

FOUNDATION AT NEW JERSEY INSTITUTE OF TECHNOLOGY

Financial Statements
and Management's Discussion and Analysis
Together with

Report of Independent Certified Public Accountants
June 30, 2024 and 2023



Table of Contents

	Page
Report of Independent Certified Public Accountants	1
Management's Discussion and Analysis (unaudited)	3
Financial Statements	
Statements of Net Position	9
Statements of Revenues, Expenses, and Changes in Net Position	10
Statements of Cash Flows	11
Notes to the Financial Statements	12

GRANT THORNTON LLP

Two Commerce Square
2001 Market Street, Suite 700
Philadelphia, PA 19103-7065

D +1 215 561 4200

F +1 215 561 1066

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

Opinion

We have audited the financial statements of Foundation at New Jersey Institute of Technology (the "Foundation"), a component unit of New Jersey Institute of Technology, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024 and 2023, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud

may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required supplementary information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with US GAAS. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Grant Thornton LLP

Philadelphia, Pennsylvania
December 5, 2024

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

Introduction

The following discussion and analysis provide an analytical overview of the financial position and activities of the Foundation at New Jersey Institute of Technology (the Foundation) at and for the years ended June 30, 2024 and 2023. This discussion and analysis has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

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

Recognized as a *U.S. News & World Report* Top 100 National University and an “R1 - highest research activity” institution by the Carnegie Classification of Institutions of Higher Education, NJIT prepares students to be leaders in the technology-dependent economy of the 21st century. NJIT’s multidisciplinary curriculum and computing-intensive approach to education provide the technological proficiency, business knowledge, and leadership skills that future engineers, scientists, architects, CEOs, entrepreneurs, and leaders need to succeed. With an enrollment of over 13,000 undergraduates and graduate students in 120 programs, NJIT offers small-campus intimacy with the resources of a major public polytechnic university. With an enrollment of over 13,000 undergraduate and graduate students, NJIT offers small-campus intimacy with the resources of a major public research university. NJIT offers more than 125 undergraduate and graduate degree programs in six specialized schools.



The Financial Statements

The Foundation’s financial statements include a statement of net position at June 30, 2024 and 2023, and statements of revenues, expenses, and changes in net position and cash flows for the years then ended. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB).

Financial Highlights

The Foundation’s financial position at June 30, 2024 and 2023 was sound, with total assets of \$192,031 and \$171,872, total liabilities of \$666 and \$641, and deferred inflows of resources of \$3,140 and \$2,816, respectively. Net position, which represents the excess of the Foundation’s assets over its liabilities and deferred inflows of resources, totaled \$188,225 and \$168,415 at June 30, 2024 and 2023, respectively. Net position increased \$19,810 and \$13,897 in fiscal year 2024 and 2023, respectively, principally resulting from investment income.

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

Statements of Net Position

The statements of net position present the Foundation's financial position at June 30, 2024 and 2023, and are summarized as follows. The summarized statement of net position at June 30, 2022 is also presented for comparative purposes.

	June 30,		
	2024	2023	2022
Current assets	\$ 6,817	\$ 4,232	\$ 4,802
Endowment investments	176,299	157,546	145,484
Beneficial interest trusts	6,924	6,629	5,429
Pledges receivable and other assets, noncurrent	1,991	3,465	1,435
Total assets	192,031	171,872	157,150
Due to New Jersey Institute of Technology	123	98	77
Annuity funds liability, current	103	98	116
Unearned advance payments	-	-	98
Accounts payable	46	11	3
Annuity funds liability, noncurrent	394	434	359
Total liabilities	666	641	653
Deferred inflows of resources	3,140	2,816	1,979
Restricted nonexpendable	110,048	105,819	98,770
Restricted expendable	46,125	32,758	26,763
Unrestricted	32,052	29,838	28,985
Total net position	\$ 188,225	\$ 168,415	\$ 154,518

Current assets consist of cash held by New Jersey Institute of Technology and pledges and other receivables, net. Current assets increased \$2,585 during fiscal year 2024, primarily resulting from an increase in cash held by New Jersey Institute of Technology, and decreased \$570 during fiscal year 2023, primarily resulting from decreases in pledges receivable and cash held by New Jersey Institute of Technology.

Endowment investments include gifts from donors, the corpus of which is to be invested in perpetuity, annuity funds, unrestricted funds established by NJIT as quasi-endowment, and the related investment return. Endowment investments increased 11.9% and 8.3% during fiscal years 2024 and 2023, respectively, primarily due to investment returns.

Beneficial interest trusts increased \$295 and \$1,200 during fiscal years 2024 and 2023, respectively, due to rising fair market values.

Pledges receivable and other assets, noncurrent decreased \$1,474 in fiscal year 2024, resulting from a reduction in the outstanding pledges. Pledges receivable and other assets, noncurrent increased \$2,030 in fiscal year 2023 primarily due to an increase in new pledges.

Total liabilities consist of the current and noncurrent portions of annuity funds liability, accounts payable, and due to New Jersey Institute of Technology. Liabilities increased \$25 during fiscal year 2024, primarily due to increases in accounts payable and due to NJIT, partially offset by a decrease in annuity funds liability.

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

Liabilities decreased \$12 during fiscal year 2023, primarily due to a decrease in unearned advance payments, partially offset by increases in annuity funds liability and due to NJIT.

Deferred inflows of resources consist of certain changes in annuity funds liability and beneficial interest in charitable annuity trusts. Deferred inflows of resources increased \$324 and \$837 in fiscal years 2024 and 2023, respectively, resulting from changes in the fair value of annuity funds and beneficial interest in charitable remainder trusts.

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

At June 30, 2024 and 2023, restricted net position is composed of the following. The components of restricted net position at June 30, 2022 are also presented for comparative purposes.

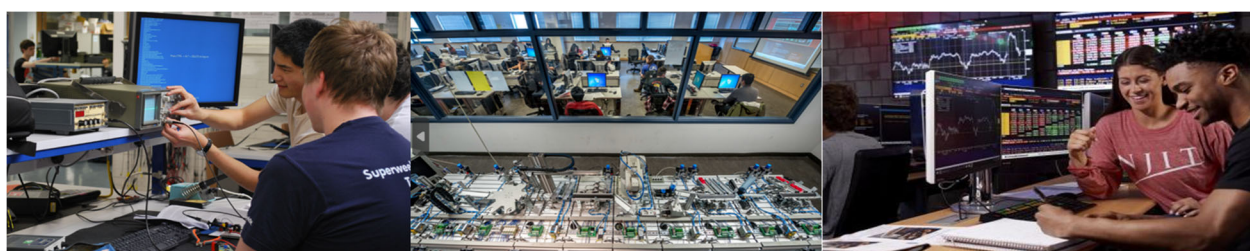
	June 30,		
	2024	2023	2022
Nonexpendable:			
Scholarships and fellowships	\$ 90,246	\$ 86,816	\$ 81,220
Instructional and other	19,802	19,003	17,550
Expendable:			
Scholarships and fellowships	35,794	23,437	19,900
Instructional and other	10,331	9,321	6,863
	<u>\$ 156,173</u>	<u>\$ 138,577</u>	<u>\$ 125,533</u>

Restricted net position increased \$17,596 and \$13,044 during fiscal years 2024 and 2023, respectively, principally due to investment income, gifts and bequests, and additions to permanent endowment, partially offset by operating expenses.

The unrestricted component of net position is all other net position that is available for general operations in support of the Foundation's mission unless otherwise designated by the Foundation's Board of Directors. Unrestricted net position increased \$2,214 and \$853 during fiscal years 2024 and 2023, respectively, principally due to investment income and gifts and bequests, partially offset by operating expenses. Even though unrestricted net position is not subject to external restrictions, management, with the approval of the Foundation's Board of Directors, has designated a portion of the unrestricted net position for the following specified purposes. The components of unrestricted net position at June 30, 2022 are also presented for comparative purposes.

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

	June 30,		
	2024	2023	2022
Designated unrestricted net position:			
Scholarships and fellowships	\$ 20,940	\$ 19,214	\$ 18,585
Instructional and other	8,625	7,867	7,515
	<u>29,565</u>	<u>27,081</u>	<u>26,100</u>
Undesignated unrestricted net position - operations	<u>2,487</u>	<u>2,757</u>	<u>2,885</u>
	<u>\$ 32,052</u>	<u>\$ 29,838</u>	<u>\$ 28,985</u>



Statements of Revenues, Expenses, and Changes in Net Position

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

The components of revenues for the fiscal years ended June 30, 2024 and 2023 are as follows. The components of revenues for the fiscal year ended June 30, 2022 are also presented for comparative purposes.

	Fiscal Years Ended June 30,		
	2024	2023	2022
Operating revenues:			
Gifts and bequests	\$ 6,500	\$ 6,061	\$ 5,006
Donated services	3,322	2,970	2,998
	<u>9,822</u>	<u>9,031</u>	<u>8,004</u>
Non-operating and other revenues (loss):			
Investment income (loss)	20,828	11,306	(19,928)
Additions to permanent endowments	4,107	6,730	4,327
Other non-operating revenues	12	18	18
	<u>24,947</u>	<u>18,054</u>	<u>(15,583)</u>
Total revenues (loss)	<u>\$ 34,769</u>	<u>\$ 27,085</u>	<u>\$ (7,579)</u>

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

Private support from corporations, foundations, alumni, and other donors is the major factor in the Foundation’s growth and development. In fiscal years 2024 and 2023, gifts and bequests totaled \$6,500 and \$6,061, respectively. The fiscal year 2024 increase relates to an increase in support of scholarships, partially offset by a decrease in pledge revenue. The fiscal year 2023 increase relates to increases in fundraising and pledge revenues, partially offset by a decrease in gift-in-kind.

In fiscal years 2024 and 2023, additions to permanent endowments totaled \$4,107 and \$6,730, respectively. The fiscal year 2024 decrease relates to several significant fiscal year 2023 donor gifts to be held in perpetuity.

In fiscal years 2024 and 2023, NJIT donated \$3,322 and \$2,970 of services, respectively, composed of the salaries and fringe benefits of fundraising employees, to the Foundation.

Investment income includes interest and dividend income as well as realized and unrealized gains and losses. During fiscal years 2024 and 2023, investment income totaled \$20,828 and \$11,306 respectively, resulting from the positive performance of the investment portfolio.

The components of operating expenses for the fiscal years ended June 30, 2024 and 2023 are as follows. The components of operating expenses for the fiscal year ended June 30, 2022 are also presented for comparative purposes.

	Fiscal Years Ended June 30,		
	2024	2023	2022
Operating expenses:			
Grants to New Jersey Institute of Technology	\$ 10,552	\$ 9,142	\$ 8,456
Grants to New Jersey Institute of Technology student Greek organization	8	18	16
Grants to New Jersey Innovation Institute	75	-	-
Fundraising	3,778	3,528	3,689
Administration	546	500	189
	<u>14,959</u>	<u>13,188</u>	<u>12,350</u>
Total operating expenses	<u>\$ 14,959</u>	<u>\$ 13,188</u>	<u>\$ 12,350</u>

Operating expenses increased 13.4% to \$14,959 and increased 6.8% to \$13,188 in fiscal years 2024 and 2023, respectively.

Grants to NJIT, consisting of grants for scholarships and fellowships to NJIT students, instructional and other purposes, and construction, comprised 70.5% and 69.3% of total operating expenses in fiscal years 2024 and 2023, respectively. The recipients of the grants are determined by NJIT, in accordance with donor restrictions. The fiscal year 2024 increase principally relates to an increase in scholarship and fellowship grants, partially offset by a decrease in instructional and other grants, resulting from the year-over-year change in annual restricted gifts. The fiscal year 2023 increase principally relates to an increase in instructional and other grants, partially offset by a decrease in scholarship and fellowship grants, resulting from year-over-year change in annual gifts.

Grants to NJIT student Greek organization, comprising 0.1% of total operating expenses in both fiscal years 2024 and 2023, were made from donor-restricted gifts received for the benefit of a specific student Greek organization, and consist of grants for construction and furnishing of the educational areas of its chapter house.

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

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

Fundraising expenses, comprising 25.3% and 26.8% of total operating expenses in fiscal years 2024 and 2023, respectively, increased to \$3,778 and decreased to \$3,528 in fiscal years 2024 and 2023, respectively. The fiscal year 2024 increase principally relates to higher personnel costs. The fiscal year 2023 decrease principally relates to a gift-in-kind reflected in fiscal year 2022, partially offset by an increase in event expenses.

Administration expenses comprised 3.6% and 3.8% of total operating expenses in fiscal years 2024 and 2023, respectively. The fiscal years 2024 and 2023 increases principally relate to higher personnel costs.

Summary and Outlook

The Foundation's mission is to raise and manage funds to support the further development and growth of programs at NJIT. The Foundation's fundraising activities are successful and have created a significant endowment, which will generate grants to NJIT for many years. During fiscal year 2024, the Foundation's fundraising efforts generated gifts and bequests of \$6,500 and additions to permanent endowments of \$4,107. It is management's intention to continue to place a significant emphasis on fundraising efforts.

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

Grants made to NJIT from the Foundation's restricted and unrestricted funds totaled \$10,552 in fiscal year 2024. Unrestricted net position totaled \$32,052 at June 30, 2024, of which \$29,565 is designated for future grants.

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



Statements of Net Position
(Dollars in thousands)
At June 30, 2024 and 2023

	2024	2023
Assets		
Current assets:		
Cash held by New Jersey Institute of Technology	\$ 5,253	\$ 2,929
Pledges and other receivables, net	1,564	1,303
Total current assets	6,817	4,232
Noncurrent assets:		
Endowment investments	176,299	157,546
Beneficial interest trusts	6,924	6,629
Pledges receivable, net	1,975	3,449
Other assets	16	16
Total noncurrent assets	185,214	167,640
Total assets	192,031	171,872
Liabilities		
Current liabilities:		
Due to New Jersey Institute of Technology	123	98
Annuity funds liability, current portion	103	98
Accounts payable	46	11
Total current liabilities	272	207
Noncurrent liabilities:		
Annuity funds liability	394	434
Total liabilities	666	641
Deferred inflows of resources	3,140	2,816
Net position		
Restricted:		
Nonexpendable:		
Scholarships and fellowships	90,246	86,816
Instructional and other	19,802	19,003
Expendable:		
Scholarships and fellowships	35,794	23,437
Instructional and other	10,331	9,321
Unrestricted	32,052	29,838
Total net position	\$ 188,225	\$ 168,415

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

Statements of Revenues, Expenses, and Changes in Net Position

(Dollars in thousands)

For the years ended June 30, 2024 and 2023

	2024	2023
Operating revenues		
Gifts and bequests	\$ 6,500	\$ 6,061
Donated services	3,322	2,970
Total operating revenues	<u>9,822</u>	<u>9,031</u>
Operating expenses		
Grants to New Jersey Institute of Technology	10,552	9,142
Grants to New Jersey Institute of Technology student Greek organization	8	18
Grants to New Jersey Innovation Institute	75	-
Fundraising	3,778	3,528
Administration	546	500
Total operating expenses	<u>14,959</u>	<u>13,188</u>
 Operating loss	<u>(5,137)</u>	<u>(4,157)</u>
Non-operating revenues		
Investment income	20,828	11,306
Other non-operating revenues	12	18
Total non-operating revenues	<u>20,840</u>	<u>11,324</u>
 Income before other revenues	<u>15,703</u>	<u>7,167</u>
Other revenues		
Additions to permanent endowments	4,107	6,730
Increase in net position	<u>19,810</u>	<u>13,897</u>
 Net position, beginning of year	<u>168,415</u>	<u>154,518</u>
Net position, end of year	<u>\$ 188,225</u>	<u>\$ 168,415</u>

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

Statements of Cash Flows
(Dollars in thousands)
For the years ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities		
Gifts and bequests	\$ 5,954	\$ 4,227
Due to/from New Jersey Institute of Technology	25	21
Grants to New Jersey Institute of Technology	(8,618)	(8,094)
Grants to New Jersey Innovation Institute	(75)	-
Grants to New Jersey Institute of Technology student Greek organization	(8)	(18)
Payments to New Jersey Institute of Technology for salaries and fringe benefits	(493)	(443)
Payments on annuity funds	(101)	(107)
Payments for goods and services	(474)	(547)
Net cash used by operating activities	(3,790)	(4,961)
Cash flows from noncapital financing activities		
Additions to permanent endowments	3,931	5,731
New annuity agreements	23	-
Other	12	18
Net cash provided by noncapital financing activities	3,966	5,749
Cash flows from investing activities		
Proceeds from sales and maturities of investments	26,912	71,778
Interest and dividends on investments	4,384	3,990
Purchase of investments	(29,148)	(76,722)
Net cash provided (used) by investing activities	2,148	(954)
Net increase (decrease) in cash held by New Jersey Institute of Technology	2,324	(166)
Cash held by New Jersey Institute of Technology, beginning of year	2,929	3,095
Cash held by New Jersey Institute of Technology, end of year	\$ 5,253	\$ 2,929
Reconciliation of operating loss to net cash used by operating activities		
Operating loss	\$ (5,137)	\$ (4,157)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Noncash operating revenues	(5,080)	(3,020)
Noncash operating expenses	5,255	4,018
Changes in assets and liabilities:		
Pledges and other receivables	1,213	(1,686)
Prepaid expenses	-	60
Due to New Jersey Institute of Technology	25	21
Annuity funds liability	(101)	(107)
Accounts payable	35	8
Unearned advance payments	-	(98)
Net cash used by operating activities	\$ (3,790)	\$ (4,961)
Noncash transactions:		
Additions to permanent endowments	\$ 176	\$ 999

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

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Foundation at New Jersey Institute of Technology (the Foundation) is a resource development organization that serves as a catalyst for New Jersey Institute of Technology's pursuit of its mission of education, research, service, and economic development. Outstanding leaders from industry serve as Board of Directors of the Foundation and provide a vital link with the private sector.

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

Basis of Presentation

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

Use of Estimates

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

Cash held by New Jersey Institute of Technology

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

Fair Value Measurement

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

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

Notes to the Financial Statements
(Dollars in thousands)
For the years ended June 30, 2024 and 2023

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

Endowment Investments

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

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

Beneficial Interest Trusts

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

Classification of Net Position

The Foundation classifies its resources into two net position categories:

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

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

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

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

Classification of Revenue

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

Notes to the Financial Statements
(Dollars in thousands)
For the years ended June 30, 2024 and 2023

Revenue Recognition

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

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

Tax Status

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

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

Cash held by NJIT is invested in money market assets totaling \$5,253 and \$2,929 at June 30, 2024 and 2023, respectively. The Foundation's endowment investments at June 30, 2024 and 2023 and their fair value measurements within the fair value hierarchy are as follows:

	June 30, 2024				
	Total	Fair Value Measurements			NAV
		Level 1	Level 2	Level 3	
Money market assets	\$ 2,648	\$ 2,648	\$ -	\$ -	\$ -
Corporate debt securities	80	-	80	-	-
Public equity funds and accounts	103,532	94,096	9,436	-	-
Public bond funds and accounts	50,300	12,020	38,280	-	-
Private and other investment funds	19,739	-	-	3	19,736
	<u>\$ 176,299</u>	<u>\$ 108,764</u>	<u>\$ 47,796</u>	<u>\$ 3</u>	<u>\$ 19,736</u>
	June 30, 2023				
	Total	Fair Value Measurements			NAV
		Level 1	Level 2	Level 3	
Money market assets	\$ 4,370	\$ 4,286	\$ 84	\$ -	\$ -
Corporate debt securities	80	-	80	-	-
Public equity funds and accounts	90,638	76,599	14,039	-	-
Public bond funds and accounts	47,015	8,861	38,154	-	-
Private and other investment funds	15,443	-	-	5	15,438
	<u>\$ 157,546</u>	<u>\$ 89,746</u>	<u>\$ 52,357</u>	<u>\$ 5</u>	<u>\$ 15,438</u>

Notes to the Financial Statements
(Dollars in thousands)
For the years ended June 30, 2024 and 2023

Private and other investment funds are comprised of private equity, real assets, and private debt. At June 30, 2024, the Foundation has committed to invest an additional \$19,561 in these funds over the next several fiscal years.

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

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

Custodial credit risk - deposits is the risk that, in the event of the failure of a depository financial institution, NJIT, and consequently the Foundation, will not be able to recover deposits that are in that institution's possession. The University's investment policy does not address custodial credit risk - deposits. At June 30, 2024 and 2023, \$504 and \$556, respectively, of NJIT's cash is insured by the Federal Deposit Insurance Corporation (FDIC).

Custodial credit risk - investments is the risk that, in the event of the failure of a counterparty, the Foundation will not be able to recover the value of the investments that are in that counterparty's possession. The University's investment policy does not address custodial credit risk - investments. Cash and securities are protected through the Securities Investor Protection Corporation (SIPC) up to a maximum of \$500, and cash is limited to \$250. Endowment investments totaling \$176,299 and \$157,546 at June 30, 2024 and 2023, respectively, are either insured or held by the Foundation or its agent in the Foundation's name.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's investment policy places no limitation on the ratings for debt instruments. The money market assets and public bond funds and accounts, included in the Foundation's investment portfolio are not rated. The Foundation's investments in corporate debt securities at June 30, 2024 and 2023 are convertible bonds and are not rated.

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

Notes to the Financial Statements
(Dollars in thousands)
For the years ended June 30, 2024 and 2023

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

At June 30, 2024 and 2023, the Foundation's fixed income endowment investments have the following maturities:

	June 30, 2024		June 30, 2023	
	Money market assets	Corporate debt securities	Money market assets	Corporate debt securities
Maturing in years:				
Less than 1	\$ 2,648	\$ 20	\$ 4,370	\$ 13
1 to 5	-	60	-	67
	\$ 2,648	\$ 80	\$ 4,370	\$ 80

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

	June 30,	
	2024	2023
Money market assets	\$ 2,603	\$ 4,344
Corporate debt securities	80	80
Public equity funds and accounts	102,968	90,137
Public bond funds and accounts	48,625	45,444
Private and other investment funds	19,736	15,438
	\$ 174,012	\$ 155,443

For the years ended June 30, 2024 and 2023, the average return for the endowment investment pool was 12.1% and 7.5%, respectively.

The spending policy for endowment funds requires an annual calculation based on a three-year rolling average of the fair value per pool unit. The spending rate for the years ended June 30, 2024 and 2023 was 4.04% and 4.32%, respectively. The Foundation complies with the State's Uniform Prudent Management of Institutional Funds Act, which governs the management and use of donor-restricted endowment funds held by it.

Notes to the Financial Statements
(Dollars in thousands)
For the years ended June 30, 2024 and 2023

NOTE 3 - SUPPLEMENTARY STATEMENT OF NET POSITION DETAIL

	June 30,	
	2024	2023
Pledges and other receivables, net (current):		
Pledges receivable	\$ 1,719	\$ 1,407
Accounts receivable	55	37
	<u>1,774</u>	<u>1,444</u>
Less: allowance for doubtful accounts	<u>(210)</u>	<u>(141)</u>
	<u>\$ 1,564</u>	<u>\$ 1,303</u>
Pledges receivables, net (noncurrent):		
Pledges receivable	\$ 2,194	\$ 3,832
Less: allowance for doubtful accounts	<u>(219)</u>	<u>(383)</u>
	<u>\$ 1,975</u>	<u>\$ 3,449</u>
Deferred inflows of resources:		
Annuity related funds	\$ 1,257	\$ 1,106
Beneficial interest trusts related	<u>1,883</u>	<u>1,710</u>
	<u>\$ 3,140</u>	<u>\$ 2,816</u>

NOTE 4 - BENEFICIAL INTEREST TRUSTS

The Foundation is the beneficiary of trusts whose assets are not under its control. The Foundation has legally enforceable rights or claims to its beneficial interest in the annual income from the trusts. During the fiscal years ended June 30, 2024 and 2023, the Foundation received \$428 and \$171, respectively, of income from perpetual trusts. The assets are carried at fair value (\$5,041 and \$4,919 at June 30, 2024 and 2023, respectively) based on the NAV reported by the trusts' managers. The Foundation also has beneficial interest in charitable remainder annuity trusts, with a present value of \$1,883 and \$1,710 at June 30, 2024 and 2023, respectively.

NOTE 5 - ANNUITY FUNDS LIABILITY

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

Notes to the Financial Statements
(Dollars in thousands)
For the years ended June 30, 2024 and 2023

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

	2024	2023
Gifts annuities	\$ 179	\$ 147
Unitrusts	318	385
	497	532
Less: current portion	(103)	(98)
Annuity funds liability, noncurrent	\$ 394	\$ 434

The activity in the annuity funds liability for fiscal years 2024 and 2023 was as follows:

	2024	2023
Balance, beginning of year	\$ 532	\$ 475
New gift agreement	23	-
Net gain on investments	217	120
Annuity payments	(101)	(107)
Adjustments of liability to present value	(174)	44
Balance at June 30	\$ 497	\$ 532

Adjustments of liability to present value of (\$174) and \$44 (using discount rates ranging from 1.2% to 8.2%) at June 30, 2024 and 2023, respectively, are included in deferred inflows of resources in the statements of net position.

NOTE 6 - RELATED ENTITY TRANSACTIONS

All of the Foundation's personnel are employees of NJIT. The Foundation's payments to NJIT in reimbursement of the salaries and fringe benefits of administrative employees in fiscal years 2024 and 2023 were \$493 and \$443, respectively. In fiscal years 2024 and 2023, NJIT donated services of \$3,322 and \$2,970, respectively, composed of the salaries and fringe benefits of fundraising employees, to the Foundation.

During fiscal years 2024 and 2023, the Foundation made the following grants to NJIT:

	2024	2023
Scholarship and fellowship grants	\$ 6,888	\$ 5,281
Instructional and other grants	3,650	3,825
Construction grants	14	36
	\$ 10,552	\$ 9,142

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

Grants to NJIT student Greek organization of \$8 and \$18 in fiscal years 2024 and 2023, respectively, were made from donor-restricted gifts received for the benefit of a specific student Greek organization, and consist of grants for construction and furnishings of the educational areas of its chapter house.

Notes to the Financial Statements
(Dollars in thousands)
For the years ended June 30, 2024 and 2023

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

NOTE 7 - UNRESTRICTED NET POSITION

The components of unrestricted net position are as follows:

	June 30,	
	2024	2023
Designated unrestricted net position:		
Scholarships and fellowships	\$ 20,940	\$ 19,214
Instructional and other	8,625	7,867
	29,565	27,081
Undesignated unrestricted net position - operations	2,487	2,757
	<u>\$ 32,052</u>	<u>\$ 29,838</u>

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