

# FOUNDATION AT NEW JERSEY INSTITUTE OF TECHNOLOGY

Financial Statements  
and Management's Discussion and Analysis

Together with

Report of Independent Certified Public Accountants

June 30, 2023 and 2022



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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Board of Directors of the  
Foundation at New Jersey Institute of Technology

**Opinion**

We have audited the financial statements of the Foundation at New Jersey Institute of Technology (the "Foundation"), a component unit of New Jersey Institute of Technology, as of and for the years ended June 30, 2023 and 2022, 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, 2023 and 2022, 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 audit. 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 on pages 4 through 9 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  
December 15, 2023

## Management's Discussion and Analysis (unaudited)

(Dollars in thousands)

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### ***Introduction***

The following discussion and analysis provides an analytical overview of the financial position and activities of the Foundation at New Jersey Institute of Technology (the Foundation) at and for the years ended June 30, 2023 and 2022. This discussion and analysis has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Established in 1959, the Foundation is a 501(c)(3) tax-exempt organization that raises, invests, and distributes philanthropic gifts on behalf of New Jersey Institute of Technology (NJIT), the state's public polytechnic university. In connecting alumni and friends with NJIT's innovative programs, research-active faculty, and talented and hardworking students, the Foundation advances NJIT's pursuit of its mission of education, research, service, and economic development.

Recognized as a *U.S. News & World Report* Top 100 National University and an "R1 - highest research activity" institution by the Carnegie Classification of Institutions of Higher Education, NJIT prepares students to be leaders in the technology-dependent economy of the 21st century. NJIT's multidisciplinary curriculum and computing-intensive approach to education provide the technological proficiency, business knowledge, and leadership skills that future engineers, scientists, architects, CEOs, entrepreneurs, and leaders need to succeed. With an enrollment of over 12,300 undergraduates and graduate students in more than 125 programs, NJIT offers small-campus intimacy with the resources of a major public polytechnic university.



### ***The Financial Statements***

The Foundation's financial statements include a statement of net position at June 30, 2023 and 2022, and statements of revenues, expenses, and changes in net position and cash flows for the years then ended. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB).

### ***Financial Highlights***

The Foundation's financial position at June 30, 2023 and 2022 was sound, with total assets of \$171,872 and \$157,150, total liabilities of \$641 and \$653, and deferred inflows of resources of \$2,816 and \$1,979, respectively. Net position, which represents the excess of the Foundation's assets over its liabilities and deferred inflows of resources, totaled \$168,415 and \$154,518 at June 30, 2023 and 2022, respectively. Net position increased \$13,897 in fiscal year 2023 and decreased \$19,929 in fiscal year 2022 principally resulting from investment income and losses, respectively.

**Management's Discussion and Analysis (unaudited)**  
**(Dollars in thousands)**

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**Statements of Net Position**

The statements of net position present the Foundation's financial position at June 30, 2023 and 2022, and are summarized as follows. The summarized statement of net position at June 30, 2021 is also presented for comparative purposes.

	June 30,		
	2023	2022	2021
Current assets	\$ 4,232	\$ 4,802	\$ 4,124
Endowment investments	157,546	145,484	166,087
Beneficial interest trusts	6,629	5,429	6,846
Pledges receivable and other assets, noncurrent	3,465	1,435	761
<b>Total assets</b>	<b>171,872</b>	<b>157,150</b>	<b>177,818</b>
Due to New Jersey Institute of Technology	98	77	66
Annuity funds liability, current	98	116	110
Unearned advance payments	-	98	-
Accounts payable	11	3	20
Annuity funds liability, noncurrent	434	359	546
<b>Total liabilities</b>	<b>641</b>	<b>653</b>	<b>742</b>
Deferred inflows of resources	2,816	1,979	2,629
Restricted nonexpendable	105,819	98,770	95,353
Restricted expendable	32,758	26,763	45,512
Unrestricted	29,838	28,985	33,582
<b>Total net position</b>	<b>\$ 168,415</b>	<b>\$ 154,518</b>	<b>\$ 174,447</b>

Current assets consist of cash held by New Jersey Institute of Technology and pledges and other receivables, net, at June 30, 2023 and 2022 and prepaid expenses at June 30, 2022. Current assets decreased \$570 during fiscal year 2023, primarily resulting from decreases in pledges receivable and cash held by New Jersey Institute of Technology, and increased \$678 during fiscal year 2022, primarily resulting from increases in pledges receivable and cash held by New Jersey Institute of Technology.

Endowment investments include gifts from donors, the corpus of which is to be invested in perpetuity, annuity funds, unrestricted funds established by NJIT as quasi-endowment, and the related investment return. Endowment investments increased 8.3% during fiscal year 2023, reflecting growth from new gifts and investment income, partially offset by endowment distributions. Endowment investments decreased 12.4% during fiscal year 2022, reflecting growth from new gifts more than offset by investment loss and endowment distributions.

Total liabilities consist of the current and noncurrent portions of annuity funds liability, accounts payable, and due to New Jersey Institute of Technology at June 30, 2023 and 2022, and unearned advance payments at June 30, 2022. Liabilities decreased \$12 during fiscal year 2023, primarily due to a decrease in unearned advance payments, partially offset by increases in annuity funds liability and due to NJIT. Liabilities decreased \$89 during fiscal year 2022, primarily due to a decrease in annuity funds liability, partially offset by an increase in unearned advance payments.

**Management's Discussion and Analysis (unaudited)**  
**(Dollars in thousands)**

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Deferred inflows of resources consist of certain changes in annuity funds liability and beneficial interest in charitable annuity trusts. Deferred inflows of resources increased \$837 and decreased \$650 in fiscal years 2023 and 2022, respectively, resulting from changes in the fair value of annuity funds and beneficial interest in charitable remainder trusts.

Restricted nonexpendable net position represents the original value of additions to the Foundation's donor-restricted endowments and the fair value of beneficial interest in perpetual trusts. Restricted expendable net position includes gifts that are donor restricted and restricted investment income. As discussed above, donor-restricted endowment funds represent gifts from donors that are to be invested in perpetuity.

At June 30, 2023 and 2022, restricted net position is composed of the following. The components of restricted net position at June 30, 2021 are also presented for comparative purposes.

		June 30,	
	2023	2022	2021
Nonexpendable:			
Scholarships and fellowships	\$ 86,816	\$ 81,220	\$ 78,825
Instructional and other	19,003	17,550	16,528
Expendable:			
Scholarships and fellowships	23,437	19,900	35,575
Instructional and other	9,321	6,863	9,937
	<u>\$ 138,577</u>	<u>\$ 125,533</u>	<u>\$ 140,865</u>

Restricted net position increased \$13,044 during fiscal year 2023 principally due to investment income, gifts and bequests, and additions to permanent endowment, partially offset by operating expenses, and decreased \$15,332 during fiscal year 2022 principally resulting from investment losses.

The unrestricted component of net position is all other net position that is available for general operations in support of the Foundation's mission unless otherwise designated by the Foundation's Board of Directors. Unrestricted net position increased \$853 during fiscal year 2023 principally due to investment income and gifts and bequests, offset by operating expenses, and decreased \$4,597 during fiscal year 2022 principally resulting from investment losses. Even though unrestricted net position is not subject to external restrictions, management, with the approval of the Foundation's Board of Directors, has designated a portion of the unrestricted net position for the following specified purposes. The components of unrestricted net position at June 30, 2021 are also presented for comparative purposes.

		June 30,	
	2023	2022	2021
Designated unrestricted net position:			
Scholarships and fellowships	\$ 19,214	\$ 18,585	\$ 21,780
Instructional and other	7,867	7,515	8,933
	27,081	26,100	30,713
Undesignated unrestricted net position - operations	2,757	2,885	2,869
	<u>\$ 29,838</u>	<u>\$ 28,985</u>	<u>\$ 33,582</u>



**Management's Discussion and Analysis (unaudited)**  
**(Dollars in thousands)**



**Statements of Revenues, Expenses, and Changes in Net Position**

The statements of revenues, expenses, and changes in net position present the operating results and the non-operating and other revenues of the Foundation.

The components of revenues for the fiscal years ended June 30, 2023 and 2022 are as follows. The components of revenues for the fiscal year ended June 30, 2021 are also presented for comparative purposes.

	Fiscal Years Ended June 30,		
	2023	2022	2021
Operating revenues:			
Gifts and bequests	\$ 6,061	\$ 5,006	\$ 4,145
Donated services	2,970	2,998	2,361
Total operating revenues	9,031	8,004	6,506
Non-operating and other revenues (loss):			
Investment income (loss)	11,306	(19,928)	35,535
Additions to permanent endowments	6,730	4,327	8,223
Other non-operating revenues	18	18	24
Total non-operating and other revenues (loss)	18,054	(15,583)	43,782
Total revenues (loss)	\$ 27,085	\$ (7,579)	\$ 50,288

Private support from corporations, foundations, alumni, and other donors is the major factor in the Foundation's growth and development. In fiscal years 2023 and 2022, gifts and bequests totaled \$6,061 and \$5,006, respectively. The fiscal year 2023 increase relates to an increase in fundraising and pledge revenue, partially offset by a decrease in gift-in-kind.

In fiscal years 2023 and 2022, additions to permanent endowments totaled \$6,730 and \$4,327, respectively. The fiscal year 2023 increase relates to several significant donor gifts which are to be held in perpetuity.

In fiscal years 2023 and 2022, NJIT donated \$2,970 and \$2,998 of services, respectively, composed of the salaries and fringe benefits of fundraising employees, to the Foundation.

**Management's Discussion and Analysis (unaudited)**  
**(Dollars in thousands)**

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Investment income (loss) includes interest and dividend income as well as realized and unrealized gains and losses. During fiscal year 2023, investment income totaled \$11,306 resulting from the positive performance of the investment portfolio, as a result of improved market conditions. During fiscal year 2022, investment loss totaled \$19,928 resulting from poor market conditions experienced in the second half of the fiscal year.

The components of operating expenses for the fiscal years ended June 30, 2023 and 2022 are as follows. The components of operating expenses for the fiscal year ended June 30, 2021 are also presented for comparative purposes.

	Fiscal Years Ended June 30,		
	2023	2022	2021
Operating expenses:			
Grants to New Jersey Institute of Technology	\$ 9,142	\$ 8,456	\$ 8,924
Grants to New Jersey Institute of Technology student Greek organization	18	16	10
Fundraising	3,528	3,689	2,577
Administration	500	189	169
Total operating expenses	<u>\$ 13,188</u>	<u>\$ 12,350</u>	<u>\$ 11,680</u>

Operating expenses increased 6.8% to \$13,188 and increased 5.7% to \$12,350 in fiscal years 2023 and 2022, respectively.

Grants to NJIT, consisting of grants for scholarships and fellowships to NJIT students, instructional and other purposes, and construction, comprised 69.3% and 68.5% of total operating expenses in fiscal years 2023 and 2022, respectively. The recipients of the grants are determined by NJIT, in accordance with donor restrictions. The fiscal year 2023 increase principally relates to an increase in instructional and other grants, partially offset by a decrease in scholarship and fellowship grants, resulting from the year-over-year change in annual restricted gifts. The fiscal year 2022 decrease relates to decreases in instructional and other grants and construction grants, partially offset by an increase in scholarship and fellowship grants.

Grants to NJIT student Greek organization, comprising 0.1% of total operating expenses in both fiscal years 2023 and 2022, were made from donor-restricted gifts received for the benefit of a specific student Greek organization, and consist of grants for construction and furnishing of the educational areas of its chapter house.

Fundraising expenses, comprising 26.8% and 29.9% of total operating expenses in fiscal years 2023 and 2022, respectively, decreased to \$3,528 and increased to \$3,689 in fiscal years 2023 and 2022, respectively. The fiscal year 2023 decrease principally relates to a gift-in-kind reflected in fiscal year 2022, partially offset by an increase in event expenses. The fiscal year 2022 increase principally relates to increases in personnel costs, event expenses, and a gift-in-kind.

Administration expenses comprised 3.8% and 1.5% of total operating expenses in fiscal years 2023 and 2022, respectively. The fiscal year 2023 increase principally relates to an increase in personnel costs.

***Summary and Outlook***

The Foundation's mission is to raise and manage funds to support the further development and growth of programs at NJIT. The Foundation's fundraising activities are successful and have created a significant endowment, which will generate grants to NJIT for many years. During fiscal year 2023, the Foundation's fundraising efforts generated gifts and bequests of \$6,061 and additions to permanent endowments of \$6,730. It is management's intention to continue to place a significant emphasis on fundraising efforts.

The endowment is managed with a broad-based asset allocation. The Foundation's endowment investment strategy is designed to maintain purchasing power of pooled endowment fund assets, with an emphasis on total return, via a group of managers each focused on their sector of the allocation. The endowment spending policy provides for appropriate funding of donors' purposes.

Grants made to NJIT from the Foundation's restricted and unrestricted funds totaled \$9,142 in fiscal year 2023. Unrestricted net position totaled \$29,838 at June 30, 2023, of which \$27,081 is designated for future grants.

The Foundation's management believes that the Foundation is in sound financial condition and is properly positioned to continue to pursue its goal of supporting the further development and growth of programs at NJIT.



**Statements of Net Position**  
**(Dollars in thousands)**  
**At June 30, 2023 and 2022**

	2023	2022
<b>Assets</b>		
Current assets:		
Cash held by New Jersey Institute of Technology	\$ 2,929	\$ 3,095
Pledges and other receivables, net	1,303	1,647
Prepaid expenses	-	60
Total current assets	<u>4,232</u>	<u>4,802</u>
Noncurrent assets:		
Endowment investments	157,546	145,484
Beneficial interest trusts	6,629	5,429
Pledges receivable, net	3,449	1,419
Other assets	16	16
Total noncurrent assets	<u>167,640</u>	<u>152,348</u>
Total assets	<u>171,872</u>	<u>157,150</u>
<b>Liabilities</b>		
Current liabilities:		
Due to New Jersey Institute of Technology	98	77
Annuity funds liability, current portion	98	116
Unearned advance payments	-	98
Accounts payable	11	3
Total current liabilities	<u>207</u>	<u>294</u>
Noncurrent liabilities:		
Annuity funds liability	434	359
Total liabilities	<u>641</u>	<u>653</u>
<b>Deferred inflows of resources</b>	<u>2,816</u>	<u>1,979</u>
<b>Net position</b>		
Restricted:		
Nonexpendable:		
Scholarships and fellowships	86,816	81,220
Instructional and other	19,003	17,550
Expendable:		
Scholarships and fellowships	23,437	19,900
Instructional and other	9,321	6,863
Unrestricted	29,838	28,985
Total net position	<u>\$ 168,415</u>	<u>\$ 154,518</u>

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



**Statements of Revenues, Expenses, and Changes in Net Position**

(Dollars in thousands)

For the years ended June 30, 2023 and 2022

	2023	2022
<b>Operating revenues</b>		
Gifts and bequests	\$ 6,061	\$ 5,006
Donated services	2,970	2,998
Total operating revenues	<u>9,031</u>	<u>8,004</u>
<b>Operating expenses</b>		
Grants to New Jersey Institute of Technology	9,142	8,456
Grants to New Jersey Institute of Technology student Greek organization	18	16
Fundraising	3,528	3,689
Administration	500	189
Total operating expenses	<u>13,188</u>	<u>12,350</u>
Operating loss	<u>(4,157)</u>	<u>(4,346)</u>
<b>Non-operating revenues (loss)</b>		
Investment income (loss)	11,306	(19,928)
Other non-operating revenues	18	18
Total non-operating revenues (loss)	<u>11,324</u>	<u>(19,910)</u>
Income (loss) before other revenues	<u>7,167</u>	<u>(24,256)</u>
<b>Other revenues</b>		
Additions to permanent endowments	6,730	4,327
Increase (decrease) in net position	<u>13,897</u>	<u>(19,929)</u>
<b>Net position, beginning of year</b>	<u>154,518</u>	<u>174,447</u>
<b>Net position, end of year</b>	<u>\$ 168,415</u>	<u>\$ 154,518</u>

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

**Statements of Cash Flows**  
(Dollars in thousands)  
For the years ended June 30, 2023 and 2022

	2023	2022
<b>Cash flows from operating activities</b>		
Gifts and bequests	\$ 4,227	\$ 3,704
Due to/from New Jersey Institute of Technology	21	11
Grants to New Jersey Institute of Technology	(8,094)	(7,950)
Grants to New Jersey Institute of Technology student Greek organization	(18)	(16)
Payments to New Jersey Institute of Technology for salaries and fringe benefits	(443)	(148)
Payments on annuity funds	(107)	(112)
Payments for goods and services	(547)	(809)
Net cash used by operating activities	<u>(4,961)</u>	<u>(5,320)</u>
<b>Cash flows from noncapital financing activities</b>		
Additions to permanent endowments	5,731	4,132
Other	18	18
Net cash provided by noncapital financing activities	<u>5,749</u>	<u>4,150</u>
<b>Cash flows from investing activities</b>		
Proceeds from sales and maturities of investments	71,778	64,286
Interest and dividends on investments	3,990	3,536
Purchase of investments	(76,722)	(66,448)
Net cash (used) provided by investing activities	<u>(954)</u>	<u>1,374</u>
Net (decrease) increase in cash held by New Jersey Institute of Technology	(166)	204
<b>Cash held by New Jersey Institute of Technology, beginning of year</b>	<u>3,095</u>	<u>2,891</u>
<b>Cash held by New Jersey Institute of Technology, end of year</b>	<u>\$ 2,929</u>	<u>\$ 3,095</u>
<b>Reconciliation of operating loss to net cash used by operating activities</b>		
Operating loss	\$ (4,157)	\$ (4,346)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Noncash operating revenues	(3,020)	(3,310)
Noncash operating expenses	4,018	3,504
Changes in assets and liabilities:		
Pledges and other receivables	(1,686)	(1,088)
Prepaid expenses	60	(60)
Due to from New Jersey Institute of Technology	21	11
Annuity funds liability	(107)	(112)
Accounts payable	8	(17)
Unearned advance payments	(98)	98
Net cash used by operating activities	<u>(4,961)</u>	<u>(5,320)</u>
Noncash transactions:		
Additions to permanent endowments	<u>\$ 999</u>	<u>\$ 195</u>

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

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Foundation at New Jersey Institute of Technology (the Foundation) is a resource development organization that has as its goal the support of the further development and growth of programs at New Jersey Institute of Technology (NJIT). The Foundation encourages private philanthropy on behalf of NJIT. Outstanding leaders from industry serve as Board of Directors of the Foundation and provide a vital link with the private sector.

Pursuant to the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended, the Foundation, because of the significance of its operational and financial relationships with NJIT and because it exclusively benefits NJIT and its constituents, is considered to be a blended component unit of NJIT (collectively, the University) for financial reporting purposes. Accordingly, its financial statements are included in the financial statements of the University, which are included in the Annual Comprehensive Financial Report of the State of New Jersey (the State).

***Basis of Presentation***

The Foundation's financial statements have been prepared on the accrual basis of accounting using the economic resources measurement focus, in accordance with accounting principles generally accepted in the United States of America as promulgated by the GASB.

***Use of Estimates***

The accompanying financial statements include estimates and assumptions that affect the reported amounts of assets and liabilities at the statement of net position dates, as well as the reported amounts of revenues and expenses for the fiscal years then ended. Actual results could differ from those estimates.

***Cash held by New Jersey Institute of Technology***

The Foundation participates in a cash pooling arrangement with NJIT, which functions as its fiduciary agent. Cash balances due to the Foundation pursuant to this arrangement are included in Cash held by New Jersey Institute of Technology in the statement of net position.

***Fair Value Measurement***

The Foundation's investments are measured at fair value using valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs are based on market assumptions. The fair value hierarchy is comprised of the following three levels of inputs, of which the first two are considered observable and the last unobservable:

- Level 1: Quoted prices in active markets for identical assets.
- Level 2: Inputs other than Level 1 that are observable either directly or indirectly, such as quoted prices in markets that are not as active, or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Significant unobservable inputs that are supported by little or no market activity.

**Notes to the Financial Statements**  
**(Dollars in thousands)**  
**For the years ended June 30, 2023 and 2022**

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A financial instrument's categorization within the valuation hierarchy is based on the lowest level of input significant to the fair value measurement. The categorization of an investment is based upon its pricing transparency and liquidity and does not necessarily correspond to the Foundation's perceived risk of that investment.

***Endowment Investments***

Investments in marketable equity securities and mutual funds are carried at fair value, based on quoted market prices. Private and other investment funds are carried at estimated fair value based principally on the net asset values (NAV) reported by the fund managers, which are reviewed by management for reasonableness. Those estimated fair values may differ from the values that would have been used had a ready market for these securities existed.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, changes in the values of investment securities could occur. Such changes could materially affect the amounts reported in the statement of net position.

***Beneficial Interest Trusts***

Beneficial interest trusts are donor-established and funded trusts, which are not in the possession of, nor under the control of the Foundation. Under the terms of the trusts, the Foundation has the irrevocable right to receive all or a portion of the income earned on the trust assets in perpetuity or for the life of the trust. Annual distributions from the trusts and adjustments to the beneficial interest, to reflect changes in the fair value, are reported as investment income in the statement of revenues, expenses, and changes in net position.

***Classification of Net Position***

The Foundation classifies its resources into two net position categories:

- Restricted nonexpendable net position is comprised of endowment and beneficial interest in perpetual trusts funds. Endowments are subject to restrictions of gift instruments requiring that the principal be invested in perpetuity. Beneficial interest in perpetual trusts represent funds for which the Foundation is the beneficiary whose assets are not under its control.

Restricted expendable net position includes gifts that are donor restricted, endowment income and appreciation, and other restricted resources. Funds that are restricted are utilized only for the specified purposes.

- Unrestricted net position is derived principally from gifts and bequests and investment income, and is expended to meet the objectives of the Foundation. The Foundation's Board of Directors designates portions of its unrestricted net position for certain specific purposes (see Note 7).

The Foundation's policy is to first utilize available restricted expendable, and then unrestricted, resources in the conduct of its operations.

***Classification of Revenue***

Operating revenues are those that result from the Foundation's principal purpose of fundraising, and are generally associated with nonexchange transactions. Non-operating revenues, which consist of exchange transactions, generally result from investment income. Other revenues are those that result from the Foundation's fundraising efforts to provide funding for additions to permanent endowments, and are generally associated with nonexchange transactions.



**Notes to the Financial Statements**  
**(Dollars in thousands)**  
**For the years ended June 30, 2023 and 2022**

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**Revenue Recognition**

Gifts and bequests and additions to permanent endowments are recorded upon their receipt by the Foundation. Pledges, other than endowment, are recognized as gift income and recorded at their present value, using a risk adjusted rate of return.

Investment income, which includes interest, dividends, and realized and unrealized gains and losses, is recognized on the accrual basis. Gains and losses on investments are determined using specific identification, except for mutual funds, which are based on average cost.

**Tax Status**

The Foundation has received a determination letter from the Internal Revenue Service recognizing it as an organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and, therefore, is exempt from Federal income taxes under Section 501(a) of the Code on income generated by activities that are substantially related to its tax-exempt purpose. The Foundation has determined that it does not generate any material revenues from an unrelated trade or business; accordingly, a tax provision has not been reflected within these financial statements.

**NOTE 2 - CASH HELD BY NEW JERSEY INSTITUTE OF TECHNOLOGY AND ENDOWMENT INVESTMENTS**

Cash held by NJIT is invested in money market assets totaling \$2,929 and \$3,095 at June 30, 2023 and 2022, respectively. The Foundation's endowment investments at June 30, 2023 and 2022 and their fair value measurements within the fair value hierarchy are as follows:

	June 30, 2023				
	Fair Value Measurements				NAV
	Total	Level 1	Level 2	Level 3	
Money market assets	\$ 4,370	\$ 4,286	\$ 84	\$ -	\$ -
Corporate debt securities	80	-	80	-	-
Public equity funds and accounts	90,638	76,599	14,039	-	-
Public bond funds and accounts	47,015	8,861	38,154	-	-
Private and other investment funds	15,443	-	-	5	15,438
	<u>\$ 157,546</u>	<u>\$ 89,746</u>	<u>\$ 52,357</u>	<u>\$ 5</u>	<u>\$ 15,438</u>
	June 30, 2022				
	Fair Value Measurements				NAV
	Total	Level 1	Level 2	Level 3	
Money market assets	\$ 9,783	\$ 9,734	\$ 49	\$ -	\$ -
Corporate debt securities	113	-	113	-	-
Public equity funds and accounts	85,922	60,606	25,316	-	-
Public bond funds and accounts	37,714	6,529	31,185	-	-
Private and other investment funds	11,952	-	-	5	11,947
	<u>\$ 145,484</u>	<u>\$ 76,869</u>	<u>\$ 56,663</u>	<u>\$ 5</u>	<u>\$ 11,947</u>

**Notes to the Financial Statements**  
**(Dollars in thousands)**  
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Private and other investment funds are comprised of private equity, real assets, and private debt. At June 30, 2023, the Foundation has committed to invest an additional \$11,086 in these funds over the next several fiscal years.

The Foundation invests its endowment funds in accordance with applicable limitations set forth in gift instruments or guidelines established by its Board of Directors and NJIT's Board of Trustees. The Foundation's investment strategy is to maintain purchasing power of pooled endowment fund assets, with an emphasis on total return, as well as provide diversification with regard to the concentration of holdings in individual issues, issuers, countries, governments, or industries. The following are the Foundation's allocation guidelines by asset class and specific investment categories within each asset class:

<u>Asset Class</u>	<u>Range</u>
Equity assets:	
Domestic equity	11% - 51%
International equity	0% - 37%
Other equity	0% - 20%
Income assets:	
Fixed income	2% - 42%
Other income	0% - 20%
Alternative assets:	
Private equity	0% - 30%
Private debt	0% - 30%
Real assets	0% - 30%
Hedge funds	0% - 20%
Cash equivalents	0% - 20%

Custodial credit risk - deposits is the risk that, in the event of the failure of a depository financial institution, NJIT, and consequently the Foundation, will not be able to recover deposits that are in that institution's possession. The University's investment policy does not address custodial credit risk - deposits. At June 30, 2023 and 2022, \$556 and \$750, respectively, of NJIT's cash is insured by the Federal Deposit Insurance Corporation (FDIC).

Custodial credit risk - investments is the risk that, in the event of the failure of a counterparty, the Foundation will not be able to recover the value of the investments that are in that counterparty's possession. The University's investment policy does not address custodial credit risk - investments. The Foundation's investment securities are exposed to custodial credit risk if the securities are uninsured and unregistered and held by the counterparty, or by its trust department or agent, but not in the Foundation's name. Endowment investments totaling \$157,546 and \$145,484 at June 30, 2023 and 2022, respectively, are either insured or held by the Foundation or its agent in the Foundation's name.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's investment policy places no limitation on the ratings for debt instruments. The money market assets and public bond funds and accounts, included in the Foundation's investment portfolio are not rated. The Foundation's investments in corporate debt securities at June 30, 2023 and 2022 are convertible bonds and are not rated.

Concentration of credit risk is the risk of loss attributed to the magnitude of the Foundation's investment in a single issuer. There is a limit on the amount the Foundation may invest in any issuer. The Foundation's endowment investments are diversified.

**Notes to the Financial Statements**  
**(Dollars in thousands)**  
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Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

At June 30, 2023 and 2022, the Foundation's fixed income endowment investments have the following maturities:

	June 30, 2023		June 30, 2022	
	Money Market Assets	Corporate Debt Securities	Money Market Assets	Corporate Debt Securities
Maturing in years:				
Less than 1	\$ 4,370	\$ 13	\$ 9,783	\$ -
1 to 5	-	67	-	113
	<u>\$ 4,370</u>	<u>\$ 80</u>	<u>\$ 9,783</u>	<u>\$ 113</u>

A portion of the Foundation's endowment investments are held in an endowment investment pool, as follows:

	June 30,	
	2023	2022
Money market assets	\$ 4,344	\$ 9,719
Corporate debt securities	80	113
Public equity funds and accounts	90,137	85,458
Public bond funds and accounts	45,444	36,189
Private and other investment funds	15,438	11,947
	<u>\$ 155,443</u>	<u>\$ 143,426</u>

For the years ended June 30, 2023 and 2022, the average return (loss) for the endowment investment pool was 7.5% and (12.0%), respectively.

The spending policy for endowment funds requires an annual calculation based on a three-year rolling average of the fair value per pool unit. The spending rate for the years ended June 30, 2023 and 2022 was 4.32% and 4.56%, respectively. The Foundation complies with the State's Uniform Prudent Management of Institutional Funds Act, which governs the management and use of donor-restricted endowment funds held by it.

**Notes to the Financial Statements**  
**(Dollars in thousands)**  
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**NOTE 3 - SUPPLEMENTARY STATEMENT OF NET POSITION DETAIL**

	June 30,	
	2023	2022
Pledges and other receivables, net (current):		
Pledges receivable	\$ 1,407	\$ 1,821
Accounts receivable	37	53
	1,444	1,874
Less: allowance for doubtful accounts	141	227
	<u>\$ 1,303</u>	<u>\$ 1,647</u>
Pledges receivables, net (noncurrent):		
Pledges receivable	\$ 3,832	\$ 1,580
	383	161
Less: allowance for doubtful accounts		
	<u>\$ 3,449</u>	<u>\$ 1,419</u>
Deferred inflows of resources:		
Annuity related funds	\$ 1,106	\$ 1,150
Beneficial interest trusts related	1,710	829
	<u>\$ 2,816</u>	<u>\$ 1,979</u>

**NOTE 4 - BENEFICIAL INTEREST TRUSTS**

The Foundation is the beneficiary of trusts whose assets are not under its control. The Foundation has legally enforceable rights or claims to its beneficial interest in the annual income from the trusts. During the fiscal years ended June 30, 2023 and 2022, the Foundation received \$171 and \$144, respectively, of income from perpetual trusts. The assets are carried at fair value (\$4,919 and \$4,600 at June 30, 2023 and 2022, respectively) based on the NAV reported by the trusts' managers. The Foundation also has beneficial interest in charitable remainder annuity trusts, with a present value of \$1,710 and \$829 at June 30, 2023 and 2022, respectively.

**NOTE 5 - ANNUITY FUNDS LIABILITY**

Annuity funds are composed of gift annuities and Unitrusts. These funds are given to the Foundation to be invested with the stipulation that the Foundation pay an agreed-upon amount to designated individuals for a period of time or for the beneficiary's lifetime. At the termination of the agreement, the remaining funds become part of the Foundation's endowment or are used for the purpose designated by the donor.



**Notes to the Financial Statements**  
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**For the years ended June 30, 2023 and 2022**

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The present value of the annuity funds liability was as follows at June 30:

	2023	2022
Gifts annuities	\$ 147	\$ 95
Unitrusts	385	380
	532	475
Less: current portion	98	116
Annuity funds liability, noncurrent	<u>\$ 434</u>	<u>\$ 359</u>

The activity in the annuity funds liability for fiscal years 2023 and 2022 was as follows:

	2023	2022
Balance, beginning of year	\$ 475	\$ 656
Net gain (loss) on investments	120	(231)
Annuity payments	(107)	(112)
Adjustments of liability to present value	44	162
Balance at June 30,	<u>\$ 532</u>	<u>\$ 475</u>

Adjustments of liability to present value of \$44 and \$162 (using discount rates ranging from 1.2% to 8.2%) at June 30, 2023 and 2022, respectively, are included in deferred inflows of resources in the statements of net position.

**NOTE 6 - RELATED ENTITY TRANSACTIONS**

All of the Foundation's personnel are employees of NJIT. The Foundation's payments to NJIT in reimbursement of the salaries and fringe benefits of administrative employees in fiscal years 2023 and 2022 were \$443 and \$148, respectively. In fiscal years 2023 and 2022, NJIT donated services of \$2,970 and \$2,998, respectively, composed of the salaries and fringe benefits of fundraising employees, to the Foundation.

During fiscal years 2023 and 2022, the Foundation made the following grants to NJIT:

	2023	2022
Scholarship and fellowship grants	\$ 5,281	\$ 5,453
Instructional and other grants	3,825	2,958
Construction grants	36	45
	<u>\$ 9,142</u>	<u>\$ 8,456</u>

The recipients of the grants are determined by NJIT, in accordance with donor and other restrictions.

Grants to NJIT student Greek organization of \$18 and \$16 in fiscal years 2023 and 2022, respectively, were made from donor-restricted gifts received for the benefit of a specific student Greek organization, and consist of grants for construction and furnishings of the educational areas of its chapter house.

**NOTE 7 - UNRESTRICTED NET POSITION**

The components of unrestricted net position are as follows:

	June 30,	
	2023	2022
Designated unrestricted net position:		
Scholarships and fellowships	\$ 19,214	\$ 18,585
Instructional and other	7,867	7,515
	27,081	26,100
Undesignated unrestricted net position - operations	2,757	2,885
	<u>\$ 29,838</u>	<u>\$ 28,985</u>

The Foundation's designated unrestricted net position represents quasi-endowments.