loss. 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 (N.J.S.A. 59:1 1 et seq.), the New Jersey Contractual Liability Act (N.J.S.A. 59:13 1 et seq.), and the availability of appropriations. The Tort Claims Act also creates a Tort Claims Fund and provides for payment of eligible claims filed against the University or against its employees, whom the State is obligated to indemnify against tort claims which arise out of the performance of their duties. Therefore, the University's liability and employee benefit exposures are self funded programs maintained and administered by the State (including tort liability, employment liability, medical professional liability, auto liability, trustee's and officer's liability, workers' compensation, unemployment, temporary and long-term disability, unemployment liability, life insurance and employee retirement programs). An annual appropriation is provided by the legislature for all statutory self funded programs.

The University purchases and maintains a commercial property insurance policy through a joint insurance program with the New Jersey Association of State Colleges and Universities (NJASCU a/k/a the Consortium). University buildings, contents, plant operations, boiler & machinery, business interruption, and lost revenue are insured on an all risk replacement cost basis with a per occurrence limit of $2.0 billion, subject to a $100,000 per occurrence deductible. A $500,000 combined per occurrence deductible applies to several University buildings due to flood exposure; the University's per occurrence policy deductible is capped at the $500,000.

In addition to the property insurance policy maintained through the consortium, the University maintains several policies of insurance to ensure a comprehensive approach to managing the risk of loss from exposures that are or may be ineligible for Tort Claims Protection. The following policies are maintained and these policies also extend coverage to the University's separately incorporated 501(c)(3) auxiliary organizations: Crime insurance policy (moneys and securities coverage) in the amount of $2,000,000 with a per loss deductible of $25,000; Information Security & Privacy Liability in the amount of $15,000,000 with a per loss deductible of $100,000; and Pollution Legal Liability in the amount of $10,000,000 with a per loss deductible of $100,000. The University maintains a Student Professional Liability policy in the amount of $1,000,000 per occurrence with a $3,000,000 annual aggregate and a per loss deductible of $10,000 to cover students participating in professional internships (excludes medical students since they are provided protection through the Tort Claims Act). Effective July 1, 2019 the University maintains an Executive Plus Director's and Officer's Liability policy in the amount of $5,000,000.

The following policies of insurance are maintained for the University's separately incorporated 501 (c)(3) auxiliary organizations (New Jersey Statutes Title 18A Education provides each auxiliary organization with the power to "sue and be sued" (N.J.S.A. 18A:64 30) and directs them to procure their own legal representation because they will not be represented by the State of New Jersey Office of Attorney General (N.J.S.A. 18A:64 35), thereby exempting them from protection under the New Jersey Tort Claims Act): Director's and Officer's Liability in the amount of $5,000,000 with a per occurrence deductible of $25,000; General Liability in the amount of $1,000,000 per occurrence with a $3,000,000 annual aggregate and a per occurrence deductible of $100,000, which also extends coverage to Rowan student educational programs and activities; and excess liability in the amount of $20,000,000 which responds above the General Liability policy, and the University's Student Professional Liability policy referenced above, and also provides difference in conditions coverage to the University to cover any gaps in Tort Claims liability protection.

All commercial insurance policies are renewed on an annual basis. There has been no decrease in insurance coverage during the current year. There have been no settlements in excess of insurance coverage in the past three years.

(c) Medical Malpractice Self-Insurance Fund

The University participates in a fund administered by the State known as the Medical Malpractice Self-Insurance Fund (the Fund), which is used to pay malpractice claims and related insurance premiums. The University and the State approve the payment of claims and the University is required to make contributions to the Fund from the SOM Faculty Practice Plan and the Graduate Medical Education (GME) programs. Monies in the Fund, commercial excess liability insurance coverage, and coverage provided by the New Jersey Tort Claims Act are used to meet the cost of claims against SOM. The State has the ultimate liability for any claims in excess of the Fund's assets.

Payment of claims (indemnity and expenses) from the Fund totaled $2,430,418 and $573,960 in fiscal year 2022 and 2021, respectively, for SOM. The University contributes $3,250,000 per year to the fund. Of this amount for fiscal year 2022, $2,437,500 was paid while the remaining $812,500 is included in accounts payable and accrued expenses as of June 30, 2022. Of this amount for fiscal year 2021, $2,437,500 was paid while the remaining $812,500 is included in accounts payable and accrued expenses as of June 30, 2021.

(d) Voluntary Compliance Plan

UMDNJ had operated under a five year Corporate Integrity Agreement (CIA) with the Department of Health and Human Services Offices of the Inspector General (DHHS OIG) since September 2009. This agreement was assignable to successor organizations. Upon the integration of SOM into Rowan University, the Board of Trustees of Rowan University adopted a healthcare compliance program consistent with relevant laws and practices, and to fulfill the requirements of the CIA and the 15 remaining months of the agreement. The CIA requirements expired September 2014, but the compliance measures that have been developed and implemented will be continued. A Voluntary Compliance Program was implemented on September 26, 2014 and remains in place.

(e) Other Contingencies

The University is involved in several claims and lawsuits incidental to its operations. In the opinion of management, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the University.

(f) Service Concession Arrangement for the Student Housing Facility

(i) Ground Lease

On April 30, 2015, the University entered into a ground lease with Provident Group – Rowan Properties LLC (Provident) to develop, construct and operate a student housing facility (the Project), consisting of an approximately 1,415 bed student housing facility including a shell for a residential dining facility, with all buildings, improvements, fixtures, furnishing, equipment and amenities necessary for the operation thereof on certain real property located on the campus (the Land), along with associated site infrastructure and various related amenities, utilities and improvements within and outside the Land. The term of the ground lease is 37 years and commenced on April 30, 2015 with no option to renew or extend by Provident. Upon termination of the ground lease, all rights, title and interest to the Project shall automatically and immediately vest in the University. The base annual rent is equal to the surplus cash flows, net of reserve requirements from inception to the preceding period. In the event the rent payment would cause Provident to break any debt covenants, the University would not collect rent for that year.

In connection with the ground lease, the New Jersey Economic Development Authority issued Revenue Bonds (the Bonds) and lent the proceeds to Provident in order to fulfill their obligations under the ground lease. The University has no obligation to pay debt service on the Bonds.

During the term of the ground lease, Provident shall use and operate the Land for the sole and exclusive purpose of developing and constructing the Project, operating the Project as a student housing facility only for residents, with a sublease of the Dining Facility with the University under the Dining Facility Sublease for use by the residents, the University, students and staff of the University and their visitors and authorized representatives. The University will act as an agent for Provident, entering into Residence License Agreements with students to reside in the student housing facility, collecting all amounts due and remitting them to the Bond Trustee and enforcing compliance with the Residence License Agreements in accordance with the management agreement. Under the terms of the Bond Trustee Indenture, the Bond Trustee will accumulate these fees to pay the annual debt service of Provident and reimburse the operating expenses of the student housing facilities on a monthly basis.

(ii) Management Agreement

On April 30, 2015, the University entered into a management agreement with Provident and University Student Living Management, LLC (the Manager) (collectively, the Management Agreement) to engage the Manager to manage, operate and maintain the student housing facility. The term of the Management Agreement is five years with extensions for two successive five year periods commencing with the expiration of the original five year engagement, unless either party provides notice of nonextension at least 120 days prior to such expiration. The original five year engagement began after the date of substantial completion of the student housing facility in which revenues are deposited to the Bond Trustee.

All fees due to the Manager are the responsibility of Provident. The University is responsible for the billing and collection of student housing fees, deposits, charges and other amounts under residence license agreements and remitting the funds to the Bond Trustee. The University will provide resident life services and staffing; marketing of the student housing facility; and cable, telephone and internet services, all of which may be reimbursed as operating expenses of the Project.

(iii) Dining Facility Sublease

On April 30, 2015, the University entered into a Dining Facility Sublease with Provident for the operation and management of a dining facility that was constructed under the project development agreement. The term began on the date that the Project is substantially completed and the University accepts possession of the dining facility. The end of the lease is concurrent with the ground lease with automatic renewal to the extent that the ground lease is extended or renewed. The base annual rent is $1.00.

(iv) Nature and Extent of Rights

During the term of the ground lease, Provident shall use and operate the Property for the sole and exclusive purpose of developing and constructing the Project, operating the Project as a student housing facility only for residents, with a sublease of the Dining Facility with the University under the Dining Facility Sublease for use by the residents, the University, students and staff of the University and their visitors and authorized representatives. The building shall be named as determined by the University in its sole and absolute discretion. The Manager shall manage, operate, and maintain the Student Housing Facility, with the advice and consultation of a project operations committee established by Provident under the Operating Agreement, pursuant to the Ground Lease, which shall at all times be composed of five (5) members, three (3) of whom shall be appointed by the University, one (1) of whom shall be appointed by the Manager, one (1) of whom shall be appointed by Provident. Under the ground lease, the University also have the right and option at any time after ten (10) years either (a) to purchase Provident's right, title, and interest in and to the Property, or (b) to terminate the Ground Lease, or (c) to acquire all the rights, titles and interests of Provident under the Loan Agreement and the other Bond Documents and any and all disbursements to be made. Upon the termination or expiration of the Ground Lease from any cause, all rights and interests of Provident shall immediately cease and terminate, and all of the Project and Property, including all buildings, structures, improvements, equipment, engines, machinery, dynamos, generators, boilers, furnaces, elevators, fire escapes, and all lifting, lighting, heating, cooling, refrigerating, air conditioning, ventilating, gas, electric and plumbing apparatus, appliances and fixtures, as well as other fixtures attached to or within the Property, and all personality and any other personal property located thereon, shall thence forward constitute and belong to and be the absolute property of the University or the University's successors and assigns.

(g) Dining Services

In June 2014, the University entered into a dining services agreement with Gourmet Dining, LLC to provide dining services. The agreement also established a Capex Fund for the University related to the purchase of dining facility related equipment to be amortized over the life of the agreement. The University amended the agreement effective October 2018 which extended the agreement through June 30, 2033 and established an Investment Fund balance at the University to be funded by Gourmet Dining through annual deposits through October 2021, which the University will return in monthly increments through June 30, 2035. The University amended the agreement effective October 2020 which allowed the University to defer the monthly Investment Fund increments due October 2020 through December 2021 until fiscal year 2022. A subsequent amendment extended this deferral through the remainder of fiscal year 2021. The full deferral of $1,102,355 will be amortized beginning July 1, 2021 through June 30, 2033. The unamortized balance in the Capex Fund as of June 30, 2022 and 2021 was $8,747,796 and $9,279,815, respectively. The remaining balance in the Investment fund as of June 30, 2022 and 2021 was $23,907,601 and $21,679,654.

(h) Camden Housing Project

In April 2014, the University entered into an agreement regarding Development of Housing and Related Guaranty of Rental Payment with Broadway Housing Partners LLC (the Developer) to purchase and redevelop the properties in the immediate vicinity of the Cooper Medical School of Rowan University. These properties contain approximately fifty-six residential rental units, which the Developer intends to lease to University students as fair market rental housing, and, with regard to any units that are not leased to University students, to any other qualified renters, so as to maximize occupancy of the units in the project. As the University directly benefits from the redevelopment of the properties, the University warrants to pay the Developer on an annual basis the difference between ninety-five percent of aggregate standard rent and the aggregate rent collected. There is no cap of these shortfall payments during the initial term (years 1–10). During the second term (years 11–20), as the rent increases, in year 11 the shortfall payment shall not exceed $300,000; and in each calendar year thereafter the cap shall be increased by a percentage equal to the percentage increase in the CPI index. The University's shortfall payments will not exceed the aggregate amount of $2,500,000 over the course of the second term. The University shall have no obligation to pay any amounts to the Developer for the periods after the expiration of the second term. The first rental year began on August 1, 2015. The University made $234,405 and $232,979 shortfall payments during fiscal year 2021 and 2020, respectively.

(i) Glassboro Housing Project

In November 2016, December 2016, and April 2017 the University entered into agreements with Urban Renewal, LLC (the Developer) for affiliated student housing in Glassboro NJ. These three properties provide housing for approximately 1,619 students. As the University directly benefits from the development of the properties, the University warrants to pay the Developer on an annual basis the difference between ninety-five percent of aggregate standard rent and the aggregate rent collected for each agreement. The ninety-five percent annual guaranty amount for all three properties extends through the spring semester of 2024. The University is due a placement fee per bed up to the ninety-five percent of student units. This amount may be deducted from any shortfall payment the University may need to make. The University received a payment net of the annual guarantee from the developer of $121,393 for fiscal year 2022. The University made a shortfall payment net of the placement fees to the Developer of $3,031,078 for fiscal year 2021.

(j) Inspira Health Network

The University entered into a Purchase and Sale Agreement with Inspira Health Network (Inspira) for certain property owned by the University for $11.5 million during fiscal year 2016. In conjunction with the transaction, the University and Inspira also entered into a Repurchase and Right of First Refusal Agreement, whereas the University has the option to repurchase the property if Inspira has not commenced efforts to develop the land by the fourth anniversary of the closing and further, the University has the option to repurchase undeveloped portions of the property after 20 years from the date of the closing. On May 24, 2017, Inspira broke ground on the medical center project planned for the 100-acre parcel property purchased from the University. The first phase of the medical center was approximately 467,000 square feet which will allow for additional development over time. This phase was completed in December 2019. The portion of the property currently under construction represents approximately 72% of the overall property cost. As a result, the University recognized the partial land sale of $8,280,000, a gain of $830,817, as well as $900,000 in contribution revenue for the appraised market value of the donated land from Harrison Township and reduced the original repurchase liability from $12,400,000 as of June 30, 2016 to $3,220,000 as of June 30, 2017. As of June 30, 2022 and 2021, the University has a repurchase liability of $3,220,000.

(k) Camden Garage

On May 22, 2019, the University entered into a ground lease with The Camden County Improvement Authority (CCIA) for the sum of $1,500,000 to develop and construct a parking garage (the Project), consisting of an approximately 1,025 space parking facility to provide parking to, among others, students, faculty, staff, patients, and visitors of the Medical School and Cooper facilities and the expanding health sciences campus. In connection with the ground lease, CCIA issued revenue bonds to construct the Project and settle the lease payment to the University. The University has no obligation to pay debt service on the bonds. The term of the ground lease is from commencement of May 22, 2019 and shall terminate on the date fifteen years from the final maturity date of the Bonds, which shall occur on June 30, 2049. The lease may be extended should the issuance of additional bonds be required to complete the Project. The lease also has an early termination clause should all indebtedness issued in connection with the Project be paid and all monthly fees owed by the University or Cooper under the parking license agreements (noted below) are paid in full. During the term of the ground lease, CCIA shall use and operate the land for the sole and exclusive purpose of developing and constructing the Project and operating the Project as a parking facility. The parking garage was completed in October 2021. The total payment made in fiscal year 2022 was $982,667.

(12) Leases

(a) *Lessee*

As discussed in note 1(b)(vi), the University is a lessee for various noncancelable leases of buildings and equipment.

A summary of right-of-use lease asset activity during the years ended June 30, 2022 and 2021 are as follows:

2022		Lease Assets Beginning balance	Additions/ Transfers	Deletions/ transfers	Ending balance
Lease assets:					
Real Estate	$	134,181,693	—	—	134,181,693
Equipment		344,647	46,523	—	391,170
Total right-of-use lease assets		134,526,340	46,523	—	134,572,863
Less accumulated depreciation:					
Right-of-use lease assets:					
Real Estate		5,718,922	6,255,503	—	11,974,425
Equipment		86,162	97,929	—	184,091
Total accumulated depreciation		5,805,084	6,353,432	—	12,158,516
Total lease assets, net	$	128,721,256	(6,306,909)	—	122,414,347

2021		Lease Assets Beginning balance	Additions/ Transfers	Deletions/ transfers	Ending balance
Lease assets:					
Real Estate	$	—	134,181,693	—	134,181,693
Equipment		—	344,647	—	344,647
Total right-of-use lease assets		—	134,526,340	—	134,526,340
Less accumulated depreciation:					
Right-of-use lease assets:					
Real Estate		—	5,718,922	—	5,718,922
Equipment		—	86,162	—	86,162
Total accumulated depreciation		—	5,805,084	—	5,805,084
Total lease assets, net	$	—	128,721,256	—	128,721,256

Lease Liabilities

A summary of changes in the related lease liabilities during the years ended Junie 30, 2022 and 2021 are as follows:

2022 Lease Liabilities		Beginning balance	Additions	Remeasurements	Reductions	Ending balance	Due within One Year
Leases	$	129,933,242	46,523	—	4,374,933	125,604,832	4,520,452
Total leases	$	129,933,242	46,523	—	4,374,933	125,604,832	4,520,452

2021 Lease Liabilities		Beginning balance	Additions	Remeasurements	Reductions	Ending balance	Due within One Year
Leases	$	—	134,526,340	—	4,593,098	129,933,242	4,363,303
Total leases	$	—	134,526,340	—	4,593,098	129,933,242	4,363,303

Future annual lease payments are as follows:

Lease Payments		Principal amount	Interest amount	Total amount
Year ending June 30:				
2023	$	4,520,452	3,340,402	7,860,854
2024		4,615,044	3,246,888	7,861,932
2025		4,448,563	3,150,870	7,599,433
2026		5,051,571	3,049,554	8,101,125
2027		6,095,435	2,913,013	9,008,448
2028–2032		32,799,495	12,205,154	45,004,649
2033–2037		26,867,350	8,199,075	35,066,425
2038-2042		21,994,273	4,664,300	26,658,573
2043-2047		13,937,229	1,725,601	15,662,830
2048-2052		5,275,420	293,602	5,569,022
	$	125,604,832	42,788,459	168,393,291

(b) Lessor

As discussed in note 1(b)(vi), the University is a lessor for various noncancelable leases of buildings and land.

The University received variable lease income in the amount of $488,682 and $418,625 as of June 30, 2022 and 2021, respectively.

Future annual lease revenues are as follows:

Lease Revenue					
	Component unit		Non-component unit		
	Future inflows	Interest amount	Future inflows	Interest amount	Total
Year ending June 30:					
2023	$ 46,421	85,747	188,032	4,330	324,530
2024	46,421	86,782	156,323	1,783	291,309
2025	46,421	87,800	73,531	118	207,870
2026	46,421	88,797	33,333	—	168,551
2027	46,421	89,773	33,333	—	169,527
2028–2032	232,103	462,572	166,667	—	861,342
2033–2037	232,103	482,220	166,667	—	880,990
2038-2042	232,103	495,890	166,667	—	894,660
2043-2047	232,103	501,092	166,667	—	899,862
2048-2052	232,103	494,685	166,667	—	893,455
2053-2057	232,103	472,722	166,667	—	871,492
2058-2062	232,103	430,275	166,667	—	829,045
2063-2067	232,103	361,217	61,111	—	654,431
2068-2072	232,103	257,964	—	—	490,067
2073-2077	232,103	111,158	—	—	343,261
2078-2082	46,420	—	—	—	46,420
	$ 2,599,555	4,508,694	1,712,332	6,231	8,826,812

(13) Rowan University Foundation

(a) Component Unit

Rowan University Foundation (the Foundation) is a legally separate, tax exempt component unit of the University with a fiscal year end of June 30. The Foundation has received a determination letter from the Internal Revenue Service concluding that it is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation acts primarily as a fundraising entity to supplement the resources that are available to the University in support of its programs. Although the University does not control the timing or amount of receipts from the Foundation, the Foundation's assets are used exclusively for the benefit, support, and promotion of the University and its educational activities. Because these resources held by the Foundation can only be used by, or are for the benefit of the University, the Foundation is considered a component unit of the University and is discretely presented as part of the University's financial statements. The University provides accounting, accounts payable, and payroll services for the Foundation.

On August 14, 2014, the Rowan Innovation Venture Fund (the Fund) was formed as a legally separate, single member limited liability corporation whose sole member is the Foundation. The Fund is managed by or under the direction of the Fund's Board of Managers as appointed by the Foundation. Further, the Foundation is able to impose its will on the Fund by influencing its activities and is legally entitled to or can otherwise access the Fund's resources. Because the Foundation is financially accountable for the Fund, the Fund is considered a component unit of the Foundation. The primary purpose of the Fund is establishing, developing, owning, managing, operating and administering a seed and early stage venture capital fund to support and leverage the innovation talents and ideas of the members of the Rowan University community and to accelerate the impact of the University on the economic development of Southern New Jersey. As the Fund is organized as a not-for-profit corporation for which the Foundation is the sole member, its activities are blended into the totals of the Foundation. The Fund is treated as a disregarded entity by the Foundation under Treasury Regulations Sections 301.7701-1 through 301.7701-3 as it is a limited liability corporation with a single owner. Accordingly, the Fund is recognized as a tax exempt entity as described in Section 501(c)(3).

During the year ended June 30, 2022 and 2021 the University received $13,844,804 and $11,808,167, respectively, from the Foundation. Complete financial statements of the Foundation can be obtained from the Office of the Chief Financial Officer, Rowan University, Glassboro, New Jersey.

(b) Cash, Cash Equivalents, Restricted Nonexpendable Investments and Investments

As of June 30, 2022 and 2021, the Foundation's cash, cash equivalents and investments are reported on the statements of net position as follows:

Cash, Cash Equivalents, and Investments			
		2022	2021
Cash and cash equivalents	$	10,207,894	8,593,411
Restricted cash and cash equivalents		6,319,136	5,720,764
	$	16,527,030	14,314,175
Investments	$	67,774,081	82,955,010
Restricted investments		41,955,145	55,224,402
Restricted nonexpendable investments		221,180,190	184,286,100
	$	330,909,416	322,465,512

Cash, cash equivalents, restricted nonexpendable investments and investments consist of the following as of June 30, 2022 and 2021:

Cash, Cash Equivalents, and Investments			
		2022	2021
Cash and cash equivalents:			
Cash	$	6,994,560	7,533,083
Money market funds		9,532,470	6,781,092
	$	16,527,030	14,314,175
Investments:			
Bond mutual funds (domestic)	$	35,660,291	40,760,711
Common stock mutual funds (domestic)		81,394,113	101,305,330
Common stock mutual funds (international)		37,506,032	48,578,577
Privately held common stock		108,082	108,082
Venture capital investments		5,609,949	3,494,006
Alternative investments		170,630,949	128,218,806
	$	330,909,416	322,465,512

For the years ended June 30, 2022 and 2021, the decrease in fair value on investments was $25,102,571 and an increase of $79,243,912, respectively and the net realized gain on investments for June 30, 2022 and 2021 was $11,178,724 and $4,390,774, respectively. The calculation of realized gains and losses is independent of a calculation of the net change in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in the prior year and the current year.

The Foundation has an investment policy, which establishes guidelines for permissible investments. The Foundation may invest in domestic equity securities, international equity securities, fixed income securities, real estate investments and venture capital investments. The Foundation's cash and cash equivalents and investments are subject to various risks. Among these risks are custodial credit risk, credit risk and interest rate risk. Each one of these risks is discussed below.

Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to it. Cash and money market accounts were held at a depository and bank balances amounted to $16,460,159 and $14,267,692 as of June 30, 2022 and 2021, respectively. Of this amount, $477,412 and $276,835 was FDIC insured, leaving an uninsured and uncollateralized balance of $15,982,747 and $13,990,857.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as S&P and Moody's. The Foundation's investment policy requires fixed income securities to replicate the Barclays Capital Aggregate characteristics with regard to maturity, structure, duration, credit quality, sector distribution, etc. As of June 30, 2022 and 2021, the bond mutual funds (domestic) were unrated.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a debt investment. The Foundation's investment policy does not specifically address limitations in the maturities of investments.

The Foundation's investments' average effective duration for June 30, 2022 and 2021 are as follows:

2022 Foundation Investments' Average Duration			
Investment type		Fair value	Average effective duration
Bond mutual funds (domestic)	$	12,736,077	6.59 years
Bond mutual funds (domestic)		7,379,397	6.47 years
Bond mutual funds (domestic)		3,966,671	6.64 years
Bond mutual funds (domestic)		11,472,392	2.50 years
Bond mutual funds (domestic)		105,754	6.43 years
Total	$	35,660,291	

2021 Foundation Investments' Average Duration			
Investment type		Fair value	Average effective duration
Bond mutual funds (domestic)	$	14,413,066	6.04 years
Bond mutual funds (domestic)		8,432,395	5.79 years
Bond mutual funds (domestic)		4,490,091	6.09 years
Bond mutual funds (domestic)		13,294,264	2.30 years
Bond mutual funds (domestic)		130,895	6.59 years
Total	$	40,760,711	

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the financial statement measurement date. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 – unadjusted quoted or published prices for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 – quoted or published prices other than those included within Level 1 and other inputs that are observable for an asset or liability, either directly or indirectly.
- Level 3 – pricing inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity or the investment.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3. When the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level that is significant to the entire measurement.

The following is a description of the valuation methodologies used for instruments measured at fair value:

- Bond and common stock mutual funds – The fair value of bond and common stock mutual funds are based on quotations obtained from national securities exchanges or the published price as of the measurement date.
- Venture capital investments – The fair value of the venture capital investments is based off of the initial cost of investments that are entered into during the current fiscal year and cost was determined to approximate fair value. Venture capital investments made in prior years are analyzed to determine if any adjustments to the cost basis of such investments is necessary.
- Alternative investments (including absolute return, private equity and realty investments) – The fair value is based off of the net asset value (NAV), which is provided by the investment managers and reviewed by the management for reasonableness.

While the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The Foundation’s financial instruments at June 30, 2022 are summarized in the following table by their fair value hierarchy:

Foundation Financial Instruments Fair Value Hierarchy	Total	Level 1	Level 2	Level 3
Investments measured at fair value:				
Bond mutual funds (domestic)	$ 35,660,291	35,660,291	—	—
Common stock mutual funds (domestic)	81,394,113	81,394,113	—	—
Common stock mutual funds (international)	37,506,032	37,506,032	—	—
Privately held common stock	108,082	—	—	108,082
Venture capital investments	5,609,949	—	—	5,609,949
Subtotal	160,278,467	$ 154,560,436	—	5,718,031
Investments measured at net asset value:				
Absolute return	51,826,080			
Private equity	102,291,138			
Realty investments	16,513,731			
Subtotal	170,630,949			
Total cash equivalents and investments	$ 330,909,416			

The Foundation's financial instruments at June 30, 2021 are summarized in the following table by their fair value hierarchy:

Foundation Financial Instruments Fair Value Hierarchy	Total	Level 1	Level 2	Level 3
Investments measured at fair value:				
Bond mutual funds (domestic)	$ 40,760,711	40,760,711	—	—
Common stock mutual funds (domestic)	101,305,330	101,305,330	—	—
Common stock mutual funds (international)	48,578,577	48,578,577	—	—
Privately held common stock	108,082	—	—	108,082
Venture capital investments	3,494,006	—	—	3,494,006
Subtotal	194,246,706	$ 190,644,618	—	3,602,088
Investments measured at net asset value:				
Absolute return	43,564,430			
Private equity	69,441,765			
Realty investments	15,212,611			
Subtotal	128,218,806			
Total cash equivalents and investments	$ 322,465,512			

Investments Measured at NAV

The following table represents the unfunded commitments and redemption terms by investment type as of June 30, 2022:

Investments Measured at NAV	Fair value	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
Absolute return[(a)]	$ 51,826,080	6,000,000	Quarterly	65–100 days
Private equity[(b)]	102,291,138	45,350,000	Illiquid	Not applicable
Realty investments[(c)]	16,513,731	3,350,000	Illiquid	Not applicable
	$ 170,630,949			

The following table represents the unfunded commitments and redemption terms by investment type as of June 30, 2021:

Investments Measured at NAV					
		Fair value	Unfunded commitments	Redemption frequency (if currently eligible)	Redemption notice period
Absolute return[a]	$	43,564,430	None	Quarterly	65–100 days
Private equity[b]		69,441,765	70,883,902	Illiquid	Not applicable
Realty investments[c]		15,212,611	3,126,975	Illiquid	Not applicable
	$	128,218,806			

(a) Absolute return includes 6 and 5 hedge funds as of June 30, 2022 and 2021, respectively. The funds seek to achieve capital appreciations through various strategies, including long/short equity, long/short credit, relative value and other market neutral strategies. One of the investments, about 0.1% of the overall total, continues to be liquated and should be fully redeemed by June 2023. The remaining investments are redeemable as disclosed above.

(b) Private equity includes 30 and 23 funds as of June 30, 2022 and 2021, respectively. The funds seek to invest in nonpublicly traded investments that will eventually be sold at a return in excess of public markets. This strategy is implemented through illiquid vehicles and cannot be redeemed. The remaining life of these funds is 1 to 12 years with possible extensions for 14 funds. Capital is distributed to investors as the funds' investments are liquidated over that time period.

(c) Realty investments includes 9 and 8 funds as of June 30, 2022 and 2021, respectively. All of the funds seek to purchase real estate that can be improved and later sold to provide a return that is in excess of public real estate markets. This strategy is implemented through illiquid vehicles and cannot be redeemed. The remaining life of these funds is 1 to 10 years with possible extensions for four funds. Capital is distributed to investors as the funds' investments are liquidated over that time period.

(c) Restricted Nonexpendable Net Position

Restricted nonexpendable net position as of June 30, 2022 and 2021 consists of the following:

	2022	2021
Henry and Betty Rowan for general operations	$ 97,000,118	97,000,118
Vitua Health CMHS Endowment	25,000,000	—
Jean & Ric Edelman Fossil Park Endowment	19,354,204	19,354,204
Henry M. Rowan College of Engineering Endowment	20,000,000	19,000,000
The Ric Edelman College of Communication & Creative Arts Endowment	9,500,000	9,500,000
Menon and Grant Scholarship Fund for CO & M	5,921,947	—
Rohrer College of Business	5,097,255	4,597,255
The Shreiber Family Pet Therapy Program	3,000,020	3,000,000
Rowan SOM Endowed Scholarship	1,750,000	1,000,000
Keith and Shirley Campbell Endowment to support library operations	1,641,896	1,641,896
Thomas N. Bantivoglio Honors Program for scholarships	1,403,597	1,403,597
John B. Campbell Professorial Chair	1,176,282	1,176,282
Rona Stern Staut Res. Professorship	1,147,486	1,147,486
Rohrer Scholars for scholarships	1,080,932	1,080,932
Lawrence & Rita Salva Medical Scholars Fund for CMSRU	1,000,000	1,000,000
William G. Rohrer Professorial Chair in the College of Business	1,000,000	1,000,000
King Family Professorial Chair	1,000,000	1,000,000
Inspira Health Network Endowed Fund	1,000,000	1,000,000
Rohrer College of Business Honors	1,000,000	—
Endowed Chair for Geriatrics	1,000,000	1,000,000
Rowan University Medical School Student Loan Assistance Fund	1,000,000	1,000,000
The John H. Martinson Honors College	1,000,000	—
Other endowment funds	20,106,453	18,384,330
	$ 221,180,190	184,286,100

(14) South Jersey Technology Park at Rowan University, Inc.

Component Unit

South Jersey Technology Park at Rowan University, Inc. (SJTP) was established and is being maintained as part of the economic outreach vision of the University, its initial sole member. SJTP hopes to create jobs and job training and provide new and varied "hands-on" educational experiences for the University students as well as combat community deterioration. The goal of SJTP is to create job opportunities and job training for the under-employed and unemployed of the South Jersey region. 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. SJTP's assets are used exclusively for the benefit, support, and promotion of the University and its educational activities. Because the members of the SJTP Board of Directors are appointed by the Board of Trustees of the University, SJTP is considered a component unit of the University and is discretely presented as part of the University's financial statements.

(a) Related Party Transactions

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. The rental payment was $50,000 per year as of June 30, 2022 and 2021. The rental payment is subject to GASB 87, as such the interest portion of the payment is included in other nonoperating revenues, net in the accompanying statements of revenues, expenses, and changes in net position for fiscal years 2022 and 2021. The lease is also included in the accompanying statements of net position as discussed in note 1(b)(vi).

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 and intends to conduct renovations to increase wet lab space for the University. For the year ended June 30, 2022 and 2021, SJTP recognized $1,084,902 and $1,073,895, respectively, in rental income related to this lease agreement. The University also reimbursed SJTP $220,265 and $181,796 for utility charges associated with this lease for fiscal year 2022 and 2021, respectively.

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 $409,542 and $455,830 for fiscal year 2022 and 2021, respectively, and are reflected in professional and other services expenses in the accompanying statements of revenues, expenses, and changes in net position.

(15) 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 in an effort to help organizations promote the health and safety of their communities.

For fiscal year 2021, the University recognized $29.4 million of CARES Act related grants, of which $3.6 million was used as grants for COVID-19 assistance to students (and is included in academic support on the statement of activities) and the balance was used to mitigate a portion of the financial losses incurred by the University resulting from the COVID-19 pandemic.

The United States Congress passed the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA) which was signed into law on December 27, 2020. The University recognized $24.2 million of CRRSAA related grants, of which $7.2 million was used as grants for COVID-19 assistance to students (and is included in academic support on the statements of activities) and the balance was used to mitigate a portion of the financial losses incurred by the University resulting from the COVID-19 pandemic.

For fiscal year 2022, the University recognized $40.8 million of pandemic aid received through various programs generated by the ARP act, of which $20.5 million was used as grants for COVID-19 assistance to students. The balance was used to mitigate a portion off the financial losses resulting from the COVID-19 pandemic.

(16) Subsequent Events

On November 30, 2022, the University acquired the entity MACQ New Jersey I, LLC for $13.3 million. MACQ New Jersey I, LLC is a special purpose entity formed to act as a financial intermediary and agent in connection with the issuance of industrial development bonds to refinance the cost of SORA A-1, SORA Retail, and SORA Housing. At the time of the acquisition, the University renegotiated the terms of the master lease which resulted in an increase in financed purchase obligations of approximately $82.7 million at a more favorable rate resulting in $17.0 million, present value of $13.5 million, of debt service savings over the remaining term of the agreement.

ROWAN UNIVERSITY
(A Component Unit of the State of New Jersey)

Required Supplementary Information (Unaudited)

Schedules of Employer Contributions

June 30, 2022

Public Employees' Retirement System		2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$	19,973,992	14,018,029	10,282,861	9,320,515	7,325,414	5,331,193	3,690,074	2,386,805
Contributions in relation to the contractually required contribution		19,973,992	14,018,029	10,282,861	9,320,515	7,325,414	5,331,193	3,690,074	2,386,805
Contribution deficiency (excess)	$	—	—	—	—	—	—	—	—
University employee covered-payroll	$	54,444,989	53,739,590	53,894,207	53,123,772	50,762,197	52,135,711	50,275,748	51,495,300
Contributions as a percentage of employee covered payroll		36.69 %	26.09 %	19.08 %	17.54 %	14.43 %	10.23 %	7.34 %	4.63 %
Police and Firemen's Retirement System		**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Contractually required contribution	$	2,803,178	1,925,985	1,491,764	1,248,845	1,069,699	805,419	545,161	268,537
Contributions in relation to the contractually required contribution		2,803,178	1,925,985	1,491,764	1,248,845	1,069,699	805,419	545,161	268,537
Contribution deficiency (excess)	$	—	—	—	—	—	—	—	—
University employee covered-payroll	$	2,220,027	2,259,186	2,214,424	1,974,471	1,901,881	1,960,579	1,918,325	2,066,181
Contributions as a percentage of employee covered payroll		126.27 %	85.25 %	67.37 %	63.25 %	56.24 %	41.08 %	28.42 %	13.00 %

Information provided for Required Supplementary Information will be provided for ten (10) years, as the information becomes available in subsequent years.

See accompanying independent auditors' report.

ROWAN UNIVERSITY
(A Component Unit of the State of New Jersey)
Required Supplementary Information (Unaudited)
Schedules of Proportionate Share of the Net Pension Liability
June 30, 2022

Public Employees' Retirement System	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
University proportion of the net pension liability – state group	1.197 %	1.138 %	1.181 %	1.157 %	1.152 %	1.147 %	1.058 %	1.184 %
University proportion of the net pension liability – total plan	0.770	0.654	0.661	0.632	0.604	0.571	0.544	0.613
University proportionate share of the net pension liability	$ 258,885,863	252,952,884	271,842,274	274,241,746	295,481,815	337,030,671	251,080,946	238,238,870
University employee covered-payroll	53,739,590	53,894,207	53,123,772	50,762,197	52,135,711	50,275,748	51,495,300	50,121,737
University proportionate share of the net pension liability as a percentage of the employee covered-payroll	481.7 %	469.4 %	511.7 %	540.2 %	566.8 %	670.4 %	487.6 %	475.3 %
Plan fiduciary net position as a percentage of the total pension liability	51.52 %	42.90 %	42.04 %	40.45 %	36.78 %	31.20 %	38.21 %	42.74 %
Police and Firemen's Retirement System	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
University proportion of the net pension liability – state group	0.433 %	0.393 %	0.388 %	0.412 %	0.412 %	0.395 %	0.379 %	0.406 %
University proportion of the net pension liability – total plan	0.131	0.088	0.089	0.091	0.084	0.073	0.073	0.083
University proportionate share of the net pension liability	$ 17,603,974	16,879,196	16,288,499	17,849,912	18,121,876	18,589,182	16,256,503	14,428,274
University employee covered-payroll	2,259,186	2,214,424	1,974,471	1,901,881	1,960,579	1,918,325	2,066,181	1,985,629
University proportionate share of the net pension liability as a percentage of the employee covered-payroll	779.2 %	762.2 %	825.0 %	938.5 %	924.3 %	969.0 %	786.8 %	726.6 %
Plan fiduciary net position as a percentage of the total pension liability	71.41 %	58.78 %	60.20 %	57.91 %	54.52 %	48.55 %	52.84 %	58.86 %
Teachers' Pension and Annuity Fund	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
University proportion of the net pension liability	0.002 %	0.002 %	0.002 %	0.002 %	0.002 %	0.002 %	0.010 %	0.012 %
University proportionate share of the net pension liability	$ —	—	—	—	—	—	—	—
State's proportionate share of the net pension liability associated with the University	840,599	1,313,388	1,205,870	1,310,288	1,479,732	1,744,239	6,423,696	6,406,231
Total net pension liability	$ 840,599	1,313,388	1,205,870	1,310,288	1,479,732	1,744,239	6,423,696	6,406,231
University employee covered-payroll	$ —	—	—	—	—	—	7,656	7,656
University proportionate share of the net pension liability as a percentage of the employee covered-payroll	— %	— %	— %	— %	— %	— %	— %	— %
Plan fiduciary net position as a percentage of the total pension liability	35.52 %	24.60 %	26.95 %	26.49 %	25.41 %	22.33 %	28.71 %	33.64 %

Information provided for Required Supplementary Information will be provided for ten (10) years, as the information becomes available in subsequent years.

Notes to Required Supplementary Information

Changes in benefit terms – There were no significant changes in benefits for any of the actuarial valuations used to determine required contributions.

Changes in assumptions – The significant changes in assumptions and the annual change in the discount rate and the change in the long-term rate of return as follows:

PERS

For 2021, the discount rate remained at 7.00% and the long-term rate of return remained at 7.00%.
For 2020, the discount rate changed to 7.00% from 6.28% and the long-term rate of return remained at 7.00%.
For 2019, the mortality rates changed from RP-2006 tables to Pub-2010 tables. The discount rate changed to 6.28% from 5.66% and the long-term rate of return remained at 7.00%.
For 2018, the discount rate changed to 5.66% and the long-term rate of return remained at 7.00%.
For 2017, the discount rate changed to 5.00% and the long-term rate of return changed to 7.00%.
For 2016, the discount rate changed to 3.98% and the long-term rate of return changed to 7.65% from 7.90%.
For 2015, the discount rate changed to 4.90% from 5.39%.

PFRS

For 2021, the discount rate remained at 7.00% and the long-term rate of return remained at 7.00%.
For 2020, the discount rate changed to 7.00% from 6.85% and the long-term rate of return remained at 7.00%.
For 2019, the mortality rates changed from RP-2000 tables to Pub-2010 tables. The discount rate changed to 6.85% from 6.51% and the long-term rate of return remained at 7.00%.
For 2018, the discount rate changed to 6.51% and the long-term rate of return remained at 7.00%.
For 2017, the discount rate changed to 6.14% and the long-term rate of return changed to 7.00%.
For 2016, the discount rate changed to 5.55% and the long-term rate of return changed to 7.65% from 7.90%.
For 2015, the discount rate changed to 5.79% from 6.32%.

See accompanying independent auditors' report.

ROWAN UNIVERSITY
(A Component Unit of the State of New Jersey)

Required Supplementary Information (Unaudited)

Schedule of Proportionate Share of the Total OPEB Liability

June 30, 2022

		2022	2021	2020	2019	2018
University proportion of the collective total OPEB liability		— %	— %	— %	— %	— %
University proportionate share of the collective total OPEB liability	$	—	—	—	—	—
State's proportionate share of the total OPEB liability associated with the University		489,658,735	568,312,787	382,327,565	486,974,034	554,246,968
Total OPEB liability	$	489,658,735	568,312,787	382,327,565	486,974,034	554,246,968
University covered-employee payroll	$	189,307,672	195,126,018	210,927,281	196,319,174	172,658,885
University proportionate share of the total OPEB liability as a percentage of covered-employee payroll		— %	— %	— %	— %	— %

Information provided for Required Supplementary Information will be provided for ten (10) years, as the information becomes available in subsequent years.

Notes to the Schedule: For the State Health Benefit State Retired Employees Plan, there are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Other Postemployment *Benefits Other Than Pensions*.

Changes in assumptions – There were no significant changes in assumptions except for the annual change in the discount rate.

For 2022, the discount rate changed to 2.16% from 2.21%. The mortality tables utilized Pub-2010 and Scale MP-2021.

For 2021, the discount rate changed to 2.21% from 3.50%. The mortality tables utilized Pub-2010 and Scale MP-2020.

For 2020, the discount rate changed to 3.50% from 3.87%. The mortality tables utilized changed from RP-2006 in 2018 to Pub-2010 in 2019.

For 2019, the discount rate changed to 3.87% from 3.58%.

See accompanying independent auditors' report.