

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, 2024 and 2023

(With Report of Independent Certified Public Accountants)

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024 and 2023, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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.

Auditor's 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 auditor's 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 US 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 US 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.

Required supplementary information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, included on pages 4 through 14 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a required 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 US GAAS. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the

basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Grant Thornton LLP

Philadelphia, Pennsylvania
November 7, 2024

Management's Discussion and Analysis (Unaudited)

JUNE 30, 2024 AND 2023

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, 2024 and 2023, 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 its financial position, and cash flows of the Foundation as a whole.

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, 2024 and 2023. The endowment pool rate of return was a positive 11.9% net of investment manager fees compared to the previous year's positive performance of 10.2%. The gift annuity pool also generated a positive rate of return of 11.1% versus the previous year positive return of 8.3%. Both of the fiscal year 2024 and 2023 endowment pool returns were above the fiscal year 2024 and 2023 portfolio benchmark of CPI + 5.0%.

As of June 30, 2024, total investments held by the Foundation were \$69.0 million, up \$7.9 million from \$61.1 million at the previous year end. This increase is attributable to positive investment performance offset by distributions during the year. Approximately \$8.4 million in funds held in trust by others that the Foundation was the named beneficiary of are not included in the investments above (see note 6).

The Campaign for TCNJ Highlights

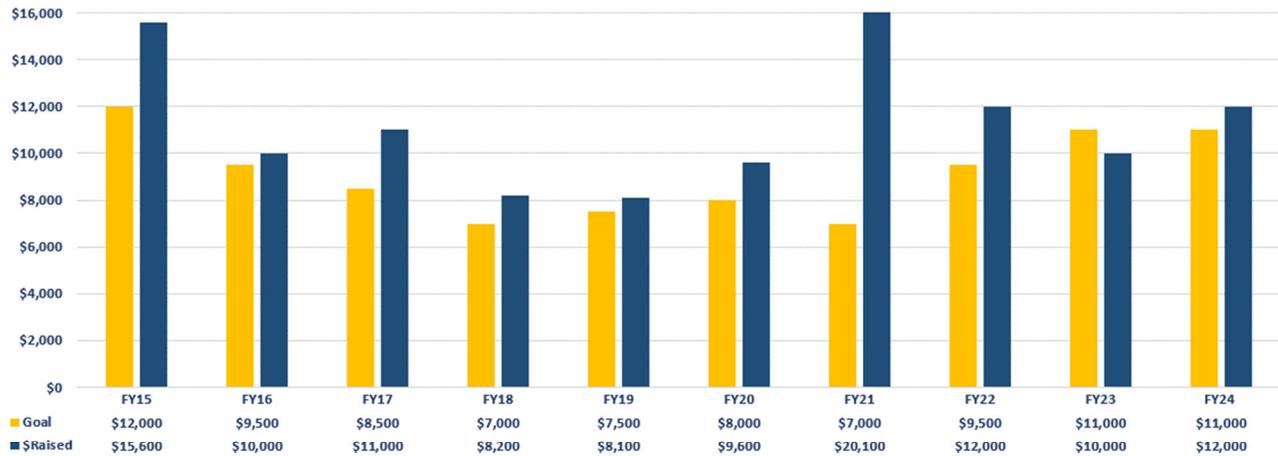
The Foundation has experienced a successful run in fundraising during the tenure of former president Dr. Kathryn Foster and new president Dr. Michael Bernstein. The Foundation has received a total of \$54.4 million in new gifts, pledges and planned gifts. This figure exceeds the aggregate goal for the four-year period by approximately 141.3%. In fiscal year 2024, the Foundation generated \$12.2 million in pledges, cash and bequests, which represents a 10.9% increase over the annual goal of \$11.0 million.

Management's Discussion and Analysis (Unaudited)

JUNE 30, 2024 AND 2023

In the graph below, the actual fundraising performance, which includes gifts, private grants, pledges and bequests, exceeded the fundraising goal in fiscal years 2019 to 2022, but did not exceed the fundraising goal in fiscal years 2023 or 2024. 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.

TEN YEAR FOUNDATION REVENUE REPORT



UNITS ARE IN THOUSANDS

TEN YEAR TOTALS

\$ Goal	\$91,000
\$ Raised	\$117,000
% to Goal	129%

Fiscal Year 2024 Fundraising Highlights

In fiscal year 2024, the Foundation's fundraising performance garnered a substantial increase in new revenue leading to the creation of thirteen new endowed funds, twenty-four new current use funds and five new charitable gift annuities. The endowed funds raised in fiscal year 2024 represent a total of \$2,711,650 in support of scholarships across five different schools as well as faculty development programs which will be managed within the Office of the Provost.

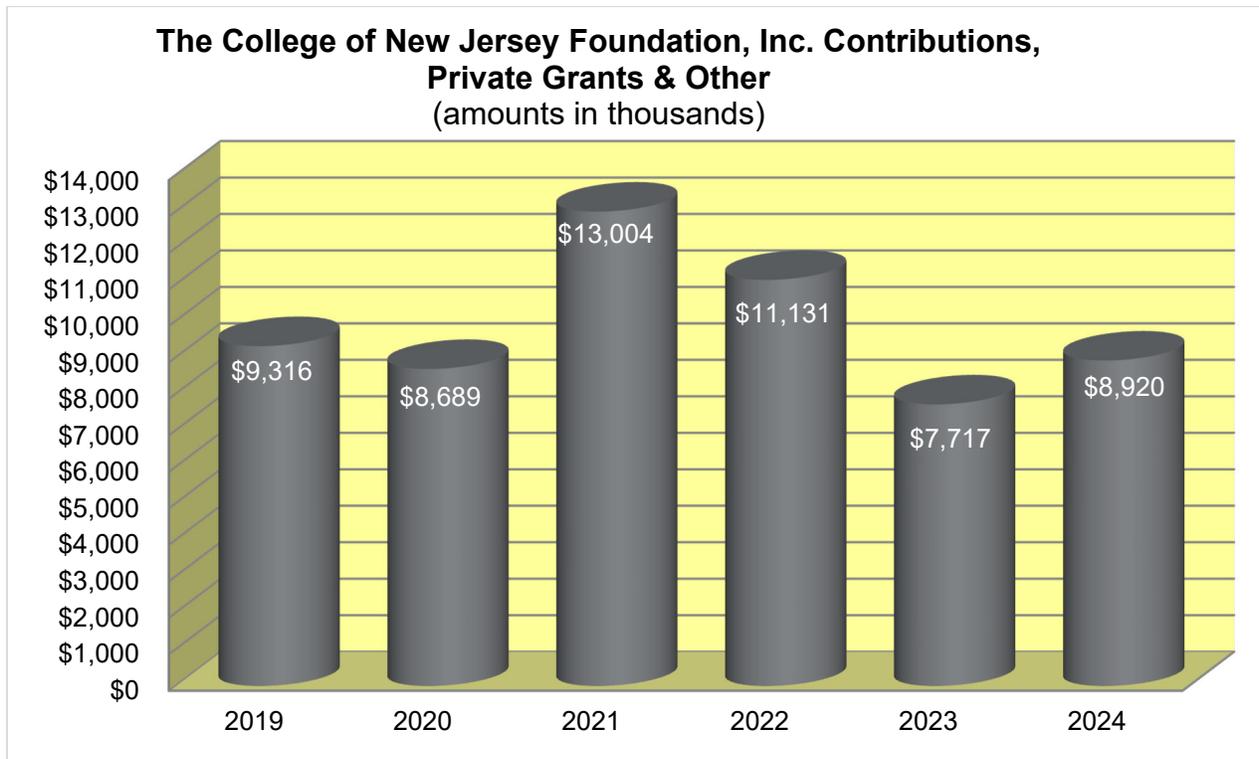
A few highlights from the revenue received this past year include:

- \$490,655 from 1,695 donors during the Week of Giving campaign.
- \$1,273,073 realized bequests that support both scholarships and academic programs.
- \$3,719,354 in payments from multiple foundations in support of educational initiatives and programming.
- \$6,300,937 in pledges and cash from new grants, including \$4,250,000 to launch an online master's program in clinical mental health counseling.

Management's Discussion and Analysis (Unaudited)

JUNE 30, 2024 AND 2023

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, 2024 AND 2023

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, 2024, 2023 and 2022:

Condensed Statements of Net Position			
	2024	2023	2022
Assets:			
Current assets	\$ 4,477,171	4,085,975	3,613,342
Noncurrent assets	67,571,514	58,914,622	56,785,620
Total assets	72,048,685	63,000,597	60,398,962
Liabilities:			
Current liabilities	2,534,144	2,734,221	2,459,471
Noncurrent liabilities	1,689,641	1,458,849	1,283,771
Total liabilities	4,223,785	4,193,070	3,743,242
Deferred inflows of resources	1,532,746	1,181,875	935,489
Net position:			
Restricted – nonexpendable	31,576,076	29,855,933	29,158,793
Restricted – expendable	27,745,310	22,156,214	17,777,831
Unrestricted	6,970,768	5,613,505	8,783,607
Total net position	\$ 66,292,154	57,625,652	55,720,231

Management's Discussion and Analysis (Unaudited)

JUNE 30, 2024 AND 2023

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, 2024, cash and investments held by the Foundation was approximately \$71.6 million, an increase of \$9.4 million primarily due to unrealized gains in the investment portfolio for fiscal year 2024.

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

Cash and Investment Pools				
Pool	Type of Funds	2024	2023	2022
Cash and cash equivalents	Working capital to support operating activities	\$ 2,616,539	1,132,723	2,352,088
Endowment pool	Contributions to establish endowment funds	63,266,159	56,146,596	53,704,351
Gift annuities and trusts	Gifts managed independently of endowment pool	5,747,564	4,906,506	4,313,537
	Total	\$ 71,630,262	62,185,825	60,369,976

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 increase of \$1.5 million from \$1.1 million as of June 30, 2023 to \$2.6 million as of June 30, 2024. During the fiscal year, \$146 thousand of cash gifts for endowments were transferred to the investment pool, net of \$68 thousand that was liquidated to fund scholarship and other expenses. Cash receipts from fundraising and private grants totaled \$8.8 million, a \$2.0 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 \$2.4 million. In addition, net transfers of restricted funds and scholarship support to The College of New Jersey (the "College") totaling \$4.8 million plus \$163 thousand in payments to annuitants were made.

The Foundation's cash and cash equivalents had a net decrease of \$1.2 million from \$2.3 million as of June 30, 2022 to \$1.1 million as of June 30, 2023. During the fiscal year, \$1.9 million of cash gifts for endowments were transferred to the investment pool, net of \$4.9 million that was liquidated to fund scholarship and other expenses.

Management's Discussion and Analysis (Unaudited)

JUNE 30, 2024 AND 2023

Cash receipts from fundraising and private grants totaled \$6.8 million, a \$3.8 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 \$2.0 million. In addition, net transfers of restricted funds and scholarship support to the College totaling \$9.1 million plus \$144 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.

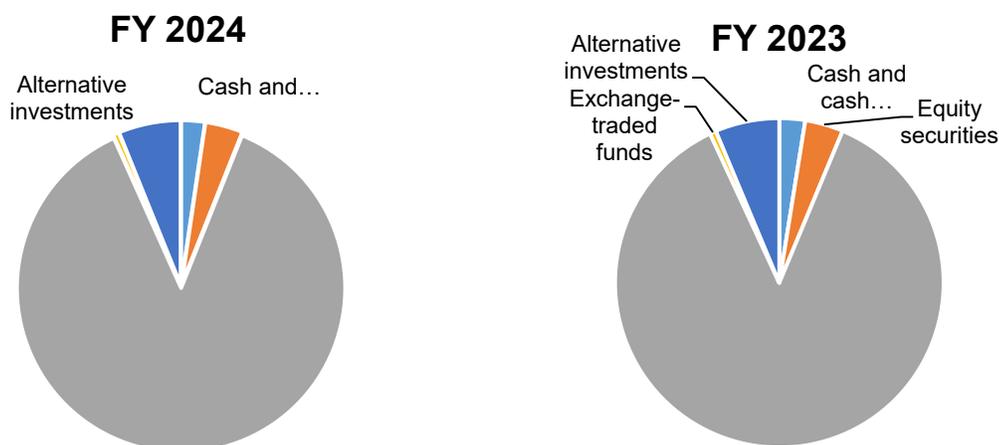
In fiscal year 2024, the investment portfolio net increase of \$7.9 million was driven by transfers of \$146 thousand in cash and stock gifts into the portfolio and \$7.6 million of investment income and realized and unrealized gains due to the change in the market value of the portfolio that were offset by \$68 thousand of withdrawals. Additionally, there were \$163 thousand in disbursements for contractual payments to gift annuitants and \$173 thousand in investment manager fees.

In fiscal year 2023, the investment portfolio net increase of \$3.1 million was driven by transfers of \$1.9 million in cash and stock gifts into the portfolio and \$6.0 million of investment income and realized and unrealized gains due to the change in the market value of the portfolio that were offset by \$4.9 million of withdrawals. Additionally, there were \$144 thousand in disbursements for contractual payments to gift annuitants and \$144 thousand in investment manager fees.

Management's Discussion and Analysis (Unaudited)

JUNE 30, 2024 AND 2023

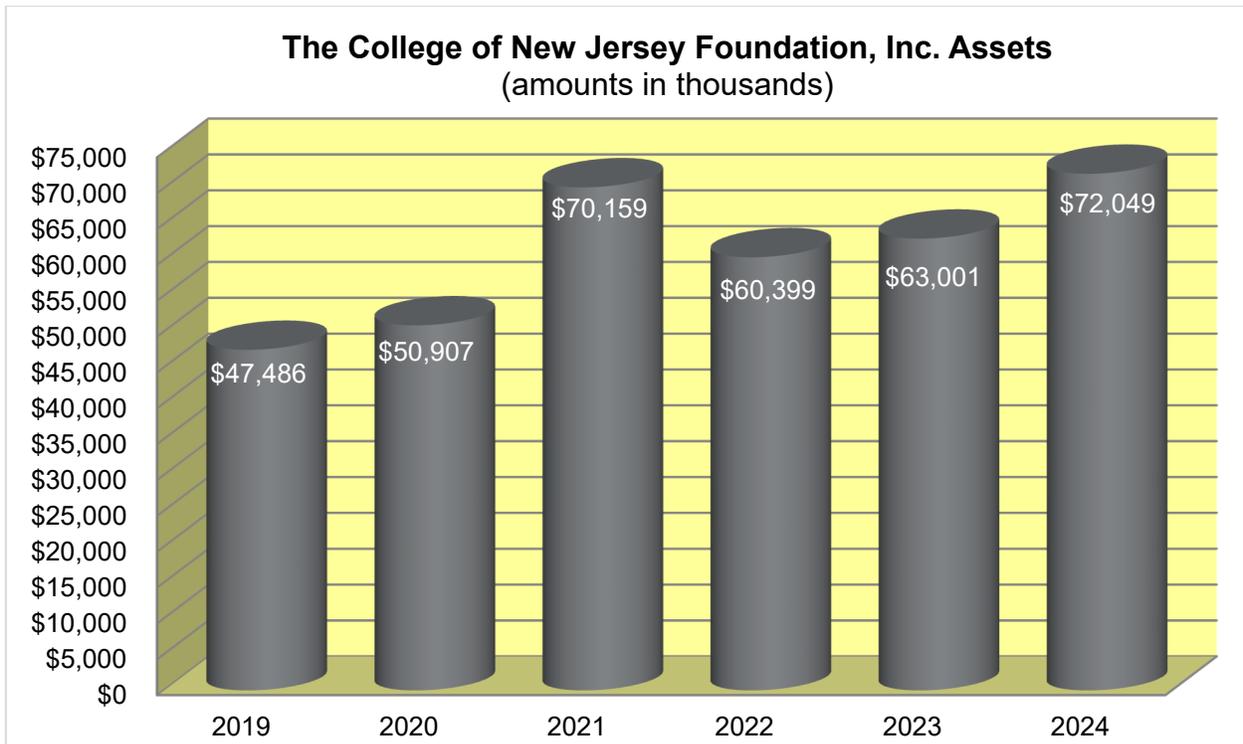
As of June 30, 2024, investments held by the Foundation were approximately \$69.0 million, up \$7.9 million from \$61.1 million in the previous fiscal year. The portfolio was allocated among various asset classes as shown below:



Asset Allocation	2024	Percentage	2023	Percentage
Cash and cash equivalents	\$ 1,609,944	2.3%	\$ 1,544,929	2.5%
Equity securities	2,571,432	3.7%	2,297,758	3.8%
Mutual funds	60,189,208	87.2%	52,975,817	86.8%
Exchange-traded funds	405,163	0.6%	377,786	0.6%
Alternative investments	4,237,976	6.2%	3,856,812	6.3%
Total Investments	\$ 69,013,723	100.0%	\$ 61,053,102	100.0%

Growth of the Foundation's Assets

The chart below shows approximately 51.7% 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, 2024 and 2023, the Foundation's assets, which consist primarily of cash and cash equivalents and investments, totaled \$72.0 million and \$63.0 million, respectively.



Liabilities

In fiscal year 2024, total liabilities increased by approximately \$30 thousand largely due to the increase in annuities payable of \$253 thousand. In fiscal year 2023, total liabilities increased by approximately \$450 thousand largely due to the increase in Foundation support due to TCNJ at June 30 as compared to the prior fiscal year.

Working Capital

Working capital is a key metric used to measure the Foundation's liquidity for operations. 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, 2024 and 2023, the current liabilities were \$2.5 million and \$2.7 million, respectively. The Foundation's current assets of \$4.5 million and \$3.3 million as of June 30, 2024 and 2023, respectively, were indicators that the Foundation had adequate liquidity to satisfy its current obligations.

Management's Discussion and Analysis (Unaudited)

JUNE 30, 2024 AND 2023

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 2024, net position increased by \$8.7 million or 15.0%. The increase was driven by investment return from the improved stock market performance, additions to the endowment, net of a decrease in funds contributed to the College of New Jersey. In fiscal year 2023, net position increased by \$1.9 million or 3.4% which was driven by net investment return from the improved stock market performance.

Restricted - Nonexpendable Net Position

During fiscal years 2024 and 2023, nonexpendable net position increased by \$1.7 million or 5.8% and \$697 thousand or 2.4%, 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 2024, expendable net position increased by \$5.6 million or 25.2% due to gift receipts that were offset by expenses and transfers to the College along with the unrealized gains in the investment portfolio. In fiscal year 2023, expendable net position increased by \$4.4 million or 24.6% due to gift receipts that were offset by expenses and transfers to the College along with the unrealized gains in the investment portfolio.

Unrestricted Net Position

In fiscal year 2024, unrestricted net position had an increase of \$1.4 million or 24.2% primarily due to unrestricted gift receipts that exceeded expenses and transfers. In fiscal year 2023, unrestricted net position had a decrease of \$3.2 million or 36.1% primarily due to expenses and transfers that exceeded unrestricted gifts receipts.

Statements of Revenues, Expenses and Changes in Net Position

The statements of revenues, expenses and changes in net position present 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.

Management's Discussion and Analysis (Unaudited)

JUNE 30, 2024 AND 2023

The following table shows the condensed statements of revenues, expenses and changes in net position as of June 30, 2024, 2023 and 2022:

Condensed Statements of Revenues, Expenses and Changes in Net Position			
	2024	2023	2022
Operating revenues	\$ 7,199,712	7,548,168	6,812,527
Operating expenses	7,441,858	11,983,950	9,282,892
Operating loss	(242,146)	(4,435,782)	(2,470,365)
Nonoperating revenues (losses)	7,188,504	5,644,063	(8,333,801)
Additions to permanent endowments	1,720,144	697,140	4,318,297
Increase (decrease) in net position	8,666,502	1,905,421	(6,485,869)
Net position, beginning of year	57,625,652	55,720,231	62,206,100
Net position, end of year	\$ 66,292,154	57,625,652	55,720,231

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 2024, \$4.4 million in contributions were designated by donors as expendable and \$2.3 million in private grants were received. In addition, the Foundation received \$503 thousand in gift administration fees and other revenue. In fiscal year 2023, \$4.8 million in contributions were designated by donors as expendable and \$2.1 million in private grants were received. In addition, the Foundation received \$597 thousand in gift administration fees and other revenue.

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 2024, operating expenses decreased \$4.5 million or 37.9% primarily due to decreases in fundraising events, gift administration fee charges to restricted funds, and expenses for College programs and scholarships.

In fiscal year 2023, operating expenses increased \$2.7 million or 29.1% primarily due to increases in fundraising events, gift administration fee charges to restricted funds, and expenses for College programs.

Nonoperating Revenues (Losses) and Other Additions

In fiscal year 2024, nonoperating revenues totaled \$7.2 million, consisting of unrealized investment gains, net of manager fees. In fiscal year 2023, nonoperating revenues totaled \$5.6 million, consisting of unrealized investment gains, net of manager fees.

Other additions in fiscal years 2024 and 2023 included additions to permanent endowments of \$1.7 million and \$697 thousand, respectively, which represent gifts to be held in perpetuity.

Management's Discussion and Analysis (Unaudited)

JUNE 30, 2024 AND 2023

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.

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, 2024 and 2023

Assets	2024	2023
Current assets:		
Cash and cash equivalents (Note 3)	\$ 2,616,539	1,132,723
Investments (Note 4)	1,442,209	1,361,208
Due from The College of New Jersey	17,500	17,500
Contribution receivables	398,162	793,844
Other receivables	2,244	2,911
Prepaid expenses	517	517
Total current assets	4,477,171	3,308,703
Noncurrent assets:		
Restricted investments (Note 4)	62,710,095	54,671,404
Noncurrent investments (Note 4)	4,861,419	5,020,490
Total noncurrent assets	67,571,514	59,691,894
Total assets	72,048,685	63,000,597
Liabilities		
Current liabilities:		
Accounts payable	54,741	131,234
Due to The College of New Jersey (Note 5)	2,313,082	2,459,078
Annuities payable (Note 7)	166,321	143,909
Total current liabilities	2,534,144	2,734,221
Noncurrent liabilities:		
Annuities payable (Note 7)	1,689,641	1,458,849
Total noncurrent liabilities	1,689,641	1,458,849
Total liabilities	4,223,785	4,193,070
Deferred Inflows of Resources		
Deferred amounts from charitable gift annuities	1,532,746	1,181,875
Net Position		
Restricted:		
Nonexpendable:		
Scholarships	20,295,687	18,646,094
Other programs	11,280,389	11,209,839
Expendable:		
Scholarships	15,838,065	12,119,923
Other programs	11,907,245	10,036,291
Unrestricted	6,970,768	5,613,505
Total net position	\$ 66,292,154	57,625,652

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating revenues:		
Contributions	\$ 4,431,363	4,842,690
Private grants & other	2,768,349	2,705,478
Total operating revenues	<u>7,199,712</u>	<u>7,548,168</u>
Operating expenses:		
Scholarships and awards (Note 5)	1,039,587	1,465,925
Fundraising events	1,163,041	1,212,029
Program services	571,245	823,154
Restricted funds contributed to:		
The College of New Jersey (Note 5)	4,667,985	8,482,842
Total operating expenses	<u>7,441,858</u>	<u>11,983,950</u>
Operating loss	<u>(242,146)</u>	<u>(4,435,782)</u>
Nonoperating revenues:		
Investment return, net	7,171,557	5,644,063
Gain on charitable gift annuities	16,947	—
Nonoperating revenues	<u>7,188,504</u>	<u>5,644,063</u>
Income before additions to endowment	<u>6,946,358</u>	<u>1,208,281</u>
Additions to permanent endowments	1,720,144	697,140
Increase in net position	<u>8,666,502</u>	<u>1,905,421</u>
Net position, beginning of year	57,625,652	55,720,231
Net position, end of year	<u>\$ 66,292,154</u>	<u>57,625,652</u>

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

Years ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Contributions and private grants	\$ 7,089,392	6,054,082
Scholarships and awards	(1,048,206)	(522,675)
Fundraising events	(659,481)	(691,735)
Program services	(633,573)	(826,025)
Restricted funds contributed to:		
The College of New Jersey	(4,819,637)	(9,083,410)
Net cash used by operating activities	(71,505)	(5,069,763)
Cash flows from noncapital financing activities:		
Additions to permanent endowments	1,720,144	697,140
Payments to annuitants	(163,209)	(143,738)
Transactions with affiliates	16,947	125
Net cash provided by noncapital financing activities	1,573,882	553,527
Cash flows from investing activities:		
Interest income	40,928	28,974
Investment manager fees	(173,023)	(144,584)
Purchases of investments	(143,037)	(1,764,858)
Withdrawals from investment accounts	68,333	4,992,621
Proceeds from sales of investments	188,238	184,718
Net cash (used by) provided by investing activities	(18,561)	3,296,871
Net increase (decrease) in cash and cash equivalents	1,483,816	(1,219,365)
Cash and cash equivalents, beginning of year	1,132,723	2,352,088
Cash and cash equivalents, end of year	\$ 2,616,539	1,132,723
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (242,146)	(4,435,782)
In-kind and stock gift contributions to investments	(2,552)	(112,250)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Changes in assets, liabilities and deferred inflows of resources:		
Contribution and other receivables	395,682	(783,243)
Prepaid expenses	—	(86)
Accounts payable	(76,493)	(25,107)
Due to The College of New Jersey	(145,996)	286,705
Net cash used by operating activities	\$ (71,505)	(5,069,763)
Noncash transactions:		
Change in fair value of investments	\$ 6,950,127	6,041,438
In-kind and stock gift contributions to investments	2,552	112,250

The accompanying notes are an integral part of these 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 differences 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 \$8,326,626 and \$5,747,433 as of June 30, 2024 and 2023, 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 and gain on charitable gift annuities are classified as nonoperating revenue since they are passive income.

(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 year 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.

(3) Cash and Cash Equivalents

The carrying amount of cash as of June 30, 2024 was \$2,184,132 while the amount on deposit with the bank was \$2,201,203. The carrying amount of cash as of June 30, 2023 was \$722,592 while the amount on deposit with the bank was \$743,752.

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, 2024 and 2023 were insured by Federal Depository Insurance up to \$250,000 per bank. Bank balances as of June 30, 2024 and 2023 of \$1,701,203 and \$493,752, 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, 2024 and 2023 was \$432,407 and \$410,132, 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, 2024 and 2023. The State of New Jersey Cash Management Fund is unrated with an average portfolio maturity of less than one year.

Notes to the Financial Statements

(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, 2024 and 2023:

Investments		
	2024	2023
Cash and cash equivalents	\$ 1,609,944	1,544,929
Equity securities	2,571,432	2,297,758
Mutual funds	60,189,208	52,975,817
Exchange-traded funds	405,163	377,786
Alternative investments:		
Hedge funds	3,323,679	3,034,790
Common trust funds	914,297	822,022
	<u>\$ 69,013,723</u>	<u>61,053,102</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.

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.

Notes to the Financial Statements

- 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.

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, 2024 and 2023, the Foundation was not invested in any fixed income securities.

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.
- 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.

Notes to the Financial Statements

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

- 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.
- 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.
- Alternative investments - Alternative investments are valued using current estimates of NAV 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, 2024 and 2023 are summarized in the following table by their level within the fair value hierarchy:

2024 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	\$ 2,571,432	2,571,432	—	—
Mutual funds	60,189,208	60,189,208	—	—
Exchange-traded funds	405,163	405,163	—	—
Total investments by fair value level	63,165,803	63,165,803	—	—
<i>Investments measured at net asset value (NAV):</i>				
Hedge funds	3,323,679			
Common trust funds	914,297			
Total investments measured at NAV	4,237,976			
Total investments measured at fair value	\$ 67,403,779			

Notes to the Financial Statements

2023 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	\$ 2,297,758	2,297,758	—	—
Mutual funds	52,975,817	52,975,817	—	—
Exchange-traded funds	377,786	377,786	—	—
Total investments by fair value level	55,651,361	55,651,361	—	—
<i>Investments measured at net asset value (NAV):</i>				
Hedge funds	3,034,790			
Common trust funds	822,022			
Total investments measured at NAV	3,856,812			
Total investments measured at fair value	\$ 59,508,173			

The fair value as of June 30, 2024 and 2023 and redemption terms for investments measured at the NAV per share (or its equivalent) is presented in the following table:

2024 Investments Measured at NAV			
Investment	Fair value	Redemption frequency (if currently eligible)	Redemption notice period
Hedge funds	\$ 3,323,679	Quarterly	95 days
Common trust funds	914,297	N/A	N/A
Total investments measured at NAV	\$ 4,237,976		

2023 Investments Measured at NAV			
Investment	Fair value	Redemption frequency (if currently eligible)	Redemption notice period
Hedge funds	\$ 3,034,790	Quarterly	95 days
Common trust funds	822,022	N/A	N/A
Total investments measured at NAV	\$ 3,856,812		

As of June 30, 2024 and 2023, the Foundation had no unfunded commitments for investments measured at NAV.

Notes to the Financial Statements

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

Hedge funds: This type consisted of investments in one fund as of June 30, 2024 and 2023 that employs a variety of alternative investment strategies including multi-strategy equity, relative value, and multi-strategy funds of funds. Redemption terms vary by fund. 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, 2024 and 2023 may be redeemed semi-annually based on the investment anniversary date with at least 95 days. The fair value of the investments in this type has been determined using the NAV per share (or its equivalent) of the investment.

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. The investments in these common trust funds cannot currently 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 \$4,667,985 and \$8,482,842 during fiscal years 2024 and 2023, respectively. In addition, the Foundation contributed \$900,955 and \$1,364,507, respectively, of designated scholarship support to the College during fiscal years 2024 and 2023, respectively, which is part of students' financial aid. Designated scholarship support is reported as scholarships and awards expense. The following table shows the contributions to the College for fiscal years 2024 and 2023:

Transactions with Affiliates		
	2024	2023
Capital expenditures and operating support	\$ 618,050	3,948,622
Restricted funds - private grants	2,359,016	2,811,672
Institutional scholarship support	964,111	948,343
Restricted funds - departmental transfers	726,808	773,606
Gifts in kind	—	599
Total restricted funds contributed to TCNJ	<u>4,667,985</u>	<u>8,482,842</u>
Designated scholarship support	900,955	1,364,507
Total transferred to TCNJ	<u>\$ 5,568,940</u>	<u>9,847,349</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, 2024 and 2023 were \$1,327,007 and \$1,478,658, respectively. Amounts due to the College for designated scholarships included in the statements of net position as of

Notes to the Financial Statements

June 30, 2024 and 2023 were \$986,075 and \$980,420, respectively. The College also provides certain administrative functions on behalf of the Foundation. The costs were not charged to the Foundation in fiscal years 2024 and 2023.

(6) Funds Held in Trust

In fiscal year 2015, the Foundation was named the beneficiary of a trust. The 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 because they do not meet eligibility requirements for recognition as defined in GASB 81, *Split-Interest Agreements*. The fair value of such cash and cash equivalents and investments was \$8,350,104 and \$7,162,041 as of June 30, 2024 and 2023, respectively.

(7) Noncurrent Liabilities

For the years ended June 30, 2024 and 2023, noncurrent liabilities activity was as follows:

2024 Noncurrent Liabilities Activity					
	Beginning balance	Additions	Reductions	Ending balance	Current portion
Noncurrent liabilities:					
Annuities payable	\$ 1,602,758	416,413	(163,209)	1,855,962	166,321
Total noncurrent liabilities	\$ 1,602,758	416,413	(163,209)	1,855,962	166,321

2023 Noncurrent Liabilities Activity					
	Beginning balance	Additions	Reductions	Ending balance	Current portion
Noncurrent liabilities:					
Annuities payable	\$ 1,414,528	331,968	(143,738)	1,602,758	143,909
Total noncurrent liabilities	\$ 1,414,528	331,968	(143,738)	1,602,758	143,909

(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 from June 30, 2024 and no subsequent events were identified.