

NEW JERSEY INSTITUTE OF TECHNOLOGY

Financial Statements
and Management's Discussion and Analysis
Together with
Report of Independent Certified Public Accountants

June 30, 2014 and 2013

NEW JERSEY INSTITUTE OF TECHNOLOGY
June 30, 2014 and 2013
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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
New Jersey Institute of Technology:

We have audited the accompanying financial statements of the business-type activities of New Jersey Institute of Technology (the University), a component unit of the State of New Jersey, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of New Jersey Institute of Technology as of June 30, 2014, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1(a) to the financial statements, in fiscal year 2014, the University adopted Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

2013 Financial Statements

The financial statements of New Jersey Institute of Technology as of and for the year ended June 30, 2013 were audited by other auditors. Those auditors expressed an unmodified opinion on those 2013 financial statements in their report dated October 4, 2013.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis included on pages 3 through 13 be presented to supplement the basic financial statements. Such information, 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. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. 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. However, we do not express an opinion or provide any assurance on the Management's Discussion and Analysis information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Edison, New Jersey
October 27, 2014

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Introduction

The following discussion and analysis provides an analytical overview of the financial position and activities of New Jersey Institute of Technology (NJIT), the Foundation at New Jersey Institute of Technology (the Foundation), and ten urban renewal limited liability companies that provide residential buildings for NJIT student Greek organizations (collectively, the University) at and for the years ended June 30, 2014 and 2013. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

Since its founding in 1881, NJIT has been transformed from a local technical school to one of America's top tier national research universities. While moving steadily to increasingly higher levels of excellence in educational performance, NJIT has become a research and development hub, participating in entrepreneurial development and building business partnerships through research and development initiatives. NJIT has evolved into an international presence, both in the scope of its educational programs, including on-site and distance learning offerings, attraction of international students to its programs, and through the reach of its educational, scientific, and technological influence at international forums and in international research projects.

NJIT is a public, student-centered, urban research university, committed to the pursuit of excellence in undergraduate, graduate, and continuing professional education, in the conduct of research with emphasis on applied and multi-disciplinary areas, in contributing to the economic development of New Jersey (the State), and in service to both its local communities and the broader society of the State and the nation. In fiscal year 2014, approximately 400 full-time faculty members served over 10,130 students. NJIT offers a diverse range of degree programs in an array of engineering and technology disciplines, computer and information science, architecture, applied sciences, management, statistics and actuarial science, including Ph.D. programs in nineteen professional areas, masters programs in fifty-nine specialties, and forty-eight baccalaureate degree programs. NJIT also operates a small business incubator whose mission is to accelerate the successful development of entrepreneurial companies through an array of business support resources and services.

Established pursuant to an 1881 New Jersey statute, NJIT was formally recognized as a body corporate and politic by The New Jersey Institute of Technology Act of 1995. The Foundation is a separately incorporated 501(c)(3) tax-exempt resource development organization that encourages private philanthropy on behalf of NJIT.

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The Financial Statements

The University's financial statements include a statement of net position at June 30, 2014 and 2013, and statements of revenues, expenses, and changes in net position and of cash flows for the years then ended. The financial statements are prepared in accordance with U.S. generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). Effective July 1, 2013, the University adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65), which requires that certain items that were previously reported as assets and liabilities be classified as deferred outflows of resources or deferred inflows of resources in the Statement of Net Position or as outflows of resources (expenses) or inflows from resources (revenues) in the Statement of Revenues, Expenses, and Changes in Net Position. The financial reporting impact resulting from the adoption of GASB 65 was a restatement of prior year financial statements to expense bond issuance costs and reclassify deferred financing costs to deferred outflows of resources.

Financial Highlights

The University's financial position at June 30, 2014 and 2013 was sound, with total assets of \$611,484 and \$513,432, total deferred outflows of resources of \$2,362 and \$2,767, and total liabilities of \$293,153 and \$289,538, respectively, and total deferred inflows of resources of \$418 at June 30, 2014. Net position, which represents the excess of the University's assets and deferred outflows over its liabilities and deferred inflows, totaled \$320,275 and \$226,661 at June 30, 2014 and 2013, respectively. Net position increased \$93,614 and \$17,343 in fiscal years 2014 and 2013, respectively, due to an excess of net nonoperating and other revenues over the operating loss. The fiscal year 2014 excess is principally due to New Jersey Educational Facilities Authority and State of New Jersey Secretary of Education capital grants as well as a net increase in the fair value of investments at June 30, 2014.

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Statement of Net Position

The statement of net position presents the University's financial position at June 30, 2014 and 2013, and is summarized as follows. The summarized statement of net position at June 30, 2012 is also presented for comparative purposes.

	June 30,		
	2014	2013 (restated)	2012 (restated)
Current assets	\$ 101,594	\$ 92,726	\$ 90,406
Endowment investments	98,197	82,925	74,513
Capital assets, net	318,194	292,144	234,926
Other assets	<u>93,499</u>	<u>45,637</u>	<u>103,279</u>
Total assets	<u>611,484</u>	<u>513,432</u>	<u>503,124</u>
Deferred outflows of resources	<u>2,362</u>	<u>2,767</u>	<u>4,233</u>
Current liabilities	56,035	55,634	47,983
Long term debt, noncurrent portion	223,474	222,121	238,828
Other liabilities	<u>13,644</u>	<u>11,783</u>	<u>11,228</u>
Total liabilities	<u>293,153</u>	<u>289,538</u>	<u>298,039</u>
Deferred inflows of resources	<u>418</u>	<u>-</u>	<u>-</u>
Net investment in capital assets	104,903	75,469	78,147
Restricted nonexpendable	64,748	58,952	53,197
Restricted expendable	77,674	21,443	18,225
Unrestricted	<u>72,950</u>	<u>70,797</u>	<u>59,749</u>
Total net position	<u>\$ 320,275</u>	<u>\$ 226,661</u>	<u>\$ 209,318</u>

Current assets consist principally of cash and cash equivalents, grants and accounts receivable, deposits held with trustees, and short term investments. The increase in current assets at June 30, 2014 as compared to June 30, 2013 of \$8,868 relates principally to an increase in cash and cash equivalents and grants and accounts receivable, net, partially offset by a decrease in deposits held with trustees. The increase in current assets at June 30, 2013 as compared to June 30, 2012 of \$2,320 relates principally to an increase in cash and cash equivalents, partially offset by decreases in grants and accounts receivable, primarily resulting from cash collections on Federal and State grants and accounts receivable and student accounts receivable, as well as a decrease in deposits held with trustees.

Deferred outflows of resources consist of loss on defeasance of debt. The decrease in deferred outflows of \$405 and \$1,466 at June 30, 2014 and 2013, respectively, relates to the amortization of deferred financing costs in both fiscal years, and the refunding of the 2004 Series B bonds in fiscal year 2013.

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Current liabilities are comprised of accounts payable and accrued liabilities, the current portion of long term debt, unearned advance payments, and amounts due to affiliates. The increase in current liabilities at June 30, 2014 of \$401 principally relates to an increase in due to affiliates, partially offset by decreases in current portion of long term debt and unearned advance payments. The increase in current liabilities at June 30, 2013 of \$7,651 principally results from increases in accounts payable, primarily relating to construction and renovation projects, accrued salaries and fringe benefits, current portion of long term debt, and due to affiliates, partially offset by a decrease in unearned advance payments.

Excluding deposits held with trustees, which can only be used for debt service and facilities construction, and the current portion of long term debt, current assets exceeded current liabilities by \$45,341 and \$36,601 at June 30, 2014 and 2013, respectively. The University had \$63,935 and \$56,400 in cash and cash equivalents and short term investments to fund current operations, facilities rehabilitation projects, and other activities at June 30, 2014 and 2013, respectively. The net increase in cash and cash equivalents and short term investments at June 30, 2014 as compared to June 30, 2013 of \$7,535 principally relates to increased tuition and fees cash collections and reimbursement from capital grants of a portion of the expenditures for the rehabilitation and renovation of an academic facility. The net increase in cash and cash equivalents and short term investments at June 30, 2013 as compared to June 30, 2012 of \$13,864 principally results from a decrease in net cash used by operating activities as a result of the University's resource generating and cost cutting initiatives and collections on Federal and State grants and accounts receivable and student accounts receivable.

Endowment investments include gifts from donors that are to be invested in perpetuity, life income and annuity funds, unrestricted funds designated by management as quasi-endowment, and the related income and appreciation. Only the realized income and appreciation can be spent for the purposes specified by the donors in the gift documents. During fiscal years 2014 and 2013, endowment investments increased 18.4% and 11.3%, respectively, reflecting growth from new gifts, realized net investment gains, and fair value increases at June 30, 2014 and 2013.

Capital assets increased 6.4% and 14.0% at cost during fiscal years 2014 and 2013, respectively. The fiscal year 2014 and 2013 increases are primarily the result of the construction of Warren Street Village, a mixed-use residential housing complex, continued work on the rehabilitation and renovation of an academic facility, and campus facilities renovations, partially offset by the write-off of equipment and other assets no longer in service in June 30, 2014 and 2013 and the sale of two of the newly constructed Warren Street Village houses to student Greek organizations and the write-off of fully depreciated assets under the increased capitalization threshold in fiscal year 2014.

Total long term debt at June 30, 2014 and 2013 totaled \$232,541 and \$231,609, respectively. In fiscal year 2014, the University was awarded a total of \$79,843 under the State's Building Our Future program, of which \$30,000 came from the Higher Education Capital Improvement Fund (HECIF), \$7,108 came from the Equipment Leasing Fund (ELF), \$3,076 came from the Technology Infrastructure Fund (TIF), and \$39,659 came from general obligation bonds issued by the State. In addition, \$13,082 of the previously existing HECIF debt was refunded, resulting in a gain on defeasance of \$433, which is included in deferred inflows of resources.

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Two-thirds of the fiscal year 2014 HECIF award was recorded as a capital grant, of which \$15,416 is recorded in deposits held with trustees at June 30, 2014. The University is responsible for the remaining one-third of the debt service payments and related program expenses. The HECIF debt bears interest rates between 4.0% and 5.0%, and matures in fiscal year 2034.

The University is responsible for twenty-five percent of the ELF debt service payments and related program expenses. The remaining seventy-five percent was recorded as a capital grant. The entire ELF proceeds are recorded in deposits held with trustees at June 30, 2014. The University is not responsible for any of the TIF or the general obligation bonds debt service payments and related program expenses. The TIF proceeds were recorded as a capital grant and are included in deposits held with trustees at June 30, 2014. The general obligation award amount was recorded as a capital grant and is included as a receivable in other noncurrent assets at June 30, 2014.

During fiscal year 2013, the University issued 2012 Series B General Obligation Bonds in the amount of \$55,475. The proceeds of the bonds advance refunded the 2004 Series B bonds. The debt is composed of \$38,165 in serial bonds bearing interest rates from 0.90% to 3.723% and maturing at various dates through fiscal year 2026, and \$17,310 in a term bond bearing an interest rate of 3.323% with maturity in fiscal year 2025.

Net investment in capital assets represents the University's interests in land and land improvements, buildings and building improvements, equipment and other assets, and construction in progress, less the debt incurred to finance their acquisition. Net investment in capital assets increased \$29,434 during fiscal year 2014 due to the increase in capital assets discussed above partially offset by depreciation expense and a net increase in long term debt. Net investment in capital assets decreased \$2,678 during fiscal year 2013, principally because depreciation expense was greater than the increase in capital assets net of related debt, and repayment of long term debt.

Restricted net position represents the original value of additions to the University's endowment, the remainder of life income and annuity funds, gifts that are restricted to use for specific purposes by the donor, capital grants and gifts, endowment income, and other restricted sources. As discussed above, endowment funds represent gifts from donors that are to be invested in perpetuity. Life income and annuity funds are given to the University to be invested with the stipulation that the University pay an agreed-upon sum to designated individuals for a period of time or for the beneficiary's lifetime, after which period the remaining funds become part of the University's endowment or are used for the purpose designated by the donor. Restricted net position increased \$62,027 during fiscal year 2014 primarily due to an increase in restricted expendable net position for capital projects as a result of capital grants, and restricted scholarships and fellowships as a result of gifts and bequests and additions to permanent endowments, an increase in the fair value of investments at June 30, 2014, and realized net investment gains. Restricted net position increased \$8,973 during fiscal year 2013, primarily due to additions to permanent endowments, an increase in the fair value of investments at June 30, 2013, and realized net investment gains. At June 30, 2014 and 2013, \$297 and \$1,136, respectively, were transferred from restricted nonexpendable net position - scholarships and fellowships, and at June 30, 2013, \$36 was transferred from restricted nonexpendable net position - instructional and other, to the corresponding restricted expendable net position to temporarily fund deficits therein.

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Unrestricted net position is all other net position that is available for general operations. Even though unrestricted net position is not subject to external restrictions, management has designated a portion of the unrestricted net position for the following specified purposes:

	June 30,		
	2014	2013	2012
		(restated)	(restated)
Scholarships and fellowships	\$ 6,496	\$ 5,752	\$ 5,433
Instructional and other	9,495	7,819	7,413
Debt service	4,558	3,879	3,698
Outstanding purchase orders	4,000	3,594	3,615
Construction and capital programs	18,655	16,652	13,616
State bond funds required match	6,000	6,000	-
Warren Street Village construction	-	10,000	10,000
	<u>\$ 49,204</u>	<u>\$ 53,696</u>	<u>\$ 43,775</u>

Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position presents the operating results and the nonoperating and other revenues and expenses of the University.

The components of revenues for the fiscal years ended June 30, 2014 and 2013 are as follows. The components of revenues for the fiscal year ended June 30, 2012 are also presented for comparative purposes:

	2014	2013	2012
		(restated)	(restated)
Operating revenues:			
Student tuition and fees, net	\$ 112,253	\$ 103,442	\$ 94,898
Federal, State, and other grants and contracts	91,877	92,403	88,518
Auxiliary enterprises, net	13,337	12,492	12,258
Other operating revenues	3,070	2,396	2,314
Total operating revenues	<u>220,537</u>	<u>210,733</u>	<u>197,988</u>
Nonoperating and other revenues:			
State appropriations	92,086	80,795	65,382
Gifts and bequests, capital grants and gifts, and additions to permanent endowments	78,789	8,268	6,897
Investment income (loss)	14,701	6,555	(1,039)
Other nonoperating revenues, net	820	2,267	1,457
Total nonoperating and other revenues	<u>186,396</u>	<u>97,885</u>	<u>72,697</u>
Total revenues	<u>\$ 406,933</u>	<u>\$ 308,618</u>	<u>\$ 270,685</u>

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The components of expenses for the fiscal years ended June 30, 2014 and 2013 are as follows. The components of expenses for the fiscal year ended June 30, 2012 are also presented for comparative purposes:

	2014	2013 (restated)	2012 (restated)
Operating expenses:			
Instruction	\$ 97,995	\$ 88,002	\$ 77,509
Research and programs	56,938	59,955	55,927
Public service	1,612	1,507	1,615
Academic support	27,294	23,944	22,075
Student services	20,426	18,566	17,134
Institutional support	40,522	39,137	37,664
Operation and maintenance of plant	19,751	14,827	13,532
Scholarships and fellowships	10,936	9,965	8,782
Depreciation and amortization	19,406	18,363	18,640
Auxiliary enterprises	9,937	10,811	9,972
Total operating expenses	<u>304,817</u>	<u>285,077</u>	<u>262,850</u>
Nonoperating expenses - Interest expense	<u>8,502</u>	<u>6,198</u>	<u>7,588</u>
Total expenses	<u>\$ 313,319</u>	<u>\$ 291,275</u>	<u>\$ 270,438</u>

Student tuition and fees, auxiliary enterprises, and State appropriations are the primary sources of funding for the University's operating expenses.

Student tuition and fees totaled \$112,253, \$103,442 and \$94,898, net of scholarship allowances of \$42,885, \$40,704 and \$37,175 in fiscal years 2014, 2013 and 2012, respectively. The fiscal year 2014 and 2013 increases are principally attributable to 3.2% and 5.5% increases in tuition and fees, respectively, and increases in student enrollment in both years.

Auxiliary enterprises revenues, net of scholarship allowances of \$3,936, \$3,782, and \$3,690 in fiscal years 2014, 2013 and 2012, respectively, increased 6.8% to \$13,337 in fiscal year 2014 and 1.9% to \$12,492 in fiscal year 2013, principally due to increased occupancy as a result of the opening of Warren Street Village in fiscal year 2014 and residence hall charges in both years.

In accordance with GASB requirements, State appropriations are reported as nonoperating revenues despite the fact that their purpose is to fund operating activities.

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The components of State appropriations are as follows:

	Fiscal year ended June 30,		
	2014	2013	2012
Direct appropriations for general operating purposes	\$ 37,696	\$ 37,696	\$ 37,697
FICA and fringe benefits paid by the State for University employees	33,661	29,362	27,685
Fringe benefit equalization adjustment	<u>20,729</u>	<u>13,737</u>	<u>-</u>
	<u>\$ 92,086</u>	<u>\$ 80,795</u>	<u>\$ 65,382</u>

The fiscal year 2014 and 2013 increases in State appropriations are attributable to increases in fringe benefits paid by the State.

Federal, State, and other grants and contracts revenues, which include facilities and administrative costs recovery, primarily fund the University's research and development activities and student financial aid programs, and are comprised of the following:

	Fiscal year ended June 30,		
	2014	2013	2012
Federal grants and contracts, including ARRA awards of \$8,666, \$11,377, and \$10,269, respectively	\$ 66,908	\$ 68,649	\$ 66,078
State grants and contracts	21,012	19,219	17,781
Other grants and contracts	<u>3,957</u>	<u>4,535</u>	<u>4,659</u>
	<u>\$ 91,877</u>	<u>\$ 92,403</u>	<u>\$ 88,518</u>

Federal grants and contracts revenues decreased 2.5% in fiscal year 2014 due to a decrease in research and program related grants and contracts, partially offset by an increase in student financial assistance grants, and increased 3.9% in fiscal year 2013, primarily due to increases in research and program related grants and contracts. State grants and contracts revenues increased 9.3% and 8.1% in fiscal years 2014 and 2013, respectively, due to an increase in student financial assistance grants, partially offset by a decrease in research grants and contracts. Other grants and contracts revenues decreased 12.7% and 2.7% in fiscal years 2014 and 2013, respectively.

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Private support from corporations, foundations, alumni and other donors is an important factor in the University's growth and development. Gifts and bequests during fiscal years 2014 and 2013 totaled \$4,777 and \$2,435, respectively. Capital grants and gifts generated another \$69,091 and \$1,165, respectively, for the acquisition of capital assets. The increase in capital grants and gifts was principally due to the receipt of the Building Our Future awards. Additions to permanent endowments were \$4,921 and \$4,668 in fiscal years 2014 and 2013, respectively.

Investment income (loss) includes interest and dividends, realized net gain (loss) on the sale of investments, and net increase (decrease) in the fair value of investments. During fiscal years 2014 and 2013, investment income of \$14,701 and \$6,555, respectively, was due to net increases in the fair value of investments at June 30, 2014 and 2013, realized net gain on the sale of investments, and interest and dividends.

Instruction, academic support, student services, and scholarships and fellowships expenses totaled \$156,651, \$140,477 and \$125,500 in fiscal years 2014, 2013 and 2012, respectively. The increase of 11.5% in fiscal year 2014 and 11.9% in fiscal year 2013 is primarily the result of increased salaries and benefits, primarily due to the faculty separation incentive program in fiscal year 2014 and the fringe benefit equalization adjustment in fiscal years 2014 and 2013, as well as an increase in non-capital equipment purchases and computer software maintenance and license agreements.

Research and programs expense decreased 5.0% to \$56,938 in fiscal year 2014 primarily as a result of the decrease in Federal and State research and program related grants and contracts, and increased 7.2% to \$59,955 in fiscal year 2013 primarily as a result of increased salaries and benefits, principally due to the fringe benefit equalization adjustment.

Public service expense increased 7.0 % to \$1,612 in fiscal year 2014 primarily as a result of an increase in salaries and benefits, partially offset by a reduction in service center expenses, and decreased 6.7% to \$1,507 in fiscal year 2013, primarily as a result of an improvement in collection of small business incubator receivables, which was partially offset by an increase in salaries and benefits, principally due to the fringe benefit equalization adjustment.

Institutional support increased 3.5% to \$40,522 in fiscal year 2014, primarily due to increases in salaries and benefits, partially offset by a decrease in student accounts receivable write-offs, legal expenses and collection agency costs. Institutional support increased 3.9% to \$39,137 in fiscal year 2013, primarily due to increases in salaries and benefits, primarily due to the fringe benefit equalization adjustment and collection agency costs, partially offset by a decrease in student accounts receivable write-offs.

Operation and maintenance of plant expense increased 33.2% to \$19,751 in fiscal year 2014, primarily due to increases in facilities repairs and maintenance costs, salaries and benefits, and real estate taxes. Operation and maintenance of plant expense increased 9.6% to \$14,827 in fiscal year 2013 primarily due to increases in salaries and benefits, which was principally due to the fringe benefit equalization adjustment.

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Auxiliary enterprises expense decreased 8.1% to \$9,937 in fiscal year 2014 primarily due to a decrease in off-campus student housing costs, partially offset by an increase in operation and maintenance costs for residence halls, and increased 8.4% to \$10,811 in fiscal year 2013, primarily due to increases in operation and maintenance costs for residence halls, and increases in salaries and benefits, principally due to the fringe benefit equalization adjustment, and costs for parking lot rentals.

During fiscal years 2014 and 2013, the University incurred long term debt interest costs of \$9,019 and \$9,306, of which \$517 and \$3,122, respectively, was capitalized and will be amortized over the estimated useful lives of the associated capital assets.

Summary and Outlook

The University finds itself in a sound financial position at June 30, 2014. Overall enrollment increased for the fiscal 2014 academic year. The University continues to pursue its strategy of enhancing its research and development activities. The University's fundraising activities are successful, and have generated a significant endowment.

The University's debt is rated A1 by Moody's Investors Service and A+ by Standard & Poor's. Moody's affirmed its rating in fiscal year 2014, noting that the University's "A1 rating reflects the strength of the University's reputation in the engineering and technology fields, as highlighted by a high proportion of international enrollment (20%) and healthy growth of the net tuition revenue. Revenue diversity helps support ongoing favorable operations and insulates the University from volatility in a single revenue stream. Credit challenges include a moderate financial cushion of operating expenses combined with potential funding or expense pressure related to the State's fiscal challenges." Standard & Poor's affirmed its rating in early fiscal year 2014, noting "The outlook is stable. The rating reflects the University's sound business position, with a niche in engineering and research, as well as steady enrollment growth. The University has a sound history of positive operating results on a cash basis, and solid State support, including significant support from the State's Building Our Future program."

The University's relations with its employees are good. Union contracts are in place or memoranda of agreements have been ratified with all seven labor unions representing employees on campus. All seven contracts expire on June 30, 2015. Negotiations for new contracts will commence shortly and are anticipated to come to mutually favorable conclusions.

The University's endowment is prudently managed, with a broad-based asset allocation. The University's endowment investment strategy is designed to maintain purchasing power of pooled endowment fund assets, with an emphasis on total return. A group of managers, each focused on their sector of the asset allocation, limited exposure to sub-prime investments, and use of alternative investments, including timber, to implement the investment strategy have, to date, been reasonably effective.

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As part of its long range plan, the University expects that its activities will continue to increase the total operating budget. As a result of the State's reduction in funding for higher education over the past several fiscal years, management initiated steps to increase alternative funding sources and to reduce expenses, including increases in enrollment, cost cutting initiatives, a more aggressive research and development program, a more intensive fund raising program, and increases in tuition and fees. Included in the University's strategic plan are a greater emphasis on expanded outreach programs, increased scholarships for desirable students, the establishment of new programs and extension sites in order to generate increases in enrollment, and the hiring of new faculty members who have a stronger inclination to become involved in research activities in addition to their teaching responsibilities in order to expand its research and development program. The University's efforts in these resource generating and expense reduction initiatives have been and are anticipated to continue to be successful.

In fiscal year 2014, the University was allocated \$80 million of Building Our Future program funds for the renovation of the Central King Building into a state-of-the-art technology center and the modernization and expansion of laboratory facilities in the Otto York Center for Environmental Engineering and Science. The University was allocated an additional \$20 million in fiscal year 2015.

Management has been and will continue to be an active participant in the State's planning process, in order to ensure that its voice is heard and the University's needs are properly presented and considered in the State's financial deliberations.

All in all, the University's management is of the opinion that the University's financial condition is sound.

NEW JERSEY INSTITUTE OF TECHNOLOGY
Statement of Net Position
(Dollars in thousands)
At June 30, 2014 and 2013

Assets	2014	2013 (restated)
Current assets:		
Cash and cash equivalents	\$ 58,747	\$ 51,280
Short term investments	5,188	5,120
Grants and accounts receivable, net	26,894	24,915
Deposits held with trustees	9,285	9,979
Other current assets	1,480	1,432
Total current assets	<u>101,594</u>	<u>92,726</u>
Noncurrent assets:		
Endowment investments	98,197	82,925
Investments	17,285	11,618
Investments - Warren Street Village construction	-	26,666
Deposits held with trustees	30,163	5,219
Other assets	46,051	2,134
Capital assets, net of accumulated depreciation of \$311,898 and \$299,809, respectively	<u>318,194</u>	<u>292,144</u>
Total noncurrent assets	<u>509,890</u>	<u>420,706</u>
Total assets	<u>\$ 611,484</u>	<u>\$ 513,432</u>
Deferred outflows of resources		
Loss on defeasance of debt	<u>\$ 2,362</u>	<u>\$ 2,767</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 33,102	\$ 33,116
Long term debt, current portion	9,067	9,488
Unearned advance payments	9,311	9,433
Due to affiliates	<u>4,555</u>	<u>3,597</u>
Total current liabilities	<u>56,035</u>	<u>55,634</u>
Noncurrent liabilities:		
Long term debt	223,474	222,121
Other noncurrent liabilities	11,736	9,945
U.S. government grants refundable	<u>1,908</u>	<u>1,838</u>
Total noncurrent liabilities	<u>237,118</u>	<u>233,904</u>
Total liabilities	<u>\$ 293,153</u>	<u>\$ 289,538</u>
Deferred inflows of resources		
Gain on defeasance of debt	<u>\$ 418</u>	<u>\$ -</u>
Net position		
Net investment in capital assets	\$ 104,903	\$ 75,469
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	54,797	49,135
Instructional and other	9,951	9,817
Expendable:		
Capital projects	48,296	-
Scholarships and fellowships	12,962	6,688
Instructional and other	8,844	7,537
Research and programs	1,502	517
Debt service	5,020	5,660
Loans	1,050	1,041
Unrestricted (see note 11)	<u>72,950</u>	<u>70,797</u>
Total net position	<u>\$ 320,275</u>	<u>\$ 226,661</u>

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

NEW JERSEY INSTITUTE OF TECHNOLOGY
Statement of Revenues, Expenses, and Changes in Net Position
(Dollars in thousands)
For the years ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u> <u>(restated)</u>
Operating revenues:		
Student tuition and fees, net of scholarship allowances of \$42,885 and \$40,704, respectively	\$ 112,253	\$ 103,442
Federal grants and contracts	66,908	68,649
State grants and contracts	21,012	19,219
Other grants and contracts	3,957	4,535
Auxiliary enterprises, net of scholarship allowances of \$3,936 and \$3,782, respectively	13,337	12,492
Other operating revenues	<u>3,070</u>	<u>2,396</u>
Total operating revenues	<u>220,537</u>	<u>210,733</u>
Operating expenses:		
Instruction	97,995	88,002
Research and programs	56,938	59,955
Public service	1,612	1,507
Academic support	27,294	23,944
Student services	20,426	18,566
Institutional support	40,522	39,137
Operation and maintenance of plant	19,751	14,827
Scholarships and fellowships	10,936	9,965
Depreciation and amortization	19,406	18,363
Auxiliary enterprises	<u>9,937</u>	<u>10,811</u>
Total operating expenses	<u>304,817</u>	<u>285,077</u>
Operating loss	<u>(84,280)</u>	<u>(74,344)</u>
Nonoperating revenues (expenses):		
State appropriations	92,086	80,795
Gifts and bequests	4,777	2,435
Interest expense	(8,502)	(6,198)
Investment income	14,701	6,555
Other nonoperating revenues, net	<u>820</u>	<u>2,267</u>
Net nonoperating revenues	<u>103,882</u>	<u>85,854</u>
Income before other revenues	<u>19,602</u>	<u>11,510</u>
Other revenues:		
Capital grants and gifts	69,091	1,165
Additions to permanent endowments	<u>4,921</u>	<u>4,668</u>
Total other revenues	<u>74,012</u>	<u>5,833</u>
Increase in net position	93,614	17,343
Net position, beginning of year, as restated	<u>226,661</u>	<u>209,318</u>
Net position, end of year	<u>\$ 320,275</u>	<u>\$ 226,661</u>

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

NEW JERSEY INSTITUTE OF TECHNOLOGY
Statement of Cash Flows
(Dollars in thousands)
For the years ended June 30, 2014 and 2013

	2014	2013 (restated)
Cash flows from operating activities:		
Student tuition and fees	\$ 112,781	\$ 108,889
Grants and contracts	89,373	96,105
Payments for salaries and benefits	(156,075)	(153,216)
Payments to suppliers	(70,773)	(67,561)
Payments for scholarships and fellowships	(10,936)	(9,965)
Loans issued to students	(576)	(277)
Loans collected from students	342	347
Auxiliary enterprises	13,304	12,489
University programs	3,297	3,182
Affiliates	958	462
Other receipts	128	347
Net cash used by operating activities	<u>(18,177)</u>	<u>(9,198)</u>
Cash flows from noncapital financing activities:		
State appropriations	47,570	46,236
Gifts and bequests for other than capital purposes	2,536	2,972
Additions to permanent endowments	4,279	4,492
Other receipts	2,706	2,440
Net cash provided by noncapital financing activities	<u>57,091</u>	<u>56,140</u>
Cash flows from capital financing activities:		
Proceeds from capital debt	23,501	55,475
Mortgage payments received	277	-
Capital grants and gifts	29,432	1,125
Purchase of capital assets	(50,059)	(69,175)
Prepaid bond issuance costs	-	(469)
Principal paid on long term debt	(9,239)	(8,032)
Refunding of bonds and other long term debt	(13,377)	(63,536)
Interest paid on long term debt	(9,466)	(9,635)
Purchase of investments - Warren Street Village construction	(101)	(7,174)
Sale of investments - Warren Street Village construction	26,755	48,196
Deposits with trustees	(52,610)	(11,396)
Withdrawals from trustees	28,360	34,823
Net cash used by capital financing activities	<u>(26,527)</u>	<u>(29,798)</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	35,663	29,655
Interest and dividends on investments	1,886	2,612
Purchase of investments	(42,469)	(35,605)
Net cash used by investing activities	<u>(4,920)</u>	<u>(3,338)</u>
Net increase in cash and cash equivalents	7,467	13,806
Cash and cash equivalents, beginning of year	51,280	37,474
Cash and cash equivalents, end of year	<u>\$ 58,747</u>	<u>\$ 51,280</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (84,280)	\$ (74,344)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation and amortization	19,406	18,363
Noncash operating expenses	45,272	34,775
Changes in assets and liabilities:		
Grants and accounts receivable	(1,850)	6,742
Other assets, current and noncurrent	(3)	(157)
Accounts payable and accrued liabilities	2,442	4,897
Unearned advance payments	(122)	64
Due to affiliates	958	462
Net cash used by operating activities	<u>\$ (18,177)</u>	<u>\$ (9,198)</u>
Noncash transactions:		
State appropriations for fringe benefits	\$ 44,329	\$ 34,697
Gifts and bequests for other than capital purposes	2,241	(538)
New annuity agreements - marketable securities	230	-
Investment income	102	-
Gifts for capital purposes	-	40
Additions to permanent endowments	642	79
Capital assets	1,313	3,390

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

NEW JERSEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements

(Dollars in thousands)

June 30, 2014 and 2013

1. Organization and Summary of Significant Accounting Policies

New Jersey Institute of Technology (NJIT), a public research university, includes six collegiate units: Newark College of Engineering, College of Computing Sciences, College of Architecture and Design, College of Science and Liberal Arts, School of Management, and Albert Dorman Honors College; a graduate division; a continuing education program; and a number of research centers. Fields of study include engineering, computer science, architecture, applied sciences, management, statistics, and actuarial science. NJIT offers programs and courses leading to bachelors, masters, and doctoral degrees, and also conducts an extensive research program.

The New Jersey Institute of Technology Act of 1995 established NJIT as a body corporate and politic and determined that the exercise of NJIT's powers was a public and essential government function. NJIT has its origins in an 1881 New Jersey statute.

Foundation at New Jersey Institute of Technology (the Foundation) is a component unit of NJIT. The Foundation raises and manages funds to support the further development and growth of programs at NJIT. Because of the significance of its operational and financial relationships with NJIT and because it exclusively benefits NJIT, the Foundation's financial statements are combined and reported on a blended basis with those of NJIT. Copies of the Foundation's financial statements can be obtained by writing to Foundation at New Jersey Institute of Technology, University Heights, Newark, New Jersey 07102, Attention: University Advancement Office.

NJIT created ten urban renewal limited liability companies (the UREs) for the purpose of constructing and managing residential buildings for NJIT student Greek organizations. The UREs, which commenced operations in fiscal year 2014, are component units of NJIT. Because of the significance of their operational and financial relationships with NJIT, the UREs' financial statements are combined and reported on a blended basis with those of NJIT.

NJIT founded New Jersey Innovation Institute, Inc. (NJII) in fiscal year 2014. NJII applies the intellectual and technological resources of NJIT to challenges identified by industry partners in order to spur product creation and enhancement, develop solutions for sector-wide and/or company-focused challenges, and serve as a catalyst for regional economic growth. NJII commenced operations in fiscal year 2015.

Pursuant to the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, NJIT, which is financially dependent on the State of New Jersey (the State), is considered to be a component unit of the State for its financial reporting purposes. Accordingly, the financial statements of NJIT, the Foundation, and the UREs (collectively, the University) are included in the State's Comprehensive Annual Financial Report.

NEW JERSEY INSTITUTE OF TECHNOLOGY
Notes to Financial Statements
(Dollars in thousands)
June 30, 2014 and 2013

(a) Basis of Presentation

The University's financial statements have been prepared on the accrual basis of accounting using the economic resources measurement focus, in accordance with U.S. generally accepted accounting principles as promulgated by the GASB. All significant transactions between NJIT, the Foundation, and the UREs have been eliminated. Effective July 1, 2013, the University adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65), which requires that certain items that were previously reported as assets and liabilities be classified as deferred outflows of resources or deferred inflows of resources in the Statement of Net Position or as outflows of resources (expenses) or inflows from resources (revenues) in the Statement of Revenues, Expenses, and Changes in Net Position.

The effect of the adoption of GASB 65 on the fiscal year 2013 financial statements was a restatement to expense bond issuance costs and reclassify deferred financing costs to deferred outflows of resources, as follows:

	<u>As previously reported</u>	<u>Adjustments</u>	<u>As restated</u>
Statement of Net Position at June 30, 2013:			
Other current assets	\$ 2,142	\$ (710)	\$ 1,432
Other assets	6,924	(4,790)	2,134
Deferred outflows of resources - Loss on defeasance of debt	-	2,767	2,767
Accounts payable and accrued liabilities	33,232	(116)	33,116
Net investment in capital assets	76,693	(1,224)	75,469
Unrestricted net position	72,190	(1,393)	70,797
Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2013:			
Depreciation and amortization	18,774	(411)	18,363
Other nonoperating revenues, net	2,736	(469)	2,267
Net position, beginning of year	211,877	(2,559)	209,318
Net position, end of year	229,278	(2,617)	226,661

(b) Use of Estimates

The financial statements include estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent 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.

NEW JERSEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements

(Dollars in thousands)

June 30, 2014 and 2013

(c) *Cash and Cash Equivalents*

The University considers money market funds, investments with original maturities of three months or less, and investments in sweep accounts with original maturities of twelve months or less to be cash equivalents, except for those included in endowment investments and deposits held with trustees. Investments in sweep accounts with original maturities greater than twelve months are classified as noncurrent assets, even though their purpose is to be used for operating activities.

(d) *Investments and Deposits Held with Trustees*

Investments in marketable equity securities, debt instruments, and mutual funds are carried at fair value, based on quoted market prices. Hedge and other investment funds are carried at estimated fair value based on the net asset values 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.

(e) *Capital Assets*

Capital assets are carried at cost or, in the case of gifts, fair value at date of donation. Expenditures for replacements are capitalized, and the replaced items are retired. Expenses resulting from disposal of property are included in other nonoperating revenues, net. Depreciation is calculated on the straight-line basis. The University's capital assets policy establishes the following capitalization thresholds and estimated useful lives:

	Capitalization Threshold	Estimated Useful Lives
Land improvements	\$ 50,000	20 years
Buildings and building improvements	50,000	20 to 40 years
Software	50,000	5 to 10 years
Equipment and other assets	5,000	3 to 10 years

Effective July 1, 2013, the University increased the capitalization threshold for equipment and other assets from \$2,500 to \$5,000. Assets capitalized under the prior threshold will continue to be depreciated over their remaining estimated useful lives.

NEW JERSEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements

(Dollars in thousands)

June 30, 2014 and 2013

(f) *Due to Affiliates*

Due to affiliates consists of amounts the University is holding as agent for the following entities:

	June 30,	
	2014	2013
NJEDge.Net	\$ 3,506	\$ 2,329
Student organizations	715	871
Other organizations	334	397
	<u>\$ 4,555</u>	<u>\$ 3,597</u>

(g) *Classification of Net Position*

The University classifies its resources into three net position categories:

- Net investment in capital assets contains the land and land improvements, buildings and building improvements, equipment and other assets, and construction in progress of the University, net of depreciation, and the indebtedness incurred to finance their acquisition and construction. Title to capital assets acquired through research grants and contracts remains with the University at the conclusion of the grant or contract period with the permission of the grantor.
- Restricted nonexpendable net position is comprised of endowment and life income and annuity funds. Endowments are subject to restrictions of gift instruments requiring that the principal be invested in perpetuity. Life income and annuity funds consist of annuity and unitrust funds which are given to the University to be invested with the stipulation that the University pay an agreed-upon sum to designated individuals for a period of time or for the beneficiary's lifetime. At the termination of the agreement, the remaining funds either become part of the University's endowment or are used for the purpose designated by the donor.

Restricted expendable net position includes gifts that are restricted to use for specific purposes by the donor, capital grants and gifts, 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 student tuition and fees, gifts and bequests, and investment income, and is spent to meet the objectives of the University. The University designates portions of its unrestricted net position for certain specific purposes (see Note 11).

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

NEW JERSEY INSTITUTE OF TECHNOLOGY
Notes to Financial Statements
(Dollars in thousands)
June 30, 2014 and 2013

(h) *Classification of Revenue and Expense*

Operating revenues are those that result from the provision of services related to the University's principal purposes of instruction and research, and are generally associated with exchange transactions. Nonoperating revenues result from activities that are not directly related to the University's principal purposes, but that exist in order to support them, and generally consist of nonexchange transactions. Other revenues arise from nonexchange transactions which provide funding for acquisitions of capital assets and additions to permanent endowments.

Interest expense is reported as a nonoperating activity.

(i) *Revenue Recognition*

Student tuition and fees revenues are recognized in the period earned. Student tuition and fees collected in advance of the fiscal year are recorded as unearned advance payments in the statement of net position.

Grants and contracts revenues are recognized when the related expenditures are incurred. The unexpended portion of advance grant payments is recorded as unearned advance payments in the statement of net position.

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.

Gifts and bequests are recorded upon receipt by the University. Pledges, other than endowment, are recognized as gift income and recorded at their present value. Additions to permanent endowments are recognized upon their receipt.

(j) *Facilities and Administrative Costs Recovery*

Facilities and administrative costs are recovered at rates specified under the various grants and contracts or at a predetermined rate negotiated with the U.S. Department of Health and Human Services, the University's cognizant Federal agency, and are recorded as grants and contracts revenues.

(k) *Auxiliary Activities*

Auxiliary activities consist primarily of residence hall and parking operations.

(l) *Fringe Benefits Paid by the State*

Certain fringe benefits for the University's employees are paid by the State. Such amounts (\$54,390 and \$43,099 in fiscal years 2014 and 2013, respectively) are included in State appropriations. The offsetting expenses are recorded within the appropriate operating expense categories.

NEW JERSEY INSTITUTE OF TECHNOLOGY
Notes to Financial Statements
(Dollars in thousands)
June 30, 2014 and 2013

(m) Risk Management

The University carries commercial insurance covering its risks of loss related to real and personal property, personal injuries, torts, errors and omissions, environmental damage, and natural and other unforeseen disasters.

(n) Tax Status

NJIT and the Foundation have received determination letters from the Internal Revenue Service stating that they are organizations as described in Sections 115(a)(2) and 501(c)(3), respectively, of the Internal Revenue Code (the Code) and, therefore, are exempt from Federal income taxes under Section 501(a) of the Code on income generated by activities that are substantially related to their tax-exempt purposes. The UREs, which are wholly-owned limited liability companies, have the same tax status as NJIT.

2. Cash and Cash Equivalents, Investments, and Deposits Held with Trustees

The cost and fair value of cash and cash equivalents, investments, and deposits held with trustees are as follows:

	June 30,			
	2014		2013	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents:				
Cash	\$ 963	\$ 963	\$ 938	\$ 938
Money market funds	<u>57,784</u>	<u>57,784</u>	<u>50,342</u>	<u>50,342</u>
	<u>58,747</u>	<u>58,747</u>	<u>51,280</u>	<u>51,280</u>
Investments:				
Money market funds	3,388	3,388	13,923	13,923
Certificates of deposit	500	500	5,000	5,000
U.S. Treasury and government agency bonds	6,504	6,518	6,639	6,661
Commercial paper	-	-	8,885	8,898
Corporate equity securities	36,805	46,176	22,561	26,881
Corporate debt securities	2,939	2,966	6,528	6,339
Mutual equity funds	20,410	23,804	21,687	22,438
Mutual bond funds	15,194	15,925	14,614	14,898
Hedge and other investment funds	18,116	21,393	17,710	18,491
Receivable for investments sold	-	-	2,800	2,800
	<u>103,856</u>	<u>120,670</u>	<u>120,347</u>	<u>126,329</u>
Deposits held with trustees:				
Money market funds	38,138	38,138	13,886	13,886
U.S. Treasury and government agency bonds	<u>1,310</u>	<u>1,310</u>	<u>1,312</u>	<u>1,312</u>
	<u>39,448</u>	<u>39,448</u>	<u>15,198</u>	<u>15,198</u>
	<u>\$ 202,051</u>	<u>\$ 218,865</u>	<u>\$ 186,825</u>	<u>\$ 192,807</u>

Endowment investments totaling \$3,918 and \$2,712 at fair value (\$3,385 and \$2,473 at cost) at June 30, 2014 and 2013, respectively, are held and administered by external trustees, while the remainder are held and administered by the University.

NEW JERSEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements

(Dollars in thousands)

June 30, 2014 and 2013

Hedge and other investment funds are comprised of directional and multi-strategy funds and private equity, real estate, commodity, and timber funds. The University is committed to invest an additional \$4,102 in these funds over the next several fiscal years.

Investments - Warren Street Village construction represent the proceeds of the 2012 Series A bonds (see Note 6). These funds are separately invested, and are designated for the costs of construction of the Warren Street Village, a mixed-use residential housing complex.

Deposits held with trustees represent restricted funds held by U.S. Bank and The Bank of New York Mellon under terms of the revenue bond agreements with the New Jersey Educational Facilities Authority (NJEFA), by Deutsche Bank under terms of the general obligation bond agreements, and by TD Equipment Finance, Inc. under the TD Master Leases (see Note 6). Of the total deposits held at June 30, 2014 and 2013, \$1,310 for both fiscal years is required to be maintained in accordance with the mortgage bond indenture agreements.

The University invests its endowment funds in accordance with applicable limitations set forth in gift instruments or guidelines established by NJIT's Board of Trustees and the Foundation's Board of Overseers. The University's investment strategy is to maintain purchasing power of pooled endowment fund assets, with an emphasis on total return. The following are the University's aggregate allocation guidelines by asset class: equities, up to 70%; real assets, up to 20%; multi-strategy hedges, up to 25%; and fixed income instruments, up to 35%. There are further allocation guidelines for specific investment categories within each asset class. The University may also invest in below investment grade bonds as equity substitutes within the overall allocation for equities.

Custodial credit risk - deposits is the risk that, in the event of the failure of a depository financial institution, the University 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. Cash and cash equivalents have a bank balance of \$60,966 and \$53,163, including cash held by depositories of \$1,377 and \$1,029 at June 30, 2014 and 2013, respectively, of which \$539 and \$784 are insured by the Federal Deposit Insurance Corporation (FDIC). Cash and cash equivalents of \$548 are insured by the Securities Investor Protection Corporation (SIPC) at both June 30, 2014 and 2013; amounts in excess are neither collateralized nor insured.

Custodial credit risk - investments is the risk that, in the event of the failure of a counterparty, the University 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 University'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 University's name. At June 30, 2014 and 2013, \$156,200 and \$138,815, respectively, of investments and deposits held with trustees are either insured or held by the University or its agent in the University's name.

NEW JERSEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements

(Dollars in thousands)

June 30, 2014 and 2013

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. U.S. Treasury and government agency bonds are considered to have no credit risk. The money market funds and mutual bond funds included in the University's investment portfolio are not rated. The University's investments in commercial paper and corporate debt securities are rated as follows by Standard & Poor's:

	Rating	June 30,	
		2014	2013
Commercial paper	A-1+	\$ -	\$ 5,900
Commercial paper	A-1	-	2,998
Total commercial paper		<u>-</u>	<u>8,898</u>
Corporate debt securities	AAA	-	2
Corporate debt securities	AA+	255	746
Corporate debt securities	AA-	51	53
Corporate debt securities	A+	10	3,015
Corporate debt securities	A	70	60
Corporate debt securities	A-	1,192	1,148
Corporate debt securities	BBB+	600	569
Corporate debt securities	BBB	788	746
Total corporate debt securities		<u>2,966</u>	<u>6,339</u>
		<u>\$ 2,966</u>	<u>\$ 15,237</u>

Concentration of credit risk is the risk of loss attributed to the magnitude of the University's investment in a single issuer. There is no limit on the amount the University may invest in any issuer. The University's investments are diversified and are not currently exposed to this risk.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market 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, 2014 and 2013, fixed income investments included in cash and cash equivalents, investments, and deposits held with trustees have the following maturities:

NEW JERSEY INSTITUTE OF TECHNOLOGY
Notes to Financial Statements
(Dollars in thousands)
June 30, 2014 and 2013

	June 30, 2014			
	Investment Maturities (in years)			
	Fair Value	Less Than 1	1 to 5	5 to 10
Money market funds	\$ 99,310	\$ 99,310	\$ -	\$ -
Certificate of deposit	500	500	-	-
U.S. Treasury and government agency bonds	7,828	1,330	2,588	3,910
Corporate debt securities	2,966	117	1,314	1,535
Mutual bond funds	15,925	8,534	6,853	538
	<u>\$ 126,529</u>	<u>\$ 109,791</u>	<u>\$ 10,755</u>	<u>\$ 5,983</u>

	June 30, 2013			
	Investment Maturities (in years)			
	Fair Value	Less Than 1	1 to 5	5 to 10
Money market funds	\$ 78,151	\$ 78,151	\$ -	\$ -
Certificates of deposit	5,000	5,000	-	-
U.S. Treasury and government agency bonds	7,973	1,819	2,608	3,546
Commercial paper	8,898	8,898	-	-
Corporate debt securities	6,339	3,760	1,362	1,217
Mutual bond funds	14,898	5,225	6,337	3,336
	<u>\$ 121,259</u>	<u>\$ 102,853</u>	<u>\$ 10,307</u>	<u>\$ 8,099</u>

A portion of the University's endowment investments are held in an endowment investment pool. The cost and fair value of the pooled investments are as follows:

	June 30,			
	2014		2013	
	Cost	Fair Value	Cost	Fair Value
Money market funds	\$ 2,908	\$ 2,908	\$ 4,140	\$ 4,140
Corporate equity securities	31,896	40,840	22,037	26,296
Mutual equity funds	14,024	16,027	15,768	16,130
Mutual bond funds	8,845	9,523	8,456	8,730
Hedge and other investment funds	17,970	21,207	17,564	18,320
Receivable for investments sold	-	-	2,800	2,800
	<u>\$ 75,643</u>	<u>\$ 90,505</u>	<u>\$ 70,765</u>	<u>\$ 76,416</u>

Endowment investment pool units are assigned to new gifts based upon the value of the pool at the end of the quarter in which the gifts are received. There were 395,303 and 376,358 pool units with a fair unit value of \$228.95 and \$203.04 at June 30, 2014 and 2013, respectively.

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For the years ended June 30, 2014 and 2013, the average return for the endowment investment pool was 17.6% and 11.5%, respectively.

The spending policy for endowment funds requires an annual calculation based on a three year rolling average of the market value per pool unit. The spending rates for the years ended June 30, 2014 and 2013 were 5.2% and 5.5%, respectively. The University complies with the State's "Uniform Prudent Management of Institutional Funds Act", which governs the management and use of funds held by it.

3. Capital Assets

The activity in capital assets and accumulated depreciation for the years ended June 30, 2014 and 2013 was as follows:

	June 30, 2013	Additions	Retirements	Placed Into Service	June 30, 2014
Depreciable assets:					
Land improvements	\$ 8,822	\$ -	\$ (620)	\$ 3,277	\$ 11,479
Buildings and building improvements	388,056	1,110	(5,650)	72,639	456,155
Equipment and other assets	95,325	3,289	(7,069)	6,481	98,026
	<u>492,203</u>	<u>4,399</u>	<u>(13,339)</u>	<u>82,397</u>	<u>565,660</u>
Accumulated depreciation:					
Land improvements	3,990	613	(201)	-	4,402
Buildings and building improvements	223,649	12,197	-	-	235,846
Equipment and other assets	72,170	6,206	(6,726)	-	71,650
	<u>299,809</u>	<u>19,016</u>	<u>(6,927)</u>	<u>-</u>	<u>311,898</u>
	192,394	(14,617)	(6,412)	82,397	253,762
Nondepreciable assets:					
Land	17,870	505	-	-	18,375
Construction in progress	81,880	46,574	-	(82,397)	46,057
	<u>\$ 292,144</u>	<u>\$ 32,462</u>	<u>\$ (6,412)</u>	<u>\$ -</u>	<u>\$ 318,194</u>
	June 30, 2012	Additions	Retirements	Placed Into Service	June 30, 2013
Depreciable assets:					
Land improvements	\$ 8,822	\$ -	\$ -	\$ -	\$ 8,822
Buildings and building improvements	385,905	1,990	-	161	388,056
Equipment and other assets	90,745	5,826	(2,200)	954	95,325
	<u>485,472</u>	<u>7,816</u>	<u>(2,200)</u>	<u>1,115</u>	<u>492,203</u>
Accumulated depreciation:					
Land improvements	3,421	569	-	-	3,990
Buildings and building improvements	212,134	11,515	-	-	223,649
Equipment and other assets	68,583	5,771	(2,184)	-	72,170
	<u>284,138</u>	<u>17,855</u>	<u>(2,184)</u>	<u>-</u>	<u>299,809</u>
	201,334	(10,039)	(16)	1,115	192,394
Nondepreciable assets:					
Land	17,870	-	-	-	17,870
Construction in progress	15,722	67,273	-	(1,115)	81,880
	<u>\$ 234,926</u>	<u>\$ 57,234</u>	<u>\$ (16)</u>	<u>\$ -</u>	<u>\$ 292,144</u>

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In fiscal year 2014, the University sold two newly-constructed Warren Street Village residential units to the student Greek organizations occupying them. The sales resulted in a loss of \$1,898, which is included in other non-operating revenues, net.

4. Supplementary Statement of Net Position Detail

	June 30,	
	2014	2013 (restated)
Grants and accounts receivable:		
Federal and State grants and accounts receivable	\$ 23,460	\$ 22,132
Student accounts receivable	5,308	4,679
Program services accounts receivable	640	820
Other grants and accounts receivable	1,133	1,283
Pledges receivable, current portion	722	354
Student loans receivable, current portion	340	347
Accrued interest receivable	37	120
	<u>31,640</u>	<u>29,735</u>
Less: allowance for doubtful accounts	4,746	4,820
	<u>\$ 26,894</u>	<u>\$ 24,915</u>
Other assets, noncurrent:		
Building Our Future Bonds proceeds receivable	\$ 39,659	\$ -
Student loans receivable	1,700	1,459
Mortgages receivable	3,935	-
Pledges receivable	509	382
Other	248	293
	<u>\$ 46,051</u>	<u>\$ 2,134</u>
Accounts payable and accrued liabilities:		
Salaries and fringe benefits	\$ 11,812	\$ 14,308
Accrued interest expense	4,400	4,598
Accounts payable - construction	7,087	5,774
Accounts payable - other	7,730	7,186
Other noncurrent liabilities, current portion	2,073	1,250
	<u>\$ 33,102</u>	<u>\$ 33,116</u>

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5. Noncurrent Liabilities

The activity in noncurrent liabilities for the years ended June 30, 2014 and 2013 was as follows:

	<u>June 30, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2014</u>	<u>Current Portion</u>
Long term debt	\$ 224,013	\$ 23,501	\$ (22,321)	\$ 225,193	\$ 8,800
Unamortized net premium	7,596	-	(248)	7,348	267
Total long term debt	<u>231,609</u>	<u>23,501</u>	<u>(22,569)</u>	<u>232,541</u>	<u>9,067</u>
Retirement incentive programs	4,027	5,189	(1,697)	7,519	1,676
Annuity funds liability	2,005	847	(1,736)	1,116	198
Insurance liability reserve	1,441	-	-	1,441	-
Compensated absences	3,223	321	(249)	3,295	180
Other	499	22	(83)	438	19
Total other noncurrent liabilities	<u>11,195</u>	<u>6,379</u>	<u>(3,765)</u>	<u>13,809</u>	<u>2,073</u>
U.S. government grants refundable	1,838	118	(48)	1,908	-
	<u>\$ 244,642</u>	<u>\$ 29,998</u>	<u>\$ (26,382)</u>	<u>\$ 248,258</u>	<u>\$ 11,140</u>

	<u>June 30, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2013</u>	<u>Current Portion</u>
Long term debt	\$ 236,295	\$ 55,475	\$ (67,757)	\$ 224,013	\$ 9,239
Unamortized net premium	11,141	-	(3,545)	7,596	249
Total long term debt	<u>247,436</u>	<u>55,475</u>	<u>(71,302)</u>	<u>231,609</u>	<u>9,488</u>
Retirement incentive programs	3,809	1,164	(946)	4,027	673
Annuity funds liability	2,184	448	(627)	2,005	469
Insurance liability reserve	1,451	-	(10)	1,441	-
Compensated absences	2,769	544	(90)	3,223	90
Other	434	141	(76)	499	18
Total other noncurrent liabilities	<u>10,647</u>	<u>2,297</u>	<u>(1,749)</u>	<u>11,195</u>	<u>1,250</u>
U.S. government grants refundable	1,784	902	(848)	1,838	-
	<u>\$ 259,867</u>	<u>\$ 58,674</u>	<u>\$ (73,899)</u>	<u>\$ 244,642</u>	<u>\$ 10,738</u>

The current portion of other noncurrent liabilities is included in accounts payable and accrued liabilities.

Included in annuity funds liability are net increases of \$441 and \$285 in the fair value of investments at June 30, 2014 and 2013, respectively.

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6. Long Term Debt

Long term debt is composed of:

	<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>
General Obligation Bonds:		
2012 Series A issue:		
Serial bonds (interest rates of 4.00% and 5.00%, due on various dates through fiscal year 2028)	\$ 5,470	\$ 5,470
Term bonds (interest rate at 5.00%, final maturity in fiscal year 2043)	60,025	60,025
2012 Series B issue:		
Serial bonds (interest rates from 0.90% to 3.723%, due on various dates through fiscal year 2026)	33,540	38,165
Term bond (interest rate at 3.323%, maturity in fiscal year 2025)	17,310	17,310
Revenue Bonds:		
2010 Series H issue:		
Serial bonds (interest rates from 3.00% to 5.00%, due on various dates through fiscal year 2026)	29,760	29,760
Term bonds (interest rate at 5.00%, final maturity in fiscal year 2032)	21,205	21,205
2010 Series I issue:		
Term bonds (interest rate at 6.41%, final maturity in fiscal year 2041)	20,450	20,450
2001 Series H issue:		
Term bonds (interest rate at 6.05%, final maturity in fiscal year 2017)	3,495	4,530
Other Long Term Debt:		
Higher Education Capital Improvement Fund	22,933	14,995
Equipment Leasing Fund	1,547	-
TD Master Leases	7,429	9,824
New Jersey Economic Development Authority note	1,937	2,077
Other	92	202
	<u>225,193</u>	<u>224,013</u>
Unamortized net premium on obligations	7,348	7,596
	<u>232,541</u>	<u>231,609</u>
Less: current portion	9,067	9,488
	<u>\$ 223,474</u>	<u>\$ 222,121</u>

The interest rates on all of the University's long term debt are fixed.

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The 2012 Series A Bonds were issued by the University to provide funds to finance, in part, the costs of constructing the Warren Street Village. The bonds were issued at a premium of \$6,463, which is being amortized against interest expense over the life of the bonds. The 2012 Series A Bonds are subject to optional redemption prior to maturity on or after July 1, 2022 at a price of 100%.

The 2012 Series B Bonds were issued by the University for the purpose of advance refunding the 2004 Series B Bonds. The advance refunding resulted in a fiscal year 2013 loss on defeasance of \$2,472. Aggregate debt service payments over the next thirteen fiscal years will be reduced by \$3,534, representing an economic gain (difference between the present value of the old and new debt service payments) of \$3,881.

The University defeased the 2004 Series B Bonds by depositing funds into an escrow account in the amount of \$63,704, which is sufficient to provide for the subsequent payment of principal and interest on the defeased indebtedness. These defeased bonds are not considered outstanding obligations of the University and, therefore, neither the escrow account nor the defeased indebtedness is included in the accompanying statement of net position.

The 2012 Series B Bonds are subject to redemption under certain circumstances as described in the debt agreement.

The 2010 Series H and 2010 Series I Bonds were issued by NJEFA pursuant to an agreement with the University for the purpose of advance refunding a prior issue of revenue bonds and financing, in whole or in part, the costs of the acquisition, rehabilitation, and renovation of an academic facility and of campus deferred maintenance. The 2010 Series H Bonds were issued at a premium of \$2,489, which is being amortized against interest expense over the life of the bonds.

The 2010 Series H Bonds maturing on or before July 1, 2020 are not subject to optional redemption prior to maturity. The 2010 Series H Bonds maturing on or after July 1, 2021 are subject to redemption prior to maturity on or after July 1, 2020 at a price of 100%.

The 2010 Series I Bonds have been designated as “Build America Bonds”. Up to thirty-five percent of the interest payments will be paid by the Federal government. For the fiscal years ended June 30, 2014 and 2013, \$426 and \$439, respectively, of Federal government interest payments are included in interest expense and in other nonoperating revenues, net in the statement of revenues, expenses, and changes in net position.

The 2010 Series I Bonds are subject to optional redemption prior to maturity on or after July 1, 2020 at a price of 100%.

The 2001 Series H Bonds were issued by NJEFA pursuant to an agreement with the University to provide funds to finance the costs of constructing a small business incubator facility. The University’s mortgage obligations to NJEFA are collateralized by certain land, buildings and building improvements, and equipment.

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The 2001 Series H Bonds are not subject to optional redemption, except for extraordinary optional redemption as described in the debt agreement.

The Higher Education Capital Improvement Fund (HECIF) debt was issued by NJEFA to provide funds for certain construction and facilities improvements at the State's public institutions of higher education. In fiscal year 2014, the State allocated \$9,305 of new HECIF debt to the University and refunded \$12,649 of the University's existing HECIF debt. The refunding resulted in a gain of \$433, which is included in deferred inflows of resources in the Statement of Net Position. The University is responsible for one-third of its allocated debt service payments and related program expenses. The HECIF debt bears interest rates from 4.0 % to 5.0% and matures at various dates through fiscal year 2034.

The Equipment Leasing Fund (ELF) debt was issued by NJEFA to provide funds to finance certain equipment at the State's public institutions of higher education. The University is responsible for twenty-five percent of the debt service payments and related program expenses. The ELF debt matures in fiscal year 2023.

The TD Master Leases were entered into for the purpose of repaying a prior master lease and financing the costs of an upgrade to the University's information technology and research infrastructure. The TD debt bears interest rates of between 1.35% and 1.72% with final maturity in fiscal year 2019.

The New Jersey Economic Development Authority (NJEDA) note, which matures in fiscal year 2028, is noninterest bearing and payable monthly. Imputed interest expense totaled \$78 and \$82 in fiscal years 2014 and 2013, respectively.

At June 30, 2014, deposits held with trustees included \$5,020 for principal payments on revenue bonds due on July 1, 2014. Payments due on long term debt, including mandatory sinking fund payments on the revenue bonds, are as follows for the fiscal years ending June 30:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 10,055	\$ 9,524	\$ 19,579
2016	9,331	9,340	18,671
2017	9,621	9,055	18,676
2018	9,800	8,753	18,553
2019	10,081	8,427	18,508
2020 to 2024	50,138	36,523	86,661
2025 to 2029	36,166	27,345	63,511
2030 to 2034	29,961	19,417	49,378
2035 to 2039	35,065	11,073	46,138
2040 to 2042	19,955	1,933	21,888
	<u>\$ 220,173</u>	<u>\$ 141,390</u>	<u>\$ 361,563</u>

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The University has a credit agreement with a bank permitting it to borrow up to \$6,000, at the London Interbank Offered Rate (LIBOR) plus 1.0% (1.2% at June 30, 2014 and 2013) at the time of utilization. At June 30, 2014 and 2013, there were no outstanding borrowings against this agreement.

Deferred loss on refunding associated with the University's long term debt totaled \$2,362 and \$2,767, net of accumulated amortization of \$1,133 and \$728, at June 30, 2014 and 2013, respectively.

Deferred gain on refunding associated with the University's long term debt totaled \$418, net of accumulated amortization of \$15, at June 30, 2014.

Interest charges incurred in fiscal years 2014 and 2013 totaled \$9,019 and \$9,306, respectively. Of these amounts, \$517 and \$3,122 were capitalized in fiscal years 2014 and 2013, respectively.

7. Compensated Absences

Eligible employees accrue vacation leave based upon time employed with a maximum accumulation at June 30 of 10 to 50 days. In addition, eligible employees who retire are paid 50% of their unused sick time up to a maximum of \$15 per employee.

At June 30, 2014 and 2013, accounts payable and accrued liabilities include accrued vacation and related fringe benefits of \$5,834 and \$5,204, respectively, and unused sick time of \$180 and \$90, respectively. At June 30, 2014 and 2013, other noncurrent liabilities include \$3,115 and \$3,133, respectively, of unused sick time. In fiscal years 2014 and 2013, payments for unused sick time totaled \$249 and \$90, respectively.

8. Retirement Programs

Eligible full-time employees and certain part-time employees of the University participate in one of three retirement systems - the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), or the Alternate Benefits Program (ABP). PERS and PFRS are cost-sharing, multiple-employer plans administered by the State of New Jersey. ABP is administered by a separate board of trustees.

By statute, the University's employees are considered to be State employees for purposes of pension contribution and postemployment benefits. Accordingly, the University bears none of the normal costs of its employees' participation, all of which are borne by the State. However, the University is responsible for retirement incentive program contributions to PERS and the Teachers' Pension and Annuity Fund (TPAF).

PERS is a defined benefit retirement program which provides coverage, including post-retirement health care, to substantially all full-time employees and certain part-time employees of the State or public agencies who are not members of another State-administered retirement system. Membership is mandatory for such employees. Vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. Members are eligible for retirement at age 60, with a benefit generally determined to be 1/55th of the average of the three highest years of compensation for each year of service credit. The current employee

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contribution rate is 6.92% of base salary. The University's retirement incentive program contributions to PERS for the years ended June 30, 2014 and 2013 were \$193 and \$186, respectively.

The University no longer has employees in TPAF. The University's retirement incentive program contribution to TPAF was \$55 for the fiscal years ended June 30, 2014 and 2013.

PFRS is a defined benefit retirement program which provides coverage, including post-retirement health care, to substantially all permanent, full-time police officers and firemen in the State. Membership is mandatory for such employees. Vesting occurs after 10 years of service. The employee contribution rate is 10% of base salary. A member may retire at age 55 with a benefit equal to two percent of final compensation for each year of creditable service up to 30 years, plus one percent for each year in excess of 30 years.

The State issues publicly available financial reports that include financial statements and required supplementary information for PERS, TPAF, and PFRS. These reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pension and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

ABP is a defined contribution retirement program for eligible full-time employees, providing retirement, post-retirement health care, disability, and death benefits for professionals and faculty members. Membership is mandatory for such employees. Vesting occurs after one year of service. The employee contribution rate is 5% of total base salary, and the employer contribution rate is 8% of base salary up to \$141. Benefits are determined by the amount of individual accumulations and the retirement income option selected. For the years ended June 30, 2014 and 2013, the University's contributions to ABP were \$6,036 and \$6,451, respectively.

To offset the State limit, a supplemental benefit program, a defined contribution plan, exists for ABP participants whose base salary is in excess of \$141, but not in excess of the Federal limit. Vesting occurs after one year of service. Employer contributions are at the discretion of the University, while employees may not contribute. The University's contribution was \$516 in fiscal year 2014. No contribution was made in fiscal year 2013.

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9. Investment Income

Investment income is comprised of the following for the fiscal years ended June 30:

	<u>2014</u>	<u>2013</u>
Interest and dividends	\$ 1,895	\$ 1,629
Realized net gain on sale of investments	2,415	3,285
Net increase in the fair value of investments	10,391	1,641
	<u>\$ 14,701</u>	<u>\$ 6,555</u>

Interest income of \$10 and \$638 was capitalized in fiscal years 2014 and 2013, respectively.

10. Condensed Combining Financial Statement Information

The condensed combining statements of net position, of revenues, expenses, and changes in net position, and of cash flows for NJIT, the Foundation, and the UREs at June 30, 2014 and for the year then ended are as follows:

	<u>June 30, 2014</u>				
	<u>NJIT</u>	<u>Foundation</u>	<u>UREs</u>	<u>Reclassifications/ Eliminations</u>	<u>Combined</u>
Cash and cash equivalents	\$ 58,747	\$ 2,297	\$ 333	\$ (2,630)	\$ 58,747
Other current assets	42,183	541	123	-	42,847
Due from UREs	125	-	-	(125)	-
Capital assets, net	292,733	-	25,461	-	318,194
Other noncurrent assets	89,039	98,722	3,935	-	191,696
Investment in UREs	29,663	-	-	(29,663)	-
Total assets	<u>512,490</u>	<u>101,560</u>	<u>29,852</u>	<u>(32,418)</u>	<u>611,484</u>
Deferred outflows of resources	<u>2,362</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,362</u>
Due to Foundation	2,297	-	-	(2,297)	-
Due to UREs	333	-	-	(333)	-
Due to NJIT	-	-	125	(125)	-
Other current liabilities	55,771	200	64	-	56,035
Noncurrent liabilities	236,200	918	-	-	237,118
Total liabilities	<u>294,601</u>	<u>1,118</u>	<u>189</u>	<u>(2,755)</u>	<u>293,153</u>
Deferred inflows of resources	<u>418</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>418</u>
Net investment in capital assets	104,903	-	29,386	(29,386)	104,903
Restricted nonexpendable	-	64,748	-	-	64,748
Restricted expendable	55,807	21,867	-	-	77,674
Unrestricted	59,123	13,827	277	(277)	72,950
Total net position	<u>\$ 219,833</u>	<u>\$ 100,442</u>	<u>\$ 29,663</u>	<u>\$ (29,663)</u>	<u>\$ 320,275</u>

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	June 30, 2014				
	NJIT	Foundation	UREs	Reclassifications/ Eliminations	Combined
Gifts and bequests	\$ -	\$ 5,024	\$ -	\$ (5,024)	\$ -
Grants from Foundation	5,364	-	-	(5,364)	-
Other operating revenues	219,195	-	1,342	-	220,537
Total operating revenues	<u>224,559</u>	<u>5,024</u>	<u>1,342</u>	<u>(10,388)</u>	<u>220,537</u>
Depreciation and amortization	18,949	-	457	-	19,406
Grants to NJIT	-	5,364	-	(5,364)	-
Grants to NJIT student fraternities	-	208	-	(208)	-
Other operating expenses	282,261	2,428	514	208	285,411
Total operating expenses	<u>301,210</u>	<u>8,000</u>	<u>971</u>	<u>(5,364)</u>	<u>304,817</u>
Operating (loss) profit	(76,651)	(2,976)	371	(5,024)	(84,280)
Gifts and bequests	-	-	-	4,777	4,777
Investment income	1,501	13,200	-	-	14,701
Other nonoperating revenues, net	84,608	20	(2,442)	2,218	84,404
Capital grants and gifts	68,991	-	31,734	(31,634)	69,091
Additions to permanent endowments	-	4,921	-	-	4,921
Increase (decrease) in net position	78,449	15,165	29,663	(29,663)	93,614
Net position, beginning of year	<u>141,384</u>	<u>85,277</u>	<u>-</u>	<u>-</u>	<u>226,661</u>
Net position, end of year	<u>\$ 219,833</u>	<u>\$ 100,442</u>	<u>\$ 29,663</u>	<u>\$ (29,663)</u>	<u>\$ 320,275</u>

	June 30, 2014				
	NJIT	Foundation	UREs	Reclassifications/ Eliminations	Combined
Net cash provided by (used by):					
Operating activities	\$ (17,477)	\$ (4,903)	\$ 877	\$ 3,326	\$ (18,177)
Noncapital financing activities	55,156	4,310	-	(2,375)	57,091
Capital and related financing activities	(26,083)	-	(544)	100	(26,527)
Investing activities	(4,129)	(791)	-	-	(4,920)
Net increase (decrease) in cash and cash equivalents	7,467	(1,384)	333	1,051	7,467
Cash and cash equivalents, beginning of year	<u>51,280</u>	<u>3,681</u>	<u>-</u>	<u>(3,681)</u>	<u>51,280</u>
Cash and cash equivalents, end of year	<u>\$ 58,747</u>	<u>\$ 2,297</u>	<u>\$ 333</u>	<u>\$ (2,630)</u>	<u>\$ 58,747</u>

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The condensed combining statements of net position, of revenues, expenses, and changes in net position, and of cash flows for NJIT and the Foundation at June 30, 2013 and for the year then ended are as follows:

	June 30, 2013 (restated)			
	NJIT	Foundation	Reclassifications/ Eliminations	Combined
Cash and cash equivalents	\$ 51,280	\$ 3,681	\$ (3,681)	\$ 51,280
Other current assets	41,168	278	-	41,446
Capital assets, net	292,144	-	-	292,144
Other noncurrent assets	45,239	83,323	-	128,562
Total assets	<u>429,831</u>	<u>87,282</u>	<u>(3,681)</u>	<u>513,432</u>
Deferred outflows of resources	<u>2,767</u>	<u>-</u>	<u>-</u>	<u>2,767</u>
Due to Foundation	3,681	-	(3,681)	-
Other current liabilities	55,165	469	-	55,634
Noncurrent liabilities	232,368	1,536	-	233,904
Total liabilities	<u>291,214</u>	<u>2,005</u>	<u>(3,681)</u>	<u>289,538</u>
Net investment in capital assets	75,469	-	-	75,469
Restricted nonexpendable	-	58,952	-	58,952
Restricted expendable	7,319	14,124	-	21,443
Unrestricted	58,596	12,201	-	70,797
Total net position	<u>\$ 141,384</u>	<u>\$ 85,277</u>	<u>\$ -</u>	<u>\$ 226,661</u>

	June 30, 2013 (restated)			
	NJIT	Foundation	Reclassifications/ Eliminations	Combined
Gifts and bequests	\$ -	\$ 3,737	\$ (3,737)	\$ -
Grants from Foundation	5,225	-	(5,225)	-
Other operating revenues	210,733	-	-	210,733
Total operating revenues	<u>215,958</u>	<u>3,737</u>	<u>(8,962)</u>	<u>210,733</u>
Depreciation and amortization	18,363	-	-	18,363
Grants to NJIT	-	5,225	(5,225)	-
Other operating expenses	264,402	2,312	-	266,714
Total operating expenses	<u>282,765</u>	<u>7,537</u>	<u>(5,225)</u>	<u>285,077</u>
Operating loss	(66,807)	(3,800)	(3,737)	(74,344)
Gifts and bequests	-	-	2,435	2,435
Investment income	(362)	6,917	-	6,555
Other nonoperating revenues, net	76,703	24	137	76,864
Capital grants and gifts	-	-	1,165	1,165
Additions to permanent endowments	-	4,668	-	4,668
Increase in net position	<u>9,534</u>	<u>7,809</u>	<u>-</u>	<u>17,343</u>
Net position, beginning of year	<u>131,850</u>	<u>77,468</u>	<u>-</u>	<u>209,318</u>
Net position, end of year	<u>\$ 141,384</u>	<u>\$ 85,277</u>	<u>\$ -</u>	<u>\$ 226,661</u>

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	June 30, 2013 (restated)			
	NJIT	Foundation	Reclassifications/ Eliminations	Combined
Net cash provided by (used by):				
Operating activities	\$ (6,941)	\$ (3,624)	\$ 1,367	\$ (9,198)
Noncapital financing activities	54,157	4,537	(2,554)	56,140
Capital and related financing activities	(30,923)	-	1,125	(29,798)
Investing activities	(2,487)	(851)	-	(3,338)
Net increase in cash and cash equivalents	13,806	62	(62)	13,806
Cash and cash equivalents, beginning of year	37,474	3,619	(3,619)	37,474
Cash and cash equivalents, end of year	<u>\$ 51,280</u>	<u>\$ 3,681</u>	<u>\$ (3,681)</u>	<u>\$ 51,280</u>

11. Net Position

At June 30, 2014 and 2013, \$297 and \$1,136, respectively, were transferred from restricted nonexpendable net position - scholarships and fellowships, and at June 30, 2013, \$36 was transferred from restricted nonexpendable net position - instructional and other, to the corresponding restricted expendable net position to temporarily fund deficits therein.

The components of unrestricted net position are as follows:

	June 30,	
	2014	2013 (restated)
Designated unrestricted net position:		
Scholarships and fellowships	\$ 6,496	\$ 5,752
Instructional and other	9,495	7,819
Debt service	4,558	3,879
Outstanding purchase orders	4,000	3,594
Construction and capital programs	18,655	16,652
State bond funds required match	6,000	6,000
Warren Street Village construction	-	10,000
	<u>49,204</u>	<u>53,696</u>
Undesignated unrestricted net position	<u>23,746</u>	<u>17,101</u>
	<u>\$ 72,950</u>	<u>\$ 70,797</u>

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12. Commitments and Contingencies

At June 30, 2014, open purchase orders totaled \$22,821, primarily for construction and capital program and research expenditures.

In the normal course of business, the University is subject to various lawsuits and claims. Management believes that the ultimate resolution of these matters will not have a significant effect on the University's financial position.