

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, 2025 and 2024



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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 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, 2025 and 2024, 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, 2025 and 2024, 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 on pages 3 through 8 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 5, 2025

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

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, 2025 and 2024. 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, world-class 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 12,000 undergraduates and graduate students in 115 programs, NJIT offers small-campus intimacy with the resources of a major public polytechnic university, providing degree programs across six professional schools and colleges in STEM disciplines, architecture and design, management, and humanities.



The Financial Statements

The Foundation's financial statements include statements of net position at June 30, 2025 and 2024, 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, 2025 and 2024 was sound, with total assets of \$217,605 and \$192,031, total liabilities of \$643 and \$666, and deferred inflows of resources of \$3,514 and \$3,140, respectively. Net position, which represents the excess of the Foundation's assets over its liabilities and deferred inflows of resources, totaled \$213,448 and \$188,225 at June 30, 2025 and 2024, respectively. Net position increased \$25,223 and \$19,810 in fiscal years 2025 and 2024, respectively, principally resulting from investment income.

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

Statements of Net Position

The statements of net position present the Foundation's financial position at June 30, 2025 and 2024, and are summarized as follows. The summarized statement of net position at June 30, 2023 is also presented for comparative purposes.

	June 30,		
	2025	2024	2023
Current assets	\$ 8,610	\$ 6,817	\$ 4,232
Endowment investments	199,805	176,299	157,546
Beneficial interest trusts	7,660	6,924	6,629
Pledges receivable and other assets, noncurrent	1,530	1,991	3,465
Total assets	217,605	192,031	171,872
Due to New Jersey Institute of Technology	142	123	98
Annuity funds liability, current	106	103	98
Accounts payable	18	46	11
Annuity funds liability, noncurrent	377	394	434
Total liabilities	643	666	641
Deferred inflows of resources	3,514	3,140	2,816
Restricted nonexpendable	117,525	110,048	105,819
Restricted expendable	56,925	46,125	32,758
Unrestricted	38,998	32,052	29,838
Total net position	\$ 213,448	\$ 188,225	\$ 168,415

Current assets consist of cash held by New Jersey Institute of Technology and pledges and other receivables, net. Current assets increased \$1,793 and \$2,585 in fiscal years 2025 and 2024, respectively, primarily resulting from an increase in 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 13.3% during fiscal year 2025, reflecting growth from new gifts and investment income, and 11.9% during fiscal year 2024, primarily due to investment returns.

Beneficial interest trusts increased \$736 and \$295 during fiscal years 2025 and 2024, respectively, due to rising fair market values.

Pledges receivable and other assets, noncurrent decreased \$461 and \$1,474 in fiscal years 2025 and 2024, respectively, resulting from a reduction in the outstanding pledges.

Total liabilities consist of the current and noncurrent portions of annuity funds liability, accounts payable, and due to New Jersey Institute of Technology. Liabilities decreased \$23 during fiscal year 2025, primarily resulting from decreases in accounts payable and annuity funds liability, partially offset by an increase in due to NJIT. Liabilities increased \$25 during fiscal year 2024, primarily due to increases in accounts payable and due to NJIT.

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

Deferred inflows of resources consist of certain changes in annuity funds liability and beneficial interest in charitable annuity trusts. Deferred inflows of resources increased \$374 and \$324 in fiscal years 2025 and 2024, 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, 2025 and 2024, restricted net position is composed of the following. The components of restricted net position at June 30, 2023 are also presented for comparative purposes.

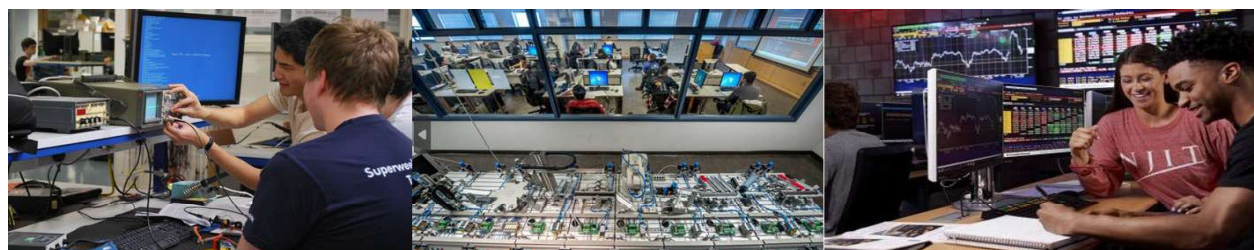
	2025	June 30, 2024	2023
Nonexpendable:			
Scholarships and fellowships	\$ 96,914	\$ 90,246	\$ 86,816
Instructional and other	20,611	19,802	19,003
Expendable:			
Scholarships and fellowships	44,390	35,794	23,437
Instructional and other	12,535	10,331	9,321
	<u>\$ 174,450</u>	<u>\$ 156,173</u>	<u>\$ 138,577</u>

Restricted net position increased \$18,277 and \$17,596 during fiscal years 2025 and 2024, respectively, principally due to investment income, gifts and bequests, and additions to permanent endowments, partially offset by operating expenses.

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 management. Designated unrestricted net position increased \$5,645 and \$2,484 during fiscal years 2025 and 2024, respectively, principally due to investment income and gifts and bequests. Unrestricted operating net position increased \$1,301 in fiscal year 2025 principally due to unrestricted gifts and decreased \$270 during fiscal year 2024, principally due to operating expenses. Even though unrestricted net position is not subject to external restrictions, management of the Foundation has designated a portion of the unrestricted net position for the following specified purposes. The components of unrestricted net position at June 30, 2023 are also presented for comparative purposes.

	2025	June 30, 2024	2023
Designated unrestricted net position:			
Scholarships and fellowships	\$ 22,668	\$ 20,940	\$ 19,214
Instructional and other	12,542	8,625	7,867
	35,210	29,565	27,081
Undesignated unrestricted net position - operations	3,788	2,487	2,757
	<u>\$ 38,998</u>	<u>\$ 32,052</u>	<u>\$ 29,838</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, 2025 and 2024 are as follows. The components of revenues for the fiscal year ended June 30, 2023 are also presented for comparative purposes.

	Fiscal Years Ended June 30,		
	2025	2024	2023
Operating revenues:			
Gifts and bequests	\$ 7,066	\$ 6,500	\$ 6,061
Grants from New Jersey Innovation Institute	3,000	-	-
Donated services	2,991	3,322	2,970
Total operating revenues	<u>13,057</u>	<u>9,822</u>	<u>9,031</u>
Non-operating and other revenues:			
Investment income	19,941	20,828	11,306
Additions to permanent endowments	6,979	4,107	6,730
Other non-operating revenues	18	12	18
Total non-operating and other revenues	<u>26,938</u>	<u>24,947</u>	<u>18,054</u>
Total revenues	<u>\$ 39,995</u>	<u>\$ 34,769</u>	<u>\$ 27,085</u>

Private support from corporations, foundations, alumni, and other donors is the major factor in the Foundation's growth and development. In fiscal years 2025 and 2024, gifts and bequests totaled \$7,066 and \$6,500, respectively. The fiscal year 2025 increase relates to an increase in support of instruction and academic programs. The fiscal year 2024 increase relates to an increase in support of scholarships, partially offset by a decrease in pledge revenue.

In fiscal years 2025 and 2024, additions to permanent endowments totaled \$6,979 and \$4,107, respectively. The fiscal year 2025 increase relates to several significant donor gifts which are to be held in perpetuity.

During fiscal year 2025, the Foundation received a \$3,000 grant from New Jersey Innovation Institute (NJII) to be used for artificial intelligence initiatives at NJIT.

In fiscal years 2025 and 2024, NJIT donated \$2,991 and \$3,322 of services, respectively, comprised of the salaries and fringe benefits of fundraising employees, to the Foundation.

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

Investment income includes interest and dividend income as well as realized and unrealized gains and losses. During fiscal years 2025 and 2024, investment income totaled \$19,941 and \$20,828 respectively, resulting from the performance of the investment portfolio.

The components of operating expenses for the fiscal years ended June 30, 2025 and 2024 are as follows. The components of operating expenses for the fiscal year ended June 30, 2023 are also presented for comparative purposes.

	Fiscal Years Ended June 30,		
	2025	2024	2023
Operating expenses:			
Grants to New Jersey Institute of Technology	\$ 10,652	\$ 10,552	\$ 9,142
Grants to New Jersey Institute of Technology student Greek organization	5	8	18
Grants to New Jersey Innovation Institute	75	75	-
Fundraising	3,791	3,778	3,528
Administration	249	546	500
	<u>\$ 14,772</u>	<u>\$ 14,959</u>	<u>\$ 13,188</u>
Total operating expenses			

Operating expenses decreased 1.3% to \$14,772 and increased 13.4% to \$14,959 in fiscal years 2025 and 2024, respectively.

Grants to NJIT, consisting of grants for scholarships and fellowships to NJIT students, instructional and other purposes, and construction, comprised 72.1% and 70.5% of total operating expenses in fiscal years 2025 and 2024, respectively. The recipients of the grants are determined by NJIT, in accordance with donor restrictions. The fiscal year 2025 increase relates to an increase in instructional grants, offset by a decrease in scholarships and other grants, resulting from the year-over-year change in annual restricted gifts. The fiscal year 2024 increase principally relates to an increase in scholarship and fellowship grants, partially offset by a decrease in instructional and other grants, resulting from the year-over-year change in annual restricted gifts.

Grants to NJIT student Greek organization, comprising less than 0.1% of total operating expenses in fiscal years 2025 and 2024, 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.

Grants to NJII, comprising 0.5% of total operating expenses for fiscal years 2025 and 2024, were made from donor-restricted gifts received for the benefit of NJII, and consist of grants for accelerating technology, fostering innovation, and workforce development.

Fundraising expenses, comprising 25.7% and 25.3% of total operating expenses in fiscal years 2025 and 2024, respectively, increased to \$3,791 and increased to \$3,778 in fiscal years 2025 and 2024, respectively. The increase in fiscal year 2025 is primarily due to higher consulting costs, while the increase in fiscal year 2024 is mainly attributable to higher personnel costs.

Administration expenses comprised 1.7% and 3.6% of total operating expenses in fiscal years 2025 and 2024, respectively. The decrease in fiscal year 2025 is primarily due to lower personnel costs, while the increase in fiscal year 2024 is mainly attributable to higher 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

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

endowment, which will generate grants to NJIT for many years. During fiscal year 2025, the Foundation's fundraising efforts generated gifts and bequests of \$7,066 and additions to permanent endowments of \$6,979. In the upcoming years, it is management's intention to increase and expand fundraising efforts.

The Foundation utilizes an Outsourced Chief Investment Officer to manage its endowment funds in accordance with applicable investment policies and diversified asset allocations. The Foundation's endowment investment strategy is designed to maintain the purchasing power of pooled endowment fund assets, with an emphasis on total return, via a group of managers that are each focused on their sector of the asset allocation. The endowment spending policy provides appropriate funding for donors' purposes.

Grants made to NJIT from the Foundation's restricted and unrestricted funds totaled \$10,652 in fiscal year 2025. Unrestricted net position totaled \$38,998 at June 30, 2025, of which \$35,210 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, 2025 and 2024

	2025	2024
Assets		
Current assets:		
Cash held by New Jersey Institute of Technology	\$ 6,685	\$ 5,253
Pledges and other receivables, net	1,925	1,564
Total current assets	<u>8,610</u>	<u>6,817</u>
Noncurrent assets:		
Endowment investments	199,805	176,299
Beneficial interest trusts	7,660	6,924
Pledges receivable, net	1,514	1,975
Other assets	16	16
Total noncurrent assets	<u>208,995</u>	<u>185,214</u>
Total assets	<u>217,605</u>	<u>192,031</u>
Liabilities		
Current liabilities:		
Due to New Jersey Institute of Technology	142	123
Annuity funds liability, current portion	106	103
Accounts payable	18	46
Total current liabilities	<u>266</u>	<u>272</u>
Noncurrent liabilities:		
Annuity funds liability	377	394
Total liabilities	<u>643</u>	<u>666</u>
Deferred inflows of resources	<u>3,514</u>	<u>3,140</u>
Net position		
Restricted:		
Nonexpendable:		
Scholarships and fellowships	96,914	90,246
Instructional and other	20,611	19,802
Expendable:		
Scholarships and fellowships	44,390	35,794
Instructional and other	12,535	10,331
Unrestricted	38,998	32,052
Total net position	<u>\$ 213,448</u>	<u>\$ 188,225</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, 2025 and 2024

	2025	2024
Operating revenues		
Gifts and bequests	\$ 7,066	\$ 6,500
Grants from New Jersey Innovation Institute	3,000	-
Donated services	2,991	3,322
Total operating revenues	<u>13,057</u>	<u>9,822</u>
Operating expenses		
Grants to New Jersey Institute of Technology	10,652	10,552
Grants to New Jersey Institute of Technology student Greek organization	5	8
Grants to New Jersey Innovation Institute	75	75
Fundraising	3,791	3,778
Administration	249	546
Total operating expenses	<u>14,772</u>	<u>14,959</u>
Operating loss	<u>(1,715)</u>	<u>(5,137)</u>
Non-operating revenues		
Investment income	19,941	20,828
Other non-operating revenues	18	12
Total non-operating revenues	<u>19,959</u>	<u>20,840</u>
Income before other revenues	<u>18,244</u>	<u>15,703</u>
Other revenues		
Additions to permanent endowments	6,979	4,107
Increase in net position	<u>25,223</u>	<u>19,810</u>
Net position, beginning of year	<u>188,225</u>	<u>168,415</u>
Net position, end of year	<u>\$ 213,448</u>	<u>\$ 188,225</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, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Gifts and bequests	\$ 6,097	\$ 5,954
Grants from New Jersey Innovation Institute	3,000	-
Due to/from New Jersey Institute of Technology	20	25
Grants to New Jersey Institute of Technology	(9,480)	(8,618)
Grants to New Jersey Innovation Institute	(75)	(75)
Grants to New Jersey Institute of Technology student Greek organization	(5)	(8)
Payments to New Jersey Institute of Technology for salaries and fringe benefits	(193)	(493)
Payments on annuity funds	(104)	(101)
Payments for goods and services	(883)	(474)
Net cash used by operating activities	<u>(1,623)</u>	<u>(3,790)</u>
Cash flows from noncapital financing activities		
Additions to permanent endowments	6,876	3,931
New annuity agreements	-	23
Other	18	12
Net cash provided by noncapital financing activities	<u>6,894</u>	<u>3,966</u>
Cash flows from investing activities		
Proceeds from sales and maturities of investments	133,726	26,912
Interest and dividends on investments	3,603	4,384
Purchase of investments	(141,168)	(29,148)
Net cash (used) provided by investing activities	<u>(3,839)</u>	<u>2,148</u>
Net increase in cash held by New Jersey Institute of Technology	1,432	2,324
Cash held by New Jersey Institute of Technology, beginning of year	<u>5,253</u>	<u>2,929</u>
Cash held by New Jersey Institute of Technology, end of year	<u>\$ 6,685</u>	<u>\$ 5,253</u>
Reconciliation of operating loss to net cash used by operating activities		
Operating loss	\$ (1,715)	\$ (5,137)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Noncash operating revenues	(4,060)	(5,080)
Noncash operating expenses	4,164	5,255
Changes in assets and liabilities:		
Pledges and other receivables	100	1,213
Due to New Jersey Institute of Technology	20	25
Annuity funds liability	(104)	(101)
Accounts payable	(28)	35
Net cash used by operating activities	<u>\$ (1,623)</u>	<u>\$ (3,790)</u>
Noncash transactions:		
Additions to permanent endowments	<u>\$ 103</u>	<u>\$ 176</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 serves as a catalyst for New Jersey Institute of Technology's pursuit of its mission of education, research, service, and economic development. 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 New Jersey Institute of Technology (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.

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 management 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.

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.

Notes to the Financial Statements
(Dollars in thousands)
For the years ended June 30, 2025 and 2024

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 \$6,685 and \$5,253 at June 30, 2025 and 2024, respectively. The Foundation's endowment investments at June 30, 2025 and 2024 and their fair value measurements within the fair value hierarchy are as follows:

	June 30, 2025				
	Total	Fair Value Measurements			NAV
		Level 1	Level 2	Level 3	
Money market assets	\$ 3,048	\$ 2,996	\$ 52	\$ -	\$ -
U.S. Government issues	7,279	7,279	-	-	-
Corporate debt securities	7,846	-	7,846	-	-
Municipal issues	3,794	-	3,794	-	-
Public equity funds and accounts	82,497	82,497	-	-	-
Public bond funds and accounts	1,755	370	1,385	-	-
Private and other investment funds	93,586	-	-	-	93,586
	<u>\$ 199,805</u>	<u>\$ 93,142</u>	<u>\$ 13,077</u>	<u>\$ -</u>	<u>\$ 93,586</u>
	June 30, 2024				
	Total	Fair Value Measurements			NAV
		Level 1	Level 2	Level 3	
Money market assets	\$ 2,648	\$ 2,648	\$ -	\$ -	\$ -
Corporate debt securities	80	-	80	-	-
Public equity funds and accounts	103,532	94,096	9,436	-	-
Public bond funds and accounts	50,300	12,020	38,280	-	-
Private and other investment funds	19,739	-	-	3	19,736
	<u>\$ 176,299</u>	<u>\$ 108,764</u>	<u>\$ 47,796</u>	<u>\$ 3</u>	<u>\$ 19,736</u>

Private and other investment funds are comprised of private equity, real assets, and private debt. At June 30, 2025, the Foundation has committed to invest an additional \$15,444 in these funds over the next several fiscal years.

Notes to the Financial Statements
(Dollars in thousands)
For the years ended June 30, 2025 and 2024

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>Investment category</u>	<u>Range</u>
Capital appreciation:	50% - 80%
Global equity	
Private investments	
Diversifiers:	5% - 35%
Liquid diversifiers	
Private diversifiers	
Liquidity reserve:	5% - 35%
Fixed income	
Cash	

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 Foundation's investment policy does not address custodial credit risk - deposits. At June 30, 2025 and 2024, \$569 and \$504, 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 custodian, the Foundation will not be able to recover the value of the investments that are in that custodian's possession. The Foundation's investment policy does not address custodial credit risk - investments. Endowment investments totaling \$199,805 and \$176,299 at June 30, 2025 and 2024, 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 Foundation'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, 2025 and 2024 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.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Notes to the Financial Statements
(Dollars in thousands)
For the years ended June 30, 2025 and 2024

At June 30, 2025 and 2024, the Foundation's fixed income endowment investments have the following maturities:

	June 30, 2025				June 30, 2024	
	Money market assets	U.S. Government issues	Corporate debt securities	Municipal issues	Money market assets	Corporate debt securities
Maturing in years:						
Less than 1	\$ 3,048	\$ -	\$ 16	\$ -	\$ 2,648	\$ 20
1 to 5	-	5,712	4,999	3,289	-	60
5 to 10	-	1,567	2,831	505	-	-
	<u>\$ 3,048</u>	<u>\$ 7,279</u>	<u>7,846</u>	<u>3,794</u>	<u>\$ 2,648</u>	<u>\$ 80</u>

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

	June 30,	
	2025	2024
Money market assets	\$ 2,984	\$ 2,603
U.S. Government issues	7,279	-
Corporate debt securities	7,846	80
Municipal issues	3,794	-
Public equity funds and accounts	81,866	102,968
Public bond funds and accounts	-	48,625
Private and other investment funds	93,586	19,736
	<u>\$ 197,355</u>	<u>\$ 174,012</u>

For the years ended June 30, 2025 and 2024, the average return for the endowment investment pool was 11.7% and 12.1%, 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, 2025 and 2024 was 4.00% and 4.04%, 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)
For the years ended June 30, 2025 and 2024

NOTE 3 - SUPPLEMENTARY STATEMENT OF NET POSITION DETAIL

	June 30,	
	2025	2024
Pledges and other receivables, net (current):		
Pledges receivable	\$ 2,426	\$ 1,719
Accounts receivable	9	55
	<u>2,435</u>	<u>1,774</u>
Less: allowance for doubtful accounts	<u>(510)</u>	<u>(210)</u>
	<u>\$ 1,925</u>	<u>\$ 1,564</u>
Pledges receivables, net (noncurrent):		
Pledges receivable	\$ 1,682	\$ 2,194
Less: allowance for doubtful accounts	<u>(168)</u>	<u>(219)</u>
	<u>\$ 1,514</u>	<u>\$ 1,975</u>
Deferred inflows of resources:		
Annuity related funds	\$ 1,393	\$ 1,257
Beneficial interest trusts related	<u>2,121</u>	<u>1,883</u>
	<u>\$ 3,514</u>	<u>\$ 3,140</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, 2025 and 2024, the Foundation received \$154 and \$428, respectively, of income from perpetual trusts. The assets are carried at fair value (\$5,539 and \$5,041 at June 30, 2025 and 2024, 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 \$2,121 and \$1,883 at June 30, 2025 and 2024, 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
(Dollars in thousands)
For the years ended June 30, 2025 and 2024

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

	2025	2024
Gifts annuities	\$ 163	\$ 179
Unitrusts	320	318
	483	497
Less: current portion	(106)	(103)
Annuity funds liability, noncurrent	<u>\$ 377</u>	<u>\$ 394</u>

The activity in the annuity funds liability for fiscal years 2025 and 2024 was as follows:

	2025	2024
Balance, beginning of year	\$ 497	\$ 532
New gift agreement	-	23
Net gain on investments	187	217
Annuity payments	(104)	(101)
Adjustments of liability to present value	(97)	(174)
Balance at June 30	<u>\$ 483</u>	<u>\$ 497</u>

Adjustments of liability to present value of (\$97) and (\$174) (using discount rates ranging from 2.0% to 8.2%) at June 30, 2025 and 2024, 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 2025 and 2024 were \$271 and \$493, respectively. In fiscal years 2025 and 2024, NJIT donated services of \$2,991 and \$3,322, respectively, comprised of the salaries and fringe benefits of fundraising employees, to the Foundation.

During fiscal years 2025 and 2024, the Foundation made the following grants to NJIT:

	2025	2024
Scholarship and fellowship grants	\$ 5,585	\$ 6,888
Instructional and other grants	5,064	3,650
Construction grants	3	14
	<u>\$ 10,652</u>	<u>\$ 10,552</u>

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

Grants to NJIT student Greek organization of \$5 and \$8 in fiscal years 2025 and 2024, 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.

Notes to the Financial Statements
(Dollars in thousands)
For the years ended June 30, 2025 and 2024

Grants to NJII of \$75 in fiscal years 2025 and 2024 were made from donor-restricted gifts received for the benefit of NJII, and consist of grants for accelerating technology, fostering innovation, and workforce development.

During fiscal year 2025, the Foundation received a \$3,000 grant from New Jersey Innovation Institute (NJII) to be used for artificial intelligence initiatives at NJIT.

NOTE 7 - UNRESTRICTED NET POSITION

The components of unrestricted net position are as follows:

	June 30,	
	2025	2024
Designated unrestricted net position:		
Scholarships and fellowships	\$ 22,668	\$ 20,940
Instructional and other	12,542	8,625
	35,210	29,565
Undesignated unrestricted net position - operations	3,788	2,487
	<u>\$ 38,998</u>	<u>\$ 32,052</u>