KPMG

THE COLLEGE OF NEW JERSEY FOUNDATION, INC.

(A Component Unit of The College of New Jersey)

Basic Financial Statements and
Management's Discussion and Analysis

June 30, 2013 and 2012

(With Independent Auditors' Report Thereon)

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KPMG LLP
New Jersey Headquarters
51 John F. Kennedy Parkway
Short Hills, NJ 07078-2702

Independent Auditors' Report

The Board of Directors
The College of New Jersey Foundation, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of The College of New Jersey Foundation (the Foundation), a component unit of The College of New Jersey, as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Foundation'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 U.S. generally accepted accounting principles; 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 audits. We conducted our audits 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 auditors' 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.

Independent Auditors' Report

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2013 and 2012, and the changes in its financial position and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

KPMG LLP

October 14, 2013

Overview of Financial Statements and Financial Analysis

The following management's discussion and analysis (MD&A) provides an overview of The College of New Jersey Foundation, Inc. (the Foundation) financial performance during the fiscal years ended June 30, 2013 and 2012, based on currently known facts and conditions; and is designed to assist readers in understanding the accompanying financial statements. The MD&A, financial statements and notes are the responsibility of the Foundation's management. Since the MD&A is designed to focus on current activities, resulting change, and currently known facts, it should be read in conjunction with the Foundation's financial statements and the related footnote disclosures.

Using the Financial Statements

The Foundation's financial report includes three financial statements, the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These financial statements are prepared in accordance with U.S. generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). The financial statements presented focus on the financial position of the Foundation, the changes in financial position, and cash flows of the Foundation as a whole.

Fiscal Years 2013 and 2012 Investments Highlights

The Foundation's investment portfolio performed well for the fiscal year ended June 30, 2013, with a positive rate of return of 9.34% net of investment manager fees for the endowment pool and 10.64% for the more conservatively invested gift annuity pool. These returns were a significant improvement compared to the performance experienced in the previous fiscal year.

The tumultuous performance of the financial markets during fiscal year 2012 had a negative impact on the Foundation's investment portfolio, yielding an average return of negative 0.49% for the endowment pool and a positive 0.79% for the more conservatively invested gift annuity pool.

With the guidance of the investment committee, the Foundation has taken numerous actions in the portfolio over the last few years in an attempt to diversify the investments across asset classes, to temper market volatility and control risks. While the portfolio had experienced negative returns in previous years, management believes that the strategic asset allocation decisions implemented over the last few years have effectively moderated the portfolio risk exposure.

Statement of Net Position

The Statement of Net Position presents the financial position of the Foundation as of the end of the fiscal year. The purpose of the Statement of Net Position is to present to the readers of the financial statements a fiscal snapshot of the Foundation. Assets that the Foundation owns are primarily measured at fair value. Assets are categorized as either current or noncurrent. Liabilities are what the Foundation owes to others and are also categorized as either current or noncurrent.

The Foundation's net position are divided into three major categories: restricted-nonexpendable, restricted-expendable and unrestricted. Restricted expendable are available to the Foundation but must be used for purposes as determined by donors and/or external entities. Restricted nonexpendable net position represents the endowed gifts which donors required to be invested in perpetuity. Finally, unrestricted net position include amounts without external constraint as to use that are internally designated or committed to support specific academic and research programs and unrestricted funds functioning as endowments.

The following table shows a condensed statement of net position as of June 30, 2013, 2012, and 2011:

Condensed Statement of Assets, Liabilities and Net Position

		2013	2012	2011
Assets:				
Current assets	$	3,533,099	3,142,911	3,042,053
Noncurrent assets		25,003,382	21,549,011	21,264,727
Total assets		28,536,481	24,691,922	24,306,780
Liabilities:				
Current liabilities		1,114,954	502,833	373,263
Noncurrent liabilities		2,191,984	2,292,325	2,411,179
Total liabilities		3,306,938	2,795,158	2,784,442
Net position:				
Restricted – nonexpendable		8,515,733	7,721,936	6,896,497
Restricted – expendable		13,459,738	11,043,267	11,042,855
Unrestricted		3,254,072	3,131,561	3,582,986
Total net position	$	25,229,543	21,896,764	21,522,338

Cash and Investment Pools

The Foundation utilizes a pooled investment concept whereby contributions are included in various investment pools, except for investments of certain gifts that are otherwise restricted by donors. As of June 30, 2013, cash and investments held by the Foundation was $28.1 million, up from $24.6 million at the previous year end.

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

Cash and Investment Pools					
Pool	**Type of Funds**		**2013**	**2012**	**2011**
Cash and cash equivalents	Working capital to support operating activities	$	1,787,913	834,885	678,668
Endowment pool	Contributions to establish endowment funds		20,624,805	18,126,730	17,499,380
Gift annuities and trusts	Gifts managed independently of endowment pool		5,730,450	5,688,610	6,078,031
	Total	$	28,143,168	24,650,225	24,256,079

The Foundation's working capital is invested primarily with the New Jersey State Cash Management Fund to support operating activities. The balance fluctuates during the course of the year based on the Foundation's cash flow cycle of receipts and disbursements.

The endowment pool invests endowed gifts from donors and is managed with a philosophy of diversifying the investments across asset classes and investment managers to maximize long term performance, reduce volatility, and control risks. The endowment assets are invested with the confidence that economic cycles will rise and fall but that a diversified portfolio will provide the long-term growth necessary to preserve the value of the endowments over the long term.

The Foundation also holds assets given by donors in the form of trusts and gift annuities. These assets are invested and managed separately from the endowment pool in accordance with the donor's instructions.

Cash and Cash Equivalents

During fiscal year 2013, the Foundation's cash and cash equivalents increased by $953 thousand due primarily to a successful fund-raising campaign resulting in cash receipts from contributions and private grants of $4.1 million. This was offset by the investment of excess cash balances, funding for scholarships and other operating expenses, plus transfers of donor directed and restricted funds to the College.

During fiscal year 2012, the Foundation's cash and cash equivalents increased by $156 thousand due primarily to a successful fund-raising campaign resulting in cash receipts from contributions and private grants of $3.5 million. This was offset by the investment of excess cash balances, funding for scholarships and other operating expenses, plus transfers of donor directed and restricted funds to the College.

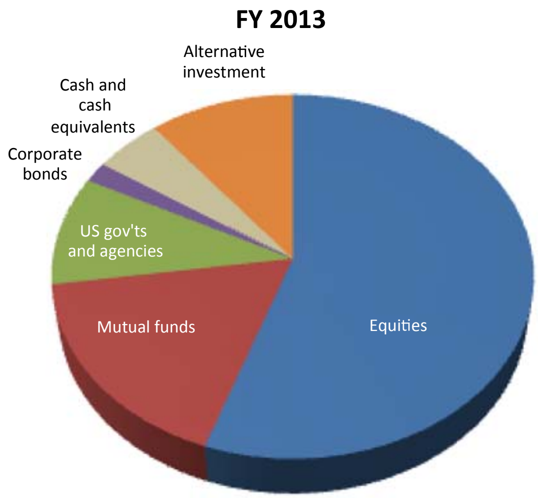
Investment Portfolio

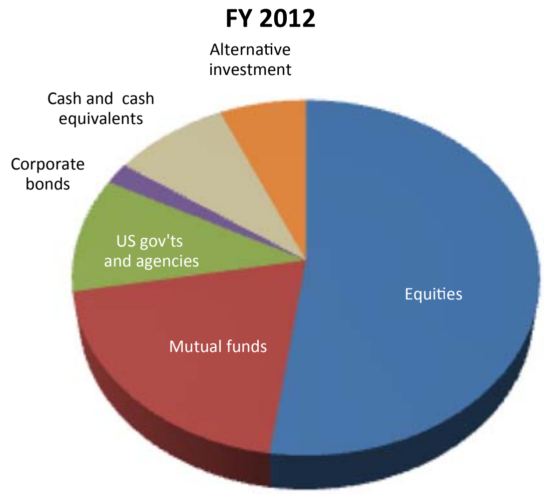
In managing the endowment portfolio, one of the most important strategies is to determine the appropriate allocation of investments among the various asset classes. The investment committee has taken numerous actions in the portfolio over the years in an attempt to diversify the investments across asset classes, to temper market volatility, and to control risks. The Foundation retained an independent investment advisor to assist the investment committee in developing its asset allocation strategy.

In fiscal year 2013, investments increased by approximately $2.5 million. The increases were attributed to net transfers of $643 thousand in excess cash to investment managers, along with investment income totaling $671 thousand coupled with $1.8 million in unrealized gains. This was offset by $186 thousand in investment manager fees. In addition, there was $360 thousand in disbursements of contractual payments to gift annuitants. For fiscal year 2013, the endowment pool had a positive rate of return of 9.34% while the gift annuity pool earned 10.64% compared to the investment advisor benchmark style index positive returns of 10.66% and 11.14%, respectively.

In fiscal year 2012, investments increased by approximately $238 thousand. The increases were attributed to net transfers of $616 thousand in excess cash to investment managers, along with investment income totaling $600 thousand offset by $613 thousand in unrealized losses and investment manager fees. In addition, there was $364 thousand in disbursements of contractual payments to gift annuitants. For fiscal year 2012, the endowment pool had a negative rate of return of 0.49% while the gift annuity pool earned 0.79% compared to the investment advisor benchmark style index positive returns of 1.71% and 2.26%, respectively.

As of June 30, 2013, investments held by the Foundation exceeded $26.3 million, up from $23.8 million from the previous fiscal year. The portfolio was allocated among various asset classes as shown below:



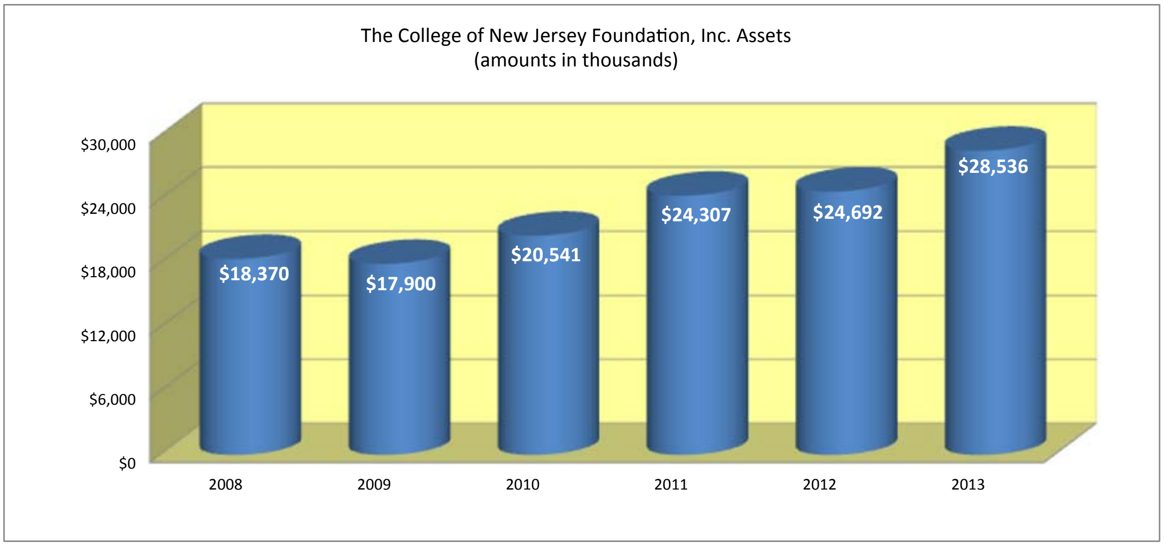


Asset Allocation	FY2013 Balance	Percentage	FY2012 Balance	Percentage
Equities	$ 14,597,063	55.4%	$ 12,443,085	52.2%
Mutual funds	4,577,890	17.4%	4,748,424	20.0%
US gov'ts and agencies	2,565,636	9.7%	2,497,233	10.5%
Corporate bonds	468,766	1.8%	463,986	1.9%
Cash and cash equivalents	1,323,569	5.0%	2,093,885	8.8%
Alternative investment	2,822,331	10.7%	1,568,727	6.6%
Total Investments	**$ 26,355,255**	**100.0%**	**$ 23,815,340**	**100.0%**

Growth of the Foundation's Assets

The chart below illustrates the growth of the Foundation's assets over the past years, which resulted from annual fundraising campaigns coupled with investment appreciation. As of June 30, 2013, the Foundation's assets, which consist primarily of cash and investments, totaled $28.5 million.

The chart below illustrates the growth of the Foundation's assets over the last six fiscal years.



Liabilities

In fiscal year 2013, total liabilities increased by $512,000 primarily due to amounts due to The College of New Jersey at the end of the fiscal year. In fiscal year 2012, total liabilities remained stable. The increase in accounts payable were directly offset by the decrease annuities payable due to the adjustments of the actuarial present value of the gift annuities.

Working Capital

The working capital is a key metric used to measure the Foundation's liquidity for operation. The excess of current assets over current liabilities reflects the continuing ability of the Foundation to satisfy its short-term obligations as they come due. As of June 30, 2013 and 2012, the current liabilities were $1.1 million and $503 thousand, respectively. The Foundation's current assets of $3.5 million and $3.1 million as of June 30, 2013 and 2012, respectively were indicators that the Foundation had adequate liquidity to satisfy its current obligations.

Net Position

The change in net position, the difference between total assets and total liabilities, is one indicator of whether the overall financial condition of the Foundation has improved or worsened during the fiscal year. During fiscal years 2013 and 2012, net position increased by $3.3 million or 15.2% and $374 million or 1.7%, respectively. In both years, the changes were directly related to the performance of the investment portfolio and successful fundraising campaigns.

Nonexpendable Net Position

During fiscal years 2013 and 2012, nonexpendable net position increased by $0.8 million or 10.3% and $825 thousand or 12.0%, respectively. These increases were mainly due to endowed gifts received during those years that were designated by donors to be invested in perpetuity.

Expendable Net Position

For fiscal year 2013, this net position category had an increase of $2.4 million or 21.9%, primarily due to the receipt of gifts that were designated as expendable coupled with investments appreciation and dividend income. In fiscal year 2012, expendable net assets remained relatively stable primarily due to gifts receipts and dividend income which were offset by unrealized losses in the investment portfolio.

Unrestricted Net Position

In fiscal years 2013, unrestricted net position had an increase of $123 thousand or 3.9% while in fiscal year 2012, there was a decrease of $451 thousand or 12.6%. In both years, these changes were the results of the receipts of unrestricted gifts offset by the operating expenses that were incurred.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position present the revenues earned and the expenses incurred by the Foundation during the fiscal year. Activities are reported as either operating or nonoperating. Generally speaking, operating revenues are received from expendable contributions and operating expenses are incurred in the normal operation of the Foundation.

The following table shows a condensed statement of revenues, expenses, and changes in net position for the years ended June 30, 2013, 2012, and 2011:

Condensed Statement of Revenues, Expenses and Changes in Net Position

		2013	2012	2011
Operating revenues	$	3,726,743	3,087,512	3,841,004
Operating expenses		3,185,742	3,283,909	3,374,225
Operating (loss) income		541,001	(196,397)	466,779
Nonoperating and other revenues, net		1,997,981	(254,616)	3,018,698
Additions to permanent endowments		793,797	825,439	229,533
Increase in net position		3,332,779	374,426	3,715,010
Net position, beginning of year		21,896,764	21,522,338	17,807,328
Net position, end of year	$	25,229,543	21,896,764	21,522,338

Operating Revenues

The Foundation's main source of revenue is contributions and private grants. Unrestricted and expendable contributions and private grants are reported as operating revenues. In fiscal year 2013, the gifts designated by donors as expendable totaled $3.7 million compared to the previous fiscal year $3.1 million. In fiscal year 2012, the gifts designated by donors as expendable totaled $3.1 million compared to the previous fiscal year $3.8 million. In both fiscal years, the annual fundraising goal was achieved.

Operating Expenses

Operating expenses include donor directed scholarships and awards and fundraising events expense and restricted funds distributed to the College of New Jersey. Operating expenses remained relatively stable in fiscal year 2013 and 2012 compared to the previous fiscal years.

Nonoperating and Other Revenues (Expenses), Net

In fiscal year 2013, nonoperating revenues, net totaled $2.0 million. This amount was comprised of investment income and appreciation totaling $2.3 million which was offset by the actuarial adjustment to the annuities payable liability of $260 thousand. Other revenues included additions to permanent endowments of $794 thousand that represent gifts to be held in perpetuity.

In fiscal year 2012, nonoperating expenses, net totaled $255 thousand. This amount was comprised of investment loss totaling $13 thousand and the actuarial adjustment to the annuities payable liability of $242 thousand. Other revenues included additions to permanent endowments of $825 thousand that represent gifts to be held in perpetuity.

STATEMENTS OF NET POSITION

June 30, 2013 and 2012

Assets		2013	2012
Current assets:			
Cash and cash equivalents (note 3)	$	1,787,913	834,885
Investments (note 4)		1,356,297	2,276,149
Miscellaneous receivables		388,889	31,877
Total current assets		3,533,099	3,142,911
Noncurrent assets:			
Investments (note 4)		465,346	115,557
Restricted investments (note 4)		24,533,612	21,423,634
Other assets		4,424	9,820
Total noncurrent assets		25,003,382	21,549,011
Total assets		28,536,481	24,691,922
Liabilities			
Current liabilities:			
Accounts payable		13,797	4,035
Due to affiliates		735,000	132,692
Annuities payable (note 6)		366,157	366,106
Total current liabilities		1,114,954	502,833
Noncurrent liabilities:			
Annuities payable (note 6)		2,191,984	2,292,325
Total noncurrent liabilities		2,191,984	2,292,325
Total liabilities		3,306,938	2,795,158
Net Position			
Restricted:			
Nonexpendable:			
Scholarships		6,679,478	5,885,681
Other programs		1,836,255	1,836,255
Expendable:			
Scholarships		9,836,490	8,047,618
Research		85,108	160,570
Other		3,538,140	2,835,079
Unrestricted		3,254,072	3,131,561
Total net position	$	25,229,543	21,896,764

See accompanying notes to financial statements.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Years ended June 30, 2013 and 2012

		2013	2012
Operating revenues:			
Contributions	$	1,954,396	1,656,710
Private grants		1,772,347	1,430,802
Total operating revenues		3,726,743	3,087,512
Operating expenses:			
Scholarships and awards		851,716	714,887
Fundraising events		14,836	22,896
Program services		168,672	84,406
Restricted funds contributed to:			
The College of New Jersey and Affiliates (note 5)		2,150,518	2,461,720
Total operating expenses		3,185,742	3,283,909
Operating income (loss)		541,001	(196,397)
Nonoperating revenues (expenses):			
Investment income (loss)		2,257,820	(12,681)
Adjustment to actuarial liability for annuities payable		(259,839)	(241,935)
Nonoperating revenues (expenses)		1,997,981	(254,616)
Income (loss) before other revenues		2,538,982	(451,013)
Additions to permanent endowments		793,797	825,439
Increase in net position		3,332,779	374,426
Net position as of beginning of year		21,896,764	21,522,338
Net position as of end of year	$	25,229,543	21,896,764

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

Years ended June 30, 2013 and 2012

		2013	2012
Cash flows from operating activities:			
Contributions and private grants	$	3,299,701	2,674,992
Scholarships and awards		(461,116)	(582,195)
Fundraising events		(14,836)	(22,896)
Program services		(168,672)	(85,151)
Restricted funds contributed to:			
The College of New Jersey and Affiliates		(1,850,518)	(2,069,533)
Net cash provided by (used by) operating activities		804,559	(84,783)
Cash flows from noncapital financing activities:			
Additions to permanent endowments		793,797	825,439
Payments to annuitants		(360,129)	(364,169)
Net cash provided by noncapital financing activities		433,668	461,270
Cash flows from investing activities:			
Interest income		670,877	431,989
Purchases of securities		(12,953,692)	(12,151,770)
Proceeds from sales of securities		11,997,616	11,499,511
Net cash used by investing activities		(285,199)	(220,270)
Net increase in cash and cash equivalents		953,028	156,217
Cash and cash equivalents as of beginning of year		834,885	678,668
Cash and cash equivalents as of end of year	$	1,787,913	834,885
Reconciliation of operating income (loss) to net cash provided by (used by) operating activities:			
Operating income (loss)	$	541,001	(196,397)
Contributions of equipment		8,500	(30,941)
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:			
Distributions from Investments			
Changes in assets and liabilities:			
Miscellaneous receivables		(357,012)	9,605
Accounts payable		612,070	132,950
Net cash provided by (used by) operating activities	$	804,559	(84,783)
Noncash transactions:			
Change in fair value of investments	$	1,772,677	(448,441)

See accompanying notes to financial statements.

(1) Organization

The College of New Jersey Foundation, Inc. (the Foundation) is a not-for-profit organization exempt from income tax under Internal Revenue Service Code 501(c)(3). The Foundation's objective is to obtain private funding to enhance the educational goals of The College of New Jersey (the College). The Foundation's assets are used exclusively for the benefit, support and promotion of the College and its educational activities. The Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accounting policies of the Foundation conform to U.S. generally accepted accounting principles.

Net position is classified into the following categories:

- ***Restricted:***

  Nonexpendable: Net position subject to externally imposed stipulations that must be maintained permanently by the Foundation.

  Expendable: Net position whose use is subjected to externally imposed stipulations that can be fulfilled by actions of the Foundation pursuant to the stipulations or that expire by the passage of time.

- ***Unrestricted:***

  Net position that is not subject to externally imposed stipulations and may be designated for specific purposes by action of the board of directors.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Foundation's policy is to first apply the expense towards restricted resources and then towards unrestricted resources.

(b) Measurement Focus and Basis of Accounting

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting using the economic resources measurement focus.

(c) Cash and Cash Equivalents

Cash and cash equivalents consist of investments with the New Jersey State Cash Management Fund and Wells Fargo Bank. The New Jersey State Cash Management Fund is combined into a large-scale investment program with amounts contributed by other state entities. These investments consist primarily of U.S. Treasury issues, commercial paper and certificates of deposit. Cash and cash equivalents consist of cash on hand and all highly liquid investments purchased with an original maturity of three months or less, except for those managed as a component of the Foundation's investment portfolio.

(d) Investments

Investments are reflected at fair value, which is based on quoted market prices. Alternative investments are valued using current estimates of fair value obtained from the investment manager in the absence of readily determinable public market values. The estimated fair value of these investments is based on the most recent valuations provided by external investment managers. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed. Such difference could be material. Purchases and sales of investments are accounted for on the trade-date basis. Investment income is recorded on an accrual basis.

(e) Contributions

Contributions, including pledges other than endowments, are recognized when all eligibility requirements for recognition are met, which generally is the period the amount is donated to the Foundation. Pledges related to permanent endowments and term endowments do not meet the eligibility requirements for recognition criteria of GASB Statement No. 33 until cash is received. These pledges for which cash has not been received, were $164,066 and $685,618 as of June 30, 2013 and 2012, respectively, have not been included in the accompanying statements of net position and are recorded as additions to permanent endowments upon meeting the eligibility requirements for recognition.

(f) Classification of Operations

The Foundation's policy for defining operating activities as reported on the statements of revenues, expenses, and changes in net position are those that serve the Foundation's principal purpose. Operating activities generally result from contributions received, payments made for scholarships and awards, expenses associated with fundraising events, and distributions to the College. Nonoperating revenues include activities such as investment income. Nonoperating expenses include the adjustment to annuities payable.

(g) Donor Restricted Endowments

The Foundation manages, invests and administers the donor restricted endowment funds in accordance with the Uniform Prudent Management of Institutional Funds Act. Endowment investments are subject to the restriction of gift instruments requiring that the principal be invested in perpetuity and the income be utilized in accordance with the terms of each specific gift. It is the Foundation's policy to account for endowment appreciation in accordance with donor specification. Appreciation on donor restricted endowments is included in the restricted expendable net position in the accompanying financial statements. The Board of Trustees of the Foundation authorizes an amount of appropriation and expenditure of the funds each fiscal year in accordance with donor specifications and the Act.

(h) Annuities Payable

Annuities payable are created when assets are contributed to the Foundation on condition that the Foundation obligate itself to pay stipulated amounts periodically to designated annuitants. Annuities payable are recorded at the present value of the expected future cash payments to the annuitants. Changes in the life expectancy of the donor or annuitant, amortization of the discount and other changes in the estimates of future payments are reported as an adjustment to actuarial liability for annuities payable in the accompanying statements of revenues, expenses, and changes in net position.

(i) New Accounting Standards Adopted

In fiscal year 2013, the Foundation adopted two new accounting standards as follows:

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62), incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance included in FASB pronouncements, which does not conflict with or contradict GASB pronouncements, and eliminates the criteria to apply post-November 30,1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements. Implementation of GASB 62 had no effect on the Foundation's net position or changes in net position for the years ended June 30, 2013 and 2012.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB 63), establishes a new statement of net position format that reports separately all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the net residual amount of the other elements). The Statement requires deferred outflows of resources and deferred inflows of resources to be reported separately from assets and liabilities. The financial reporting impact resulting from the implementation of GASB 63 in the Foundation's financial statements was the renaming of "Net Assets" to "Net Position," including changing the name of the financial statement from "Statement of Net Assets" to "Statement of Net Position".

(j) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

(3) Cash and Cash Equivalents

The carrying amount of cash as of June 30, 2013 and 2012 was $1,416,153 and $463,357, respectively, while the amount on deposit with a bank was $1,416,935 and $464,143, respectively.

Custodial credit risk associated with the Foundation’s cash and cash equivalents includes uncollateralized deposits, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Foundation’s name. The Foundation’s bank deposits as of June 30, 2013 and 2012 were insured by Federal Depository Insurance up to $250,000. Bank balances as of June 30, 2013 and 2012 of $1,166,935 and $214,143, respectively, were uninsured and uncollateralized.

The Foundation participates in the State of New Jersey Cash Management Fund wherein amounts also contributed by other State entities are combined into a large scale investment program. The carrying amount and fair value as of June 30, 2013 and 2012 was $371,760 and $371,528, respectively.

The operations of the Cash Management Fund are governed by the provisions of the State Investment Council Regulations for the purpose of determining authorized investments. Statutes of the State of New Jersey and Regulations of the State Investment Council authorize the New Jersey Division of Investment to invest in obligations of the U.S. Treasury, agencies, and municipal or political subdivisions of the State, commercial paper, bankers acceptances, revenue obligations of public authorities, debt instruments of banks, collateralized notes, and mortgages, certificates of deposit, repurchase agreements, equity, and convertible equity securities, and other common types of investment securities. Investee institutions and organizations are prescribed by the statutes and regulations based on such criteria as minimum capital, dividend paying history, credit history, and other evaluation factors. The Cash Management Fund is unrated with a portfolio maturity of less than one year.

(4) Investments

The Foundation has an investment policy, which establishes guidelines for permissible investments. The primary investment objective is to preserve and increase the value of endowment funds and maximize the long-term total rate of return on all invested assets while assuming a level of risk consistent with prudent investment practices for such funds. The Foundation may invest in obligations of the U.S. Government, certificates of deposit, money market funds, equities and stock funds, bonds and bond funds, and alternative investments. Investments consist of the following as of June 30, 2013 and 2012:

Investments

		2013	2012
Cash and cash equivalents	$	1,323,569	2,093,885
U.S. Treasury bills and notes and Government agencies		2,565,636	2,497,233
Corporate bonds		468,766	463,986
Equities		14,597,063	12,443,085
Mutual funds		4,577,890	4,748,424
Alternative investments		2,822,331	1,568,727
	$	26,355,255	23,815,340

The Foundation's investments are subject to various risks. Among these risks are credit risk and interest rate risk. Each one of these risks is discussed in more detail below.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's Investors Service, Inc. (Moody's).

Within the Foundation's investment policy guidelines, the policy gives investment money managers and investment funds full responsibility for security selection, diversification, turnover and allocation of holdings among selected securities and industry groups.

The following are guidelines to be followed by the investment advisors in the selection of investment money managers:

- Domestic equities may be selected from the New York, American and Regional Stock Exchanges, or the NASDAQ markets. The cost of an individual security in the portfolio at purchase may not exceed 5% of the total market value of that portfolio. Individual securities held in a portfolio must not exceed 5% of the portfolio on a cost basis.

- Mutual funds and investment money managers are not to be included in this limitation.

- Only international managers experienced in trade on foreign exchanges shall handle investments in international equities.

- Managers may use a mutual fund as a means of participating in international equities, with prior approval of the Investment Committee. Managers may invest in commercial paper, bankers' acceptances, repurchase agreements, Treasury Bills, certificates of deposit, and money market funds to provide income, liquidity for expense payments, and preservation of the portfolio's principal value. All such assets must represent maturities of one year or less at the time of purchase.

- Commercial paper must be rated A-1 or P-1 by Standard & Poor's and Moody's, respectively.

- Bankers' acceptances and certificates of deposit should only be purchased from larger, well-capitalized domestic and foreign banks with a minimum of an A rating from one of the major rating agencies. Un-invested cash reserves should be kept to minimum levels. In any instance where the total funds on deposit with a financial institution exceeds the insurance coverage provided by the FDIC or FSLIC, collateral security or its equivalent shall be required. Fixed income investments will include U.S. Treasury and federal agency debt obligations, corporate bonds, mortgages, asset backed securities and preferred stocks. By design, the managers should focus on fixed income securities of the highest quality, thereby reducing investment risk. With the exception of Federal Government issues, no single issue should exceed 4% and no industry group should exceed 10% of the aggregate fixed-income portfolio without the Investment Committee's prior approval. The average credit quality of the fixed income or convertible portfolio should be rated investment grade or better. The average maturity of the fixed income portfolio may not exceed 12 years and the average duration of the fixed income portfolio should not exceed 10 years.

As of June 30, 2013, the Foundation's fixed income investments, which consist of U.S. Treasury bills and notes, U.S. Government agencies, and corporate bonds, were rated as follows:

Fixed Income Investments Ratings 2013

Rating		Total	U.S. Treasury bills and notes	U.S. Government agencies	Corporate bonds
Aaa	$	2,594,285	1,511,054	1,054,582	28,649
Aa2		64,670	—	—	64,670
Aa3		21,039	—	—	21,039
A1		40,617	—	—	40,617
A2		95,519	—	—	95,519
A3		77,826	—	—	77,826
Baa1		45,193	—	—	45,193
Baa2		73,135	—	—	73,135
Baa3		22,118	—	—	22,118
Total	$	3,034,402	1,511,054	1,054,582	468,766

As of June 30, 2012, the Foundation's fixed income investments, which consist of U.S. Treasury bills and notes, U.S. Government agencies, and corporate bonds, were rated as follows:

Fixed Income Investments Ratings 2012					
Rating		Total	U.S. Treasury bills and notes	U.S. Government agencies	Corporate bonds
Aaa	$	2,504,497	1,211,510	1,285,723	7,264
Aa1		11,429	—	—	11,429
Aa2		26,094	—	—	26,094
Aa3		26,090	—	—	26,090
A1		85,223	—	—	85,223
A2		81,833	—	—	81,833
A3		87,054	—	—	87,054
Baa1		33,405	—	—	33,405
Baa2		90,219	—	—	90,219
Baa3		15,375	—	—	15,375
Total	$	2,961,219	1,211,510	1,285,723	463,986

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a debt investment. The Foundation's investment policy provides limitations in the maturities of various types of investments. As of June 30, 2013, the Foundation's fixed income investments, which consist of U.S. Treasury bills and notes, U.S. Government agencies, and corporate bonds, had maturity dates as follows:

Fixed Income Investments Maturity 2013					
Maturing in years		Total	U.S. Treasury bills and notes	U.S. Government agencies	Corporate bonds
Less than 1	$	32,727	—	—	32,727
1 – 5		809,631	461,150	76,832	271,649
6 – 10		966,226	829,701	10,956	125,569
Greater than 10		1,225,818	220,203	966,794	38,821
Total	$	3,034,402	1,511,054	1,054,582	468,766

As of June 30, 2012, the Foundation's fixed income investments, which consist of U.S. Treasury bills and notes, U.S. Government agencies, and corporate bonds, had maturity dates as follows:

Fixed Income Investments Maturity 2012					
Maturing in years		Total	U.S. Treasury bills and notes	U.S. Government agencies	Corporate bonds
Less than 1	$	182,264	97,841	—	84,423
1 – 5		580,024	288,023	94,514	197,487
6 – 10		898,474	731,892	9,534	157,048
Greater than 10		1,300,457	93,754	1,181,675	25,028
Total	$	2,961,219	1,211,510	1,285,723	463,986

(5) Transactions with Affiliates

The Foundation approved disbursements to the College and Alumni Association for support of restricted private grants, departments, and donated capital assets of $2,150,518 and $2,461,720 during fiscal years 2013 and 2012, respectively. The amounts disbursed to the Alumni Association were $0 and $900 during fiscal years 2013 and 2012, respectively. The College provides certain administrative functions on behalf of the Foundation. The costs were not charged to the Foundation in fiscal years 2013 and 2012. Due to affiliates included in the statements of net position for the years ended 2013 and 2012 were $735,000 and $132,692, respectively. The following table shows the contributions to affiliates for fiscal years 2013 and 2012:

Transactions with Affiliates			
		2013	2012
Restricted funds - Private Grants	$	1,297,006	1,644,749
Restricted funds - Departmental Transfers		798,970	425,138
Gifts in Kind		54,542	391,833
Total	$	2,150,518	2,461,720

(6) Noncurrent Liabilities

For the years ended June 30, 2013 and 2012, noncurrent liabilities activity was as follows:

Noncurrent Liabilities Activity

2013		Beginning balance	Additions	Reductions	Ending balance	Current portion
Noncurrent liabilities:						
Annuities payable	$	2,658,431	259,839	360,129	2,558,141	366,157
Total noncurrent liabilities	$	2,658,431	259,839	360,129	2,558,141	366,157

2012		Beginning balance	Additions	Reductions	Ending balance	Current portion
Noncurrent liabilities:						
Annuities payable	$	2,780,665	241,935	364,169	2,658,431	366,106
Total noncurrent liabilities	$	2,780,665	241,935	364,169	2,658,431	366,106