

Financial Statements and Report of
Independent Certified Public
Accountants

Stockton University Foundation
(A Component Unit of Stockton University)

June 30, 2025 and 2024

Contents

Page

Report of Independent Certified Public Accountants	3
Financial Statements	
Statements of financial position	5
Statements of activities	6
Statements of cash flows	8
Notes to financial statements	9

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Stockton University Foundation

Opinion

We have audited the financial statements of Stockton University Foundation (the "Foundation"), a component unit of Stockton University, which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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 assets 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 one year after the date the financial statements are available to be issued.

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.

Grant Thornton LLP

Philadelphia, Pennsylvania
November 10, 2025

Stockton University Foundation
(A Component Unit of Stockton University)

STATEMENTS OF FINANCIAL POSITION

June 30,

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 889,191	\$ 978,781
Contributions receivable, net	9,233	4,117
Pledges receivable, net	5,886,188	6,600,508
Other receivables	-	3,101
Investments	69,106,016	59,964,167
Other assets	33,347	71,250
	<u> </u>	<u> </u>
Total assets	<u>\$ 75,923,975</u>	<u>\$ 67,621,924</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 65,813	\$ 66,086
Due to University	202,735	44,864
	<u> </u>	<u> </u>
Total liabilities	268,548	110,950
Net assets		
Without donor restrictions		
Designated by the Board	3,150,171	2,882,476
Undesignated	986,368	869,154
	<u> </u>	<u> </u>
Total without donor restrictions	4,136,539	3,751,630
With donor restrictions		
Purpose restricted	15,852,433	13,513,474
Time restricted for future periods	18,955,951	14,837,499
	<u> </u>	<u> </u>
	34,808,384	28,350,973
Endowment funds	36,710,504	35,408,371
	<u> </u>	<u> </u>
Total with donor restrictions	<u>71,518,888</u>	<u>63,759,344</u>
Total net assets	<u>75,655,427</u>	<u>67,510,974</u>
Total liabilities and net assets	<u>\$ 75,923,975</u>	<u>\$ 67,621,924</u>

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

Stockton University Foundation
(A Component Unit of Stockton University)

STATEMENT OF ACTIVITIES

Year ended June 30, 2025

		With Donor Restrictions			
		Without Donor Restrictions	Purpose and Time Restricted	Endowment Funds	Total
Revenues					
Contributions, net	\$	41,593	\$ 2,302,058	\$ 1,092,831	\$ 3,394,889
Special events					
Revenues		160,103	214,177	187,279	401,456
In-kind contributions		-	225	-	225
Less: costs of direct benefits to donors		-	(113,497)	-	(113,497)
Special events revenue, net		160,103	100,905	187,279	288,184
Endowment spending policy		84,616	(84,616)	-	(84,616)
In-kind contributions		1,448,443	-	-	1,448,443
Investment return, net		428,663	6,850,867	22,023	6,872,890
Net assets released from restrictions					
Scholarships		1,413,125	(1,413,125)	-	(1,413,125)
Program expenses		1,298,678	(1,298,678)	-	(1,298,678)
Total revenues		4,875,221	6,457,411	1,302,133	7,759,544
Expenses					
Program					
Scholarships and awards		1,517,426	-	-	1,517,426
Academic support		546,555	-	-	546,555
Facilities support		615,079	-	-	615,079
Other direct support		48,641	-	-	48,641
Faculty support		25,027	-	-	25,027
Supporting					
Official representation		28,961	-	-	28,961
General and administrative		113,582	-	-	113,582
Fundraising		143,356	-	-	143,356
Bad debt expense		3,017	-	-	3,017
In-kind expense		1,448,668	-	-	1,448,668
Total expenses		4,490,312	-	-	4,490,312
INCREASE IN NET ASSETS		384,909	6,457,411	1,302,133	7,759,544
Net assets, beginning of year		3,751,630	28,350,973	35,408,371	63,759,344
Net assets, end of year	\$	4,136,539	\$ 34,808,384	\$ 36,710,504	\$ 71,518,888

The accompanying notes are an integral part of this financial statement.

Stockton University Foundation
(A Component Unit of Stockton University)

STATEMENT OF ACTIVITIES

Year ended June 30, 2024

		With Donor Restrictions			
		Without Donor Restrictions	Purpose and Time Restricted	Endowment Funds	Total
Revenues					
Contributions, net	\$ 46,987	\$ 1,691,606	\$ 776,347	\$ 2,467,953	\$ 2,514,940
Special events					
Revenues	153,075	320,527	257,618	578,145	731,220
In-kind contributions	-	39,500	-	39,500	39,500
Less: costs of direct benefits to donors	-	(138,991)	-	(138,991)	(138,991)
Special events revenue, net	153,075	221,036	257,618	478,654	631,729
Endowment spending policy	73,084	(73,084)	-	(73,084)	-
In-kind contributions	1,284,249	-	-	-	1,284,249
Investment return, net	367,906	6,260,911	28,212	6,289,123	6,657,029
Net assets released from restrictions					
Scholarships	1,275,815	(1,275,815)	-	(1,275,815)	-
Program expenses	1,269,415	(1,269,415)	-	(1,269,415)	-
Total revenues	4,470,531	5,555,239	1,062,177	6,617,416	11,087,947
Expenses					
Program					
Scholarships and awards	1,379,265	-	-	-	1,379,265
Academic support	525,018	-	-	-	525,018
Facilities support	447,308	-	-	-	447,308
Other direct support	130,213	-	-	-	130,213
Faculty support	9,018	-	-	-	9,018
Supporting					
Official representation	64,780	-	-	-	64,780
General and administrative	121,229	-	-	-	121,229
Fundraising	199,759	-	-	-	199,759
Bad debt expense	2,100	-	-	-	2,100
In-kind expense	1,323,749	-	-	-	1,323,749
Total expenses	4,202,439	-	-	-	4,202,439
INCREASE IN NET ASSETS	268,092	5,555,239	1,062,177	6,617,416	6,885,508
Net assets, beginning of year	3,483,538	22,795,734	34,346,194	57,141,928	60,625,466
Net assets, end of year	\$ 3,751,630	\$ 28,350,973	\$ 35,408,371	\$ 63,759,344	\$ 67,510,974

The accompanying notes are an integral part of this financial statement.

Stockton University Foundation
(A Component Unit of Stockton University)

STATEMENTS OF CASH FLOWS

Years ended June 30,

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Increase in net assets	\$ 8,144,453	\$ 6,885,508
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Bad debt expense	3,017	2,100
Change in discount and allowance on pledge receivables	(224,647)	(199,615)
Contributions restricted for long-term purposes	(1,280,110)	(1,033,965)
Net realized and unrealized gains on investments	(5,814,695)	(5,463,928)
Changes in operating assets and liabilities:		
Contributions receivable	(5,116)	27,280
Pledges receivable, net	935,950	574,391
Other receivables	3,101	101,473
Other assets	37,903	(29,129)
Accounts payable and accrued expenses	(273)	35,985
Due to University	157,871	43,228
Net cash provided by operating activities	1,957,454	943,328
Cash flows from investing activities		
Proceeds from sales of investments	73,236,535	32,373,032
Purchases of investments	(76,563,689)	(33,698,236)
Net cash used in investing activities	(3,327,154)	(1,325,204)
Cash flows from financing activities		
Proceeds from contributions restricted for long-term purposes	1,280,110	1,033,965
Net cash provided by financing activities	1,280,110	1,033,965
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(89,590)	652,089
Cash and cash equivalents, beginning of year	978,781	326,692
Cash and cash equivalents, end of year	<u>\$ 889,191</u>	<u>\$ 978,781</u>

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

**Stockton University Foundation
(A Component Unit of Stockton University)**

NOTES TO FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE A - ORGANIZATION

Stockton University Foundation (the "Foundation") is incorporated within the State of New Jersey to receive gifts, grants and bequests from the community to support, complement and extend the programs and goals of Stockton University (the "University"). The mission of the Foundation is to act in partnership with the Board of Trustees of the University to develop resources and secure private contributions for the enhancement of educational opportunities and services at the University.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Foundation's financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("US GAAP"). US GAAP also requires that net assets, revenues, gains, expenses and losses be classified as with or without donor restrictions based on the existence or absence of donor-imposed restrictions.

Income Taxes

The Internal Revenue Service ("IRS") has classified the Foundation as a not-for-profit organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code") and a public charity under Section 509(a)(3) of the Code. The State of New Jersey Division of Taxation has determined the Foundation to be exempt from New Jersey income tax, as well as sales and use tax for purchases directly related to the purposes for which the Foundation was formed and purchased with Foundation funds.

The Foundation does not believe its financial statements include any material uncertain tax positions for which recognition or disclosure is warranted. The Foundation's policy is to recognize interest related to unrecognized tax benefits in interest expense and penalties in operating expense. No interest or penalties were recognized in 2025 and 2024.

The Foundation is exempt from federal income taxation; nevertheless, it may be subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code.

Classification of Net Assets

The Foundation's net assets and revenues, gains and losses are presented in the accompanying financial statements based on the existence or absence of donor-imposed restrictions as follows:

Without Donor Restrictions - net assets not subject to any donor-imposed stipulations. Net assets without donor restrictions may also be designated for specific purposes by the Foundation's Board of Directors.

With Donor Restrictions - net assets subject to donor-imposed stipulations that will be met by actions of the Foundation or by the passage of time as well as net assets subject to donor-imposed stipulations requiring that they be maintained in perpetuity by the Foundation. Investment income earned from these funds is included in net assets with donor restrictions unless otherwise directed by those respective donors.

Contributions and Pledges

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the

**Stockton University Foundation
(A Component Unit of Stockton University)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

conditions on which they depend are substantially met. Unconditional promises to give, which will be received after one year, are recorded after discounting to the present value of expected future cash flows at a discount rate commensurate with the risks involved. Non-cash contributions are recorded at the estimated fair value on the date of donation.

Contributions are reported as revenue with donor restrictions if the contributions are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, a purpose restriction is accomplished and any time stipulated restriction ends, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and mature in three months or less from the date of purchase and include money market funds except for those included within investment accounts.

Functional Allocation of Expenses

The costs of providing the program, supporting and fundraising services of the Foundation have been reported on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the program, supporting and fundraising services based upon the function benefited.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments

Investments donated to, or purchased by, the Foundation are recorded at fair value using dealer or exchange quoted market prices. Interest and dividend income and net realized and unrealized gains and losses in fair value of investments are included in the statement of activities.

The Foundation's investments are comprised of a variety of financial instruments and are managed by investment advisors. The investments reported in the statement of financial position are exposed to various risks, including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in their fair value, it is reasonably possible that the amounts reported in the accompanying financial statements could change materially in the near term.

The Foundation has adopted a total return investment policy. The primary investment objective is to maximize long-term return through a combination of income and capital appreciation achieved in a prudent manner.

Contributed Nonfinancial Assets

The Foundation receives in-kind contributions on an annual basis in the form of contributed services from related and unrelated parties. These nontangible contributed nonfinancial assets are recognized as income in the period they are received and recorded as part of management and general expenses upon use and

Stockton University Foundation
(A Component Unit of Stockton University)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

based upon the nature of the nontangible contributed nonfinancial asset. Contributed nonfinancial assets generally do not have donor-imposed restrictions.

Contributed services, which include professional services (finance and administration) from the University and other unrelated parties, are reported as contributions at their fair value based on current rates for similar services if such services 1) create or enhance nonfinancial assets, or 2) would typically need to be purchased if not provided by contribution, require specialized skills and are provided by individuals possessing such specialized skills.

For the years ended June 30, 2025 and 2024, such contributed nonfinancial assets recognized within the statements of activities consisted of the following:

	2025	2024
Services from University	\$ 1,448,443	\$ 1,284,249
Services from unrelated parties	225	39,500
Total	<u>\$ 1,448,668</u>	<u>\$ 1,323,749</u>

NOTE C - CONCENTRATIONS OF CREDIT RISK

The Foundation maintains its cash in bank accounts, which at times may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

NOTE D - PLEDGES RECEIVABLE

Pledges receivable consist of unconditional promises to give. The allowance for doubtful pledges is based on management's estimates and historical collections of pledges.

Pledges receivable as of June 30, 2025 and 2024 were as follows:

	2025	2024
Less than one year	\$ 1,247,519	\$ 981,800
One to five years	2,752,569	3,456,255
More than five years	3,003,000	3,504,000
Total	7,003,088	7,942,055
Less: discount to net present value	(462,879)	(608,157)
Less: allowance for doubtful pledges	(654,021)	(733,390)
Pledges receivable, net	<u>\$ 5,886,188</u>	<u>\$ 6,600,508</u>

Pledges which are receivable in more than one year are discounted to fair value using an applicable fair market value rate from 0.79% to 4.36%.

**Stockton University Foundation
(A Component Unit of Stockton University)**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

Conditional promises to give as of June 30, 2025, which are not reflected in the accompanying statement of financial position, were as follows:

	<u>2025</u>
Bequests in wills	\$ 2,003,000
Life insurance contracts	<u>100,000</u>
Total	<u>\$ 2,103,000</u>

NOTE E - INVESTMENTS/FAIR VALUE MEASUREMENTS

Fair value measurements and disclosures provide the framework for measuring fair value. Fair value is defined as the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework established for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Valuation techniques require maximization of observable inputs and minimization of unobservable inputs. The levels of the fair value hierarchy are as follows:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market;
- Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable. The nature of these securities includes investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed; and
- Level 3 - Securities that have little to no pricing observability. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation.

The financial instruments' level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement and does not necessarily correspond to the Foundation's perceived risk of such investment.

Stockton University Foundation
(A Component Unit of Stockton University)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

The following tables set forth, by level, the Foundation's investments at fair value, within the fair value hierarchy:

June 30, 2025				
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 644,025	\$ -	\$ -	\$ 644,025
Equity mutual funds	35,154,396	2,746,094	-	37,900,490
Fixed income mutual funds	22,579,426	-	-	22,579,426
	<u>\$ 58,377,847</u>	<u>\$ 2,746,094</u>	<u>\$ -</u>	61,123,941
Investments at NAV				<u>7,982,075</u>
Total				<u>\$ 69,106,016</u>

June 30, 2024				
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 568,067	\$ -	\$ -	\$ 568,067
Equity mutual funds	29,159,602	-	-	29,159,602
Fixed income mutual funds	28,524,887	-	-	28,524,887
	<u>\$ 58,252,556</u>	<u>\$ -</u>	<u>\$ -</u>	58,252,556
Investments at NAV				<u>1,711,611</u>
Total				<u>\$ 59,964,167</u>

The investments at net asset value ("NAV") are investments in private and public equity funds whereby NAV is used to estimate fair value. These funds are long-term capital appreciation funds which provide investors access to the private-equity holdings of the issuer. The Foundation has unfunded commitments of \$359,654 related to the private equity investments at June 30, 2025. The redemption frequencies and notice periods are at the discretion of each fund's General Partner.

Investment return, net for the years ended June 30, 2025 and 2024 is comprised of the following:

	2025	2024
Dividend and interest income, net	\$ 1,486,858	\$ 1,193,101
Net realized gains on investments	14,850,523	466,203
Net change in unrealized gains and losses on investments	<u>(9,035,828)</u>	<u>4,997,725</u>
Investment return, net	<u>\$ 7,301,553</u>	<u>\$ 6,657,029</u>

Investment fees included in dividend and interest income, net, amounted to \$238,029 and \$222,355 for 2025 and 2024, respectively.

Stockton University Foundation
(A Component Unit of Stockton University)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

NOTE F - NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2025 and 2024, net assets with donor restrictions for purpose and time consisted of the following:

	<u>2025</u>	<u>2024</u>
Scholarships and awards	\$ 12,726,332	\$ 10,507,092
Academic support	9,432,503	7,553,061
Facilities support	11,437,358	9,208,526
Faculty support	304,597	262,255
Other direct support	240,093	196,971
Official representation	37,634	46,157
Fundraising (special events)	<u>629,867</u>	<u>576,911</u>
Total	<u>\$ 34,808,384</u>	<u>\$ 28,350,973</u>

During the years ended June 30, 2025 and 2024, net assets were released from restrictions for the following purposes:

	<u>2025</u>	<u>2024</u>
Scholarships and awards	\$ 1,413,125	\$ 1,275,815
Program and supporting expenses		
Academic support	537,099	512,667
Facilities support	615,079	447,308
Faculty support	25,027	9,018
Other direct support	5,466	82,444
Official representation	10,702	5,988
General and administrative (donor cultivation)	10,907	193
Fundraising (special events)	91,381	209,697
Bad debt expense	<u>3,017</u>	<u>2,100</u>
Total	<u>\$ 2,711,803</u>	<u>\$ 2,545,230</u>

Stockton University Foundation
(A Component Unit of Stockton University)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

NOTE G - RELATED PARTY TRANSACTIONS

The Foundation is located on the campus of the University.

	Years Ended June 30,	
	2025	2024
Foundation's support to the University		
Scholarships and awards	\$ 1,517,426	\$ 1,379,265
Academic support	546,555	525,018
Facilities support		
Noyes Museum	226,144	182,764
Observatory	10,365	-
Physical therapy	17,467	-
Sam Azeez Museum	361,103	264,544
	<u>615,079</u>	<u>447,308</u>
Faculty support	<u>25,027</u>	<u>9,018</u>
	<u>\$ 2,704,087</u>	<u>\$ 2,360,609</u>

NOTE H - ENDOWMENTS

Endowment funds are comprised of donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by US GAAP, net assets associated with endowment funds, including Board-designated funds, are classified and reported based upon the existence or absence of donor-imposed restrictions.

The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of fair value of the original gift as of the gift date to the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as donor-restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulation to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purposes of the Foundation and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and appreciation of investments;

Stockton University Foundation
(A Component Unit of Stockton University)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

6. Other resources of the Foundation; and
7. The investment policies of the Foundation.

The Foundation's endowment was comprised of the following for the year ended June 30, 2025:

		With Donor Restrictions		
	Without Donor Restrictions	Time Restricted for Future Periods	Endowment Funds	Total
Endowment, beginning of year	\$ 2,882,476	\$ 14,837,499	\$ 35,408,371	\$ 53,128,346
Investment return				
Investment income	74,086	1,082,370	5,072	1,161,528
Net realized and unrealized gains	286,952	4,246,315	16,951	4,550,218
Total investment return	361,038	5,328,685	22,023	5,711,746
Contributions	-	(323)	1,092,831	1,092,508
Special events contributions	-	-	187,279	187,279
Endowment spending policy	(6,043)	(84,616)	-	(90,659)
Board-designated scholarships	(87,300)	-	-	(87,300)
Net assets released from restrictions	-	(1,125,294)	-	(1,125,294)
Changes in net assets	267,695	4,118,452	1,302,133	5,688,280
Endowment, end of year	\$ 3,150,171	\$ 18,955,951	\$ 36,710,504	\$ 58,816,626

The Foundation's endowment had the following net asset composition at June 30, 2025:

		With Donor Restrictions		
	Without Donor Restrictions	Time Restricted for Future Periods	Endowment Funds	Total
Donor-restricted endowment	\$ -	\$ 18,955,951	\$ 36,710,504	\$ 55,666,455
Board-designated endowment	3,150,171	-	-	3,150,171
Endowment, end of year	\$ 3,150,171	\$ 18,955,951	\$ 36,710,504	\$ 58,816,626

Stockton University Foundation
(A Component Unit of Stockton University)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

The Foundation's endowment was comprised of the following for the year ended June 30, 2024:

		With Donor Restrictions		
	Without Donor Restrictions	Time Restricted for Future Periods	Endowment Funds	Total
Endowment, beginning of year	\$ 2,627,962	\$ 11,010,994	\$ 34,346,194	\$ 47,985,150
Investment return				
Investment income	58,667	814,074	11,756	884,497
Net realized and unrealized gains	287,972	4,072,604	16,456	4,377,032
Total investment return	346,639	4,886,678	28,212	5,261,529
Contributions	-	-	776,347	776,347
Transfers to Board-designated endowment	1,000	-	-	1,000
Special events contributions	-	-	257,618	257,618
Endowment spending policy	(5,925)	(73,084)	-	(79,009)
Board-designated scholarships	(87,200)	-	-	(87,200)
Net assets released from restrictions	-	(987,089)	-	(987,089)
Changes in net assets	254,514	3,826,505	1,062,177	5,143,196
Endowment, end of year	<u>\$ 2,882,476</u>	<u>\$ 14,837,499</u>	<u>\$ 35,408,371</u>	<u>\$ 53,128,346</u>

The Foundation's endowment had the following net asset composition at June 30, 2024:

		With Donor Restrictions		
	Without Donor Restrictions	Time Restricted for Future Periods	Endowment Funds	Total
Donor-restricted endowment	\$ -	\$ 14,837,499	\$ 35,408,371	\$ 50,245,870
Board-designated endowment	2,882,476	-	-	2,882,476
Endowment, end of year	<u>\$ 2,882,476</u>	<u>\$ 14,837,499</u>	<u>\$ 35,408,371</u>	<u>\$ 53,128,346</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the level that the donor or state law requires the Foundation to retain as a fund of perpetual duration. These deficiencies result from unfavorable market fluctuations that occur after the initial investment of the donor-restricted contributions. As of June 30, 2025 and 2024, there were no endowment funds with accumulated deficiencies. Both fund deficiencies and subsequent gains above that amount would be reported in net assets with donor restrictions.

Stockton University Foundation
(A Component Unit of Stockton University)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a relatively predictable and growing stream of annual distributions in support of the institution while preserving the long-term, real purchasing power of the related assets. An additional purpose of the fund is to provide a source of funds for a time when the Foundation may face a financial emergency, subject to any funds being utilized in such a manner which are consistent with the original donor restrictions. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity, as well as Board-designated funds.

Strategies Employed for Achieving Objectives

The overall financial goal of the endowment is to maintain or enhance its fair value while providing the Foundation's operating budget with a relatively predictable and growing stream of revenue targeted at approximately 4% of the endowment for the 20 trailing quarterly periods ending December 31 of the prior fiscal year. Therefore, the financial objective is to earn a total return (net of all fees and expenses) equal to or exceeding the spending rate plus the inflation rate as measured by the Consumer Price Index. For an endowment to maintain its inflation adjusted level of support, it must earn an investment return equal to the spending rate plus the inflation rate.

NOTE I - FUNCTIONAL CLASSIFICATION OF EXPENSES

Expenses by functional and natural classification for the years ended June 30, 2025 and 2024 are shown below:

	Program Activities					Supporting Activities		Total Expenses
	Scholarships and Awards	Academic Support	Facilities Support	Other Direct Support	Faculty Support	Administrative General and Other	Fundraising	
2025								
Scholarships awarded	\$ 1,517,426	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,517,426
Contracted services	-	12,500	8,388	-	-	-	57,250	78,138
Legal fees	-	-	-	-	-	3,916	-	3,916
Accounting fees	-	-	-	-	-	28,081	-	28,081
Consultants	-	26,456	22,680	400	1,750	14,175	2,850	68,311
Insurance	-	-	-	-	-	2,149	769	2,918
Occupancy/overhead	-	-	-	-	-	1,448,443	-	1,448,443
Support of University fundraising	-	104,101	580,168	-	5,000	-	-	689,269
Travel, conferences and meetings	-	246,893	-	43,814	16,392	64,347	-	371,446
Printing and advertising	-	34,557	2,081	250	-	4,712	15,326	56,926
Supplies and miscellaneous equipment	-	85,536	1,762	4,137	1,885	4,863	13,953	112,136
Subscriptions and memberships	-	14,418	-	-	-	9,090	52,097	75,605
Fees/licenses/fines	-	13,332	-	40	-	10,210	1,111	24,693
Other expenses	-	8,762	-	-	-	4,242	-	13,004
Total expenses	\$ 1,517,426	\$ 546,555	\$ 615,079	\$ 48,641	\$ 25,027	\$ 1,594,228	\$ 143,356	\$ 4,490,312

Stockton University Foundation
(A Component Unit of Stockton University)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

2024	Program Activities					Supporting Activities		Total Expenses
	Scholarships and Awards	Academic Support	Facilities Support	Other Direct Support	Faculty Support	Administrative General and Other	Fundraising	
Scholarships awarded	\$ 1,379,265	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,379,265
Contracted services	-	11,204	-	63,498	-	-	116,453	191,155
Legal fees	-	-	-	-	-	398	-	398
Accounting fees	-	-	-	-	-	63,500	-	63,500
Consultants	-	69,375	-	-	-	15,000	5,027	89,402
Insurance	-	-	-	-	-	2,737	827	3,564
Occupancy/overhead	-	-	-	-	-	1,284,249	-	1,284,249
Support of University fundraising	-	110,506	447,308	-	-	-	-	557,814
Travel, conferences and meetings	-	208,747	-	57,883	8,433	58,769	-	333,832
Printing and advertising	-	11,348	-	250	-	4,665	17,680	33,943
Supplies and miscellaneous equipment	-	67,118	-	5,144	394	6,582	29,680	108,918
Subscriptions and memberships	-	6,770	-	-	191	17,162	29,261	53,384
Fees/licenses/fines	-	14,297	-	2,238	-	16,196	831	33,562
Other expenses	-	25,653	-	1,200	-	42,600	-	69,453
Total expenses	<u>\$ 1,379,265</u>	<u>\$ 525,018</u>	<u>\$ 447,308</u>	<u>\$ 130,213</u>	<u>\$ 9,018</u>	<u>\$ 1,511,858</u>	<u>\$ 199,759</u>	<u>\$ 4,202,439</u>

All costs are charged directly to the appropriate functional category.

NOTE J - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Furthermore, the Foundation invests cash in excess of requirements in short-term investments.

Stockton University Foundation
(A Component Unit of Stockton University)

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

The Foundation's financial assets available within one year of the statement of financial position date for general expenditure at June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 889,191	\$ 978,781
Receivables, net	1,256,752	989,018
Other current assets	33,347	71,250
Investments	<u>69,106,016</u>	<u>59,964,167</u>
Total financial assets available within one year	71,285,306	62,003,216
Less		
Amounts unavailable for general expenditures within one year due to		
Restricted by donors with purpose restrictions	(15,852,433)	(13,513,474)
Restricted by donors in perpetuity	(36,710,504)	(35,408,371)
Liabilities expected to be paid within one year	(268,548)	(110,950)
Investments at NAV	<u>(1,862,852)</u>	<u>(1,711,611)</u>
Total amounts unavailable for general expenditures within one year	(54,694,337)	(50,744,406)
Amounts unavailable to management without Board approval:		
Board-designated net assets	<u>(3,150,171)</u>	<u>(2,882,476)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 13,440,798</u>	<u>\$ 8,376,334</u>

NOTE K - SUBSEQUENT EVENTS

The Foundation evaluated subsequent events through November 10, 2025, the date the financial statements were available to be issued.

In September 2025, the Foundation entered into a gift termination agreement with a donor upon mutually determining that the original purposes stated in the original gift agreement can no longer be fulfilled and that original contribution cannot be used in any other manner to coincide with the original intent. As a result, and upon entering into the gift termination agreement, the Foundation returned \$8,014,119 to the donor.