



THE COLLEGE OF NEW JERSEY FOUNDATION, INC.
(A Component Unit of The College of New Jersey)

Basic Financial Statements and
Management's Discussion and Analysis

June 30, 2022 and 2021

(With Independent Auditors' Report Thereon)

Table of Contents

	Page
Independent Auditors' Report	1
Management's Discussion and Analysis (Unaudited)	4
Basic Financial Statements:	
Statements of Net Position as of June 30, 2022 and 2021	15
Statements of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2022 and 2021	16
Statements of Cash Flows for the years ended June 30, 2022 and 2021	17
Notes to the Financial Statements	18



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

Independent Auditors' Report

The Board of Directors
The College of New Jersey Foundation, Inc.:

Opinion

We have audited the financial statements of The College of New Jersey Foundation, Inc. (the Foundation), a component unit of The College 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 Foundation'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 financial position of the Foundation as of June 30, 2022 and 2021, and the changes in its financial position and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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 Foundation 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 opinion.

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

THE COLLEGE OF NEW JERSEY FOUNDATION, INC.

A COMPONENT UNIT OF THE COLLEGE OF NEW JERSEY

KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



Independent Auditors' Report

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 Foundation'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 Foundation'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.



Independent Auditors' Report

Required Supplementary Information

U.S. generally accepted accounting principles require that the management discussion and analysis 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
November 22, 2022

Management's Discussion and Analysis (Unaudited)

JUNE 30, 2022 AND 2021

Overview of Financial Statements and Financial Analysis

The following management's discussion and analysis (MD&A) provides an overview of The College of New Jersey Foundation, Inc.'s (the Foundation) financial performance during the fiscal years ended June 30, 2022 and 2021, based on currently known facts and conditions; and is designed to assist readers in understanding the accompanying financial statements. The MD&A, financial statements and notes are the responsibility of the Foundation's management. Since the MD&A is designed to focus on current activities, resulting changes in financial position, and currently known facts, it should be read in conjunction with the Foundation's financial statements and the related note disclosures.

Using the Financial Statements

The Foundation's financial report includes three financial statements: the statements of net position, the statements of revenues, expenses and changes in net position, and the statements of cash flows. These financial statements are prepared in accordance with U.S. generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). The financial statements presented focus on the financial position of the Foundation, the changes in financial position, and cash flows of the Foundation as a whole.

In fiscal year 2022, the Corporation adopted GASB Statement No. 87, Leases (GASB 87). See Notes 2(j) regarding the effect of the adoption.

Investment Performance

The Foundation's investment committee provides governance oversight to both the endowment and non-endowment pools. The non-endowment pool includes assets given by donors in the form of trusts and gift annuities. These assets are invested and managed separately from the endowment pool in accordance with the donors' instructions.

The Foundation's investment portfolios performance was consistent with the overall market for the fiscal years ended June 30, 2022 and 2021. The endowment pool rate of return was negative 12.8% net of investment manager fees compared to the previous year's positive performance of 7.02%. The gift annuity pool also generated a negative rate of return of 14.5% versus the previous year return of 6.2%. The fiscal year 2022 endowment pool return was in line with the custom portfolio benchmark's performance of -12.9%. The fiscal year 2021 endowment pool return was above the fiscal year 2021 portfolio benchmark of CPI + 4.5%.

As of June 30, 2022, total investments held by the Foundation were \$58.0 million, down \$7.4 million from \$65.4 million at the previous year end. This decrease is attributable to cash and stock gifts added to the investment portfolio offset by the negative investment performance. Approximately \$7.0 million in funds held in trust by others that the Foundation was the named beneficiary are not included in the investments above (see note 6).

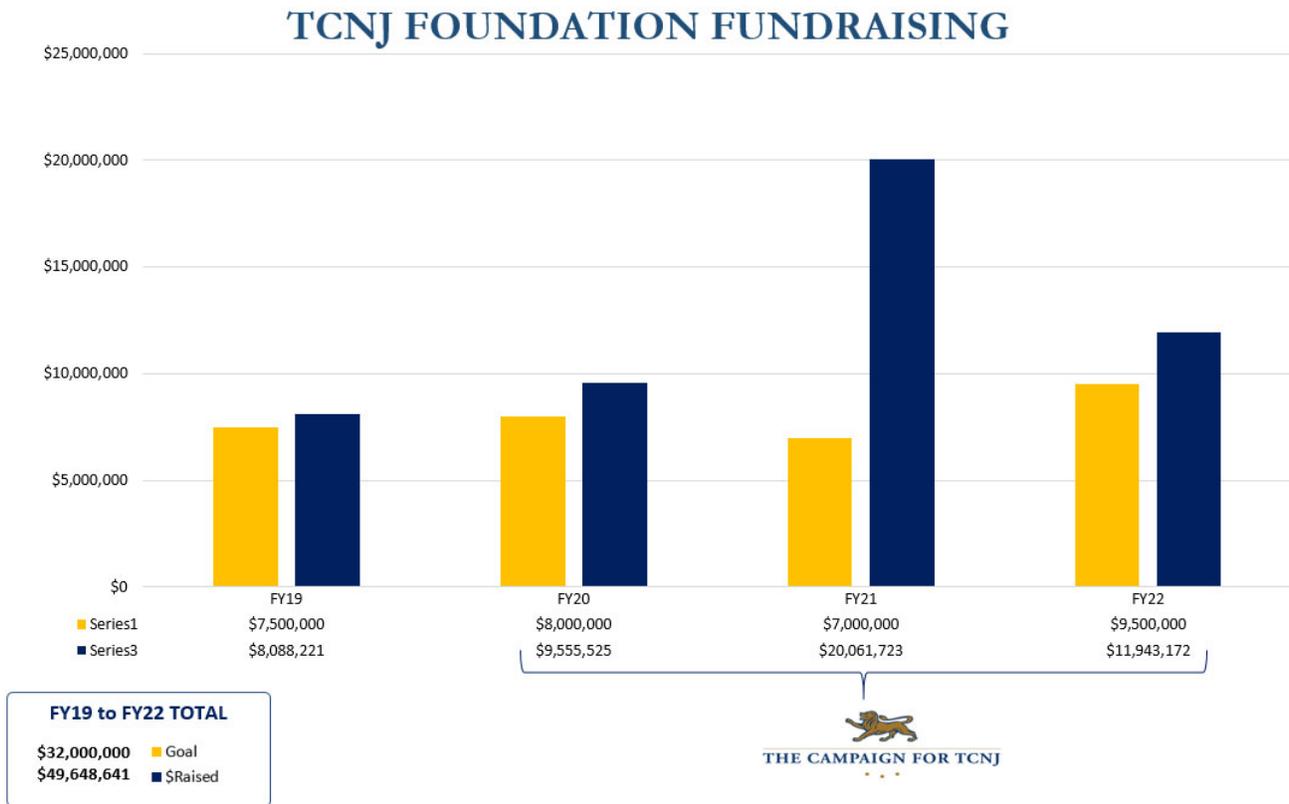
The Campaign for TCNJ Highlights

With the arrival of the College's 16th president, Dr. Kathryn Foster, the Foundation has experienced its most successful run in fundraising, not seen since the first comprehensive campaign. During her tenure at the College, the Foundation has received a total of \$49.5 million in new gifts, pledges and planned gifts. This figure exceeds the aggregate goal for the four-year period by approximately 54%. In fiscal year 2022, the Foundation generated \$11.8 million in pledges, cash and bequests which represents a 24.4% increase over the annual goal of \$9.5 million.

Management's Discussion and Analysis (Unaudited)

JUNE 30, 2022 AND 2021

In the graph below, the actual fundraising performance, which includes gifts, private grants, pledges and bequests, exceeded the fundraising goal in each of the past four years. Pledges and bequests have not met the eligibility requirements for recognition criteria of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* (GASB 33) and are not recorded in the Foundation's financial statements but are included in the following chart.



Fiscal Year 2022 Fundraising Highlights

In fiscal year 2022, the Foundation's fundraising performance garnered a substantial increase in new revenue leading to the creation of twelve new endowed funds, twelve new current use funds and two new charitable gift annuities. The endowed funds represent a total of \$4.3 million in support of scholarships across five different schools as well as faculty development programs which will be managed within the Office of the Provost.

A few highlights from the revenue received this past year include:

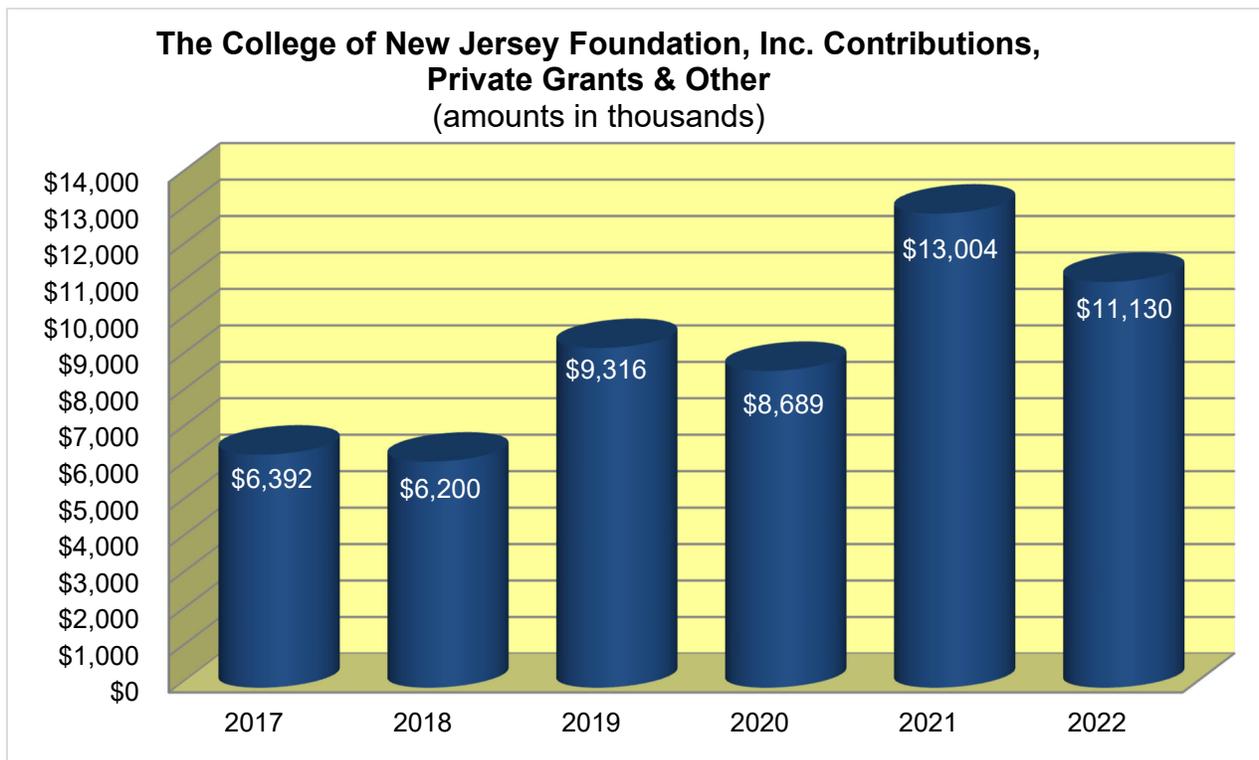
- \$3.0 million realized bequest that supports both scholarships and academic programs in the School of Education.
- \$1.5 million in payments from multiple foundations in support of educational initiatives and programming, including \$1.1 million for a new grant program that will provide tutoring for K-6 New Jersey students to address pandemic-related learning loss.

Management's Discussion and Analysis (Unaudited)

JUNE 30, 2022 AND 2021

- \$1.4 million in private grants to fund sustainability projects at the College and throughout the State of New Jersey.
- \$667 thousand from an estate that will support the education of women at TCNJ through academic programming and research, conference participation and attendance, leadership development, and mentorship programs.
- The Day of Giving campaign revenue totaled \$388 thousand in fiscal year 2022.

Alumni and friends continue to show their support for TCNJ through generous gifts and advocacy. Their financial contributions provide student scholarships, learning opportunities, program enhancements, and more. The graph below illustrates fundraising results that are recognized under GASB 33 over the past six years:



Statements of Net Position

The statements of net position present the financial position of the Foundation as of the end of the fiscal year. The purpose of the statements of net position is to present to the readers of the financial statements a fiscal snapshot of the Foundation. Assets that the Foundation owns are primarily measured at fair value. Assets are categorized as either current or noncurrent. Liabilities are what the Foundation owes to others and are also categorized as either current or noncurrent. Deferred inflows of resources are due to timing differences associated with the recognition of revenue for irrevocable split-interest agreements in which the Foundation has a remainder interest.

Management's Discussion and Analysis (Unaudited)

JUNE 30, 2022 AND 2021

The Foundation's net position is divided into three major categories: restricted nonexpendable, restricted expendable and unrestricted. Restricted nonexpendable net position represents the endowed gifts which donors required to be invested in perpetuity. Restricted expendable are available to the Foundation but must be used for purposes as determined by donors and/or external entities. Finally, unrestricted net position includes amounts without external constraint as to use that are internally designated or committed to support specific academic and research programs and unrestricted funds functioning as endowments.

The following table shows the condensed statements of net position as of June 30, 2022, 2021 and 2020:

Condensed Statements of Net Position			
	2022	2021	2020
Assets:			
Current assets	\$ 3,613,342	12,508,142	2,040,402
Noncurrent assets	56,785,620	57,650,967	48,866,544
Total assets	60,398,962	70,159,109	50,906,946
Liabilities:			
Current liabilities	2,459,471	5,179,574	486,724
Noncurrent liabilities	1,283,771	1,327,598	1,385,226
Total liabilities	3,743,242	6,507,172	1,871,950
Deferred inflows of resources	935,489	1,445,837	874,997
Net position:			
Restricted – nonexpendable	29,158,793	24,840,495	24,084,414
Restricted – expendable	17,777,831	27,113,848	19,331,922
Unrestricted	8,783,607	10,251,757	4,743,663
Total net position	\$ 55,720,231	62,206,100	48,159,999

Management's Discussion and Analysis (Unaudited)

JUNE 30, 2022 AND 2021

Cash and Investment Pools

The Foundation utilizes a pooled investment concept whereby contributions are included in various investment pools, except for investments of certain gifts that are otherwise restricted by donors. As of June 30, 2022, cash and investments held by the Foundation was approximately \$60.4 million, a decline of \$9.6 million primarily due to unrealized losses in the investment portfolio for fiscal year 2022.

These assets are allocated among various investment pools as shown below:

Cash and Investment Pools				
Pool	Type of Funds	2022	2021	2020
Cash and cash equivalents	Working capital to support operating activities	\$ 2,352,088	4,565,608	1,329,167
Endowment pool	Contributions to establish endowment funds	53,704,351	60,122,099	42,150,300
Gift annuities and trusts	Gifts managed independently of endowment pool	4,313,537	5,288,953	7,330,854
	Total	\$ 60,369,976	69,976,660	50,810,321

The Foundation's working capital is primarily held in the operating bank account with excess funds invested with the State of New Jersey Cash Management Fund to support operating activities. The balance fluctuates during the course of the year based on the Foundation's cash flow cycle of receipts and disbursements.

The endowment pool invests endowed gifts from donors and is managed with a philosophy of diversifying the investments across asset classes and investment managers to maximize long-term performance, reduce volatility, and control risks. The endowment assets are invested with the confidence that economic cycles will rise and fall but that a diversified portfolio will provide the long-term growth necessary to preserve the value of the endowments over the long term.

Cash and Cash Equivalents

The Foundation's cash and cash equivalents had a net decrease of \$2.2 million from \$4.6 million as of June 30, 2021 to \$2.4 million as of June 30, 2022. During the fiscal year, \$4.4 million of cash gifts for endowments were transferred to the investment pool, net of \$3.1 million that was liquidated to fund scholarship and other expenses. Cash receipts from fundraising and private grants totaled \$10.6 million, a \$2.2 million decrease over the prior fiscal year. The total cash receipts were offset by cash disbursements for donor-directed scholarships, fundraising and program services expenses totaling \$3.1 million. In addition, net transfers of restricted funds and scholarship support to the College totaling \$8.3 million plus \$129 thousand in payments to annuitants were made.

Management's Discussion and Analysis (Unaudited)

JUNE 30, 2022 AND 2021

As of June 30, 2021, the Foundation's cash and cash equivalents had a net increase of \$3.2 million. During the fiscal year, \$5.6 million of cash gifts for endowments were transferred to the endowment investment pool, net of \$81 thousand that was withdrawn to fund scholarship expenses. Cash receipts from fundraising and private grants totaled \$12.8 million, a \$5.5 million increase over the prior fiscal year. The total cash receipts were offset by cash disbursements for donor-directed scholarships, fundraising and program services expenses totaling \$1.3 million. In addition, net transfers of restricted funds and scholarship support to the College totaling \$2.6 million plus \$46 thousand in payments to annuitants were made.

Investment Portfolio

In managing the endowment portfolio, one of the most important strategies is to determine the appropriate allocation of investments among the various asset classes. The investment committee has taken numerous actions in the portfolio over the years in an attempt to diversify the investments across asset classes, to temper market volatility, and to control risks. The Foundation retained an independent investment advisor to assist the investment committee in developing its asset allocation strategy.

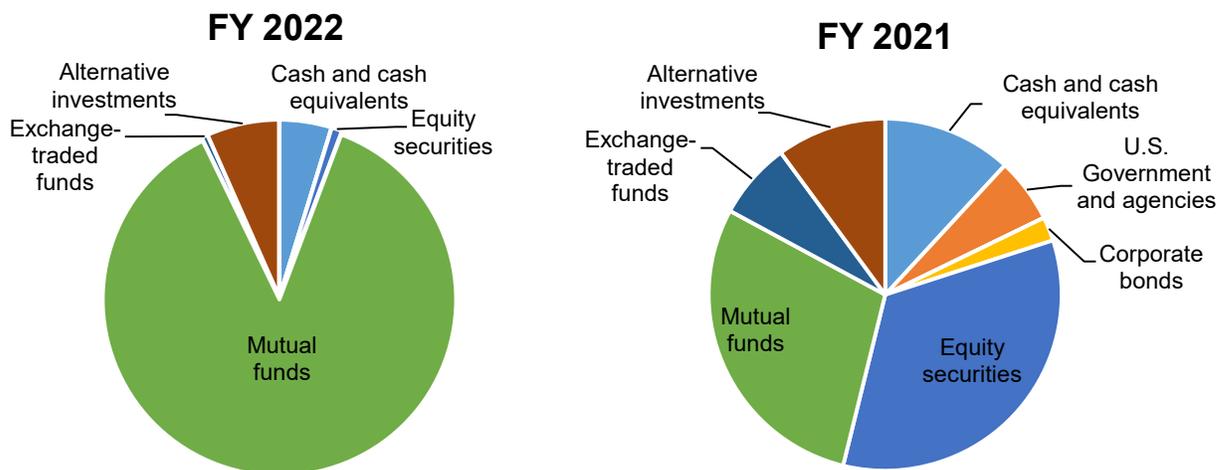
In fiscal year 2022, the investment portfolio net decrease of \$7.4 million was driven by transfers of \$4.6 million in cash and stock gifts into the portfolio that was offset by \$3.1 million of withdrawals and a net loss of \$8.7 million of investment income and realized and unrealized losses due to decline in the market value of the portfolio. Additionally, there were \$129 thousand in disbursements for contractual payments to gift annuitants and \$75 thousand in investment manager fees.

In fiscal year 2021, the investment portfolio increase of \$15.9 million was driven by transfers of \$5.7 million in cash and stock gifts coupled with \$10.5 million in investment income and appreciation. This was offset by \$46 thousand in disbursements for contractual payments to gift annuitants and \$275 thousand in investment manager fees..

Management's Discussion and Analysis (Unaudited)

JUNE 30, 2022 AND 2021

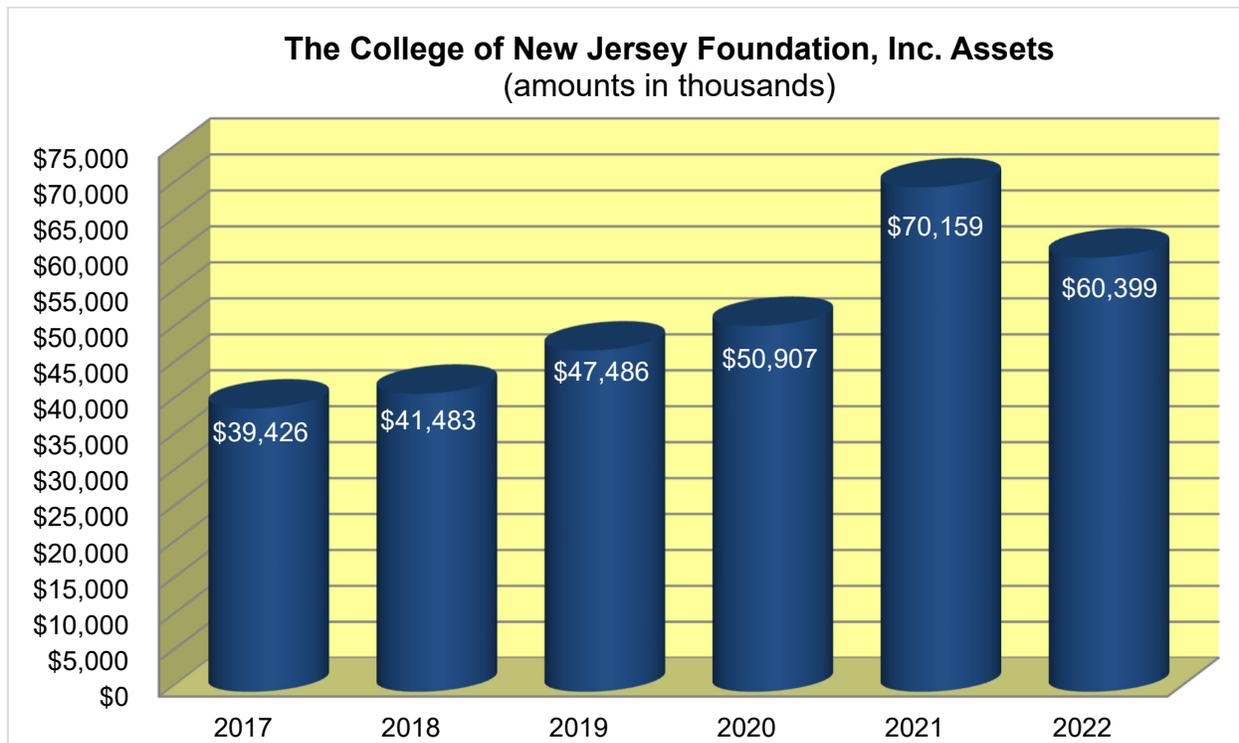
As of June 30, 2022, investments held by the Foundation were approximately \$58.0 million, down \$7.4 million from \$65.4 million in the previous fiscal year. The portfolio was allocated among various asset classes as shown below:



Asset Allocation	2022	Percentage	2021	Percentage
Cash and cash equivalents	\$ 2,756,988	4.8%	\$ 7,760,086	11.9%
U.S. Treasury bills and notes and Government agencies	—	0.0%	3,884,416	5.9%
Corporate bonds	—	0.0%	1,438,908	2.2%
Equity securities	550,055	0.9%	22,131,584	33.8%
Mutual funds	50,556,576	87.2%	19,005,534	29.1%
Exchange-traded funds	316,712	0.5%	4,603,517	7.0%
Alternative investments	3,837,557	6.6%	6,587,007	10.1%
Total Investments	\$ 58,017,888	100.0%	\$ 65,411,052	100.0%

Growth of the Foundation's Assets

The chart below shows approximately 53.4% growth in the Foundation's assets over the past six years, which resulted from successful fundraising campaigns coupled with investment appreciation. As of June 30, 2022 and 2021, the Foundation's assets, which consist primarily of cash and cash equivalents and investments, totaled \$60.4 million and \$70.2 million, respectively.



Liabilities

In fiscal year 2022, total liabilities decreased by \$2.7 million largely due to the decrease in Foundation support due to TCNJ at June 30 as compared to the prior fiscal year. In fiscal year 2021, total liabilities increased by \$2.3 million largely due to a private grant received in June due to TCNJ plus operating support to TCNJ.

Working Capital

Working capital is a key metric used to measure the Foundation's liquidity for operation. The excess of current assets over current liabilities reflects the continuing ability of the Foundation to satisfy its short-term obligations as they come due. As of June 30, 2022 and 2021, the current liabilities were \$2.5 million and \$5.1 million, respectively. The Foundation's current assets of \$3.6 million and \$12.5 million as of June 30, 2022 and 2021, respectively, were indicators that the Foundation had adequate liquidity to satisfy its current obligations.

Net Position

The change in net position is one indicator of whether the overall financial condition of the Foundation has improved or worsened during the fiscal year. During fiscal year 2022, net position decreased by \$6.5 million or 10.4%. In fiscal year 2021, net position increased by \$14.0 million or 29.2%. In fiscal year 2022, the decrease was driven by net unrealized losses from the negative stock market performance. In fiscal year 2021, the change was directly related to successful fundraising campaigns and investment income and net gains due to the positive stock market performance.

Management's Discussion and Analysis (Unaudited)

JUNE 30, 2022 AND 2021

Restricted - Nonexpendable Net Position

During fiscal years 2022 and 2021, nonexpendable net position increased by \$4.3 million or 17.4% and \$756 thousand or 3.1%, respectively. These increases were due to endowed gifts received that were designated by donors to be invested in perpetuity.

Restricted - Expendable Net Position

During fiscal year 2022, expendable net position decreased by \$9.3 million or 34.4% due to gift receipts that were offset by expenses and transfers to the College along with the unrealized losses in the investment portfolio. In fiscal year 2021, this net position category increased by \$7.8 million or 40.3% due to gift receipts that were designated as expendable offset by expenses and transfers to the College.

Unrestricted Net Position

In fiscal year 2022, unrestricted net position had a decrease of \$1.5 million or 14.3% primarily due to investment losses and expenses that exceeded unrestricted gifts receipts. In fiscal year 2021, unrestricted net position had an increase of \$5.5 million or 116.1% primarily due to investment income and unrestricted gifts that exceeded the expenses for fundraising events, program services, and transfers to the College.

Statements of Revenues, Expenses and Changes in Net Position

The statements of revenues, expenses and changes in net position presents the revenues earned and the expenses incurred by the Foundation during the fiscal year. Activities are reported as either operating or nonoperating. Generally speaking, operating revenues are received from expendable contributions and operating expenses are incurred in the normal operations of the Foundation.

The following table shows the condensed statements of revenues, expenses and changes in net position as of June 30, 2022, 2021 and 2020:

Condensed Statements of Revenues, Expenses and Changes in Net Position			
	2022	2021	2020
Operating revenues	\$ 6,812,527	12,284,412	6,381,594
Operating expenses	9,282,892	8,640,234	5,479,017
Operating (loss) income	(2,470,365)	3,644,178	902,577
Nonoperating (expenses) revenues	(8,333,801)	9,640,742	2,517,156
Additions to permanent endowments	4,318,297	761,181	2,307,372
(Decrease) increase in net position	(6,485,869)	14,046,101	5,727,105
Net position, beginning of year	62,206,100	48,159,999	42,432,894
Net position, end of year	\$ 55,720,231	62,206,100	48,159,999

Management's Discussion and Analysis (Unaudited)

JUNE 30, 2022 AND 2021

Operating Revenues

The Foundation's main sources of revenue are contributions and private grants. Unrestricted and expendable contributions, private grants, and gift administration fees are reported as operating revenues. In fiscal year 2022, \$3.2 million in contributions were designated by donors as expendable and \$3.1 million in private grants were received. In addition, the Foundation received \$575 thousand in gift administration fees and other revenue. In fiscal year 2021, \$8.8 million in contributions were designated by donors as expendable and \$3.5 million in private grants were received, totaling \$12.3 million.

Operating Expenses

Operating expenses include donor-directed scholarships and awards, fundraising events, program services expenses, and restricted funds contributed to the College. In fiscal year 2022, operating expenses increased \$642 thousand or 7.4% primarily due to increases in fundraising events, gift administration fee charges to restricted funds, and expenses for College programs.

In fiscal year 2021, operating expenses increased \$3.2 million or 57.7% primarily due to increases in the level of operating support to the College and private grants transferred to the College, plus an increase in fundraising events.

Nonoperating and Other (Expenses) Revenues

In fiscal year 2022, nonoperating expenses totaled \$8.3 million, consisting of unrealized investment losses, net of manager fees. In fiscal year 2021, the \$9.6 million of nonoperating revenues consisted of investment returns, net of manager fees.

Other revenues in fiscal years 2022 and 2021 included additions to permanent endowments of \$4.3 million and \$761 thousand, respectively, which represent gifts to be held in perpetuity.

Economic Factors that Will Affect the Future

The mission of the Foundation is to receive philanthropic support to expand access to and enhance the outstanding educational and community service opportunities provided to students at the College. The Foundation carries out its mission by establishing funds for student support, learning experiences, academic enrichment and capital improvement. By promoting a culture of philanthropy, and through prudent investment, stewardship and accountability to donors and the community, the Foundation advances the College's mission and reputation as a nationally recognized public institution. State appropriated funds to the College have remained relatively flat while the College continues to face pressure in keeping the cost of education at TCNJ affordable. Funds raised by the Foundation that are used for student scholarships, departmental support, and academic programs help to offset the College's revenue pressures. As these trends continue, the need for Foundation support to the College will grow.

The Foundation's successful fundraising campaigns in recent years will continue to generate contribution revenue in future years to support the College's needs. The future receipt of gifts from pledges and bequests is not guaranteed and general economic factors may affect donor giving. Prudent management of the Foundation's investments and the long-term strategy of the portfolio will help the Foundation weather potential volatility in financial markets so it can advance its mission.

Management's Discussion and Analysis (Unaudited)

JUNE 30, 2022 AND 2021

Contacting the Foundation's Financial Management

This financial report is designed to provide the donors, constituents and creditors with a general overview of the Foundation's finances and to demonstrate the Foundation's accountability for the resources at its disposal. If you have any questions about this report or need additional financial information, contact the Foundation at 2000 Pennington Road, Green Hall Room 214, Ewing, NJ 08628.

STATEMENTS OF NET POSITION

June 30, 2022 and 2021

Assets	2022	2021
Current assets:		
Cash and cash equivalents (note 3)	\$ 2,352,088	4,565,608
Investments (note 4)	1,232,268	7,760,085
Due from The College of New Jersey	17,625	77
Contribution receivables	10,601	180,785
Miscellaneous receivables	329	836
Prepaid expenses	431	751
Total current assets	3,613,342	12,508,142
Noncurrent assets:		
Restricted investments (note 4)	49,286,640	54,815,639
Noncurrent investments (note 4)	7,498,980	2,835,328
Total noncurrent assets	56,785,620	57,650,967
Total assets	60,398,962	70,159,109
Liabilities		
Current liabilities:		
Accounts payable	156,341	103,142
Due to The College of New Jersey (note 5)	2,172,373	4,947,395
Annuities payable (note 7)	130,757	129,037
Total current liabilities	2,459,471	5,179,574
Noncurrent liabilities:		
Annuities payable (note 7)	1,283,771	1,327,598
Total noncurrent liabilities	1,283,771	1,327,598
Total liabilities	3,743,242	6,507,172
Deferred Inflows of Resources		
Deferred amounts from charitable gift annuities	935,489	1,445,837
Net Position		
Restricted:		
Nonexpendable:		
Scholarships	18,157,768	14,554,546
Other programs	11,001,025	10,285,949
Expendable:		
Scholarships	9,908,673	16,591,125
Other programs	7,869,158	10,522,723
Unrestricted	8,783,607	10,251,757
Total net position	\$ 55,720,231	62,206,100

See accompanying notes to financial statements.

**STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION**
Years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating revenues:		
Contributions	\$ 3,158,946	8,761,018
Private grants & other	3,653,581	3,523,394
Total operating revenues	<u>6,812,527</u>	<u>12,284,412</u>
Operating expenses:		
Scholarships and awards (note 5)	1,444,025	1,439,577
Fundraising events	1,119,755	498,204
Program services	540,766	244,342
Restricted funds contributed to:		
The College of New Jersey (note 5)	6,178,346	6,458,111
Total operating expenses	<u>9,282,892</u>	<u>8,640,234</u>
Operating (loss) income	<u>(2,470,365)</u>	<u>3,644,178</u>
Nonoperating (expenses) revenues:		
Investment return, net	(8,333,801)	9,636,375
Gain on charitable gift annuities	—	4,367
Nonoperating (expenses) revenues	<u>(8,333,801)</u>	<u>9,640,742</u>
(Loss) income before additions to endowment	<u>(10,804,166)</u>	<u>13,284,920</u>
Additions to permanent endowments	4,318,297	761,181
(Decrease) increase in net position	<u>(6,485,869)</u>	<u>14,046,101</u>
Net position, beginning of year	62,206,100	48,159,999
Net position, end of year	<u>\$ 55,720,231</u>	<u>62,206,100</u>

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

Years ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Contributions and private grants	\$ 6,379,153	12,045,351
Scholarships and awards	(1,824,908)	(1,016,123)
Fundraising events	(847,522)	(118,022)
Program services	(456,136)	(211,228)
Restricted funds contributed to:		
The College of New Jersey	(8,333,348)	(2,556,067)
Net cash (used by) provided by operating activities	(5,082,761)	8,143,911
Cash flows from noncapital financing activities:		
Additions to permanent endowments	4,219,783	761,181
Payments to annuitants	(129,114)	(45,798)
Termination of charitable gift annuities	—	4,367
Transactions with affiliates	(17,291)	(257)
Net cash provided by noncapital financing activities	4,073,378	719,493
Cash flows from investing activities:		
Interest income	4,518	2,698
Investment manager fees	(73,502)	(274,604)
Purchases of investments	(4,422,376)	(5,756,134)
Withdrawals from investment accounts	3,083,277	80,675
Proceeds from sales of investments	203,946	320,402
Net cash used by investing activities	(1,204,137)	(5,626,963)
Net (decrease) increase in cash and cash equivalents	(2,213,520)	3,236,441
Cash and cash equivalents, beginning of year	4,565,608	1,329,167
Cash and cash equivalents, end of year	\$ 2,352,088	4,565,608
Reconciliation of operating (loss) income to net cash (used by) provided by operating activities:		
Operating (loss) income	\$ (2,470,365)	3,644,178
Stock gift contributions	(19,900)	(25,823)
Adjustments to reconcile operating (loss) income to net cash (used by) provided by operating activities:		
Changes in assets, liabilities and deferred inflows of resources:		
Due from The College of New Jersey	—	926
Contribution and miscellaneous receivables	170,184	(169,412)
Prepaid expenses	320	882
Accounts payable	53,199	90,936
Due to The College of New Jersey	(2,775,022)	4,602,224
Deferred inflows of resources	(41,177)	—
Net cash (used by) provided by operating activities	\$ (5,082,761)	8,143,911
Noncash transactions:		
Change in fair value of investments	\$ (28,755,210)	6,726,528
In kind and stock gift contributions to investments	19,900	25,823
Stock gift contributions to endowments	98,514	—
Change in present value of annuities payable	67,328	67,240

See accompanying notes to financial statements.

Notes to the Financial Statements

(1) Organization

The College of New Jersey Foundation, Inc. (the Foundation) is a not-for-profit organization exempt from income tax under Internal Revenue Service Code 501(c)(3). The Foundation's objective is to obtain private funding to enhance the educational goals of The College of New Jersey (the College). The Foundation's assets are used exclusively for the benefit, support and promotion of the College and its educational activities. The Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accounting policies of the Foundation conform to U.S. generally accepted accounting principles with U.S. generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB).

Net position is classified into the following categories:

- **Restricted:**

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

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

- **Unrestricted:**

Net position that is not subject to externally imposed stipulations and may be designated for specific purposes by action of the board of directors.

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

(b) Measurement Focus and Basis of Accounting

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting using the economic resources measurement focus.

(c) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and all highly liquid investments purchased with an original maturity of three months or less, except for those managed as a component of the Foundation's investment portfolio. The balance includes deposits with Wells Fargo Bank and the State of New Jersey Cash Management Fund. The State of New Jersey Cash Management Fund is a large-scale investment program with amounts contributed by other state entities. These investments consist primarily of U.S. Treasury issues, commercial paper, certificates of deposit, obligations of government agencies and corporate bonds. The State of New Jersey Cash Management Fund is classified as a cash equivalent as it is a highly liquid investment purchased with an original maturity of three months or less and it is used to support the operations of the Foundation, if needed.

Notes to the Financial Statements

(d) Investments

Cash and cash equivalents within the investment portfolio are measured at amortized cost. Investments other than alternative investments are reflected at fair value which is based on either quoted or published market prices or other pricing models. Alternative investments are reported at net asset value or its equivalent (NAV) reported by the fund managers and assessed as reasonable by the Foundation, which is used as a practical expedient to estimate the fair value of the Foundation's interest therein. The estimated fair value of these investments is based on the most recent valuations provided by external investment managers. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed. Such difference could be material. Purchases and sales of investments are accounted for on the trade-date basis. Investment income is recorded on an accrual basis.

(e) Contributions

Contributions, including pledges other than endowments, are recognized when all eligibility requirements for recognition are met, which generally is the period the amount is donated to the Foundation. Endowment pledges do not meet the eligibility requirements for recognition criteria of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, until cash is received. Endowment pledges for which cash has not been received were \$6,626,080 and \$6,570,898 as of June 30, 2022 and 2021, respectively, and have not been included in the accompanying statements of net position. Contribution receivables included in the accompanying statements of net position represent contributions from donors where all eligibility requirements have been met.

(f) Classification of Operations

The Foundation's policy for defining operating activities as reported on the statements of revenues, expenses and changes in net position are those that serve the Foundation's principal purpose. Operating activities generally result from contributions received, payments made for scholarships and awards, expenses associated with fundraising events, and distributions to the College. Investment income is classified as nonoperating revenue since it is passive income. Contributions from the College are classified as nonoperating revenue since they are non-recurring in nature and are non-exchange transactions.

(g) Donor Restricted Endowments

The Foundation manages, invests and administers the donor restricted endowment funds in accordance with the New Jersey Uniform Prudent Management of Institutional Funds Act (the Act). Endowment investments are subject to the restriction of gift instruments requiring that the principal be invested in perpetuity and the income be utilized in accordance with the terms of each specific gift. It is the Foundation's policy to account for endowment appreciation in accordance with donor specification. Appreciation on donor restricted endowments is included in restricted expendable net position in the accompanying financial statements. The Board of Directors of the Foundation authorizes an amount of appropriation and expenditure of the funds each fiscal years in accordance with donor specifications and the Act.

Notes to the Financial Statements

(h) Annuities Payable

Annuities payable are created when assets are contributed to the Foundation on condition that the Foundation obligate itself to pay stipulated amounts periodically to designated annuitants. Annuities payable are recorded at the present value of the expected future cash payments to the annuitants (settlement amount). Changes in the life expectancy of the donor or annuitant, amortization of the discount and other changes in the estimates of future payments are reported as an adjustment to the annuities payable liability. The difference between the fair value of the assets for charitable gift annuities and the annuities payable liability is reported as deferred inflows of resources from charitable gift annuities in the statements of net position.

(i) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

(j) Adoption of Accounting Pronouncements Applicable to the Foundation

In June 2017, the GASB issued Statement No. 87 *Leases* (GASB 87). This Statement improves the accounting and financial reporting for leases by governments. This Statement requires 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. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 (fiscal year 2022). The College evaluated the impact of this new standard and determined that GASB 87 did not apply to the Foundation as the Foundation did not have any leases during the fiscal year. The Foundation will perform an annual review for future application and or remeasurement.

(3) Cash and Cash Equivalents

The carrying amount of cash as of June 30, 2022 was \$1,956,413 while the amount on deposit with the bank was \$1,982,757. The carrying amount of cash as of June 30, 2021 was \$4,170,750 while the amount on deposit with the bank was \$4,177,746.

Custodial credit risk associated with the Foundation's cash and cash equivalents includes uncollateralized deposits, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Foundation's name. The Foundation's bank deposits as of June 30, 2022 and 2021 were insured by Federal Depository Insurance up to \$250,000. Bank balances as of June 30, 2022 and 2021 of \$1,732,757 and \$3,927,746, respectively, were uninsured and uncollateralized.

The Foundation participates in the State of New Jersey Cash Management Fund wherein amounts also contributed by other state entities are combined into a large scale investment program. The carrying amount and fair value as of June 30, 2022 and 2021 was \$395,675 and \$394,858, respectively.

The operations of the State of New Jersey Cash Management Fund are governed by statutes of the State of New Jersey and the provisions of the State Investment Council Regulations for the purpose of determining authorized investments. The fair value of the State of New Jersey Cash Management Fund is based on the number of shares held by the Foundation and the market price of those shares as of June 30, 2022 and

Notes to the Financial Statements

2021. The State of New Jersey Cash Management Fund is unrated with an average portfolio maturity of less than one year.

(4) Investments

The Foundation has an investment policy which establishes guidelines for permissible investments. The primary investment objective is to preserve and increase the value of endowment funds and maximize the long-term total rate of return on all invested assets while assuming a level of risk consistent with prudent investment practices for such funds. The Foundation may invest in obligations of the U.S. Government, certificates of deposit, money market funds, equities and stock funds, bonds and bond funds, and alternative investments. Investments consist of the following as of June 30, 2022 and 2021:

Investments		
	2022	2021
Cash and cash equivalents	\$ 2,756,988	7,760,086
U.S. Treasury bills and notes	—	2,316,367
U.S. Government agencies	—	1,568,049
Corporate bonds	—	1,438,908
Equity securities	550,055	22,131,584
Mutual funds	50,556,576	19,005,534
Exchange-traded funds	316,712	4,603,517
Alternative investments:		
Private equity	—	924,999
Hedge funds	2,970,141	3,470,770
Real estate income trust	—	1,161,697
Common trust funds	867,416	1,029,541
	<u>\$ 58,017,888</u>	<u>65,411,052</u>

The Foundation'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).

Within the Foundation's investment policy guidelines, the policy gives investment money managers and investment funds full responsibility for security selection, diversification, turnover and allocation of holdings among selected securities and industry groups.

Notes to the Financial Statements

The following are guidelines to be followed by the investment advisors in the selection of investment money managers:

- Domestic equities may be selected from the New York, American and Regional Stock Exchanges, or the NASDAQ markets. The cost of an individual security in the portfolio at purchase may not exceed 5% of the total market value of that portfolio. Individual securities held in a portfolio must not exceed 5% of the portfolio on a cost basis. Mutual funds and investment money managers are not to be included in this limitation.
- Only international managers experienced in trade on foreign exchanges shall handle investments in international equities.
- Managers may use a mutual fund as a means of participating in international equities, with prior approval of the Investment Committee.
- Managers may invest in commercial paper, bankers' acceptances, repurchase agreements, U.S. Treasury bills, certificates of deposit, and money market funds to provide income, liquidity for expense payments, and preservation of the portfolio's principal value. All such assets must represent maturities of one year or less at the time of purchase.
- Commercial paper must be rated A-1 or P-1 by Standard & Poor's and Moody's, respectively.
- Bankers' acceptances and certificates of deposit should only be purchased from larger, well-capitalized domestic and foreign banks with a minimum of an A rating from one of the major rating agencies. Uninvested cash reserves should be kept to minimum levels. In any instance where the total funds on deposit with a financial institution exceeds the insurance coverage provided by the FDIC or FSLIC, collateral security or its equivalent shall be required.
- Fixed income investments will include U.S. Treasury and Federal agency debt obligations, corporate bonds, mortgages, asset backed securities and preferred stocks. By design, the managers should focus on fixed income securities of the highest quality, thereby reducing investment risk. With the exception of Federal Government issues, no single issue should exceed 4% and no industry group should exceed 10% of the aggregate fixed income portfolio without the Investment Committee's prior approval. The average credit quality of the fixed income or convertible portfolio should be rated investment grade or better. The average maturity of the fixed income portfolio may not exceed 12 years and the average duration of the fixed income portfolio should not exceed 10 years.

Notes to the Financial Statements

As of June 30, 2022, the Foundation was not invested in fixed income securities. As of June 30, 2021, the Foundation's fixed income investments, which consist of U.S. Treasury bills and notes, U.S. Government agencies, certificates of deposit, and corporate bonds, were rated as follows:

2021 Fixed Income Investments Ratings				
Rating	Total	U.S. Treasury bills and notes	U.S. Government agencies	Corporate bonds
Aaa	\$ 3,917,251	2,316,367	1,568,049	32,835
Aa1	47,210	—	—	47,210
Aa2	130,815	—	—	130,815
Aa3	24,438	—	—	24,438
A1	180,118	—	—	180,118
A2	302,215	—	—	302,215
A3	165,537	—	—	165,537
Baa1	230,187	—	—	230,187
Baa2	325,553	—	—	325,553
Total	\$ 5,323,324	2,316,367	1,568,049	1,438,908

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 provides limitations in the maturities of various types of investments. As of June 30, 2022, the Foundation was not invested in any fixed income securities. As of June 30, 2021, the Foundation's fixed income investments, which consist of U.S. Treasury bills and notes, U.S. Government agencies, certificates of deposit, and corporate bonds, had maturity dates as follows:

2021 Fixed Income Investments Maturity				
Maturing in years	Total	U.S. Treasury bills and notes	U.S. Government agencies	Corporate bonds
1 – 5	\$ 1,462,927	842,813	46,372	573,742
6 – 10	1,339,046	556,774	72,587	709,685
Greater than 10	2,521,351	916,780	1,449,090	155,481
Total	\$ 5,323,324	2,316,367	1,568,049	1,438,908

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 statements 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; and
- Level 3 – unobservable inputs for an asset or liability.

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.

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

- U.S. Treasury bills and notes – The fair value of U.S. Treasury bills and notes are based on prices quoted in active markets for those securities.
- U.S. Government agencies – The fair value of government agencies are based on a multi-dimensional relational model. Standard inputs to the pricing model for the Level 2 debt securities include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data.
- Corporate bonds – The fair value of corporate bonds are based on a multi-dimensional relational model. Standard inputs to the pricing methods for the Level 2 debt securities include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data.
- Equity securities – The fair value of equity securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers. These investments are classified as Level 1. Equity securities classified in Level 2 of the fair value hierarchy are valued at quoted market prices in the over-the-counter (inactive) market. The price used as the fair value may be from a market transaction or a bid or ask price in the market that did not result in a transaction.
- Mutual funds – The fair value of mutual funds is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers.
- Exchange-traded funds – The fair value of exchange-traded funds are based on the quoted market price on an active market as of the measurement date.

Notes to the Financial Statements

- Alternative investments – Alternative investments are valued using current estimates of net asset value obtained from the investment manager in the absence of readily determinable public market values. The estimated fair value of these investments is based on the most recent valuations provided by external investment managers. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed.
- Cash and cash equivalents – These investments are measured at amortized cost and have been excluded from fair value leveling.

The Foundation's investments at June 30, 2022 and 2021 are summarized in the following table by their fair value hierarchy:

2022 Investments Measured at Fair Value				
Investment	Total	Fair value measurements using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<i>Investments by fair value level</i>				
Equity securities	\$ 550,055	550,055	—	—
Mutual funds	50,556,576	50,556,576	—	—
Exchange-traded funds	316,712	316,712	—	—
Total investments by fair value level	51,423,343	51,423,343	—	—
<i>Investments measured at net asset value (NAV)</i>				
Hedge Funds	2,970,141			
Common trust funds	867,416			
Total investments measured at NAV	3,837,557			
Total investments measured at fair value	\$ 55,260,900			

Notes to the Financial Statements

2021 Investments Measured at Fair Value				
Investment	Total	Fair value measurements using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<i>Investments by fair value level</i>				
U.S. Treasury bills and notes	\$ 2,316,367	2,316,367	—	—
U.S. Government agencies	1,568,049	—	1,568,049	—
Corporate bonds	1,438,908	—	1,438,908	—
Equity securities	22,131,584	22,131,584	—	—
Mutual funds	19,005,534	19,005,534	—	—
Exchange-traded funds	4,603,517	4,603,517	—	—
Total investments by fair value level	51,063,959	48,057,002	3,006,957	—
<i>Investments measured at net asset value (NAV)</i>				
Private equity	924,999			
Hedge funds	3,470,770			
Real estate income trust	1,161,697			
Common trust funds	1,029,541			
Total investments measured at NAV	6,587,007			
Total investments measured at fair value	\$ 57,650,966			

Notes to the Financial Statements

The fair value as of June 30, 2022 and 2021 and redemption terms for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the following table:

2022 Investments Measured at NAV			
Investment	Fair value	Redemption frequency (if currently eligible)	Redemption notice period
Hedge Funds	\$ 2,970,141	Quarterly	95 days
Common trust funds	867,416	N/A	N/A
Total investments measured at NAV	<u>\$ 3,837,557</u>		

2021 Investments Measured at NAV			
Investment	Fair value	Redemption frequency (if currently eligible)	Redemption notice period
Private equity	\$ 924,999	Quarterly	65 days
Hedge funds	3,470,770	Quarterly	30 - 96 days
Real estate income trust	1,161,697	Monthly	Second to last business day of the month
Common trust funds	1,029,541	N/A	N/A
Total investments measured at NAV	<u>\$ 6,587,007</u>		

As of June 30, 2022 and 2021, the Foundation had no unfunded commitments for investments measured at NAV.

The investment strategy, valuation method and redemption terms for the investments measured as NAV are discussed below.

Private equity: This type was an investment in one multi-strategy private equity fund that invests in direct, secondary and primary private equity investments across a range of geographic markets, investment types and vintage years. The objective of the fund is to generate returns by systematically overweighting the vehicles, segments and opportunities it believes offer the best relative value at a point in time. Redemptions may be requested quarterly by tender offer with 65 days' notice. The fund's board of managers has the sole discretion to repurchase units from a tender offer due to the illiquid nature of the fund. The fund limits the redemptions each quarter to no more than 5% of the fund's net asset value. The fair value of the investment in this type was determined using the NAV per share (or its equivalent) of the investment. This investment was sold during fiscal year 2022.

Hedge funds: This type consisted of investments in three funds as of June 30, 2021 and one fund as of June 30, 2022 that employ a variety of alternative investment strategies including multi-strategy equity, relative value, and multi-strategy funds of funds. Redemption terms vary by fund. Redemptions could be

Notes to the Financial Statements

requested quarterly with 30 – 96 calendar days' notice depending on the fund for the three funds held as of June 30, 2021. None of these three funds had active lockup periods. One fund's board of directors has the sole discretion to repurchase units with a tender offer. This fund limits the redemptions each quarter to 5-25% of the fund's NAV.

The fund held as of June 30, 2022 may be redeemed semi-annually based on the investment anniversary date with at least 95 days subject to a one-year soft lock up which expires in February 2023. The fair value of the investments in this type has been determined using the NAV per share (or its equivalent) of the investment. The three funds held as of June 30, 2021 were sold during fiscal year 2022 and the one fund held as of June 30, 2022 was purchased during fiscal year 2022.

Real estate income trust: This type was an investment in one fund that acquires stabilized, income-oriented commercial real estate in the United States, such as multi-family, industrial, hotel and retail properties, and real estate-related securities. Redemptions may be requested monthly by the second to last business day of each month. The fund's board of directors has the sole discretion to accept repurchase requests. Repurchases of shares outstanding for one year or less will be repurchased at 95% of the prior month's NAV. Aggregate repurchases are limited to no more than 2% of the fund's aggregate NAV per month and no more than 5% of the fund's aggregate NAV per calendar quarter. The fair value of the investment in this type was determined using the NAV per share (or its equivalent) of the investment. This investment was sold during fiscal year 2022.

Common trust funds: This type consists of investments in eleven common trust funds that invest in a variety of debt and equity strategies including small- and mid-cap growth and value, small-, mid-, and large-cap core, emerging markets, international equities, dividend income, and aggregate bonds. These funds are held within an irrevocable trust of which the Foundation is a beneficiary. The investments in these common trust funds cannot be redeemed. The Foundation is currently receiving income earned on the investments. Distributions from the liquidation of the underlying assets are unknown at this time. The fair value of the investment in this type has been determined using the NAV per share (or its equivalent) of the investment.

(5) Transactions with Affiliates

The Foundation approved disbursements to the College for restricted private grants, institutional scholarship support, and departmental support of \$6,178,346 and \$6,458,111 during fiscal years 2022 and 2021. In addition, the Foundation contributed \$1,304,853 and \$1,321,359, respectively, of designated scholarship support to the College during fiscal years 2022 and 2021 which is part of students' financial aid. Designated

Notes to the Financial Statements

scholarship support is reported as scholarships and awards expense. The following table shows the contributions to the College for fiscal years 2022 and 2021:

Transactions with Affiliates		
	2022	2021
Restricted funds – Private grants	\$ 3,147,509	\$ 3,819,569
Institutional scholarship support	1,167,121	1,163,695
Restricted funds – Departmental transfers	1,862,253	1,464,847
Gifts in kind	1,463	10,000
Total restricted funds contributed to TCNJ	\$ 6,178,346	\$ 6,458,111
Designated scholarship support	1,304,853	1,321,359
Total transferred to TCNJ	<u>7,483,199</u>	<u>7,779,470</u>

Amounts due to The College of New Jersey for restricted funds contributed to the College included in the statements of net position as of June 30, 2022 and 2021 was \$2,131,986 and \$4,236,289, respectively. Amounts due to the College for designated scholarships included in the statements of net position as of June 30, 2022 and 2021 was \$40,387 and \$377,486, respectively. The College also provides certain administrative functions on behalf of the Foundation. The costs were not charged to the Foundation in fiscal years 2021 and 2020.

(6) Funds Held in Trust

Funds held in trust by others and not in the possession of, nor under the control of, the Foundation are not included in the Foundation's cash and cash equivalents and investments. In fiscal year 2015, the Foundation was named the beneficiary of a trust whose investments fair value was \$6,994,320 and \$8,411,941 as of June 30, 2022 and 2021, respectively.

Notes to the Financial Statements

(7) Noncurrent Liabilities

For the years ended June 30, 2022 and 2021, noncurrent liabilities activity was as follows:

2022 Noncurrent Liabilities Activity					
	Beginning balance	Additions	Reductions	Ending balance	Current portion
Noncurrent liabilities:					
Annuities payable	\$ 1,456,635	87,007	129,114	1,414,528	130,757
Total noncurrent liabilities	\$ 1,456,635	87,007	129,114	1,414,528	130,757

2021 Noncurrent Liabilities Activity					
	Beginning balance	Additions	Reductions	Ending balance	Current portion
Noncurrent liabilities:					
Annuities payable	\$ 1,514,573	74,727	132,665	1,456,635	129,037
Total noncurrent liabilities	\$ 1,514,573	74,727	132,665	1,456,635	129,037

(8) Risk Management

The Foundation is exposed to various risks of loss. The Foundation maintains a policy with Directors and Officers Liability and Entity Liability Coverage and an Employment Practices Liability Coverage. The combined maximum aggregate limit of liability for all claims under this policy is \$3,000,000. The insurance policy is renewed on an annual basis.

(9) Subsequent Events

Management evaluated events subsequent to June 30, 2022 and through November 22, 2022, the date on which the financial statements were issued. Management has determined that there are no subsequent events that would require adjustment or disclosure in the financial statements.