RUTGERS UNIVERSITY FOUNDATION
(A Component Unit of Rutgers, The State University of New Jersey)

Financial Statements and
Management's Discussion and Analysis

June 30, 2020 and 2019

(With Independent Auditors' Report Thereon)

RUTGERS UNIVERSITY FOUNDATION
(A Component Unit of Rutgers, The State University of New Jersey)

Table of Contents

	Page(s)
Independent Auditors' Report	1–2
Management's Discussion and Analysis (Unaudited)	3–8
Basic Financial Statements:	
Statements of Net Position as of June 30, 2020 and 2019	9
Statements of Revenue, Expenses, and Changes in Net Position for the years ended June 30, 2020 and 2019	10
Statements of Cash Flows for the years ended June 30, 2020 and 2019	11
Notes to Financial Statements	12–25

KPMG LLP
New Jersey Headquarters
51 John F. Kennedy Parkway
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Independent Auditors' Report

The Board of Overseers
Rutgers University Foundation:

Report on the Financial Statements

We have audited the accompanying financial statements of Rutgers University Foundation (the Foundation), a component unit of Rutgers, The State University of New Jersey, as of and for the years ended June 30, 2020 and 2019, 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 audits 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.

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, 2020 and 2019, 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 8 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 Standard Boards 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

Short Hills, New Jersey
October 29, 2020

Introduction

This section of the financial report represents management's discussion and analysis of the Rutgers University Foundation's (the Foundation) financial performance for the years ended June 30, 2020, 2019 and 2018 and should be read in conjunction with the financial statements and notes that follow. The data presented is for fiscal year 2020 and 2019 with comparative information for fiscal year 2018.

The Foundation was formed in 1973 to aid Rutgers, The State University of New Jersey (the University) to obtain private funds and other resources to meet the needs and achieve the goals of the University for which adequate funds may not be available from other sources. To fulfill this mission, the Foundation solicits and receives gifts and pledges from private sources including individuals, corporations, and foundations.

During 2020, 2019 and 2018, the Foundation recognized contributions totaling $130.6 million $97.9 million and $131.2 million respectively, in the form of gifts and grants.

In January 2020, the annual giving offices moved from leased space into new office space at 335 George Street in New Brunswick, New Jersey – a University property. This move was the final step in the Foundation's plan to consolidate the central, primary offices of Foundation into one location.

The Foundation continues preparation for the University's next comprehensive fundraising campaign, the quiet phase of which began on July 1, 2019. A determination has not yet been made as to when the campaign will be announced publicly.

Financial Statements

The Foundation's basic financial statements include three financial statements: Statement of Net Position, Statement of Revenue, Expenses, and Changes in Net Position and the Statement of Cash Flows, which have been prepared in accordance with Governmental Accounting Standards Board (GASB) principles. These statements present the Foundation's operations and focus on its assets, liabilities, deferred inflows of resources, revenues, expenses, and cash flows on an entity-wide basis.

Statement of Net Position

The Statement of Net Position provides the financial position of the Foundation as of the end of the fiscal year. The assets and liabilities are categorized as current and noncurrent. Deferred inflows of resources represent timing differences related to the recognition of revenue from split-interest agreements in which the Foundation has a remainder interest. The net position, and its change during the current year, is an indicator of the financial condition of the Foundation and whether it has improved or worsened during the year. Net position consists of three major categories. The first category, nonexpendable, consists of program support, scholarships, and fellowships that have been set aside and invested as required by the provider of the resources. These funds are invested in perpetuity with the earnings on those investments to be used as specified by the donor at the time the resources are received. The next category, expendable, consists of the restricted net position that is available for expenditure for the purpose that was specified by the donor at the time the resources were received. These expenditures support specific programs such as scholarships and fellowships, instructional department uses, research and capital projects. The final category is unrestricted net position. Unrestricted net position is available to the Foundation for any purpose and is governed by the Foundation's Board of Overseers.

A condensed summary of the Foundation's assets, liabilities, deferred inflows of resources and net position is as follows:

		2020	2019	2018
Current assets	$	83,932,759	86,836,834	82,705,877
Noncurrent assets		41,115,515	44,325,697	57,763,850
Total assets	$	125,048,274	131,162,531	140,469,727
Current liabilities	$	9,346,718	8,364,572	5,436,242
Noncurrent liabilities		9,032,285	7,571,232	7,929,570
Total liabilities	$	18,379,003	15,935,804	13,365,812
Deferred inflows of resources	$	4,152,351	3,744,734	3,881,519
Restricted – nonexpendable	$	1,717,019	1,661,183	6,438,562
Restricted – expendable		91,936,776	102,317,142	110,258,984
Unrestricted		8,863,125	7,503,668	6,524,850
Total net position	$	102,516,920	111,481,993	123,222,396

A review of the Foundation's assets at June 30, 2020 reflects a decrease in total assets of $6.1 million (-4.7%) in 2020 versus 2019. This decrease is primarily due to an $8.2 million decrease in cash associated with the Foundation's restricted gift checking account as more gifts received in prior years were eligible for transfer to the University in 2020 than in 2019. Also contributing to the overall decrease in assets was a $2.0 million decrease in combined current and noncurrent net contributions receivables that included a $3.2 million decrease in outstanding pledge balances for an athletic academic success construction project, which was offset by a $1.2 million increase in outstanding pledge balances for the baseball and softball complex. Offsetting these two increases in assets was a $4.0 million increase in gift assessment fee receivables related to assessments on private grants paid directly to the University. The remaining offsetting increase was a $0.1 million increase in the long term investments associated with the Foundation's unrestricted endowment.

A review of the Foundation's assets at June 30, 2019 reflects a decrease in total assets of $9.3 million (-6.6%) in 2019 versus 2018. This decrease is primarily due to a $9.2 million decrease in both current and noncurrent net contributions receivables that included a $3.2 million decrease in outstanding pledge balances for athletic construction projects. University departments that had reductions in net contributions receivables included the following: $2.6 million for the Graduate School of Applied and Professional Psychology, $1.5 million for the Center for State Health Policy and $1.5 million for the School of Nursing. The remaining decrease in net contributions receivables was associated with a $0.4 million reduction in pledge balances for a summer health professions education program. The remaining decrease in total assets between 2019 and 2018 is attributed to the realization of $0.1 million in beneficial interest assets that were related to outside-held annuities that severed in 2019.

(Continued)

Total liabilities reflect a $2.4 million (15.3%) increase in 2020 versus 2019. $1.4 million of this increase was related to an increase in the payables due on trusts and annuities held outside of the Foundation due to a sizable addition of gift annuities in 2020. $0.4 million of the increase was related to an increase in payables to the University for spending through the University's purchasing system. An increase in the payables associated with accumulated compensated absences added another $0.4 million to the increase. Lastly, there was a $0.2 million increase in deferred credit card affinity program income that is expected to be realized at the conclusion of the contract period.

Total liabilities reflect a $2.6 million (19.2%) increase in 2019 versus 2018. Most of this increase was due to a $2.2 million payables increase to the University for spending through the University's purchasing system. The remaining $0.4 million increase in liabilities relates to deferred revenue increases, which included $0.2 million in gift assessment fees that have been committed for payment by the University on a large gift that the donor declined to pay assessment fees and a $0.2 million increase in credit card affinity program income that is expected to be realized at the conclusion of the contract period.

Total deferred inflows of resources reflect a $0.4 million (10.9%) increase in 2020 versus 2019, which was associated with an increase of $2.0 million in market values of irrevocable split interest agreements that were offset by a $1.6 million reduction in the liabilities for beneficial interest payable.

Total deferred inflows of resources reflect a $0.1 million (-3.5%) decrease in 2019 versus 2018, which was associated with a decrease of $0.3 million in market values of irrevocable split interest agreements that were offset by a $0.2 million reduction in the liabilities for beneficial interest payable.

In 2020, net position decreased $9.0 million (-8.0%), versus 2019. A significant portion of this decrease was associated with a $9.1 million decrease in expendable net position for athletic-related capital purposes - comprised of a $7.3 million decrease in net pledges for construction efforts and $1.8 million in cash pending transfer to the University to fund these capital projects. An additional $0.7 million net position decrease in expendable scholarships and fellowships were offset by a $0.8 million increase in expendable net position associated with instructional purposes.

In 2019, net position decreased $11.7 million (-9.5%), versus 2018. A significant portion of this decrease was associated with a $7.5 million decrease in expendable net position for capital purposes. This capital-related decrease was comprised of a $6.4 million decrease in net pledges for construction efforts, a $0.7 million decrease in cash on hand for capital purposes and a $0.4 million liquidation of a donated hedge fund intended for a building fund. Another $4.1 million of the decrease in net position was due to a decrease in net nonendowed pledges designated for research efforts. Lastly, a $0.1 million decrease in net position for healthcare related services comprised the remainder of the change in net position.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and expenses incurred during the year. The statement is classified into operating and nonoperating activities. Revenues received and expenses incurred as a result of the Foundation's mission to solicit and receive gifts to fulfill the goals of the University for which adequate funds may not be available from other sources are considered operating activities. Gifts received, and transferred to the University, for capital, noncapital, endowment, and nongovernmental grants and associated assessment fees are reported as operating revenues as are the revenues and receipts from special events conducted by the Foundation to engage alumni and donors. Only endowment gifts that are retained by the Foundation are recorded as additions to permanent endowments in the other revenues line item. Operating expenses consist primarily of the distributions of gifts received by the Foundation for the benefit of the University along with other operating expenditures such as salaries, benefits, and services. Nonoperating revenues and expenses are those incurred for which goods and services are not directly provided.

A condensed summary of the Foundation's revenues, expenses, and changes in net position is as follows:

		2020	2019	2018
Operating revenues	$	139,253,606	102,280,690	135,819,200
Operating expenses		(177,123,107)	(141,632,941)	(148,244,274)
Operating loss		(37,869,501)	(39,352,251)	(12,425,074)
Net nonoperating revenues		28,904,428	27,518,847	26,600,159
Change to additions to permanent endowments		—	93,001	—
Increase in net position		(8,965,073)	(11,740,403)	14,175,085
Net position – beginning of the year		111,481,993	123,222,396	109,047,311
Net position – end of the year	$	102,516,920	111,481,993	123,222,396

Operating revenues increased by $37.0 million (36.1%) in 2020. The increase included $14.5 million in gifts and grants to support the cancer institute, including a $10.0 million gift to support a new cancer center. $6.8 million of the 2020 increase was associated with significant realized bequests to support endowments at the University. Other additional large gifts received in 2020 that did not have an equivalent in 2019 included a $5.0 million grant payment to support agricultural youth training in Greece and a $4.0 million gift to support a scholars program endowment at the Newark honors living community. There was a $2.9 million increase in grant pledges to support the Center for State Health Policy. The final significant increase in 2020 involved a $4.0 million increase in gift assessment fee revenues related to private grants paid directly to the University. Offsetting the above increases was a $0.2 million decline in special event related income, which was a result of reduced participation in football game day raffles and reduced attendance at engagement events that were impact by the pandemic.

Operating revenues decreased by $33.5 million (-24.7%) in 2019. The decrease in revenues was primarily due to a reduction in significant gifts received at the Foundation in 2019. Significant gifts included a $15.0 million gift to support an academic success building for athletics, a $10.0 million endowment in support of a prominent art collection, a $5.6 million grant payment to support agricultural youth training in Greece, a $2.8 million endowed chair for the Graduate School of Education and a $0.1 million endowment received in 2018 to support a legacy fund at the Center for American Women and Politics.

Operating expenses increased by $35.5 million (25.1%) in 2020 primarily due to a $34.2 million increase in the distribution of gifts to the University in all distribution classifications (capital, endowment, grants and noncapital). In addition, there was a $2.0 million increase in salaries and benefits associated with merit increases, staffing of significant positions and a net increase in employees as the Foundation continued preparations for a capital campaign. The onset of the pandemic resulted in $0.7 million in offsetting operating expense decreases due to reduced spending for fundraising travel and gifts, special events, telefund services and printing and postage costs.

Operating expenses decreased by $6.6 million (-4.5%) in 2019 primarily due to a net $9.4 million decrease in the distribution of gifts to the University. Distributions for endowments and noncapital purposes were a combined $24.7 million lower in 2019, while distributions for capital and nongovernmental grant purposes increased by a combined $15.3 million. Other operating expenditure increases that offset the distributions decrease included a $0.9 million increase in salary expenses due to merit increases, new hires to support campaign management, a new corporate engagement center and the expansion of staff to support fundraising for the Cancer Institute of New Jersey. Also, increases in health benefit premiums contributed to a $0.3 million increase in total employee benefit expenses. Strategic plan initiatives that included preparation for the next capital campaign and the implementation of a new human capital management system caused a $0.8 million increase. The other increases in operating expenses included $0.4 million in expenditures to move the Foundation offices to a central University building, $0.2 million in software-related expenditures mostly to support a new analytics team and $0.2 million in fundraising expenses (travel, meals and gifts) related to donor meetings.

Net nonoperating revenues increased by $1.4 million (5.0%) in 2020, with $0.8 million of the increase associated with an increase in the University support provided from the endowment administrative fee. Another $0.5 million of the increase was related to increased support from the University to support the upcoming capital campaign. Lastly, with the move of the annual giving offices to complete the consolidation of the Foundation's central office locations to a single University building, there was an increase of $0.1 million in non cash support in space occupied by the Foundation.

Net nonoperating revenues increased by $0.9 million (3.5%) in 2019, mostly due to the consolidation of most of the Foundation's central office locations to a single University building. These moves resulted in a $0.7 million increase in noncash support from the University as the Foundation increased their occupancy space on University property. The remaining increase in net nonoperating revenues can be attributed to a $0.2 million increase in interest and dividend income, with a majority of the increase being related to the dividend income earned on the Foundation's restricted money market mutual fund.

The decrease in additions to permanent endowments was due to the rare instance of an endowment gift received in 2019 that had stipulations requiring that the funds be invested by the Foundation, as opposed to investment in the University's endowment pool.

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Overall Financial Position

The Foundation derives a significant amount of its funding for operating activities from two primary sources. The first is the University, where the Foundation's financial position is dependent on the University's continued commitment to pursuing funds from private sources. Due to the continued success of the Foundation's fundraising efforts during 2020 and 2019, management is confident that this commitment remains strong. While the global pandemic has created the need to re-examine business practices, the Foundation does so in conjunction with the University to ensure their support and commitment. The other primary source is the annual revenue from the gift assessment fee. The Foundation does maintain a board designated endowment and an unrestricted gift fund as reserves in the event that the primary two sources of funding are not received as planned. Management is confident that these sources of funding will provide an adequate level of funding for the Foundation in future years.

Coronavirus (COVID-19) Impact

The spread of the coronavirus (COVID-19) around the world in the fourth quarter of 2020 caused significant volatility in the U.S. and international markets. While the overall impacts of COVID-19 during fiscal year 2020 to Rutgers University Foundation's business and operations were not overly significant, there is significant uncertainty around the breath and duration of business disruptions related to COVID-19, as well as its impact on the U.S. economy and, as such, Rutgers University Foundation is unable to determine if it will have a material impact on its operations.

Contacting the Foundation's Financial Management

This financial report is designed to provide the customers, clients, and creditors with a general overview of the Foundation's finances and to demonstrate the Foundation's accountability for the resources at its disposal. If you have any questions about this report or need additional financial information, contact the Rutgers University Foundation, 335 George Street, Suite 4000, New Brunswick, NJ 08901.

RUTGERS UNIVERSITY FOUNDATION

(A Component Unit of Rutgers, The State University of New Jersey)

Statements of Net Position

June 30, 2020 and 2019

		2020	2019
Assets:			
Current assets:			
Cash and cash equivalents	$	4,054,412	1,914,235
Restricted cash and cash equivalents		3,142,283	14,430,686
Short-term investments		27,310	27,922
Restricted short-term investments		17,536,865	17,474,671
Accounts receivable		10,504,048	7,042,692
Restricted contributions receivable, net		48,032,460	45,158,419
Prepaid expenses		635,381	788,209
Total current assets		83,932,759	86,836,834
Noncurrent assets:			
Long-term investments		2,346,519	2,278,760
Restricted long-term investments		6,878,001	5,279,374
Restricted contributions receivable, net		31,175,902	36,004,739
Cash surrender value of whole life insurance policies		715,093	762,824
Total noncurrent assets		41,115,515	44,325,697
Total assets		125,048,274	131,162,531
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses		7,318,723	6,638,478
Unearned revenue		989,666	800,853
Beneficial interest payable – current portion		1,038,329	925,241
Total current liabilities		9,346,718	8,364,572
Noncurrent liabilities:			
Other liabilities		769,388	544,044
Beneficial interest payable – noncurrent portion		8,262,897	7,027,188
Total noncurrent liabilities		9,032,285	7,571,232
Total liabilities		18,379,003	15,935,804
Deferred inflows of resources:			
Irrevocable split interest agreements		4,152,351	3,744,734
Total deferred inflows of resources		4,152,351	3,744,734
Net position:			
Restricted for:			
Nonexpendable:			
Instructional		58,570	62,916
Scholarships and fellowships		1,477,519	945,094
Libraries		132	182,232
Other		180,798	470,941
Total nonexpendable		1,717,019	1,661,183
Expendable:			
Instructional		4,380,452	3,549,893
Research		38,683,413	34,786,476
Healthcare and professional services		57,358	507,324
Scholarships and fellowships		9,716,803	10,370,589
Libraries		24,660	45,048
Loans		15	10
Capital projects		29,557,266	38,453,801
Other		9,516,809	14,604,001
Total expendable		91,936,776	102,317,142
Unrestricted		8,863,125	7,503,668
Total net position	$	102,516,920	111,481,993

See accompanying notes to financial statements.

RUTGERS UNIVERSITY FOUNDATION

(A Component Unit of Rutgers, The State University of New Jersey)

Statements of Revenue, Expenses, and Changes in Net Position

Years ended June 30, 2020 and 2019

	2020	2019
Operating revenues:		
Nongovernmental grants	$ 43,139,195	21,675,044
Noncapital gifts	51,084,798	44,673,473
Capital gifts and grants	8,621,664	15,032,827
Endowment gifts	27,768,244	16,489,114
Special events	450,728	654,577
Assessment fee income	8,188,977	3,755,655
Total operating revenues	139,253,606	102,280,690
Operating expenses:		
Salaries	18,044,433	16,295,703
Benefits	6,755,669	6,309,991
Supplies	722,879	573,681
Other services	9,960,315	11,026,845
Operating expenses, before distributions	35,483,296	34,206,220
Distributions to Rutgers, The State University of New Jersey:		
Capital projects	19,609,431	18,259,449
Endowments	25,363,947	21,588,131
Grants	40,090,879	21,737,433
Other	56,516,943	45,841,708
Total distributions to Rutgers, The State University of New Jersey	141,581,200	107,426,721
Distributions to Douglass Associate Alumnae	58,611	—
Total operating expenses	177,123,107	141,632,941
Operating loss	(37,869,501)	(39,352,251)
Nonoperating revenues, net:		
Administrative fees and support from Rutgers, The State University of New Jersey	25,949,716	24,621,481
Noncash support from Rutgers, The State University of New Jersey	2,817,815	2,715,128
Interest and dividend income, net	177,280	252,173
Net decrease in fair value of investments	(51,519)	(88,368)
Other income	11,136	18,433
Net nonoperating revenues	28,904,428	27,518,847
Loss before other revenues	(8,965,073)	(11,833,404)
Additions to permanent endowments (nonexpendable)	—	93,001
Decrease increase in net position	(8,965,073)	(11,740,403)
Net position as of beginning of year	111,481,993	123,222,396
Net position as of end of year	$ 102,516,920	111,481,993

See accompanying notes to financial statements.

RUTGERS UNIVERSITY FOUNDATION

(A Component Unit of Rutgers, The State University of New Jersey)

Statements of Cash Flows

Years ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Private gifts for endowment purposes	$ 27,768,244	16,489,114
Nongovernmental grants	26,215,358	10,172,764
Gift receipts for other than capital purposes	52,194,615	49,132,313
Capital gifts and grants received	8,608,264	15,019,227
Assessment fees	4,459,350	3,092,310
Payments to Rutgers, The State University of New Jersey	(120,557,556)	(89,764,599)
Payments to Douglass Associate Alumnae	(58,611)	—
Payments to annuitants	(960,752)	(896,929)
Payments to suppliers	(8,569,636)	(8,734,506)
Payments to employees	(17,517,313)	(16,161,199)
Payments for benefits	(5,266,546)	(4,727,624)
Net cash used by operating activities	(33,684,583)	(26,379,129)
Cash flows from noncapital financing activities:		
Administrative fees and support from Rutgers, The State University of New Jersey	25,949,716	24,621,481
Other income	11,136	18,433
Net cash provided by noncapital financing activities	25,960,852	24,639,914
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	11,309,539	15,545,090
Interest on investments	125,330	291,818
Purchases of investments	(12,859,364)	(16,181,288)
Net cash used by investing activities	(1,424,495)	(344,380)
Net decrease in cash and cash equivalents	(9,148,226)	(2,083,595)
Cash and cash equivalents as of beginning of year	16,344,921	18,428,516
Cash and cash equivalents as of end of year	$ 7,196,695	16,344,921
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	$ (37,869,501)	(39,352,251)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Fair rental value of space occupied	1,266,742	1,137,722
University-paid payroll taxes and benefits	1,551,073	1,577,405
Provision for (recovery of) uncollectible contributions receivable	338,508	(126,703)
Changes in assets, liabilities, and deferred inflows of resources:		
Contributions receivable	1,616,288	9,308,820
Assets other than cash, investments and contributions receivable	(3,391,685)	(1,357,329)
Total liabilities	2,396,375	2,569,992
Changes in deferred inflows of resources	407,617	(136,785)
Net cash used by operating activities	$ (33,684,583)	(26,379,129)

See accompanying notes to financial statements.

(1) Organization and Summary of Significant Accounting Policies

Organization

Rutgers University Foundation (the Foundation) was formed in 1973 by a resolution of Rutgers, The State University of New Jersey's (the University) Board of Governors. The Foundation was formed to aid the University in obtaining private funds and other resources including operating, programmatic, and capital gifts to meet the needs and achieve the goals of the University for which adequate funds may not be available from other sources.

The property and business of the Foundation are managed by a Board of Overseers whose officers consist of a President, a Secretary, a Treasurer, an Associate Treasurer and a Chair of the Board of Overseers, one or more Vice Chairs, and such other officers as deemed necessary. The total number of members that may serve on the Board of Overseers may not exceed 46 members. The regular term of an elected member of the Board of Overseers is three years. The elected member may serve a maximum of three terms, before a required break in service of at least one year. The term of an ex officio member is for as long as they hold such offices eligible for membership. Ex officio members of the Board of Overseers include the President of the University, the Executive Vice President for Finance and Administration of the University, the Chair of the Rutgers University Alumni Association, the Chair of the Board of Governors of the University, the Chair of the Board of Trustees of the University and the President of the Foundation. The terms of the board members are staggered so approximately one-third expire each year. New, or reelected, members are appointed via board resolution annually at the fiscal year-end meeting.

The Foundation's business includes activities associated with a limited liability corporation, RUF NYC LLC, which is considered a blended component unit and whose financial activity is included in the Foundation statements presented. Additional information regarding this entity may be found in note 12.

The Foundation is considered a component unit of the University for financial reporting purposes. The Foundation's financial statements are discretely presented in the University's financial statements.

Summary of Significant Accounting Policies

(a) Basis of Presentation

Governmental Accounting Standards Board (GASB) statements require that resources be classified for accounting and reporting purposes into the following net position categories:

- Restricted:

  Nonexpendable – Net position subject to externally imposed stipulations that must be maintained permanently by the Foundation or the University and are not considered expendable by the Foundation or the University.

  Expendable – Net position whose use by the Foundation is subject 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. Unrestricted net position may be designated for specific purposes by action of management as approved by the Board of Overseers. The Foundation first applies restricted resources before unrestricted resources when an expense is incurred.

(b) Basis of Accounting

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

(c) Revenue Recognition

Contributions, including pledges other than endowment and noncash gifts, are recognized as revenues when all eligibility requirements for recognition are met, which generally is the period the amount is donated to the Foundation. Additions to permanent endowments are recognized upon receipt. Investment and other income is recognized in the period earned. Revenue from split-interest agreements, in which the Foundation has a remainder interest, is deferred until termination of the agreement and recognized in the period in which such termination occurred.

(d) Classification of Operations

The Foundation's policy for defining operating activities in the Statements of Revenues, Expenses, and Changes in Net Position are those that serve the Foundation's principal purpose and generally result from certain grants and contributions. Nonoperating revenues include activities such as administrative fees and support from the University, noncash support from the University, and investment and dividend income. Other revenues include activities such as royalties for affinity programs for alumni engagement and additions to permanent endowments, which reflect endowments received by the Foundation to be held in perpetuity.

(e) Cash and Cash Equivalents

The Foundation classifies as cash equivalents, funds that are in short-term, highly liquid investments with an original maturity of three months or less and are readily convertible to known amounts of cash.

The Foundation primarily maintains its cash in interest-bearing checking accounts from which the funds are available upon demand.

(f) Investments

Investments in marketable securities are reflected at fair value. Purchases and sales of investments are accounted for on the trade date basis. Interest and dividend income is recorded on an accrual basis.

Donated investments are recorded at fair value at the date of donation. Donated securities are sold as soon as possible upon receipt (within 1-2 days) to prevent significant variances between the donated market value and proceeds.

(g) Office Furnishings

Costs of office furnishings and equipment are consistently charged to expenses because the Foundation does not deem such amounts to be sufficiently material to warrant capitalization and depreciation.

(h) Beneficial Interest 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 using the mortality table to estimate life expectancy and the original Internal Revenue Service (IRS) discount rate of each gift which ranges from 1.2% to 10.2%.

(i) Funds Held in Trust

Funds held in trust by others and not in the possession of, nor under the control of, the Foundation are not included in the Foundation's statement of net position. As of June 30, 2020 and 2019, the fair value of such funds approximated $27.1 million and $25.3 million, respectively.

(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 reporting period. Actual results could differ from those estimates. The significant estimates include the allowance for doubtful accounts, contributions receivable and the actuarial liability related to the beneficial interest payable.

(k) Tax Status

The Foundation has been classified by the IRS as an organization described under Section 501(c)(3) of the Internal Revenue Code and therefore is exempt from Federal income taxes under Section 501(a) of the Code.

(l) Accounting Pronouncements Applicable to Rutgers University Foundation, Issued but Not Yet Effective

In June 2017, the GASB issued Statement No. 87, *Leases* (GASB 87). This statement improves accounting and financial reporting for leases by governments. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB 87 would have been effective for periods beginning after December 15, 2019.

(Continued)

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB 95). This statement delayed the effective dates for previously issued GASB statements which would now cause undue hardship on governmental entities as a result of the COVID-19 pandemic. The Foundation has assessed the impact of this statement and determined the new effective dates for GASB Statement No. 84 – Fiduciary Activities are fiscal years beginning after December 15, 2019 (fiscal year 2021) and GASB Statement No. 87 – Leases are fiscal years beginning after June 15, 2021 (fiscal year 2022). The standard is effective immediately upon issuance. SJTP is currently evaluating the impact of the standards delayed by GASB 95 and will adopt the standards in accordance with the delayed effective dates.

(2) Cash, Cash Equivalents, and Investments

The Foundation's cash and cash equivalents consist of the following:

		2020	2019
Money market account	$	895,045	809,305
Cash and deposits		6,301,650	15,535,616
	$	7,196,695	16,344,921

The Board of Overseers, through its Investment Committee, has authority over the investment of Foundation funds. Professional investment managers are engaged by the Foundation to buy, sell, invest, and reinvest portions of the assets in accordance with the investment policies and objectives established by the Investment Committee.

The primary financial objective of the Foundation's investment management of assets for the General Endowment Fund is to earn the highest yield possible without unnecessary risk to principal. To achieve the goals of safety, liquidity, and return, the assets in the General Endowment Fund are invested in laddered high quality short-term fixed income securities and/or an institutional money market fund. The objective for the Planned Giving Portfolio is to maximize long-term total return through a combination of income and capital appreciation in a prudent manner. To achieve the goals of growth and income, the assets within the Planned Giving Portfolio are divided into an equity portion (equities including convertibles and cash devoted to equities) and a fixed income portion (bonds, notes, nonconvertible preferred stock, and cash devoted to fixed income). In addition, the Planned Giving Portfolio is subject to state mandated investment restrictions for annuities issued in the states of Florida and California.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the financial statement measurement date. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 – unadjusted quoted or published prices for identical assets or liabilities in active markets that a government can access at the measurement date;

- Level 2 –quoted or published prices other than those included within Level 1 and other inputs that are observable for an asset or liability, either directly or indirectly; and
- Level 3 – unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3. When the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level that is significant to the entire measurement.

While the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following is a description of the valuation methodologies used for instruments measured at fair value:

- U.S. Treasury securities – The fair value of U.S. Treasury securities is the market value using quoted market prices.
- Municipal bonds – The fair value of municipal bonds is the market value using quoted market prices.
- Corporate bonds – The fair value of corporate bonds is the market value using quoted market prices (Level 1) and sensitivity analysis of the relationship between bond and equity values for corporate bonds with observable inputs (Level 2) and unobservable inputs (Level 3).
- Mortgage-backed securities – The fair value of mortgage-backed securities is the market value using quoted market prices.
- Preferred Stock – The fair value of preferred stock is the market value using quoted market prices (Level 1) and sensitivity analysis of the relationship between bond and equity values for preferred stock with observable inputs (Level 2) and unobservable inputs (Level 3).
- Fixed income mutual funds – The fair value of fixed income mutual funds is the market value based on quoted or published market prices.
- Equity securities – The fair value of equity securities is the market value based on quoted market prices.
- International equity securities – The fair value of international equity securities is the market value based on quoted market prices.
- Money market mutual funds – The fair value of money market mutual funds is the market value based on quoted or published market prices.
- Real estate – The fair value of real estate is the value based on current listed real estate market values for the specific property or like property.
- Privately held securities – The fair value of privately held securities is the value based upon the initial recognition of the asset when donated to the Foundation. There are no observable markets for the assets.

The Foundation's investments at June 30, 2020 are summarized in the following table by their fair value hierarchy:

		Investments by fair value level		
	Total	**Level 1**	**Level 2**	**Level 3**
Investments measured at fair value:				
U.S. Treasury securities	$ 365,253	365,253	—	—
Corporate bonds	64,926	44,873	8,687	11,366
Mortgage-backed securities	630	630	—	—
Preferred stock	54,833	40,863	13,970	—
Money market mutual funds	10,388,380	10,388,380	—	—
Fixed income mutual funds	8,085,478	8,085,478	—	—
Equity securities	6,271,915	6,271,915	—	—
International equity securities	843,880	843,880	—	—
Real estate	653,400	—	653,400	—
Privately held securities	60,000	—	—	60,000
Total investments	$ 26,788,695	26,041,272	676,057	71,366

The Foundation's investments at June 30, 2019 are summarized in the following table by their fair value hierarchy:

		Investments by fair value level		
	Total	**Level 1**	**Level 2**	**Level 3**
Investments measured at fair value:				
U.S. Treasury securities	$ 170,634	170,634	—	—
Municipal bonds	3,762	3,762	—	—
Corporate bonds	121,751	101,316	8,832	11,603
Mortgage-backed securities	688	688	—	—
Preferred stock	14,642	—	14,642	—
Money market mutual funds	10,238,989	10,238,989	—	—
Fixed income mutual funds	7,246,657	7,246,657	—	—
Equity securities	6,222,267	6,222,267	—	—
International equity securities	793,937	793,937	—	—
Real estate	187,400	—	187,400	—
Privately held securities	60,000	—	—	60,000
Total investments	$ 25,060,727	24,778,250	210,874	71,603

Custodial Credit Risk – The Foundation's deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Foundation's name. The deposit risk is that, in the event of the failure of a depository financial institution, the Foundation will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Foundation's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Foundation and are held by either: the counterparty or the counterparty's trust department or agent, but not in the Foundation's name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the Foundation will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

The 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 pledging financial institutions, or by its trust department or agent, but not in the Foundation's name. As of June 30, 2020 and 2019, the amount on deposit with the banks was $6,113,966 and $15,635,955, respectively. As of June 30, 2020 and 2019, the Foundation had insured deposits up to the Federal Deposit Insurance Corporation (FDIC) coverage limits totaling $274,462 and $281,989, respectively. Cash and cash equivalents in excess of those balances are uncollateralized.

As of June 30, 2020 and 2019, the Foundation's investments were either insured, registered, or held by the Foundation's agent in the Foundation's name, except for money market and mutual funds, which are not subject to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Concentration of Credit Risk – This is the risk associated with the amount of investments the Foundation has with any one issuer that exceed 5% or more of its total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

The Foundation limits the concentration of credit risk by placing a limit on the amount the investment managers may invest in any one issuer. No initial purchase of an equity or fixed income security in any one issuer should exceed 5% of the portion of the Foundation's assets under management by each investment manager. In addition, no single equity security should be greater than 10% of the market value of the Foundation's assets under management. As of June 30, 2020, there are no investments in any one issuer greater than 1% of total investments.

Credit Risk – GASB Statement No. 40 requires that disclosure be made as to the credit rating of all fixed income securities except obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. The Foundation's investment policy states that individual bonds shall be rated investment grade by at least two recognized or authorized rating agencies (Moody's and Standard & Poor's). The average credit quality of the fixed income securities must be maintained at a Class "BBB/Baa" or higher as rated by both standard services (Moody's and Standard & Poor's). Up to 10% of the investment manager's portfolio may be invested in securities rated "BBB/Baa" or lower as rated by both standard services (Moody's and Standard & Poor's). The dollar-weighted average rating of the fixed income portfolio for each manager of marketable bonds shall be "A/A" or better.

As of June 30, 2020, the Foundation's investment quality ratings as rated by Standard & Poor's were as follows:

Investment type	Quality rating	Amount
U.S. Treasury and securities	AA+	$ 365,253
Corporate bonds	A-	8,163
Corporate bonds	BBB	11,366
Corporate bonds	BBB-	20,961
Corporate bonds	BB+	24,436
Mortgage-backed securities	AA+	630
Preferred stock	A-	1,000
Preferred stock	BBB-	12,970
Preferred stock	Not rated	40,863
Money market mutual funds	AAA	10,388,380
Fixed income mutual funds	Not rated	8,085,478
		$ 18,959,500

As of June 30, 2019, the Foundation's investment quality ratings as rated by Standard & Poor's were as follows:

Investment type	Quality rating	Amount
U.S. Treasury and securities	AA+	$ 170,634
Municipal bonds	AAA	3,762
Corporate bonds	BBB	11,603
Corporate bonds	BBB-	51,963
Corporate bonds	BB+	33,862
Corporate bonds	BB	12,827
Corporate bonds	Not rated	11,496
Mortgage-backed securities	AA+	688
Preferred stock	BBB+	1,000
Preferred stock	BBB-	13,642
Money market mutual funds	AAA	10,238,989
Fixed income mutual funds	Not rated	7,246,657
		$ 17,797,123

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation does not have a provision in the investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. While the general provisions of the investment strategy should be implemented with a long-term prospective, all holdings must be sufficiently liquid so as to allow liquidation of the entire portfolio on one month's notice. In addition, annuity pooled investments in the planned giving portion of the portfolio are governed by the New Jersey Prudent Investor Act. The required reserves for this pool are reviewed utilizing actuarial assumptions of the charitable gift annuity assets. The following table summarizes the maturities as of June 30, 2020 and 2019:

	2020				
		Investment maturities (in years)			
Investment type	**Fair value**	**Less than 1**	**1–5**	**6–10**	**More than 10**
U.S. Treasury securities	$ 365,253	152,853	212,400	—	—
Corporate bonds	64,926	36,112	11,964	8,687	8,163
Mortgage-backed securities	630	—	—	630	—
Preferred stock	54,833	36,969	17,864	—	—
Money market mutual funds	10,388,380	10,388,380	—	—	—
Fixed income mutual funds	8,085,478	—	5,427,847	2,657,631	—
	$ 18,959,500	10,614,314	5,670,075	2,666,948	8,163

	2019				
		Investment maturities (in years)			
Investment type	**Fair value**	**Less than 1**	**1–5**	**6–10**	**More than 10**
U.S. Treasury securities	$ 170,634	16,102	154,532	—	—
Municipal bonds	3,762	—	—	3,762	—
Corporate bonds	121,751	63,665	49,254	8,832	—
Mortgage-backed securities	688	—	—	688	—
Preferred stock	14,642	1,000	—	—	13,642
Money market mutual funds	10,238,989	10,238,989	—	—	—
Fixed income mutual funds	7,246,657	—	4,997,050	2,249,607	—
	$ 17,797,123	10,319,756	5,200,836	2,262,889	13,642

(3) Retirement Plan

The Foundation has a contributory retirement plan (the Plan) covering substantially all full-time employees under arrangements with Teachers Insurance and Annuity Association (TIAA) and College Retirement Equities Fund (CREF) which provides for the purchase of annuities and other retirement options for employees.

Under the Plan, staff and administrators can elect to contribute 5% of their annual salary in order to qualify for the employer match as of the Plan entry date. New employees with an existing retirement account at a nonprofit organization are vested immediately, those not meeting that requirement are held in delayed vesting status during the initial year of employment. The Foundation's contribution to the Plan is equal to 8% of annual salary and, accordingly, the cost of the Plan for the years ended June 30, 2020 and 2019 was $1,252,040 and $1,110,086, respectively. Such cost is included in the Foundation's operating expenses in the accompanying Statements of Revenues, Expenses, and Changes in Net Position.

(4) Administrative Fees and Support from Rutgers, The State University of New Jersey

The Foundation's operations, including certain payroll taxes and benefits, the fair rental value of space occupied, and office furnishings used by the Foundation are supported extensively by the University for operating purposes. Funding sources for the years ended June 30, 2020 and 2019 were as follows:

		2020	2019
Administrative fees and support:			
Endowment administrative fee	$	11,196,131	10,422,617
University support		14,753,585	14,198,864
		25,949,716	24,621,481
Noncash support:			
Fair rental value of space occupied		1,266,742	1,137,722
University-paid payroll taxes and benefits		1,551,073	1,577,406
		2,817,815	2,715,128
Total	$	28,767,531	27,336,609

(5) Assessment Fee Income

The Foundation charges an assessment fee on all new gifts and nongovernmental grants in order to further advancement efforts on behalf of Rutgers, the State University of New Jersey. For the years ended June 30, 2020 and 2019, assessment fees totaling $8,188,977 and $3,755,655, respectively, were recorded.

(6) Compensated Absences

The Foundation accounts for compensated absences as directed by GASB Statement No. 16, *Accounting for Compensated Absences*. A liability for compensated absences (unused vacation and sick leave) attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. Foundation employees earn vacation and sick time in varying amounts under personnel policies and negotiated agreements. In the event of resignation, retirement, or termination, an employee is reimbursed for unused vacation time. Retiring employees are reimbursed for sick time upon retirement at the rate of one half of the monetary value of his or her unused sick time, up to a maximum of $15,000. As of June 30, 2020 and 2019, a liability existed for compensated absences of $1,939,448 and $1,560,510, and are included in accounts payable and accrued expenses of $1,216,564 and $1,016,466, and other liabilities of $722,884 and $544,044, respectively.

(7) Restricted Contributions Receivable

The anticipated receipt of contributions receivable as of June 30, 2020 and 2019 is as follows:

		2020	2019
Year ending June 30:			
Within one year	$	53,054,476	49,942,130
Two to five years		33,447,765	38,176,399
		86,502,241	88,118,529
Less allowance for uncollectible contributions receivable		(7,293,879)	(6,955,371)
	$	79,208,362	81,163,158

Contributions receivable related to permanent endowments and term endowments do not meet the eligibility requirements for recognition of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, until received. This contribution receivable, which totaled $124,390,700 and $122,912,686, respectively, as of June 30, 2020 and 2019, has not been included in the accompanying financial statements.

(8) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following as of June 30, 2020 and 2019:

		2020	2019
Vendors	$	5,869,870	5,480,992
Compensated absences		1,216,564	1,016,466
Accrued salaries and benefits		153,982	—
Other accrued expenses		78,307	141,020
	$	7,318,723	6,638,478

(9) Noncurrent Liabilities

The following table summarizes the changes in noncurrent liabilities during the years ended June 30, 2020 and 2019:

		June 30, 2019	Additions	Reductions	June 30, 2020	Current portion
Other liabilities (comp. absences)	$	1,560,510	428,265	(49,327)	1,939,448	1,216,564
Beneficial interest payable – annuities		6,486,634	2,847,626	(1,406,146)	7,928,114	814,473
Beneficial interest payable – trusts		1,465,795	171,497	(264,180)	1,373,112	223,856
	$	9,512,939	3,447,388	(1,719,653)	11,240,674	2,254,893

	June 30, 2018	Additions	Reductions	June 30, 2019	Current portion
Other liabilities (comp. absences)	$ 1,431,806	221,421	(92,717)	1,560,510	1,016,466
Beneficial interest payable – annuities	6,470,924	473,108	(457,398)	6,486,634	683,479
Beneficial interest payable – trusts	1,649,730	—	(183,935)	1,465,795	241,762
	$ 9,552,460	694,529	(734,050)	9,512,939	1,941,707

(10) Commitments

The Foundation leases certain space used in general operations. Rental expenses were $261,972 and $362,697 for the years ended June 30, 2020 and 2019, respectively. The leases are noncancelable and have been classified as operating leases which are expected to expire through December 31, 2022. Minimum annual rental commitments approximate the following:

	Amount
Fiscal year:	
2021	$ 211,972
2022	97,861
Total	$ 309,833

(11) University Receipts on Foundation Pledges

The Foundation records pledges receivable, and the associated gift income, for nonendowment related gifts and private grants based upon written commitments from these entities. From individual donors, the written support is primarily in the form of a fund agreement signed by both the donor(s) and the Foundation. Private grants obtained from private corporations and foundations are recorded upon confirmation of the grant award to the University via correspondence from the private organization. Payments on these pledges are not all received at the Foundation, as some payments are made directly to the University. Any payments made directly to the University are captured in the Foundation's Statements of Revenues, Expenses and Changes in Net Position as gift revenue as well as distributions to the University. The total of these payments to the University as of June 30, 2020 and 2019 were $20,930,324 and $17,662,122, respectively.

(12) Blended Component Unit – RUF NYC LLC Organization

On October 4, 2017, the Foundation established a limited liability company, RUF NYC LLC. The organization was created to provide a license to the University, for the benefit of the Rutgers Business School, to occupy space in New York City for the purpose of hosting potential donors and individuals in the fashion industry and develop and enhance a fashion business program at the University. As the RUF NYC LLC operates under the authority of a sole Foundation officer as a registered agent of this organization, with operational responsibility of the entity, RUF NYC LLC is considered a blended component unit and assets, liabilities, and operating activities of RUF NYC LLC are included in the basic financial statements of the Foundation.

RUF NYC LLC's condensed Statements of Net Position and Revenue, Expenses, and Changes in Net Position as of and for the years ended June 30, 2020 and 2019 are as follows:

		2020	2019
Current assets:			
Cash and cash equivalents	$	24,462	24,769
Accounts receivable – current		—	3
Prepaid expenses		6,891	6,632
Total assets	$	31,353	31,404
Current liabilities:			
Deferred revenue	$	31,353	31,404
Total liabilities	$	31,353	31,404

		2020	2019
Operating revenues:			
Special events	$	72,050	79,732
Total operating revenues	$	72,050	79,732
Operating expenses:			
Supplies	$	—	3,096
Other services (occupancy costs)		72,080	76,694
Total operating expenses	$	72,080	79,790
Nonoperating income:			
Interest income	$	30	58
Total nonoperating income	$	30	58

(13) Coronavirus (COVID-19) impact

The spread of the coronavirus (COVID-19) around the world has caused significant volatility in the U.S. and international markets. While the overall impacts of COVID-19 during fiscal year 2020 to Rutgers University Foundation's business and operations were not overly significant, there is significant uncertainty around the breath and duration of business disruptions related to COVID-19, as well as its impact on the U.S. economy. Rutgers University Foundation is unable to determine if it will have a material impact on its operations in the future.

(14) Subsequent Event

In August 2020, it was decided that the Rutgers Business School would not be renewing its lease for space in New York City to host and engage potential donors and further its fashion business program with a presence in the fashion district. Since the primary purpose of the establishment of the RUF NYC LLC entity was to provide a license to the University to allow for this lease arrangement, the RUF NYC LLC organization will cease operations in fiscal year 2021.

Rutgers University Foundation has evaluated additional events and transactions occurring after the statement of financial position date of June 30, 2020 through October 29, 2020, which is the date that the financial statements were issued, for disclosure and recognition in the financial statements.