



**STEVENS INSTITUTE OF TECHNOLOGY**

Consolidated Financial Statements and Supplementary Schedules

June 30, 2020

(With Independent Auditors' Report Thereon)

# STEVENS INSTITUTE OF TECHNOLOGY

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## Independent Auditors' Report

The Board of Trustees  
Stevens Institute of Technology:

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Stevens Institute of Technology and Subsidiary (the University), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

#### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Stevens Institute of Technology and Subsidiary as of June 30, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.



#### *Other Matter*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary schedule of financial responsibility data, as of and for the year ended June 30, 2020, is presented for purposes of additional analysis as required by the U.S. Department of Education, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedule of financial responsibility data is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

#### *Report on Summarized Comparative Information*

We have previously audited Stevens Institute of Technology and Subsidiary's 2019 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 28, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2020, except as to note 21, which is as of May 25, 2021, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

**KPMG LLP**

October 16, 2020, except as to note 21 and our report on the supplementary schedule of financial responsibility data, which are as of May 25, 2021

**STEVENS INSTITUTE OF TECHNOLOGY**

Consolidated Statement of Financial Position

June 30, 2020

(with comparative financial information as of June 30, 2019)

(Dollars in thousands)

<b>Assets</b>	<b>2020</b>	<b>2019</b>
Cash and cash equivalents (note 4)	\$ 75,803	66,356
Student, sponsor and other receivables, net (note 5)	15,877	18,396
Prepaid expenses and other assets (note 2(f))	14,734	9,421
Contributions receivable, net (notes 6 and 19)	20,276	24,609
Deposits with bond trustees (notes 2(g), 4, and 10)	157,630	21,917
Investments (note 7)	213,226	209,300
Trusts held by others (note 7)	6,093	5,996
Land, buildings and equipment, net (note 8)	341,465	254,678
Total assets	\$ 845,104	610,673
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 40,203	28,111
Deferred revenue (note 9)	12,145	11,362
Line of credit (note 10)	—	5,900
Capital lease obligations (note 18)	893	1,881
Annuities payable	2,112	1,932
Post-retirement and pension obligations (note 11 and 12)	6,739	6,088
Conditional asset retirement obligations (note 13)	4,729	5,961
Long-term debt, net (note 10)	341,575	136,867
Refundable advances (note 5)	3,165	4,731
Total liabilities	411,561	202,833
Net assets (notes 16 and 17):		
Without donor restrictions	201,917	160,517
With donor restrictions	231,626	247,323
Total net assets	433,543	407,840
Total liabilities and net assets	\$ 845,104	610,673

See accompanying notes to consolidated financial statements.

**STEVENS INSTITUTE OF TECHNOLOGY**

Consolidated Statement of Activities

Year ended June 30, 2020

(with summarized financial information for the year ended June 30, 2019)

(Dollars in thousands)

	2020		Total	2019 Total
	Without donor restrictions	With donor restrictions		
Operating activities:				
Revenues and other support:				
Tuition and fees (net of student aid of \$91,518 in 2020 and \$82,091 in 2019) (note 14)	\$ 197,705	—	197,705	183,115
Sponsored activity revenues (note 14):				
Federal	33,106	—	33,106	28,517
State	1,042	—	1,042	1,251
Private/other	3,091	—	3,091	2,704
Total sponsored activity revenues	37,239	—	37,239	32,472
Grants	2,757	—	2,757	1,075
Contributions	831	3,959	4,790	6,499
Other revenues	2,997	—	2,997	3,409
Auxiliary enterprises (note 14)	23,861	—	23,861	30,719
Investment return in support of operations (notes 7 and 17)	2,070	5,881	7,951	8,339
Net assets released from restrictions	8,598	(8,598)	—	—
Total operating revenues and other support	276,058	1,242	277,300	265,628
Expenses (note 15):				
Salaries and benefits	161,616	—	161,616	149,206
Purchased services	31,902	—	31,902	27,794
Maintenance, rents and utilities	20,502	—	20,502	21,561
Supplies and other	28,241	—	28,241	26,911
Interest expense (note 10)	4,028	—	4,028	3,893
Depreciation and amortization	15,409	—	15,409	14,268
Total operating expenses	261,698	—	261,698	243,633
Operating surplus before gain on sale of property	14,360	1,242	15,602	21,995
Gain on sale of property	8,275	—	8,275	—
Operating surplus	22,635	1,242	23,877	21,995
Nonoperating activities:				
Investment return (loss), net of amounts in support of operations (note 7)	431	(2,593)	(2,162)	10,553
Contributions	—	4,746	4,746	3,534
Grants and other revenue	664	—	664	2,182
Post-retirement benefit changes other than service cost (note 11)	(837)	—	(837)	(392)
Change in value of split-interest agreements	—	(356)	(356)	180
Uncollectible contributions	—	(229)	(229)	(8,970)
Reclassification of net assets	(573)	573	—	—
Net assets released from restrictions	19,080	(19,080)	—	—
Total nonoperating activities	18,765	(16,939)	1,826	7,087
Changes in net assets	41,400	(15,697)	25,703	29,082
Net assets, beginning of year	160,517	247,323	407,840	378,758
Net assets, end of year	\$ 201,917	231,626	433,543	407,840

See accompanying notes to consolidated financial statements.

**STEVENS INSTITUTE OF TECHNOLOGY**

Consolidated Statement of Cash Flows

Year ended June 30, 2020

(with comparative financial information for the year ended June 30, 2019)

(Dollars in thousands)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 25,703	29,082
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Accretion of bond premium	(832)	(439)
Accretion of interest on conditional asset retirement obligations	279	286
Amortization of bond issuance costs	43	30
Depreciation and amortization	16,520	13,982
(Gain) loss of disposal of property	(7,299)	352
Net losses (gains) on investments	901	(11,260)
Loss for uncollectible contributions	229	8,970
Post-retirement benefit changes other than net periodic benefit costs	543	67
Present value adjustment on annuities payable	356	(180)
Present value adjustment on contribution receivable	(358)	(556)
Change in allowance for doubtful accounts – contributions receivable	(179)	(94)
Change in allowance for doubtful accounts – student, sponsor, loans and other receivables	1,024	254
Contributions and grants restricted for capital and endowment	(4,746)	(5,602)
Decrease (increase) in operating assets:		
Student, sponsor and other receivables	359	(782)
Contributions receivable	2,431	1,993
Prepaid expenses and other assets	(5,313)	(3,550)
Trusts held by others	(171)	(203)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	7,307	3,047
Deferred revenue	783	(3,738)
Annuities payable	17	470
Post-retirement and pension obligations	108	54
Conditional asset retirement obligations	(1,511)	(392)
Net cash provided by operating activities	<u>36,194</u>	<u>31,791</u>
Cash flows from investing activities:		
Proceeds from sale of property	8,275	—
Proceeds from sales of investments	66,202	33,927
Purchase of investments	(71,011)	(49,798)
Purchases of land, buildings and equipment	(99,498)	(71,723)
Withdrawals from deposits with bond trustee	7,485	25,436
Additions to deposits with bond trustees	(80,177)	—
Collection of student loans	1,136	1,028
Net cash used in investing activities	<u>(167,588)</u>	<u>(61,130)</u>
Cash flows from financing activities:		
Receipts of contributions and grants restricted for capital and endowment	6,956	10,458
Proceeds from borrowing on line of credit	32,700	5,900
Repayments of line of credit	(38,600)	—
Payments to annuitants	(193)	(213)
Refundable advances for student loans	(1,566)	63
Repayments of capital lease obligations	(988)	(951)
Proceeds from issuance of long-term debt	209,648	—
Repayments of long-term debt	(2,977)	(3,295)
Payments of bond issuance costs	(1,174)	—
Net cash provided by financing activities	<u>203,806</u>	<u>11,962</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	72,412	(17,377)
Cash, cash equivalents and restricted cash, beginning of year	<u>83,048</u>	<u>100,425</u>
Cash, cash equivalents and restricted cash, end of year	\$ <u>155,460</u>	\$ <u>83,048</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	\$ 6,070	6,209
Increase in amounts accrued for purchase of land, buildings and equipment	4,785	3,043

See accompanying notes to consolidated financial statements.

# STEVENS INSTITUTE OF TECHNOLOGY

## Consolidated Financial Statements

June 30, 2020

(with summarized comparative financial information as of June 30, 2019)

### (1) Organization

Stevens Institute of Technology (the University), founded in 1870 and located in Hoboken, New Jersey, educates and inspires students to acquire knowledge needed to lead in the creation, application and management of technology and to excel in solving problems in any profession. The University serves approximately 7,100 students and is accredited by the Middle States Association of Colleges and Schools (MSACS), the Accreditation Board of Engineering Technology (ABET), and the Association to Advance Collegiate Schools of Business (AACSB).

The University is also committed to a comprehensive growing program of research, which strengthens the educational experience and materially contributes to our nation's goals. In this context, it follows an educational methodology by which faculty, students and colleagues from industry jointly nurture the process of conception, design, and the marketplace realization of new technologies.

The University is the sole owner of Castle Point Holdings, Inc., established for the purpose of providing a corporate interface between the University and enterprise (start-up) companies.

In fiscal 2020, the COVID-19 pandemic had a significant impact on University operations. The campus closed to students on March 27, 2020 and refunds were made to students pro rata for the Spring term for housing fees, meal plans, and parking totaling \$6,000. The University also experienced a loss of revenue from cancelled facility rentals and auxiliary services of \$744 and incurred additional expenses related to the transition to remote learning, purchases of personal protective equipment, maintenance costs for cleaning and disinfecting the campus buildings and other expenses totaling \$1,881. The total negative impact was offset by savings due to less spending. In April 2020, the University was awarded \$3,122 of funding from the Coronavirus Aid, Relief and Economic Security Act (CARES Act) Higher Education Emergency Relief Fund (HEERF) for student and institutional aid. As of June 30, 2020, a portion of these funds have been drawn down by the University to cover \$756 of disbursements that were paid to students and \$756 to reimburse the University for costs incurred in response to COVID-19.

### (2) Summary of Significant Accounting Policies

#### (a) Consolidation

The accompanying consolidated financial statements include the accounts of Stevens Institute of Technology and its wholly owned subsidiary, Castle Point Holdings, Inc. (collectively, the University). All significant intercompany accounts have been eliminated in consolidation.

#### (b) Basis of Presentation

The University prepares its consolidated financial statements on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (U.S. GAAP) and with standards established by the Financial Accounting Standards Board (FASB) for external financial reporting by not-for-profit organizations. Accordingly, the University's resources are classified and reported based upon the existence or absence of donor-imposed restrictions, as follows:

##### *Net Assets with Donor Restrictions*

Included in these net assets are net assets subject to donor-imposed stipulations that they be maintained permanently by the University. Donors of these assets generally permit the use of all or part



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June 30, 2020

(with summarized comparative financial information as of June 30, 2019)

of investment earnings for operating or specific purposes, such as scholarships, chairs and educational and research programs. Also included are net assets subject to donor-imposed restrictions that will be satisfied either by actions of the University or the passage of time.

#### *Net Assets without Donor Restrictions*

Net assets that are not subject to donor-imposed restrictions, and therefore are expendable for operating purposes. Net assets without donor restrictions may be designated for specific purposes by the University's Board of Trustees.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets are limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Appreciation or depreciation in the fair value of investments and gains and losses on other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless otherwise restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets are reported as net assets released from restrictions.

#### **(c) Cash and Cash Equivalents**

Cash and cash equivalents are recorded at fair value and comprises highly liquid financial instruments with original maturities of three months or less at time of purchase. Short-term highly liquid investments are not considered cash and cash equivalents if purchased with resources from a donor-restricted endowment fund or other resources limited to long-term investment. At June 30, 2020 and 2019, there were no cash equivalents within the cash balances presented in the accompanying consolidated statement of financial position.

#### **(d) Concentrations of Credit Risk**

Cash and investments are exposed to interest rate, market, and credit risks. The University maintains its cash in various bank deposit accounts that, at times, may exceed federally insured limits. To minimize risk, the University's cash accounts are placed with high credit quality financial institutions and the University's investment portfolio is diversified among a variety of asset categories, which are held by several investment managers. The University regularly evaluates its depository arrangements and investment strategies.

#### **(e) Student Accounts and Loans Receivable**

Student accounts receivable represent credit extended to students with no underlying collateral. Such balances are due at the beginning of each semester and are stated net of an allowance for doubtful accounts. The University determines its allowance based on the anticipated net realizable value of expected collections. Student loans receivable principally represent loans under the Federal Perkins Loan Program. Student loans under the Federal Perkins Program are guaranteed by the Federal Government.

#### **(f) Prepaid Expenses and Other Assets**

Prepaid expenses and other assets represent goods or services paid for in advance that the University will benefit from in future periods. Included in prepaid expenses and other assets are the design and implementation costs of the Workday Student system (the System) totaling \$11,031 and \$6,491 at

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(with summarized comparative financial information as of June 30, 2019)

June 30, 2020 and 2019, respectively. The System is a cloud computing arrangement (CCA) and the deferred costs will be recognized as expense over the term of the CCA once the System is placed into service, which is expected to occur in fiscal 2021.

#### **(g) Deposits with Bond Trustees**

Deposits with bond trustees represent funds held by the trustee, as required by bond indentures, and held by the trustee in cash equivalents and U.S. Treasuries in the amount of \$57,202 and \$12,255 at June 30, 2020 and 2019, respectively, which are classified as Level 1 within the fair value hierarchy of the Accounting Standards Codification (ASC) 820, *Fair Value Measurement*. Amounts are also held by the trustee in cash equivalents, Federal agency and corporate bonds in the amount of \$100,428 and \$9,662 at June 30, 2020 and 2019, respectively, which are classified as Level 2 within the fair value hierarchy. Such resources will be utilized to fund various construction projects or to satisfy certain debt service reserve requirements pursuant to the respective bond indenture agreements.

#### **(h) Investments**

The fair value of investments, which consist of fixed income and equity securities, is based on quoted market prices at June 30th. Investments in pooled private equity and other alternative investment funds are stated at estimated fair value based on the net asset value (NAV) of the funds as a practical expedient. Values of these funds, which may invest in both nonmarketable and market-traded securities, are provided by the general partner of the fund and reviewed by management for reasonableness.

#### **(i) Fair Value Measurement**

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices or published NAVs in active markets for identical assets or liabilities.
- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets.

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### Consolidated Financial Statements

June 30, 2020

(with summarized comparative financial information as of June 30, 2019)

#### **(j) Split-Interest Agreements**

The University's split-interest agreements include charitable remainder trusts, life income funds and perpetual trusts. The underlying assets of the trust agreements are invested in cash, cash equivalents and equity securities and are carried at fair value. Charitable remainder trusts and life income funds for one or more beneficiaries generally pay lifetime income to those beneficiaries, after which, the principal is made available to the University in accordance with donor stipulations. A liability is established for the present value of the estimated future payments to the beneficiaries, with the difference between the liability and the fair value of the proceeds received by the University recorded as a contribution. The present value calculation is performed using rates prescribed by the Internal Revenue Service.

The University operates a gift annuity program for donors from various states including New Jersey, New York, Florida and Maryland. The University maintains assets at least equal to the sum of the reserves on its outstanding annuity agreements. The reserves on the outstanding annuity agreements are consistent with the assumptions underlying the rates adopted by the American Council on Gift Annuities which are in effect at the time of issuance of the gift annuity. In determining the appropriate reserves, an adjustment is made for the obligation to the annuitant and the fair value of the investments. The University's gift annuity reserves are sufficient to meet the state requirements of all of the states in which the program operates.

The split-interest agreements assets that are held by third party trustees are recorded in trusts held by others. These amounts are recorded at the fair value of the assets contributed to the trust and are classified within Level 3 of the fair value hierarchy of ASC 820.

#### **(k) Land, Buildings and Equipment**

Land, buildings and equipment, purchased for a value of \$5 or more and with depreciable lives greater than one year, are stated at cost net of depreciation, or fair value at date of contribution, if donated. Upon disposal of fixed assets, the costs and accumulated depreciation are removed from the accounts, and the resulting gain or loss, if any, is included within operating activities in the accompanying consolidated statement of activities.

Depreciation is calculated using the straight-line method and half-year convention over the following estimated useful lives:

Buildings	40 years
Building improvements	20 years
Furniture, fixtures and equipment	4 to 15 years

#### **(l) Operating Measure**

The University classifies its activities in the accompanying consolidated statement of activities as operating and nonoperating. Operating activities principally include all income and expenses related to carrying out the University's educational and research mission. Operating revenues also include contributions and investment return used to fund current operations, in accordance with the University's endowment spending rate policy.

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(with summarized comparative financial information as of June 30, 2019)

Nonoperating activities principally include investment return in excess of (or less than) amounts authorized for expenditure by the University's Board of Trustees (spending rate policy); contributions and other resources intended to be held in perpetuity or for purchases of capital assets and the related release of contributions restricted for capital purposes; present value adjustments of annuities payable; and other activities considered to be a more unusual or nonrecurring nature, if any.

#### **(m) Revenue Recognition**

##### *(i) Tuition and Fee Revenue*

The University recognizes revenue from student tuition and fees within the fiscal year in which educational services are provided. Institutional aid, in the form of scholarships and grants-in-aid, includes amounts funded by the endowment, research funds, and gifts, and reduces the published price of tuition for students receiving such aid. As such, institutional aid is referred to as a tuition discount and represents the difference between the stated charge for tuition and fees and the amount that is billed to the student and/or third parties making payments on behalf of the student.

Two summer terms are offered: Summer A from mid-May to the end of June and Summer B from early July to mid-August. Payments of tuition and fees for all of the summer terms are recognized as performance obligations are met.

##### *(ii) Sponsored Activity*

The University receives sponsored program funding from various governmental and corporate sources. The funding may represent a reciprocal transaction in exchange for an equivalent benefit in return, or it may be a nonreciprocal transaction in which the resources provided are for the benefit of the University, the funding organization's mission, or the public at large.

Revenues from nonexchange transactions (contributions) may be subject to conditions, in the form of both a barrier to entitlement and a refund of amounts paid (or a release from obligation to make future payments). Revenues from conditional nonexchange transactions are recognized when the barrier is satisfied, which in some cases are as related costs are incurred. In addition, the University has elected the simultaneous release option for conditional contributions that are also subject to purpose restrictions. Under this option, net assets without donor restrictions will include the donor-restricted contributions for which the purpose restrictions are met in the same reporting period as the revenue is recognized.

##### *(iii) Auxiliary Enterprises*

Auxiliary enterprises exist to furnish goods or services to students, faculty, staff, or incidentally to the general public, and the University charges a fee directly related to, although not necessarily equal to, the cost of the goods or services. The distinguishing characteristic of auxiliary services is that they are managed as an essentially self-supporting activity.

Performance obligations for housing and dining services are delivered over the academic terms. Consequently, revenue from housing and dining services is recognized ratably as services are rendered.

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(with summarized comparative financial information as of June 30, 2019)

Parking service revenue is recorded ratably over the period for which the parking permits have been sold.

#### *(iv) Contributions*

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Unconditional promises to give are recorded at their net realizable value if they are expected to be collected within one year or at the present value of future cash flows if they are expected to be collected over periods longer than one year. The University has been notified of certain intentions to give under various wills and trusts, the realizable amounts of which are not presently determinable. The University's share of such bequests is recorded when the University has an irrevocable right to the bequest and the proceeds are measurable. At June 30, 2020 and 2019, conditional contributions, including advised bequests, totaled \$52,736 and \$48,947, respectively.

Contributions of assets other than cash are recorded at their estimated fair value at date of donation. Contributions to be received after one year are discounted using a risk-adjusted rate of return. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. An allowance for uncollectible contributions receivable is provided based upon management's judgment of prior collection history, type of contribution and nature of fundraising activity. Net assets without donor restrictions resulting from certain large contributions may be designated by the University's Board of Trustees for capital or long-term investment.

#### *(n) Income Taxes*

The University has been classified as an organization described under 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 and similar State of New Jersey tax provisions. Federal law imposes tax on income that is not related to an organization's tax-exempt purposes or otherwise excluded under the Code.

The University has processes presently in place to ensure the maintenance of its tax-exempt status, to identify and report unrelated income, determine its filing and tax obligations in jurisdictions for which it has nexus, and to review other matters that may be considered tax positions. Management of the University believes there are no uncertain tax positions.

#### *(o) Use of Estimates*

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates include valuation of alternative investments that do not have readily determinable fair values; actuarially determined costs associated with accrued post-retirement benefit obligations; conditional asset retirement obligations; the allocation of expenses among the functional categories; and the recoverability of receivables. Actual results could differ from those estimates.

## STEVENS INSTITUTE OF TECHNOLOGY

### Consolidated Financial Statements

June 30, 2020

(with summarized comparative financial information as of June 30, 2019)

#### **(p) Prior Year Summarized Financial Information**

While comparative information is not required under U.S. GAAP, the University believes this information is useful and has included certain summarized comparative financial information from its fiscal year 2019 consolidated financial statements. Such summarized comparative information is not intended to be a complete presentation in accordance with U.S. GAAP. Accordingly, such information should be read in conjunction with the University's consolidated financial statements as of and for the year ended June 30, 2019, from which it was derived.

#### **(q) New Accounting Pronouncements**

In 2020, the University implemented Financial Accounting Standards Board (FASB) Accounting Standards Update No. 2016-18, *Restricted Cash*. The update is intended to standardize the treatment of restricted cash within the statement of cash flows. As a result of the adoption of the standard, the statement of cash flows will explain the change in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents that may be presented in more than one line item within the statement of financial position. These amounts were previously disclosed within the cash flows from investing activities. As a result, net cash flows of \$35,422 and \$16,692 were reclassified to cash, cash equivalents, and restricted cash as of the beginning of year and end of year, respectively, in the consolidated statement of cash flows for the year ended June 30, 2019.

The FASB issued ASU No. 2016-02, *Leases*, which will require lessees to recognize most leases on the statement of financial position, increasing their reported assets and liabilities. This update was developed to provide financial statement users with more information about an entity's leasing activities. ASU No. 2016-02 is effective for the University beginning in fiscal year 2021.

#### **(r) Reclassifications**

Certain amounts in the fiscal year 2019 consolidated financial statements have been reclassified to conform to the current year presentation.

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### (3) Financial Assets and Liquidity Resources

As of June 30, 2020, financial assets and liquidity resources available within one year for general expenditures, such as operating expenses, scheduled principal payments on debt, and capital construction costs not financed with debt and contributions, were as follows:

	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 64,679	39,965
Accounts receivable, net	13,798	15,207
Contributions receivable available for operations	1,370	5,050
Investments appropriated for spending in following year	7,938	7,101
Total financial assets available within one year	87,785	67,323
Liquidity Resources:		
Bank line of credit	35,000	69,100
Total liquidity resources	35,000	69,100
Total financial assets and liquidity resources	\$ 122,785	136,423

The University's cash flows have seasonal variations during the year attributable to timing of tuition billing and to a lesser extent a concentration of contributions received at calendar and fiscal year-ends. To manage liquidity, the University has a short-term investment strategy for excess working capital. It is intended to be used for operating cash management purposes within one year and allows the University to align cash inflows with anticipated cash outflow, in accordance with policies approved by the Finance Committee of the Board.

As further described in Note 10, the University may draw upon a line of credit to manage cash flows, however the main purpose of that line of credit is to interim fund capital spending until permanent funding is secured.

In addition to financial assets available to meet general expenditures over the next year, the University operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows, which identifies the sources and uses of the University's cash and shows positive cash generated by operations for fiscal years 2020 and 2019.

The University also has \$17,575 in board-designated endowments, which are available for general expenditure with Board approval. The Board has approved fiscal year 2021 spending from the endowment estimated to be \$7,938, which is included in the table above.

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**(4) Cash and Cash Equivalents**

Cash, cash equivalents, and restricted cash are included in the following lines of the consolidated statement of financial position, which sum to the total of the same such amounts shown in the consolidated statement of cash flows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 75,803	66,356
Deposits with bond trustees	78,913	15,764
Investments	<u>744</u>	<u>928</u>
Total cash, cash equivalents, and restricted cash	\$ <u>155,460</u>	<u>83,048</u>

Cash and cash equivalents includes restricted cash of \$11,124 and \$26,391 at June 30, 2020 and 2019, respectively, that represents cash received with donor-imposed restrictions that limits the use of that cash for scholarships and fellowships; chairs, professorships and lectureships; academic support, including the library and the humanities; energy innovation programs; and buildings and grounds.

**(5) Student, Sponsor and Other Receivables**

Student, sponsor and other receivables, net, as of June 30, 2020 and 2019, consisted of the following:

	<u>2020</u>	<u>2019</u>
Student	\$ 7,936	6,282
Sponsored contracts and grants	8,193	10,523
Student loans	3,205	4,366
Other	<u>2,130</u>	<u>1,788</u>
	<u>21,464</u>	<u>22,959</u>
Less:		
Allowance for doubtful student accounts	(3,079)	(1,938)
Allowance for doubtful sponsor accounts	(336)	(713)
Allowance for doubtful student loan accounts	(1,126)	(1,177)
Allowance for doubtful other accounts	<u>(1,046)</u>	<u>(735)</u>
	<u>(5,587)</u>	<u>(4,563)</u>
Student, sponsor and other receivables, net	\$ <u>15,877</u>	<u>18,396</u>

A majority of the student loans outstanding are associated with the Federal Perkins Loan Program. Funds advanced by the Federal Government of \$3,165 and \$4,731 at June 30, 2020 and 2019, respectively, are ultimately refundable to the U.S. Government and are classified as liabilities in the consolidated statement



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of financial position. Outstanding loans canceled under the program result in a decrease in the liability to the U.S. Government.

At June 30, 2020 and 2019, the following amounts were outstanding receivables under the Federal Perkins Loan Program:

	<u>Less than 30 days</u>	<u>Less than 90 days</u>	<u>Less than 180 days</u>	<u>Less than 360 days</u>	<u>Greater than 360 days</u>	<u>Total</u>
June 30:						
2020	\$ 1,878	91	5	21	1,210	3,205
2019	2,860	139	16	27	1,298	4,340

Also included in student loan receivables are private student loan and direct lending receivables totaling \$0 and \$26 in fiscal year 2020 and 2019, respectively. Allowances for doubtful accounts are established based on prior collection experiences and current economic factors, which, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms.

**(6) Contributions Receivable**

Contributions receivable, net, as of June 30, 2020 and 2019, consisted of the following:

	<u>2020</u>	<u>2019</u>
Amounts due in:		
Less than one year	\$ 6,972	9,908
One to five years	13,344	15,091
Greater than five years	1,364	1,551
	<u>21,680</u>	<u>26,550</u>
Less discount to present value	<u>(744)</u>	<u>(1,102)</u>
	20,936	25,448
Less allowance for doubtful contributions	<u>(660)</u>	<u>(839)</u>
Contributions receivable, net	<u>\$ 20,276</u>	<u>24,609</u>

A discount for contributions receivable to be received over periods longer than the one year from date of contribution is provided using a risk-adjusted rate of return. The discount rates used range from 0.30% to 3.25%.

At June 30, 2020 and 2019, approximately 71% and 74%, respectively, of gross contributions receivable is due from five donors, respectively. For the years ended June 30, 2020 and 2019, approximately 29% and 32% of contribution revenue was received from five donors, respectively.

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**(7) Investment and Trusts Held by Others**

Investment valuations are established and classified based on a variety of inputs. The fair value of investments and trusts held by others and the input classifications or levels, by investment category, at June 30, 2020 and 2019 are shown in the following tables:

<b>2020</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investments:				
Cash and cash equivalents	\$ 794	794	—	—
Mutual funds invested in equities	108,931	108,931	—	—
Mutual funds invested in fixed income	62,354	62,354	—	—
Split-interest agreements	2,713	2,713	—	—
	174,792	\$ 174,792	—	—
Investments reported at NAV or its equivalent:				
Pooled private equity	28,047			
Pooled alternative investments	10,387			
	Total investments	\$ 213,226		
Trusts held by others	\$ 6,093	—	—	6,093
<b>2019</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investments:				
Cash and cash equivalents	\$ 1,231	1,231	—	—
Mutual funds invested in equities	107,302	107,302	—	—
Mutual funds invested in fixed income	60,528	60,528	—	—
Split-interest agreements	2,804	2,804	—	—
	171,865	\$ 171,865	—	—

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<u>2019</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments reported at NAV or its equivalent:				
Pooled private equity	\$ 26,935			
Pooled alternative investments	<u>10,500</u>			
Total investments	\$ <u>209,300</u>			
Trusts held by others	\$ 5,996	—	—	5,996

There were no transfers in or out of Levels 1, 2 or 3 within the fair value hierarchy during the years ended June 30, 2020 and 2019.

The following table summarizes the changes in value of the Level 3 investments for the fiscal year ended June 30, 2020:

	<u>Other</u>	<u>Trust held by others</u>
Balance as of June 30, 2018	\$ 63	5,669
(Distributions), net	(63)	(69)
Total investment return, net	<u>—</u>	<u>396</u>
Balance as of June 30, 2019	—	5,996
New trusts, net	—	301
Total investment return, net	<u>—</u>	<u>(204)</u>
Balance as of June 30, 2020	\$ <u>—</u>	<u>6,093</u>

The University diversifies its investments both by asset class and within asset classes. As a general practice, all investments of the University are managed by external investment management firms.

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Investments reported at NAV as calculated by respective investment managers are subject to capital calls and specific redemption terms. Investments, valued using NAV at June 30, 2020, are as follows:

	<u>Fair value</u>	<u>Unfunded commitments</u>	<u>Redemption frequency (if currently eligible)</u>	<u>Redemption notice period (days)</u>
Pooled alternatives:				
Multi-strategy (a)	\$ 10,387	—	Quarterly	91 days
	<u>10,387</u>	<u>—</u>		
Pooled private equity:				
Real estate fund (b)	285	820	Not eligible	
Private equity (c)	<u>27,762</u>	<u>24,063</u>	Not eligible	
	<u>28,047</u>	<u>24,883</u>		
Total investments reported at NAV	\$ <u><u>38,434</u></u>	<u><u>24,883</u></u>		

The information below includes description of the investments by class, valuation estimates used, and the redemption terms by investment class.

- (a) Multi-strategy invests in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The hedge funds' portfolio for this class includes investments in funds of funds, public and private equity and fixed income, long-term and short-term equities and credit. The fair values of the investments in this class have been estimated using the NAV per share of the investments.
- (b) The real estate fund includes investments in undervalued or inappropriately capitalized U.S. and non-U.S. real estate assets and corporate real estate. They also include public and private real estate companies in growth/emerging markets. The fair values of the investments in this class have been estimated using the NAV of the University's ownership interest in partners' capital. Each investment has specific terms regarding terminations. Upon termination of the partnership, investments in the funds are liquidated and distributed. Investments representing 61% of the value in this class will terminate on August 30, 2021 and 39% will terminate December 31, 2020.
- (c) Private equity includes several private equity funds that invest primarily in strategies and markets that demonstrate the potential to produce attractive returns due to market inefficiencies and/or companies with a strong potential for change, as well as managers who demonstrate differentiated capabilities in pursuing their strategies. The investments consist of 30% in Natural Resources, 22% in U.S. Private Equities, 47% in Global Private Equities, and 1% in Venture Capital. These investments cannot be redeemed. Upon termination of the partnership, distributions will be made through the liquidation of the underlying assets. The distributions may take more than one year after the partnership termination

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date. The fair values of the investments in this class have been estimated using the NAV of the University's ownership in partners' capital.

The components of investment (loss) return for the years ended June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Dividends and interest	\$ 6,104	6,376
Net realized gain	940	102
Net unrealized (depreciation) appreciation	(1,841)	11,158
Investment management fees	<u>(727)</u>	<u>(831)</u>
Total investment return	4,476	16,805
Endowment distribution	<u>(6,638)</u>	<u>(6,252)</u>
Net investment (loss) return	\$ <u><u>(2,162)</u></u>	<u><u>10,553</u></u>

In addition to the gross endowment distribution, net non-endowment investment return totaling \$1,313 and \$2,087 in fiscal 2020 and 2019, respectively, was included in the investment return in support of operations on the accompanying consolidated statement of activities.

Total calculated endowment distribution, less amounts associated with true endowments whose fair value is less than the original gift value, is defined as endowment distribution-gross and is presented as part of operating activities on the accompanying consolidated statement of activities. A ratable portion of the endowment distributions associated with chairs and professorships that are unnamed for a portion of the fiscal year is transferred back to the specific endowment fund, and presented within nonoperating activities.

**(8) Land, Buildings and Equipment, Net**

At June 30, 2020 and 2019, property, plant and equipment, net consisted of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 1,721	1,763
Buildings and improvements	361,592	289,650
Furniture, fixtures and equipment	67,467	62,356
Construction in progress	<u>95,604</u>	<u>76,872</u>
	526,384	430,641
Less accumulated depreciation and amortization	<u>(184,919)</u>	<u>(175,963)</u>
Total land, buildings and equipment, net	\$ <u><u>341,465</u></u>	<u><u>254,678</u></u>

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Depreciation and amortization expense, excluding accretion, totaled \$16,520 and \$13,982 for the years ended June 30, 2020 and 2019, respectively. In fiscal 2020, the University placed in service the Gateway Academic Center totaling \$63,961. Construction in progress includes costs associated with the Student Housing/University Center, costs associated with the campus plan, and various other campus improvements. The commitments to complete these projects at June 30, 2020 are approximately \$160,949.

**(9) Deferred Revenue**

Deferred revenue consists of tuition revenue for summer sessions prorated based on the portion of the session that occurs within each fiscal year, as well as unexpended grants from the State of New Jersey for construction, which will be recognized as spent. Also included are unexpended sponsored awards, which represent amounts received from sponsors for which the University has not yet fulfilled its obligations. Such amounts are recorded as revenues when the related services are performed, or obligations are satisfied.

		<b>Summer tuition</b>	<b>Sponsored contracts (exchange)</b>	<b>Other deferred revenues</b>	<b>Total</b>
Balance at June 30, 2018	\$	3,044	5,218	6,838	15,100
Revenue recognized		(3,044)	(4,021)	(5,522)	(12,587)
Payments received for future performance obligations		<u>3,164</u>	<u>2,938</u>	<u>2,747</u>	<u>8,849</u>
Balance at June 30, 2019		3,164	4,135	4,063	11,362
Revenue recognized		(3,164)	(4,280)	(2,924)	(10,368)
Payments received for future performance obligations		<u>2,759</u>	<u>2,608</u>	<u>5,784</u>	<u>11,151</u>
Balance at June 30, 2020	\$	<u><u>2,759</u></u>	<u><u>2,463</u></u>	<u><u>6,923</u></u>	<u><u>12,145</u></u>

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**(10) Long-Term Debt and Line of Credit**

Long-term debt at June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>	<u>Maturity date</u>	<u>Interest rate range</u>
Bond issue				
(a) 2014 Higher Education Equipment Leasing Fund	\$ 330	456	6/1/2023	5.00 %
(b) 2016 Higher Education Capital Improvement Fund Series A	129	252	9/1/2020	1.48% – 2.66%
(c) 2016 Higher Education Capital Improvement Fund Series B	7,781	8,069	9/1/2036	3.00% – 5.00%
(d) 2017 Revenue Bonds Series A	114,685	117,125	7/1/2047	4.00% – 5.00%
(e) 2020 Revenue Bonds Series A	174,315	—	7/1/2050	3.00% – 5.00%
(f) 2020 Revenue Bonds Series B (Taxable)	—	—	7/1/2031	Variable
	<u>297,240</u>	<u>125,902</u>		
Long-term debt, net				
Plus unamortized bond premium	46,296	11,795		
Less unamortized bond issuance costs	<u>(1,961)</u>	<u>(830)</u>		
	<u>\$ 341,575</u>	<u>136,867</u>		

**(a) 2014 Higher Education Equipment Leasing Fund**

In April 2013, the University was awarded \$7,250 in capital improvement grants from the State of New Jersey for two information technology infrastructure projects. A portion of the award, \$4,500, is being funded under the Higher Education Equipment Leasing Fund, using bonds issued by the Authority. In January 2014, the University entered into lease agreements with the Authority, which require that the University pay one-fourth (25%) of the debt service of the underlying bonds, totaling \$987. The agreement requires the University to establish and maintain all original funds as deposits with a trustee, whereby the Trustee, as evidenced by University payments, releases funds during construction. In fiscal 2017, the Virtual Learning Environment and the Unified Communication and Collaboration Environment projects were placed in service and the entire balance of \$987 has been capitalized.

**(b) 2016 Higher Education Capital Improvement Fund Series A Bonds**

In July 2016, the Authority issued bonds to advance refund the 2005A and 2006A Capital Improvement Funds. The advance refunding added to principal while lowering the overall debt service and did not generate new grants. The remaining balance represents the University's share of the bonds outstanding that funded the original grants made to the University under the 2005A and 2006A programs, of which all of the proceeds were capitalized.

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#### **(c) 2016 Higher Education Capital Improvement Fund Series B Bonds**

In June 2016, the University was awarded \$19,250 in capital improvement grants from the State of New Jersey for the Academic Gateway Project. A portion of the award, \$17,435, is being funded under the Higher Education Equipment Capital Improvement Fund, using bonds issued by the Authority. In December 2016, the University entered into a grant agreement with the Authority, which requires that the University pay one-half (50%) of the debt service of the underlying bonds, totaling \$8,523. The agreement required the University to establish and maintain all original funds as deposits with trustee in an account, whereby the Trustee, as evidenced by University payments, releases funds during construction. In fiscal 2020, the Gateway Academic Center has been placed in service and the entire balance of \$8,523 has been capitalized.

#### **(d) 2017 Revenue Bonds Series A**

In April 2017, the University entered into a loan agreement with the Authority for bonds with principal of \$119,905 to i.) refinance the costs of certain capital projects through the refunding of the 2007 Series A Bonds and the 1998 Series I Bonds; and ii.) finance capital projects for construction, renovation, expansion and equipping of certain university research and academic buildings and a garage. The University granted as security for this loan, a pledge of and lien on tuition and fee collections. The loan has a negative pledge which states that no additional liens of greater than \$10,000 shall be pledged upon three certain campus buildings unless a provision is made to secure the bonds equally and ratably with such liens. Under the 2017 Series A Bonds, the loan agreement requires the University to establish and maintain all original funds as deposits with a trustee in a separate account. At June 30, 2020 and 2019, such deposits amounted to \$12,282 and \$21,917, respectively. As of June 30, 2020, a majority of the bond-funded projects were placed in service and \$72,124 has been capitalized.

#### **(e) 2020 Revenue Bonds Series A**

In March 2020, the University entered into a loan agreement with the Authority for green bonds with principal of \$174,315 to i) finance the construction, renovation and equipping of the new Student Housing and University Center; ii) finance capital projects for construction, renovation, expansion and equipping of certain additional university research and education buildings; and iii) fund capitalized interest for the 2020 Series A bonds. The University granted as security for this loan, a pledge of and lien on tuition and fee collections. The loan has a negative pledge which states that no additional liens of greater than \$10,000 shall be pledged upon three certain campus buildings unless a provision is made to secure the bonds equally and ratably with such liens. Under the 2020 Series A Bonds, the loan agreement requires the University to establish and maintain all original funds as deposits with a trustee in a separate account. At June 30, 2020, such deposits amounted to \$145,348. At June 30, 2020, the construction of the Student Housing and University Center project is in progress with \$76,714 capitalized.

#### **(f) 2020 Revenue Bonds Series B**

In February 2020, the University entered into a bond agreement with the Authority and PNC Bank NA, as purchaser, for a taxable draw down bond in the maximum principal amount of \$26,485 to finance a portion of the construction, renovation and equipping of the new Student Housing and University Center. The University granted as security for this loan, a pledge of and lien on tuition and fee collections. The loan has a negative pledge which states that no additional liens of greater than



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\$10,000 shall be pledged upon four certain campus buildings unless a provision is made to secure the bonds equally and ratably with such liens. The 2020 Series B bond bears interest at a variable rate during the drawdown period expiring February 12, 2022. Following the end of the draw down period, the interest rate on the 2020 Series B Bond will convert to a fixed rate of interest. No amount has been drawn on the 2020 Series B Bond as of June 30, 2020.

Principal and interest payments for each of the next five years and thereafter are as follows:

	Principal	Interest	Total
Fiscal year ending June 30:			
2021	\$ 3,128	13,620	16,748
2022	3,153	13,464	16,617
2023	3,218	13,303	16,521
2024	3,316	13,138	16,454
2025	3,488	12,970	16,458
Thereafter	280,937	200,356	481,293
Total	\$ 297,240	266,851	564,091

Interest expense related to long-term debt is \$8,354 and \$6,146 for the years ended June 30, 2020 and 2019, respectively, of which \$3,597 and \$2,137 has been capitalized, respectively.

#### *Line of Credit*

At June 30, 2020 and 2019, the University has a \$35,000 and \$75,000 line of credit, respectively, with TD Bank for general corporate purposes, which may include the temporary financing of capital projects. This facility bears interest at seventy-five (75) basis points above the LIBOR one-month rate and has an unused fee of fifteen (15) basis points. This line of credit became effective May 20, 2016 and expires on May 31, 2022. There is one financial covenant: Debt Service Ratio of not less than 1.15 to 1.0 that is tested annually at fiscal year-end. Management believes the University is in compliance with the debt covenant. The interest rates for the line of credit were 1.00% and 3.525% at June 30, 2020 and 2019, respectively. At June 30, 2020 and 2019, amounts outstanding under the TD Bank line of credit were \$0 and \$5,900, respectively. Interest expense related to the line of credit is \$383 and \$28 for the years ended June 30, 2020 and 2019, respectively, of which \$383 and \$28 has been capitalized, respectively.

#### **(11) Post-Retirement Benefits**

The University provides health benefits to substantially all of its employees. Upon retirement, employees may be eligible for continuation of these benefits. Amounts are accrued for such benefits during the years employees provide services to the University. The University funds its post-retirement benefit cost on a pay-as-you-go basis.

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The following are the details of the University's postretirement benefit obligation for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 5,724	5,603
Service cost	127	105
Interest cost	177	209
Plan participants' contributions	9	9
Actuarial (gain) loss	660	184
Benefits paid	<u>(355)</u>	<u>(386)</u>
Benefit obligation at end of year	\$ <u>6,342</u>	<u>5,724</u>

The discount rates used to determine benefit obligations for the years ended June 30, 2020 and 2019 were 2.42% and 3.27%, respectively.

Assumed healthcare cost trend rates can have a significant effect on the amounts reported for the healthcare plans. A one percentage point change in the healthcare cost trend rates would have the following effects:

	<u>One percentage point increase</u>	<u>One percentage point decrease</u>
Effect on post-retirement benefit obligation	\$ 48	(42)
Effect on total of service and interest cost components	1	(1)

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The following presents details of the University's post-retirement benefit plan assets and costs for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ —	—
Contributions (employer and plan participants)	355	386
Benefits paid	<u>(355)</u>	<u>(386)</u>
Fair value of plan assets at end of year	\$ <u>—</u>	<u>—</u>
Components of accrued benefit cost:		
Funded status	\$ (6,342)	(5,724)
Unamortized prior service credit (cost)	233	211
Unamortized actuarial net loss	<u>2,910</u>	<u>2,389</u>
Accrued benefit cost	\$ <u>(3,199)</u>	<u>(3,124)</u>
Components of net periodic benefit cost:		
Service cost	\$ 127	105
Interest cost	177	209
Amortization of unrecognized prior service cost (credit)	(23)	(22)
Amortization of net loss	<u>140</u>	<u>139</u>
Net periodic benefit cost	\$ <u>421</u>	<u>431</u>

The following weighted average assumptions were used to determine net periodic benefit cost for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Discount rate	3.27 %	3.99 %
Assumed pre-65 medical trend rates at June 30:		
Healthcare cost trend rate assumed	4.40	4.75
Prescription drug cost trend rate assumed	6.75	9.00
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	3.78	3.78
Fiscal year that the rate reaches the ultimate trend rate	2075	2075

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	<u>2020</u>	<u>2019</u>
Post-retirement benefit changes other than net periodic costs:		
Change in unamortized items:		
Prior service cost	\$ —	—
Actuarial (loss) gain	660	183
Amortization of:		
Actuarial loss	(140)	(139)
Unrecognized prior service credit	<u>23</u>	<u>22</u>
Total benefit changes other than periodic costs	543	66
Components of net periodic benefit cost, other than service cost	<u>294</u>	<u>326</u>
Post-retirement benefit changes other than service cost	\$ <u><u>837</u></u>	<u><u>392</u></u>

*Expected Future Benefit Payments*

Shown below are expected gross benefit payments (including prescription drug benefits) and the expected gross amount of subsidy receipts:

	<u>Employer contributions</u>
Year ending June 30:	
2021	\$ 351
2022	339
2023	332
2024	321
2025	315
2026 to 2030	1,528

Amounts that have not been recognized as components of net periodic benefit cost but are included in net assets without donor restriction are as follows:

	<u>2020</u>	<u>2019</u>
Prior service credit	\$ 233	211
Net loss	<u>2,910</u>	<u>2,389</u>
	\$ <u><u>3,143</u></u>	<u><u>2,600</u></u>

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Amounts in net assets without donor restriction expected to be recognized as components of net periodic benefit cost during fiscal year 2021 are as follows:

Prior service credit	\$	(23)
Net loss		188

#### (12) Pension Plans

The University participates in the Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA/CREF), a defined contribution plan for academic, professional administrative, nonacademic support and union personnel.

The University participated in a defined contribution plan underwritten by the Variable Annuity Life Insurance Company (VALIC) for nonacademic support and union personnel. Contributions to the VALIC plan ended in May 2009; those participants are now participants in the TIAA/CREF plan. Certain participants still have assets with VALIC.

Retirement costs related to these plans for the years ended June 30, 2020 and 2019 totaled approximately \$7,060 and \$6,188, respectively.

The Non-Academic Staff Employees' Pension Plan was established in 1973 as noncontributory defined benefit plan and covered all nonacademic employees who were not eligible for coverage under the TIAA-CREF defined contribution plan described above. The plan was frozen effective June 30, 1994, after which date, no new participants were accepted into the plans. As of June 30, 2020 and June 30, 2019, the Non-Academic Staff Employees' Pension Plan had a pension obligation of \$322 and \$285, respectively.

The Local 660 Pension Plan was established in 1973 as noncontributory defined benefit plans and covered Local 660 union who were not eligible for coverage under the TIAA-CREF defined contribution plan described above. The plan was frozen effective June 30, 1994, after which date, no new participants were accepted into the plans. As of June 30, 2020 and June 30, 2019, the Local 660 Pension Plan had a pension obligation of \$75 and \$79, respectively.

#### (13) Conditional Asset Retirement Obligations

Conditional asset retirement obligations (CARO) are legal obligations associated with the retirement of long-lived assets. These liabilities are recognized for remediation or disposal of asbestos, underground storage tanks, radioactive sources and equipment, and similar hazardous materials. These liabilities were initially recorded at an estimated cost of remediation, with related asset retirement costs capitalized by increasing the carrying amount of the related assets by the same amount as the liability. The University applied retrospective application at the inception of the liability using an inflation rate of 4.40% and a discount rate of 5.19%. Asset retirement costs are subsequently depreciated over the useful lives of the related assets. Subsequent to initial recognition, the University records period-to-period changes in the CARO liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flows associated with abatement projects. In fiscal year 2014, the University modified the inflation rate to 4.0%. The University satisfies CARO liabilities when the related obligations are settled. Accretion charges in the amount of \$279 and \$286 for the years ended June 30,

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2020 and 2019, respectively, were presented as a component of depreciation and amortization expense. In fiscal 2020, the University hired an external consultant to update cost estimates for asbestos abatement, resulting in a decrease in the liability of \$1,511.

**(14) Revenue**

**(a) Tuition and fees**

The University's tuition and fee revenue is disaggregated as follows:

	<u>2020</u>	<u>2019</u>
Undergraduate tuition and fee revenue	\$ 187,030	170,756
Undergraduate student aid	<u>(82,274)</u>	<u>(74,075)</u>
Undergraduate tuition and fee revenue, net	<u>104,756</u>	<u>96,681</u>
Graduate tuition and fee revenue	100,711	92,804
Graduate student aid	<u>(8,951)</u>	<u>(7,842)</u>
Graduate tuition and fee revenue, net	<u>91,760</u>	<u>84,962</u>
Pre-college tuition and fee revenue	1,482	1,646
Pre-college student aid	<u>(293)</u>	<u>(174)</u>
Pre-college tuition and fee revenue, net	<u>1,189</u>	<u>1,472</u>
Tuition and fee revenue, net	\$ <u><u>197,705</u></u>	<u><u>183,115</u></u>

**(b) Sponsored activities**

The University receives funding or reimbursement from Federal government agencies for sponsored activity under government grants and contracts. These grants and contracts provide for reimbursement of indirect (facilities and administrative) costs based on rates negotiated with the Office of Naval Research (ONR), which is the University's cognizant Federal agency. The University's facilities and administrative cost reimbursements starting with fiscal year 2014 are based on a final predetermined rate that is not subject to a carry forward provision.

The Defense Contract Audit Agency (DCAA) is responsible for auditing both direct and indirect charges to grants and contracts in support of the ONR negotiating responsibility. The University has final audited rates through fiscal 2009 and completed audits through fiscal year 2013. More recent rates (2014 through 2020) are audited, negotiated and final. It is the opinion of management that disallowances, if any, resulting from open years (2009 – 2013) will not have a material effect on the accompanying consolidated financial statements. The University anticipates the ongoing final negotiation with ONR will be completed in fiscal year 2021.

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Recovery of facilities and administrative (F&A) costs of federally sponsored programs are recorded at cost reimbursement rates negotiated with the University's cognizant agency, the Office of Naval Research.

	<u>2020</u>	<u>2019</u>
Sponsored activity revenue:		
Direct cost recoveries	\$ 27,906	24,243
Indirect cost recoveries	<u>9,333</u>	<u>8,229</u>
Total sponsored activity revenue	\$ <u><u>37,239</u></u>	<u><u>32,472</u></u>

**(c) Auxiliary**

Auxiliary enterprises revenue includes revenues from contracts with customers to provide student housing and dining facilities, parking services, and other miscellaneous activities, and is disaggregated as follows:

	<u>2020</u>	<u>2019</u>
Housing	\$ 16,043	20,862
Dining	7,459	9,468
Other	<u>359</u>	<u>389</u>
Total auxiliary enterprises revenue	\$ <u><u>23,861</u></u>	<u><u>30,719</u></u>

**(15) Functional Classification of Expenses**

The consolidated statement of activities presents operating expenses based upon their natural classification. For the years ended June 30, 2020 and 2019, operating expenses presented by their functional category with the allocation of depreciation and amortization, interest, and operations and maintenance of plant to reflect the full cost of those activities were as follows:

<u>2020</u>	<u>Program services</u>				<u>Support</u>	<u>Total operating expenses</u>
	<u>Education</u>	<u>Student services</u>	<u>Research and public services</u>	<u>Auxiliary</u>	<u>Management and general</u>	
Salaries and benefits	\$ 100,042	16,526	19,250	2,415	23,383	161,616
Purchased services	5,623	4,355	7,494	6,338	8,092	31,902
Maintenance, rents and utilities	5,281	1,735	1,385	10,655	1,446	20,502
Supplies and other	11,645	6,577	1,740	1,037	7,242	28,241
Interest expense	1,650	626	551	1,010	191	4,028
Depreciation and amortization	<u>6,311</u>	<u>2,394</u>	<u>2,108</u>	<u>3,866</u>	<u>730</u>	<u>15,409</u>
Total	\$ <u><u>130,552</u></u>	<u><u>32,213</u></u>	<u><u>32,528</u></u>	<u><u>25,321</u></u>	<u><u>41,084</u></u>	<u><u>261,698</u></u>

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2019	Program services				Support Management and general	Total operating expenses
	Education	Student services	Research and public services	Auxiliary		
Salaries and benefits	\$ 93,294	16,101	17,633	2,574	19,604	149,206
Purchased services	4,163	4,576	5,390	7,598	6,067	27,794
Maintenance, rents and utilities	4,907	2,362	1,405	11,528	1,359	21,561
Supplies and other	10,255	7,903	2,452	962	5,339	26,911
Interest expense	1,326	745	569	1,042	211	3,893
Depreciation and amortization	4,862	2,729	2,084	3,819	774	14,268
Total	\$ 118,807	34,416	29,533	27,523	33,354	243,633

The allocation of depreciation and amortization, interest and operations and maintenance is based on square footage occupied by functional area.

Fundraising expenses are included within management and general and totaled \$4,851 and \$5,459 for the years ended June 30, 2020 and 2019, respectively. Also included in management and general are advertising costs, which are expensed as incurred. Amounts totaled \$1,570 and \$1,104 for the years ended June 30, 2020 and 2019, respectively.

**(16) Net Assets**

At June 30, 2020 and 2019, net assets consisted of the following:

	2020	2019
Without donor restrictions:		
Undesignated	\$ 51,110	21,060
Net investment in plant	132,396	121,145
Endowment	17,575	17,267
Institutional portion of Federal Perkins Loans Program	836	1,045
Total net assets without donor restrictions	201,917	160,517
With donor restrictions:		
Restricted for time or purpose:		
Education and research programs	15,457	15,183
Capital projects	2,041	18,299
Annuity and life income funds	3,280	3,553
Endowment	90,561	92,731
Total net assets restricted for time or purpose	111,339	129,766



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	<b>2020</b>	<b>2019</b>
To be held in perpetuity:		
Endowment	\$ 116,873	114,306
Annuity and life income funds	3,414	3,251
Total net assets to be held in perpetuity	120,287	117,557
Total net assets with donor restrictions	231,626	247,323
Total net assets	\$ 433,543	407,840

**(17) Endowment**

The University's endowment fund consists of 395 and 391 individual funds established for a variety of purposes, including both donor-restricted endowment funds and funds designated by the University's Board of Trustees to function as endowments at June 30, 2020 and 2019, respectively. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**(a) Relevant Law**

The University follows New Jersey State Uniform Prudent Management of Institutional Funds Act (UPMIFA). In accordance with UPMIFA, the University considers the following factors in making a determination to appropriate for expenditure or accumulate donor-restricted endowment funds: the purpose, duration, and preservation of the endowment fund; expected total return of investments; general economic conditions and the possible effect of inflation or deflation; other resources of the institution; and the investment policy of the institution.

While UPMIFA does not require it unless the donor gift instrument contains an express provision, the University generally requires the preservation of the fair value of the original gift, as of the gift date of the donor-restricted endowment funds. Following this approach, the University classifies as net assets with donor restrictions (a) the original value of gifts donated to its permanent endowment, (b) its original value of subsequent gifts to its permanent endowment, and the (c) accumulations to its permanent endowment made in accordance with the directions of the applicable donor gift instrument, at the time the accumulation is added to the fund.

Accumulated gains resulting from donor-restricted endowment funds are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the University, in a manner consistent with the standard of prudence prescribed by UPMIFA.

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Endowment net assets consisted of the following at June 30, 2020:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ —	207,434	207,434
Board-designated endowment funds	<u>17,575</u>	<u>—</u>	<u>17,575</u>
Total endowment net assets	\$ <u><u>17,575</u></u>	<u><u>207,434</u></u>	<u><u>225,009</u></u>

Endowment net assets consisted of the following at June 30, 2019:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ —	207,037	207,037
Board-designated endowment funds	<u>17,267</u>	<u>—</u>	<u>17,267</u>
Total endowment net assets	\$ <u><u>17,267</u></u>	<u><u>207,037</u></u>	<u><u>224,304</u></u>

Changes in endowment net assets for the year ended June 30, 2020 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2019	\$ 17,267	207,037	224,304
Investment return, net	374	3,729	4,103
Contributions	—	2,437	2,437
Appropriation for expenditure	(354)	(6,284)	(6,638)
Distributions returned to endowment	—	384	384
Reclassification of net assets <sup>1</sup>	<u>288</u>	<u>131</u>	<u>419</u>
Endowment net assets, June 30, 2020	\$ <u><u>17,575</u></u>	<u><u>207,434</u></u>	<u><u>225,009</u></u>

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Changes in endowment net assets for the year ended June 30, 2019 are as follows:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2018	\$ 12,143	194,663	206,806
Investment return, net	1,220	14,419	15,639
Contributions	—	3,113	3,113
Appropriation for expenditure	(300)	(5,952)	(6,252)
Distributions returned to endowment	597	520	1,117
Reclassification of net assets <sup>1</sup>	<u>3,607</u>	<u>274</u>	<u>3,881</u>
Endowment net assets, June 30, 2019	<u>\$ 17,267</u>	<u>207,037</u>	<u>224,304</u>

<sup>1</sup> Amounts included in reclassification of net assets without donor restrictions represent board designated net assets that were added to the endowment in 2020 and 2019.

**(b) Return Objectives and Risk Parameters**

The University's primary investment objectives are to invest its endowment principal to achieve growth of both principal value and income over time sufficient to preserve and/or increase the real (inflation adjusted) purchasing power of the assets, and to provide a stable source of perpetual financial support.

**(c) Strategies Employed for Achieving Objectives**

The University relies on a total return strategy in which active equity managers/funds are expected to achieve an annualized total rate of return over a three-to five-year period, which exceeds an agreed upon benchmark rate of return, net of costs and fees. Total return is defined as dividend and interest income plus realized and unrealized capital appreciation or depreciation. Active fixed income managers are expected to exceed appropriate market indices, net of costs and fees. When index funds are used, the return should closely track with the appropriate index.

**(d) Spending Rate Policy**

The University maintains an investment pool for its long-term investments. The pool is managed to achieve the maximum prudent long-term total return. The University's Board of Trustees has authorized a spending rate designed to fulfill the following objectives:

- Preserve the value of the investment pool in real terms (after inflation); and
- Provide a predictable flow of funds to support operations.

For the years ended June 30, 2020 and 2019, the spending rate permitted the use of total returns (dividend and interest income and appreciation) at a rate of 4.5% of the average year-end fair value of the investment pool over a three-year period, on a two-year lag. Endowment funds for which the total return is restricted in perpetuity by donors, if any, are excluded from the spending rate. If the market value of an endowment fund is below the fund's historic gift value as of June 30, the University will not

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distribute endowment return to operations for spending purposes and will be reinvested in the endowment in accordance with the investment policy.

#### **(e) Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of accumulated gifts. When deficiencies occur, they primarily result from unfavorable market fluctuations that occur shortly after the investment of new donor restricted contributions. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in net assets with donor restriction. At June 30, 2020, there were 4 deficiencies of this nature reported within net assets with donor restriction totaling \$4 and a historical gift totaling \$254. There were no such deficiencies of this nature at June 30, 2019.

#### **(18) Commitments and Contingent Liabilities**

In July 2014, the University was selected by the State of New Jersey for an audit of its practices regarding unclaimed property. In fiscal 2020 the State of New Jersey concluded their audit and a final payment of amounts owed was made. The State of New Jersey has provided notice to the University that this matter is now closed.

The University is a party to various legal actions arising in the ordinary course of operations. While it is not possible to predict the outcome of these actions at this time, it is the opinion of management that the resolution of these matters will not have a material effect on the University's consolidated financial statements.

##### *Operating Leases*

The University is party to various operating lease agreements, expiring through 2023, for office equipment, vehicles and student housing. Minimum lease payments due under these agreements are as follows:

Fiscal year ending June 30:	
2021	\$ 4,531
2022	1,030
2023	<u>3</u>
Total	<u>\$ 5,564</u>

Rent expense associated with the above leases, for the years ended June 30, 2020 and 2019, totaled \$8,163 and \$9,449, respectively.

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#### *Capital Leases*

The University leases equipment under capital lease agreements that expire in fiscal year 2021. The value of the leased equipment of \$4,739 is included in furniture, fixtures and equipment while the present value of net minimum lease payments is included in capital lease obligation. The following is a schedule by years of future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of June 30, 2020:

Fiscal year ending June 30:	
2021	\$ <u>910</u>
Total	910
Less amounts representing interest	<u>(17)</u>
	\$ <u><u>893</u></u>

Interest expense related to capital lease obligations is \$55 and \$91 for the years ended June 30, 2020 and 2019, respectively.

#### **(19) Related Party Transactions**

Members of the University's Board of Trustees and senior management may, from time to time, be associated, either directly or through interlocking board memberships, with companies doing business with the University. Under the University's conflict-of-interest policy, all business and financial relationships of trustees and officers with the University and with vendors and subcontractors to the University are subject to an annual disclosure process culminating with review by General Counsel, Internal Audit and the Audit Committee of the Board of Trustees.

From time to time, the University is the recipient of contributions from donors who are also members of the Board of Trustees. At June 30, 2020 and 2019, contributions receivable included \$7,182 and \$8,505, respectively, from members of the Board of Trustees.

#### **(20) Subsequent Events**

The spread of the coronavirus (COVID-19) around the world in the during 2020 has caused significant volatility in the U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the University is unable to determine if it will have a material impact on its fiscal 2021 operations.

The University has performed an evaluation of subsequent events through October 16, 2020, the date the consolidated financial statements were issued and has determined that there are no subsequent events for disclosure other than the matter identified above.

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#### (21) Financial Responsibility Standards

The University participates in federal Title IV student financial assistance programs, which require it to meet standards of financial responsibility based on criteria determined by the U.S. Department of Education (ED), as set forth in 34 CFR Subpart 668.171. The criteria for private institutions include the annual calculation by ED of a financial responsibility composite score, as further outlined in 34 CFR Subpart 668.172, using audited financial statements submitted through ED's eZ-Audit system. The composite score has been and will continue to be based on three ratios: Primary Reserve, Equity, and Net Income. Certain inputs to these ratios as of and for the year ended June 30, 2020 are bolded below and include (a) elements directly from the accompanying consolidated financial statements and related other notes to the consolidated financial statements, as well as (b) certain other financial data. Additional financial information, which is not bolded, has also been presented to facilitate understanding and reconciliation of such data elements to the accompanying financial statements and related other notes.

<u>Data element</u>	<u>Direct input to ratio</u>	<u>Amount</u>
(a) Long-term debt, net: post-implementation		
2014 Higher Education Equipment Leasing Fund, capitalized and outstanding	N/A	\$ 330
2014 Higher Education Equipment Leasing Fund, unamortized bond premium	N/A	45
2016 Higher Education Capital Improvement Fund Series A, capitalized and outstanding	N/A	129
2016 Higher Education Capital Improvement Fund Series B, capitalized and outstanding		7,781
2017 Revenue Bonds Series A, capitalized and outstanding	N/A	72,124
2020 Revenue Bonds Series A, capitalized and outstanding	N/A	76,714
<b>Long-term debt, net: post-implementation</b>	<b>Primary Reserve</b>	<b>157,123</b>
Unspent bond proceeds, and unamortized bond premiums and issuance costs	N/A	184,452
Total long-term debt, net (statement of financial position)	N/A	\$ <u>341,575</u>

**Stevens Institute of Technology**

Supplementary Schedule of Financial Responsibility Data

As of and for the year ended June 30, 2020

(In thousands of dollars)

Data element	Source of data element in financial statements or related notes to financial statements	Amount used as ratio input
<b>Primary reserve ratio</b>		
<i>Numerator: expendable net assets</i>		
Net assets without donor restrictions	Statement of financial position	\$ 201,917
Net assets with donor restrictions, total	Statement of financial position	231,626
Net assets with donor restrictions: restricted in perpetuity portion	Note 16	120,827
Annuity and life income funds	Note 16	3,280
Land, buildings and equipment, net (1)	Statement of financial position	341,465
Long-term debt, net (1)	Note 21	157,123
Capital lease obligation	Statement of financial position	893
Post-retirement and defined benefit pension liabilities	Statement of financial position	6,739
<i>Denominator: total expenses and losses without donor restrictions</i>		
Total operating expenses	Statement of activities	261,698
Losses without donor restriction on post-retirement and defined benefit pension	Note 11	294
<b>Equity ratio</b>		
<i>Numerator: modified net assets</i>		
Net assets without donor restrictions	Statement of financial position	201,917
Net assets with donor restrictions	Statement of financial position	231,626
<i>Denominator: modified assets</i>		
Total assets	Statement of financial position	845,104
<b>Net income ratio</b>		
<i>Numerator: change in net assets without donor restrictions</i>		
Change in net assets without donor restrictions	Statement of activities	41,400
<i>Denominator: total revenue and gains without donor restrictions</i>		
Total operating revenues and other support	Statement of activities	276,058
Gain on sale of property	Statement of activities	8,275
Nonoperating activities: Investment return (loss), net of amounts in support of operations	Statement of activities	431
Grants and other revenue	Statement of activities	664
Nonoperating activities: Net assets released from restriction	Statement of activities	19,080

(1) The University has elected to classify all long-term debt and land, building, and equipment, net as post implementation.

See accompanying independent auditors' report.

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Schedule of Expenditures of Federal Awards  
Year ended June 30, 2020

Federal grantor/pass-through grantor/program title	Federal CFDA number	Pass-through entity number/ additional award number	Federal expenditures	Amounts passed-through to subrecipients
<b>Research and Development Cluster:</b>				
<b>National Institutes of Health:</b>				
R13 -The 5th Stevens Conference on Bacteria-Material Interactions	93.286	1T13EB028138	\$ 5,318	—
In Vivo Imaging Platform for Ectopic Pregnancy Research in Mouse Models	93.286	7R21EB028409-02	185,638	22,377
K22 - Transcriptional Regulation of Oncogenic Cellular Plasticity in the Intestinal Epithelium	93.398	1K22CA218462-01	129,747	—
Improved Ventilation of the Edematous Lung	93.838	1R01HL113577-01A1	295,877	—
R21/Amplified MRI (amRI): A novel way to investigate the pathophysiology of Chiari Malformation I	93.853	R21NS111415	153,459	31,689
Structure, Spectra, and Roles of Metal and Active Site in HNO Heme Protein Complex and Metal-Mediated				
Biological HNO Formation, Conversion, and Detection	93.859	7R15GM08577402	111,544	—
BIGDATA: Causal Interference in Large-Scale Time Series with Rare Events and Latent Variables	93.879	1R01LM011826-01	286,207	135,543
R01: Harnessing Patient Generated Data to Find Causes and Effects of Diet in Pregnancy	93.879	R01LM013308	97,470	14,425
Pass-through from University of Rochester				
Micro- and Nanofiber Enabled Biomimetic Periosteum for Bone Repair and Reconstruction	93.846	416837-G	217,644	—
R01-Metalloprotein Catalysis for Asymmetric Synthesis URF	93.859	417249G/UR FAO GR510737	47,763	—
Pass-through from Baylor College of Medicine				
Biomechanics of Early Mammalian Cardiogenesis	93.865	PO no. 7000001042 (prime: R01HD096335)	22,919	—
Pass-through from University of Connecticut Health Center				
Biodegradable Matrices for Bone Healing	93.286	UCHC7-95616052	68,938	—
			<u>68,938</u>	<u>—</u>
<b>National Institutes of Health Total</b>			<u>1,622,544</u>	<u>204,034</u>
<b>National Science Foundation:</b>				
ADVANCE Stevens: Creating a Sustainable Culture that Facilitates Recruitment, Retention and Advancement of Women Faculty in STEM	47.076	HRD-1311792	64,750	—
Advanced Wearable Cardiovascular Monitoring Platform	47.041	1855394 (ECCS)	62,306	—
Bacteria-Triggered Antimicrobial Release from Microgel-Modified Surfaces	47.049	DMR-1608406	8,065	—
Biomimetic Reconstruction of Functional and Hierarchical Microvascular Networks	47.049	DMR - 1508511	456	—
CAREER: A Sparse Network-Operator Approach to Distributed Control: theory and Algorithms	47.041	ECCS-1653756	101,940	—
CAREER: Additive Biomanufacturing an Engineered Stem Cell Microenvironment	47.041	CMMI-1554150	73,567	—
CAREER: Belief Space Planning and Learning for Uncertainty-Immersed Underwater Robots	47.070	IIS-1652064	24,190	—
CAREER: Engineering Arrays of Organic Light Harvesting Crystals from Solution	47.041	CMMI-1846178	77,833	—
CAREER: Learning from Observational Data with Knowledge	47.070	IIS-1347119	92,694	—
CAREER: Non-Commutative Cryptography from Hard Learning Problems: Theory and Practice	47.070	CNS-1350858	52,804	—
CAREER: Reinforcement-Learning Assist-As-Needed Control for Robot-Assisted Gait Training	47.041	1944203	926	—
CAREER: Stochastic Multiple Time-Scale Co-Optimized Resource Planning of Future Power Systems with Renewable Generation, Demand Response, and Energy Storage	47.041	ECCS-1906532	15,149	—
CAREER: Synergy-based Human Machine Interfaces	47.070	1845197	86,363	—
CAREER: Synthetic Ultra-High-Resolution Millimeter-Wave Imaging for Tissue Diagnostics	47.041	ECCS-1554402	5,846	—
CAREER: Verifiable Outsourcing of Data Mining Computations	47.070	CNS-1350324	6,579	—
CCSS: Collaborative Research: Developing A Physical-Channel Based Lightweight Authentication System for Wireless Body Area Networks	47.041	1817463	22,492	—
CHS: Small: Collaborative Research: Understanding and Improving Implicit Coordination in Peer Production Networks	47.070	1717473	100,475	—
CHS: Small: Collective Design Through Remixing	47.070	IIS-1422066	60,029	—
CHS: Small: Exploring Design and Evaluation Space through Crowds and Communities	47.070	IIS-1909803	77,332	—
Collaborative Research: A Nonbinding Commitment Modeling and Control for Deployment of Distributed Flexible Energy Resources	47.041	ECCS-1610302	58,143	—
Collaborative Research: The Genetic Basis, Biosynthetic Pathways and Evolution of Chemical Defense in Carabid Beetles	47.074	DEB - 1556898	65,546	—
Collaborative Research: A New Nonlinear Modal Updating Framework for Soft, Hydrating Materials	47.041	1728186	121,616	—
Collaborative Research: Chemical and Dynamic Heterogeneities in Interfaces for Adaptive Polymer Nanocomposites	47.041	CMMI-1825250	112,607	—
Collaborative Research: GOALL: Bio-Inspired Bistable Energy Harvesting for Fish Telemetry Tags	47.041	1935954	21,041	—
Collaborative Research: Improving Energy Reliability by Co-Optimization Planning for Interdependent Electricity and Natural Gas Infrastructure Systems	47.041	CMMI-1906780	140,671	—
Collaborative Research: Mechanical Characterization of Bio-Interfaces by Shear Wave Scattering	47.041	CMMI-1826270	77,560	—
Collaborative Research: Parity-Time Symmetry and Anti-Symmetry in Quantum Optics	47.049	PHY-1806523	42,693	—
Collaborative Research: Plasmonic Lasing with Two-dimensional Heterostructures in the Intrinsic Regime	47.049	DMR-1809235	45,955	—
Collaborative Research: Research Initiation: Market-driven design concept formation in undergraduate engineers	47.041	1927037	33,969	—
Collaborative Research: SAVI: ICON: Institute for Cognitive Networking	47.070	CNS-1548364	6,778	—
CRI: CI-NEW: Collaborative Research: Constructing a Community-Wide Software Architecture Infrastructure	47.070	CNS-1823074	18,561	—
CRII: SHR: Expediting Subgraph Matching on GPUs	47.070	2007222	13,961	—
CyberSEES: Type 2: Collaborative Research: Combining Experts and Crowds to Address Global Climate Change	47.070	CCF-1442840	46,218	—
Dynamic 3D Printing with in Situ Depolarization: A New Biomanufacturing Paradigm for Guided Cell-Cell Communication	47.041	1663095	64,534	—
EAGER: Collaborative Research: Demonstrating the Importance of Research Setting Representativeness in Systems Engineering and Design Research	47.041	CMMI-1841109	34,867	—
EAGER: Exploring the Use of Secure Multi-Party Computation in the Context of Organ Donation	47.041	CCF-1646999	13,758	—
EAGER: Model-Based Foundations of Collective Systems Design Theory	47.041	CMMI-1742971	3,163	—
EAGER: SaTC: Early-Stage Interdisciplinary Collaboration: A Sociotechnical Metrics Framework for Network and Security Operations Centers	47.070	CNS-1915822	45,185	—
Exploratory: Green Infrastructure Technologies Inspire STEM Interest (GI Tech)	47.076	DRL-1759272	24,700	—
Facile Lab-on-Fiber Optofluidic Platform for the Study of Therapeutic-Eluting Polyelectrolyte Coatings	47.041	ECCS1611155	5,394	—
FOUNDATIONS: Integrating Evidence-based Teaching and Learning into the Core Engineering Curriculum	47.076	1524656	376,710	—
GOALL: Nanostructured Sapphire Optical Fiber for Sensing in Harsh Environment	47.049	1506179	39,947	—
Hydropower on a Chip: Frictionless Nanochannel Systems for Hydroelectric Power Generation	47.041	1462499	44	—
I-Corps: Artificial Cornea of Microtextured Hydrogel	47.041	1946450	21,591	—
I-Corps: Flexible and Stretchable Electronic Skin Sensor	47.041	1933645	32,774	—
I-Corps: Point-of-Care Skin Cancer Imaging Device	47.041	IP-1834928	1,477	—
III: SMALL: Moving Beyond Knowledge to Action: Evaluating and Improving the Utility of Causal Inference	47.070	1907951	6,757	—
Ionic Transport in Ion Containing Copolymer-Grafted Nanoparticle Structures	47.049	DMR-1807802	16,676	—
Maritime Cybersecurity - Building Capacity in Critical Infrastructure Protection	47.076	DGE-1623714	32,676	—
Microgel Tethering for Integrated Microarray-Based RNA Amplification and Detection	47.041	CBET-1402706	21,167	—
MRI: Acquisition of a Transmission Electron Microscope for Materials Research	47.049	DMR-1827557	349,470	—
Multimedia Immersion (MI) Inspires STEM Learning	47.076	1720964	107,672	—
NetS: Small: Collaborative Research: The Ontology of Inter-Vehicle Networking with Spatial-Temporal Correlation and Spectrum Cognition	47.070	CNS-1841491	39,040	—
NRI: Collaborative Research: Autonomous Quadrotors for 3D Modeling and Inspection of Outdoor Infrastructure	47.047	IIS-1637761	100,894	—
NRI: Collaborative Research: Controlling Crowd Dynamics by Dynamically Interacting Robots for Emergency Evacuation	47.070	IIS-1527016	3,465	—
NSF Student Travel Grant for Logic Mentoring Workshop 2019 (LMW)	47.070	19926333 (CCF)	5,514	—
PFI-TT: Point-of-care Skin Cancer Imaging Device	47.041	IP-1919194	56,273	—
Polymer Nanocomposites with Enhanced Optoelectronic Properties via Shear Induced Crystallization	47.041	CMMI-1635284	53,383	—
PREVENTS Track 2: Collaborative Research: Geomorphic Versus Climatic Drivers of Changing Coastal Flood Risk	47.050	ICER-1855037	145,495	—
RAISE: EQUIP: A Chip-integrated Platform for Photon-Efficient Quantum Communications	47.041	1842680	223,763	84,808
Renewal: CyberCorps: Scholarship for Service Program at Stevens	47.076	DGE-1433795	388,713	—
Ri: Small: Learning to Eliminate Heuristics in Stereo Vision	47.070	IIS-1527294	48,624	—
S&AS: FND: Learning-Enabled Autonomous 3D Exploration for Underwater Robots	47.070	1723996	66,073	—
SaTC: CORE: Small: Collaborative: An Integrated Approach for Enterprise Intrusion-Resilience	47.070	1718782	62,462	—
SaTC: CORE: Small: Relational Verification for Information Assurance and Privacy	47.070	1718713	79,093	—
SaTC: CORE: Small: Toward Usable and Ubiquitous Trust Initialization and Secure Networking in Wireless Ad Hoc Networks	47.070	1817438	208,322	—
SCH: INT: Collaborative Research: Uniting Causal and Mental Models for Shared Decision-Making in Diabetes	47.070	IIS-1915182	22,349	—
SCH:INT: Collaborative Research: Aging In Place Through Enhanced Mobility and social Connectedness: An Integrated Robot and Wearable Sensor Approach	47.070	IIS-1838799	286,041	—
SHF: Small: Collaborative Research: Concurrent Software Verification with Rely/Guarantee Abstraction	47.070	1813745	10,430	—
SHF: Small: Collaborative Research: Test-Centric Architecture Modeling	47.070	CCF-1909763	22,765	—
SHF: Small: Scalable Spectral Sparsification of Graph Laplacians and Integrated Circuits	47.070	2011412	2,640	—
Signal Processing for Passive RF Sensing	47.041	ECCS-1609393	116,108	—
Software Engineering Master's Program for Liberal Arts Graduates	47.076	1458721	15,000	—
SpecEES: Cooperative Green RF Sensing over Shared Spectrum	47.041	1923739	11,264	—
The 5th Stevens Conference on Bacteria-Material Interactions	47.041	CBET-1907604	6,854	—
TWC: Small: Workflows and Relationships for End-to-End Data Security in Collaborative Applications	47.070	CNS-1320798	17,701	—
Understanding Pedestrian Dynamics for Seamless Human-Robot Interaction	47.041	CMMI-1825709	53,245	—
US Ignite: Focus Area 1: An Integrated Reconfigurable Control and Self-Organizing Communication Framework for Advanced Community Resilience Microgrids	47.070	CNS-1915756	110,187	70,756



**STEVENS INSTITUTE OF TECHNOLOGY**  
 Schedule of Expenditures of Federal Awards  
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Federal grantor/pass-through grantor/program title	Federal CFDA number	Pass-through entity number/ additional award number	Federal expenditures	Amounts passed-through to subrecipients
Research and Development Cluster, continued:				
National Science Foundation, continued:				
Pass-through from Columbia University				
EFRI ACQUIRE: Development of Amorphous-Silicon Platform for Chip-Based Quantum Information Applications	47.041	2(GG012507-02)	\$ 296,315	—
Pass-through from University of Pennsylvania				
RAISE-EQUIP: Integrated Higher-Dimensional Quantum Photonic Platform	47.041	575401, PO no. 4175345 (prime: ECCS-1842612)	66,169	—
Pass-through from University of Oklahoma				
CRISP Type 2: Collaborative Research: Resilience Analytics: A Data-Driven Approach for Enhanced Interdependent Network Resilience	47.041	2016-35	48,369	—
Pass-through from Virginia Polytechnic Institute and State University				
Modeling and Testing of Surge Wave Energy Converter	47.041	500125-19821, NSF IIP-1160977	13,186	—
Pass-through from Barnard College				
2019 Secure and Trustworthy Cyberspace PI Meeting	47.070	SIT-1935156	16,939	—
Pass-through from University of Maryland				
CoPE RCN: Advancing Interdisciplinary Research to Build Resilient Communities and Infrastructure in the Nation's Estuaries and Bays	47.050	SA07523110 P085840 (prime: 1940273)	4,777	—
National Science Foundation Total			5,538,930	165,564
Naval Postgraduate School:				
Risk Quantification of Acquisition Programs through Systems Complexity Measures	12.300	HQ00341910005	66,832	—
Naval Postgraduate School Total			66,832	—
Office of Naval Research:				
ABIDES: Adaptive Binary Debloating and Security	12.300	N00014-17-1-2788	744,830	400,271
Adapting Static and Dynamic Program Analysis to Effectively Harden Debloated Software	12.300	N00014-16-1-2261	181,067	—
Automatically Verifying Temporal Alignment of Transformed Software	12.300	N00014-17-1-2787	786,838	166,007
Distributional Reinforcement Learning for Safe Autonomous Navigation	12.300	N00014-20-1-2570	12,135	—
DURIP: Indraft Tunnel for High-Speed Aerodynamics Research	12.300	N00014-19-1-2523	292,578	—
FE: Scaling and Structure in Transitional and Turbulent Hypervelocity Flows	12.300	N00014-20-1-2549	2,978	—
Modeling and Control for High-Speed Systems	12.300	N00014-13-C-0198	317,268	—
Quantum-enhanced Fast Cars for Remote Detection Using a Multistatic Platform	12.300	N00014-20-1-2086	42,270	—
Remote detection of chembio hazards via coherent anti-Stokes Raman spectroscopy	12.300	N00014-17-1-2523	58,809	—
Pass-through from Advanced Technology & Research Corporation				
Computational and Physical Modeling of ESB Elevator System Dynamics	12.300	ATR-18-S-4760-000-01 (N6833519C0055 Topic No. N17A-T012)	93,585	—
Computational and Physical Modeling of ESB Elevator System Dynamics	12.300	ATR-18-S-4760-000-01 (Option 1 Task No. 104760.000.020)	75,420	—
Pass-through from Virginia Polytechnic Institute and State University				
Scalable Hypervisor for Commodity Heterogeneous Multicore Computers: Popcorn Xen	12.300	450397-19821	92,440	—
Pass-through from Maritime Applied Physics Corporation				
Experimental Hydrodynamic Evaluation of a Wheeled Amphibious Vehicle at 1/8th Scale in Calm Water and Waves	12.300	Agreement signed 8/5/19; PO 201902-017; Prime N00014-19-C-2047	9,174	—
Office of Naval Research Total			2,709,432	566,278
U.S. National Security Agency:				
Cybersecurity Workforce Education - CNAP Initiatives	12.902	H98230-17-1-0342	70,749	—
Stevens Institute of Technology CySP Grant	12.902	H98230-19-1-0294	101,790	—
U.S. National Security Agency Total			172,539	—
United States Air Force Office of Scientific Research:				
Instantaneous Velocity Profiles of Wall-Bounded Shear Flows in Thermochemical Non-Equilibrium	12.800	FA9550-16-1-0262	94,341	—
Adaptive Radar Signal Detection with Integrated Learning and Knowledge Exploitation	12.800	FA9550-16-1-0243	25,384	—
Radiative and Dispersive Behavior of Instabilities in a Highly-Cooled Hypersonic Boundary Layer (DURIP-19) Solid State Read Step for Simple, High-Speed Krypton Tagging Velocimetry	12.800	FA9550-19-1-0182	86,161	140,211
United States Air Force Office of Scientific Research Total			360,407	140,211
United States Air Force Research Laboratory:				
Acoustic Methods for Unmanned Aircraft Systems (UAS) Detection, Tracking and Localization	12.XXX	FA8750-17-C-0190	45,068	—
Pass-through from University of Texas at Arlington				
Moisture Degradation and its Effect on Aging	12.XXX	FA8650-17-C5275	20,561	—
Pass-through from ANDRO Computational Solutions, LLC				
Dynamic Spectrum Access Policy Algorithms and Impact on Security and Resilience	12.XXX	NSC-17-7031	165,579	—
United States Air Force Research Laboratory Total			231,208	—
United States Army:				
Engineering Nanofibrous Scaffolds for Bone Regeneration	12.420	W81XWH-16-1-0132	2,214	—
ART-002: Transforming Systems Engineering through Model-Based Systems Engineering	12.XXX	W15QKN-18-D-0040, TO W15QKN18F0102	1,437,389	251,278
Characterization of Emerging Technologies in Military Environments	12.XXX	W15QKN-18-D-0040, TO W15QKN18F0290	171,430	137,059
ART-004: Methods to Evaluate Cost/Technical Risk and Opportunity Decisions for Security Assurance in Design	12.XXX	W15QKN-18-D-0040/TO 0001	248,542	125,000
ART 005: Methods for Integrating Dynamic Requirements and Emerging Technologies	12.XXX	W15QKN-18-D-0040/W15QKN19F0385	53,073	39,556
ART 006: Risk-Based Approach to Cyber Vulnerability Assessment	12.XXX	W15QKN-18-D-0040/W15QKN19F0445	266,031	227,476
ART 007: Cognitive Bias in Intelligent Systems	12.XXX	W15QKN-18-D-0040; DO W15QKN19F0653	203,313	183,434
ART 008: Design Evaluation, Automation and Optimization Dashboard for Armament and Ammunition Packaging	12.XXX	W15QKN-18-D-0040; DO W15QKN19F0649	63,115	—
ART 009: Intelligent Defense Systems (IDS)	12.XXX	W15QKN-18-D-0040; DO W15QKN19F0746	154,545	—
ART 010: Managing System-of-Systems Complexity for Distributed Command and Control (C2)	12.XXX	W15QKN-18-D-0040; DO W15QKN19F0738	179,275	147,383
ART 014: Quantum Photonics Tasks for Research	12.XXX	W15QKN-18-D-0040, DO W15QKN20F0002	337,793	—
ART 016: Integrated Mission Equipment (IME) Architecture Process for Vertical Lift Systems	12.XXX	W15QKN-18-D-0040, DO W15QKN20P0091	169,572	137,377
Pass-through from Leidos, Inc.				
Net Zero Technologies for the Army's Industrial Munitions Base	12.XXX	P010205636	1,562,056	109,214
Net Zero Technologies to Support Energetics Production within the Army's Industrial Munitions Base	12.XXX	P010227554 (prime contract W911NF-15-D-0014/DO W911NF18F0061)	817,843	78,170
Pass-through from EDIR Technologies				
Small Caliber Fire Control Systems Support	12.XXX	S18-06115	709,563	—
Pass-through from Consortium for Energy, Environment and Demilitarization				
Net Zero Technologies for the Army's Industrial Munitions Base	12.XXX	W15QKN-13-9-0001, SINIT-15-0013	—	—
Pass-through from JAKTOOL LLC				
Sensor Development for Precision Munitions	12.XXX	PO no. 4163856 (prime: W15QKN-14-9-1001; DOTC-16-01-INIT0633)	81,333	—
Pass-through from SIA Solutions				
Industrial Base Resilience Initiative - Holston AAP, TN	12.XXX	SIA Proj 50-Stevens Institute (prime W91278-16-D-0007/W9127820F0125)	508	—
Pass-through from Autonomous Healthcare				
Fast Parameter Identification for Personalized Pharmacokinetics	12.420	W81XWH-18-C-0013	25,165	—
United States Army Total			6,771,760	1,435,947
United States Army Research Office:				
MUSICA: Musical Improvising Collaborative Agent	12.431	W991NF-16-0567	635,921	73,917
Infrastructure for Securing Dynamic Tactical MANETs Research and Education	12.431	W911NF-17-1-0178	29,914	—
Multifunctional Antimicrobial Microgels (Research Area 9: Materials Science)	12.431	W911NF-17-1-0332	157,558	—
Analysis and Robust Techniques for MIMO RF Sensing with Timing and Phase Errors	12.431	W911NF-19-2-0234	74,176	—
United States Army Research Office Total			897,569	73,917
United States Department of Homeland Security:				
The Center for Maritime Research (CMR)	97.061	2014-ST-061-ML0001	1,145,594	—
The Center for Maritime Research (CMR)	97.061	2014-ST-061-ML0001/17STMSC00001-01-01	744,000	212,101
Collection of Performance Data on Maritime Counter Unmanned Aerial Systems	97.XXX	HSHQDC-16-A-B0004, Order No. 70RSAT18FR0000024, Req. No. RSAR-17	1,348,538	—
Pass-through from Port Authority of New York/New Jersey				
Develop High-Resolution Storm Surge Forecasts for Port Authority of New York & New Jersey Facilities Vulnerable to Flood Waters	97.XXX	Research Task Agreement Executed 8/26/14	139,028	—
Pass-through from Gibbs & Cox, Inc.				
Experimental Hydrodynamic Investigation of Hull Flow, Resistance and Powering of a USCG Waterways Commerce Cutter (WCC) Concept Design	97.000	Subcontract no. GC-S-2019-015-01010; TO no. 01	35,523	—
Pass-through from The Pacific Northwest National Laboratory	97.061			
Subject Matter Expertise in Maritime Surveillance	97.128	PO#501966	42,616	—
United States Department of Homeland Security Total			3,455,308	212,101

**STEVENS INSTITUTE OF TECHNOLOGY**  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2020

Federal grantor/pass-through grantor/program title	Federal CFDA number	Pass-through entity number/ additional award number	Federal expenditures	Amounts passed-through to subrecipients
<b>Research and Development Cluster, continued:</b>				
<b>National Aeronautics and Space Administration:</b>				
Generalizing Distributed Missions Design using the Trade-Space Analysis Tool for Constellations (TAT-C) and Machine Learn	43.001	80NSSC17K0586	\$ 46,544	—
An Innovative Interferometry Measurement Concept with Photonic Integrated Circuits and Nonlinear Quantum Optics Suitable for Remote Sensing from Future Small Sat/CubeSat Platforms	43.009	80NSSC19K1618	116,477	—
Pass-through from Rutgers University				
New Jersey Space Grant Consortium Branch at Stevens	43.008	PO S2312550	38,196	—
Pass-through from Autonomous Healthcare Inc.				
NASA SBIR Phase I: Continuous Crew Health Monitoring	43.002	Agreement signed 8/16/2019 (prime: 80NSSC19C0246)	31,128	—
Pass-through from Cal Tech Jet Propulsion Lab				
High Precision Microwave Spectroscopy of Long-Lived Circular-State Rydberg Atoms in Microgravity	43.001	RSA No. 1628429 (prime: NNN12AA01C)	22,249	—
Pass-through from Universities Space Research Association				
Snow Retrieval Algorithms in Support of the NASA SnowEx Campaigns	43.001	sub 05700-14, PO no. 20181225; prime NNG11HP16A	23,364	—
<b>National Aeronautics and Space Administration Total</b>			<b>277,958</b>	<b>—</b>
<b>U.S. Department of Defense:</b>				
RT 147 - Modification and Application of Portfolio Management Analysis Techniques to Software-Heavy Systems of Systems	12.XXX	HQ0034-13-D-0004, Delivery Order 0047	(566)	—
RT 148 - Systems Engineering M&S Integration Framework in the Digital Thread	12.XXX	HQ0034-13-D-0004, Delivery Order 0048	472	—
RT 166 - Formal methods in Resilient Systems Design Using a Flexible Contract Approach	12.XXX	HQ0034-13-D-0004, Delivery Order 0066	2,780	—
RT 168 - Transforming Systems Engineering Through Model-Centric Engineering	12.XXX	HQ0034-13-D-0004, Delivery Order 0068	16,240	—
RT 177 - Interactive Model-Centric Systems Engineering (IMCSE) Phase 5	12.XXX	HQ0034-13-D-0004, Delivery Order 0077	1,504	—
RT 187 - PEO Missiles and Space Systems Engineering Methods	12.XXX	HQ0034-13-D-0004, DO HQ003417F0414	2,745	—
RT 197 - SE Capstone Marketplace	12.XXX	HQ0034-13-D-0004, DO HQ003418F0047	33,506	10,663
RT 199 - Interactive Model-Centric Systems Engineering (IMCSE) - Phase 6	12.XXX	HQ0034-13-D-0004, DO HQ003418F0097	1,317	—
RT-152: Electronic Product Data Management (ePDM) MPTs to Improve Design for Producibility, Reliability, Availability, Maintainability, and Sustainability	12.XXX	HQ0034-13-D-0004, Delivery Order 0052	1,179	—
RT-181: System Qualities (SQs) Ontology, TradeSpace and Affordability (SOOTA), Phase 6: 2017-2018	12.XXX	HQ0034-13-D-0004, Delivery Order HQ003417F0283	2,357	—
RT-182: Enterprise Systems-of-Systems Model for Digital Thread Enabled Acquisition	12.XXX	HQ0034-13-D-0004, DO HQ003417F0300	(1,716)	—
RT-183 - Next Generation Adaptive Cyber-Physical Human Systems	12.XXX	HQ0034-17-F-0430, DO HQ003417F0430	133,316	125,613
RT-186: Product Assurance for Electronics in Harsh Environments	12.XXX	HQ0034-13-D-0004, DO HQ003417F0387	431	—
RT-188: Systems Engineering Research Center (SERC) Program Management	12.XXX	HQ0034-13-D-0004, DO HQ003417F0588	246	—
RT-189 - Systems Engineering Research Center (SERC) Research Task Management	12.XXX	HQ0034-13-D-0004, DO HQ003417F0606	2,069	—
RT-190 - Reliability of Silver Wire Bonds in Harsh Environments	12.XXX	HQ0034-13-D-0004, DO HQ003417F0528	251	—
RT-191 - Security Engineering - Decision Support Tool Trials	12.XXX	HQ0034-13-D-0004, DO HQ003417F0538	1,298	—
RT-193: Framework for Analyzing Versioning and Technical Debt	12.XXX	HQ0034-13-D-0004, DO HQ003418F0014	714	—
RT-194: Design and Development Tools for the Systems Engineering Experience Accelerator - Part 4	12.XXX	HQ0034-13-D-0004, DO HQ003418F0046	8,335	—
RT-195 Transforming Systems Engineering through Model-Centric Engineering - Phase 5	12.XXX	HQ0034-13-D-0004/ Delivery Order HQ003418F0089	3,076	—
RT-196: Security Engineering - 2018	12.XXX	HQ0034-13-D-0004, DO HQ003418F0094	123	—
RT-198: Helix - Organizational Effectiveness in Systems Engineering	12.XXX	HQ0034-13-D-0004, DO HQ003418F0124	1,797	—
RT-201: Human-Machine Team (HMT) Concepts for Resilient Autonomous Systems	12.XXX	HQ0034-13-D-0004/Delivery Order HQ003418F0185	6,776	6,451
RT-202: Workshop and Research Roadmap for Sensemaking Technologies	12.XXX	HQ0034-13-D-0004, DO HQ003418F0097	1,691	—
RT-203: Meshing Capability and Threat-based Science and Technology (S&T) Resource Allocation	12.XXX	HQ0034-13-D-0004, DO HQ003418F0150	33,959	—
RT-204: Systemic Security and the Role of Heterarchical Design and Cyber-Physical Systems	12.XXX	HQ0034-13-D-0004/ Delivery Order HQ003418F0249	3,635	—
RT-205: Identifying and Measuring Modularity Violations on Cyber-Physical Systems	12.XXX	HQ0034-13-D-0004/Delivery Order HQ003418F0250	1,340	—
RT-206: Data Science Approaches to Prevent Failure in Systems Engineering	12.XXX	HQ0034-13-D-0004, DO HQ003418F0263	3,305	978
RT-207: Game-theoretic Risk Assessment for Distributed Systems (GRADS)	12.XXX	HQ0034-13-D-0004, DO HQ003418F0297	2,166	—
RT-208: Tools and Methods Framework for Shipboard Power and Energy Systems	12.XXX	HQ0034-13-D-0004/ Delivery Order HQ003418F0266	502	—
RT-209: System Qualities (SQs) TradeSpace and Affordability - Phase 7	12.XXX	HQ0034-13-D-0004, DO HQ003418F0427	40,004	37,268
RT-210: Formal Methods in Resilient Systems Design using a Flexible Contract Approach - Part 2	12.XXX	HQ0034-13-D-0004, DO HQ0642813235A001 (formerly HQ064281335A001)	189,567	163,532
RT-212: PEO Missiles and Space Systems Engineering Methodology Implementation	12.XXX	HQ0034-13-D-0004, DO HQ003418F0468	14,397	12,587
RT-213: Systems Engineering Business and Analytics	12.XXX	HQ0034-13-D-0004, DO HQ003418F0495	26,097	—
RT-217 Systems Engineering Research Center (SERC) Program Management	12.XXX	HQ0034-13-D-0004, DO HQ003418F0587	234,253	—
RT-218: Systems Engineering Research Center (SERC) Research Task Management	12.XXX	HQ0034-13-D-0004/ Delivery Order HQ003418F0588	146,271	—
Security Engineering Capstone Marketplace Pilot - RT 43	12.XXX	H98230-08-D-0171	1,559	—
WRT-1001: Digital Engineering Measures	12.XXX	HQ003419D0003, DO HQ003419F0100	306,523	56,155
WRT-1002: Approaches to Achieve Benefits of Modularity in Defense Acquisition - Part 2	12.XXX	HQ003419D0003, DO HQ003419F0102	292,296	252,504
WRT-1003: Data Assimilation, Analysis and Fusion across Modalities and Varying Latencies: Earth Orientation Parameters' Estimation and Prediction	12.XXX	HQ003419D0003, DO HQ003419F0658	80,817	78,793
WRT-1004: Helix - Organizational Systems Engineering Effectiveness 2019	12.XXX	HQ003419D0003, DO HQ003419F0127	349,122	—
WRT-1005: Safety Assessment Methods for Supercritical Water Oxidation (SCWO) Facility at Blue Grass Chemical Agent Destruction Pilot Plant (BGCAPP)	12.XXX	HQ003419D0003, DO HQ003419F0163	177,862	—
WRT-1006: Preparing the Acquisition Workforce for Digital Engineering - Developing a Digital Engineering Competency Framework	12.XXX	HQ003419D0003, DO HQ003419F0286	388,372	79,482
WRT-1007: SE Capstone Marketplace 2019-2020	12.XXX	HQ003419D0003, DO HQ003419F0363	431,473	98,566
WRT-1008: Transforming Systems Engineering through Model-Centric Engineering - Phase 6	12.XXX	HQ003419D0003, DO HQ003419F0302	510,991	233,161
WRT-1009: Model Curation Innovation & Implementation	12.XXX	HQ003419D0003, DO HQ003419F0242	378,961	348,042
WRT-1010: Meshing Capability and Threat-based Science and Technology (S&T) Resource Allocation - Part 2	12.XXX	HQ003419D0003, DO HQ003419F0343	1,538,637	—
WRT-1011: New Project Incubator	12.XXX	HQ003419D0003, DO HQ003419F0330	200,309	154,779
WRT-1012: Global Positioning Systems - Mission Engineering and Integration of Emerging Technologies	12.XXX	HQ003419D0003, DO HQ003419F0298	1,354,320	1,279,502
WRT-1013: Security Engineering - 2019	12.XXX	HQ003419D0003, DO HQ003419F0358	493,160	459,216
WRT-1014: Foundations for a Model-Based, Portfolio Analysis Capability for JPEO-CBRN	12.XXX	HQ003419D0003, DO HQ003419F0591	92,107	89,125
WRT-1016: Reducing Total Ownership Cost (TOC) and Schedule	12.XXX	HQ003419D0003, DO HQ003419F0620	158,170	136,522
WRT-1017: Keyphrase Extraction using Language Embeddings - Phase I & Phase II	12.XXX	HQ003419D0003, DO HQ003420F0228	6,173	—
WRT-1018: DAU Credential Development	12.XXX	HQ003419D0003, DO HQ003419F0588	281,079	—
WRT-1019: Adaptive Cyber-Physical-Human Systems Testbed	12.XXX	HQ003419D0003, DO HQ003420F0027	195,083	174,207
WRT-1020: Systems Engineering Research Center (SERC) Program Management	12.XXX	HQ003419D0003, DO HQ003419F0704	444,810	8,456
WRT-1021: Systems Engineering Research Center (SERC) Research Task Management	12.XXX	HQ003419D0003, DO HQ003419F0674	249,893	—
WRT-1023: Analyzing and Assessing Contracts for Embedded Risk	12.XXX	HQ003419D0003/HQ003419F0638	271,907	—
WRT-1024: Improved Test Data Analysis Methods to Characterize Counter-Unmanned Aerial System (CUAS) Performance	12.XXX	HQ003419D0003, DO HQ003420F0083	104,510	—
WRT-1025: Using AI/ML Design Patterns for Digital Twins and Model-Centric Engineering	12.XXX	HQ003419D0003, DO HQ003420F0201	1,943	—
<b>U.S. Department of Defense Total</b>			<b>9,225,514</b>	<b>3,805,592</b>
<b>United States Department of Commerce:</b>				
Compound Fluvial-Coastal Flood and Climate Adaptation: A Transferable Framework of Engagement, Modeling and Cost-Benefit Analysis	11.431	NA19OAR4310307	104,099	22,051
Pass-through from Columbia University				
Supporting Regional Implementation of Integrated Climate Resilience: Consortium for Climate Risk in the Urban Northeast (CCRUN) Phase II	11.431	2(GG012355)	52,097	—
Enabling urban residents to adapt to coastal flooding: Evidence from New York City neighborhoods	11.431	1(GG015474) (prime: NA19OAR4310311)	8,143	—
Pass-through from University of Michigan				
Catalyzing a Deeper Understanding of the Effects of Storm Surge Barriers on the Hudson River Estuary	11.419	SUBK00009741 (Prime: NA14NOS4190145)	51,260	20,669
Pass-through from New Jersey Sea Grant Consortium				
Green Retrofit of Stormwater BMPs for Pollution Prevention in Urban Coastal Communities of New Jersey	11.417	NJSGC Project No. 6188-0003	45,595	—
Sea Grant Coastal Processes Extension (Amendment VIII)	11.417	6197-0001 (NA18OAR4170087)	17,784	—
Physics-Based Assessment of Hurricane-Induced Wave Hazards Under Climate Change: Barrier Islands of New Jersey	11.417	6208-0066 (prime: NA18OAR4170087)	1,932	—
Sea Grant Coastal Processes Extension (Amendment VIII)	11.417	6187-0001	34,727	—
<b>United States Department of Commerce Total</b>			<b>315,637</b>	<b>42,720</b>

**STEVENS INSTITUTE OF TECHNOLOGY**  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2020

Federal grantor/pass-through grantor/program title	Federal CFDA number	Pass-through entity number/ additional award number	Federal expenditures	Amounts passed-through to subrecipients
Research and Development Cluster, continued:				
Defense Advanced Research Projects Agency:				
Pass-through from University of California Berkeley				
Culture-on-a-Chip Computing; Crowdsourced Simulations of Culture, Group Formation, and Collective Identity	12.910	00010027, D17AC00004	\$ 300,396	—
Pass-through from Riverside Research				
Data Analysis for CUAS System Performance Characterization for Phase II of the Mobile Force Protection (MFP) Program	12.XXX	FA8650-14-D-1725/RaDIAEM TO7; DRC.1265.00139.19	(137)	—
Pass-through from Carnegie Mellon University				
A Hybrid Computer Platform to Design, Guide and Partner with Humans in the Team Problem-Solving Process	12.910	1141322-419856 (prime: N66001-17-2-4064)	48,985	—
Pass-through from Center for Open Science				
Direct Replication of Long et al (2015) by Suchow Lab	12.910	PO no. 1300766259.1 (prime: N660011924015)	1,673	—
Data Enhancement of the DARPA SCORE Claims Dataset	12.910	PO no. 1300766259.2 (prime: N660011924015)	10,957	—
Defense Advanced Research Projects Agency Total			<u>361,874</u>	<u>—</u>
United States Department of Energy:				
Floating Oscillating Surge Wave Energy Converter Using Controllable Efficient Power Takeoff System	81.087	DE-EE0008953	26,332	—
Pass-through from Princeton University				
Surface Chemistry and Reactions for Bimetallic Au Catalysis	81.049	SUB000286;DE-SC0019052	36,907	—
Pass-through from Missouri University of Science & Technology				
Modeling and Optimizing Pumped Storage in a Multi-stage Large Scale Electricity Market under Portfolio Evolution	81.087	00065501-03 (prime: DE-EE000878)	69,165	—
Pass-through from University of California - Lawrence Berkeley National Laboratory				
Graphic Processing Unit (GPU) Based Parallel Symbolic Factorization for SuperLU-DIST	81.000	7507302	77,434	—
Pass-through from FactualVR				
SBIR Phase II: Hypertunnel - a MR/VR remote collaboration system	81.049	Agreement executed January 13, 2020	78,772	—
Pass-through from Brookhaven National Laboratory				
Accelerating Machine Learning Inference for Architectural Simulation	81.000	382692 (Prime DE-SC0012704)	4,931	—
United States Department of Energy Total			<u>293,541</u>	<u>—</u>
United States Department of Transportation:				
Distributed Fiber Optic Sensor Network for Real-time Monitoring of Pipeline Interactive Anomalies	20.724	693JK31950008CAAP	7,993	5,184
United States Department of Transportation Total			<u>7,993</u>	<u>5,184</u>
United States Fish & Wildlife Service:				
Pass-through from The Nature Conservancy				
Wave Attenuation Monitoring Gandy's Beach Living Shoreline	15.677	Agreement dated 7/19/19	30,130	—
United States Fish & Wildlife Service Total			<u>30,130</u>	<u>—</u>
Environmental Protection Agency:				
Pass-through from University of the District of Columbia				
Green Roof Research and Monitoring	66.460	Subaward Agreement signed 7/24/19; (Prime 2018-1808-WPD-04)	45,480	—
Environmental Protection Agency Total			<u>45,480</u>	<u>—</u>
United States Securities and Exchange Commission:				
IPA application	58.000	IPA signed 9/18/2019	131,934	—
United States Securities and Exchange Commission Total			<u>131,934</u>	<u>—</u>
United States Agency for International Development:				
Pass-through from Virginia Polytechnic Institute and State University				
Evaluation of Combinations of Energy Harvesting and Desalination Technologies	98.001	418416-19821 (prime: 2000009131/AID-263-A-15-00002)	25,337	—
United States Agency for International Development Total			<u>25,337</u>	<u>—</u>
U.S. Department of Health and Human Services:				
Pass-through from Hackensack University Medical Center				
Ex Vivo Culture Platform Validation for Preservation of Patient-Derived Multiple Myeloma Cells	93.395	2017-R33CA	191,390	—
U.S. Department of Health and Human Services Total			<u>191,390</u>	<u>—</u>
United States Army Medical Research Acquisition Activity:				
A Novel Class of Antagonists for Robust Inhibition of Mutant Estrogen Receptor Action in Endocrine-Resistant Metastatic Breast Cancer	12.420	W81XWH1910077	91,135	—
Compressing Time and Space for an In Situ Dermal Graft Printing Paradigm	12.420	W81XWH1910158	65,766	—
United States Army Medical Research Acquisition Activity Total			<u>156,901</u>	<u>—</u>
United States Department of Housing and Urban Development:				
Pass-through from Michigan Technological University				
A Novel Phytoremediation Method to Cleanup Lead-based Paint Contaminated Soils: Phase-III – Demonstration Study	14.906	Subaward No. 170504621	76,821	—
United States Department of Housing and Urban Development Total			<u>76,821</u>	<u>—</u>
United States Air Force:				
Pass-through from Spectral Energies LLC				
Non-intrusive Measurement of Density and Velocity Perturbations in Supersonic and Hypersonic Wind Tunnels	12.XXX	SB1711-001-1	186,254	—
United States Air Force Total			<u>186,254</u>	<u>—</u>
Total Research and Development Cluster			<u>33,153,293</u>	<u>6,641,548</u>
Student Financial Assistance Cluster:				
U.S. Department of Education:				
Federal Supplemental Educational Opportunity Grant, including administrative costs of \$36,883	84.007		590,176	—
Federal Work Study Program, including administrative costs of \$27,426	84.033		442,331	—
Federal Perkins Loan Program (note 2)	84.038		4,340,284	—
Federal Pell Grant Program	84.063		2,969,130	—
Federal Direct Loan Program (note 3)	84.268		27,759,686	—
Total Student Financial Assistance Cluster			<u>36,101,607</u>	<u>—</u>
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act:				
U.S. Department of Education:				
COVID-19 - Higher Education Emergency Relief Fund - Student Portion	84.425E	P425E201772	756,039	—
COVID-19 - Higher Education Emergency Relief Fund - Institutional Portion	84.425F	P425F204328	1,560,853	—
Total Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act			<u>2,316,892</u>	<u>—</u>
Grand Total			<u>\$ 71,571,792</u>	<u>6,641,548</u>

See accompanying notes to schedules of federal and State of New Jersey awards.

**STEVENS INSTITUTE OF TECHNOLOGY**  
Schedule of Expenditures of State of New Jersey Awards  
Year ended June 30, 2020

Cluster/state grantor/pass-through grantor/program or award name	Award number	Grant period		Grant amount	State expenditures
		From	To		
Research and Development Cluster:					
New Jersey Department of Environmental Protection:					
NJDEP: Coastal Protection – Technical Assistance Service	Annual Legislation	7/1/2016	6/30/2021	\$ 2,500,000	\$ 516,969
Pass-through from New Jersey Sea Grant Consortium Bench-Scale (in Laboratory) Arsenic Treatability Study	WM18-003	1/31/2018	8/31/2019	96,000	4,499
Total New Jersey Department of Environmental Protection					521,468
New Jersey Department of Transportation:					
Keansburg and Fortescue Inlets Sediment Management Study	17-32666-Task Order No. 11	2/8/2017	12/31/2019	279,186	58,798
Detection of Damage Precursors in Steel Components for Life-Cycle Assessment	Task Order No. 13	1/17/2017	9/20/2019	509,551	78,079
Update/validate/visualize Stevens NYHOPS Forecasts for ULCV and SULCV Navigation Guidance in the NY/NJ Harbor Near Bergen Point, NJ	17-32669- Task Order No. 14	9/1/2018	8/31/2020	289,058	29,340
Pass-through from Rutgers University Development and Implementation of NJ UHPC	1261(2010R003 TO:349Mod3)	9/1/2019	12/31/2020	50,000	25,672
Total New Jersey Department of Transportation					191,889
Total Research and Development Cluster					713,357
Student Financial Assistance Cluster:					
New Jersey Commission on Higher Education:					
Tuition Aid Grant	20-100-074-2405-007	7/1/2019	6/30/2020	3,934,463	3,934,463
Educational Opportunity Fund	20-100-074-2401-001	7/1/2019	6/30/2020	169,600	156,325
New Jersey Student Tuition Assistance Reward Scholarship II (NJ STARS II) Program	20-100-074-2405-313	7/1/2019	6/30/2020	5,000	5,000
Governor's Urban Scholarship (NJ GUS)	20-100-074-2405-278	7/1/2019	6/30/2020	7,000	7,000
NJ BEST	N/A	7/1/2019	6/30/2020	12,250	12,250
Equal Opportunity Fund – Article III Ed Initials and Renewals (Bridge Program Summer 2019)	NA	6/1/2019	7/31/2020	101,676	90,913
Equal Opportunity Fund – Article III Ed Initials and Renewals (Bridge Program Summer 2020)	NA	6/1/2020	7/31/2021	45,128	7,229
Total New Jersey Commission on Higher Education					4,213,180
Total Student Financial Assistance Cluster					4,213,180
New Jersey Commission on Higher Education:					
Educational Opportunity Fund Article IV – Academic Year Support (FY 2019)	N/A	6/1/2018	7/31/2019	171,061	(460)
Educational Opportunity Fund Article IV – Academic Year Support (FY 2020)	N/A	6/1/2019	7/31/2020	183,387	149,023
Educational Opportunity Fund Article IV – Winter 2020	N/A	1/2/2020	1/20/2020	14,628	2,141
Mathematics Immersion Program (MIP) – Summer 2019	N/A	6/1/2019	7/31/2020	64,232	54,576
Department of Treasury:					
Aid to Independent Colleges and Universities	20-100-082-2155-001	7/1/2019	6/30/2020	110,243	110,243
Total Other State of New Jersey assistance					315,523
Total Expenditures of State of New Jersey Awards					\$ 5,242,060

See accompanying notes to schedules of federal and State of New Jersey awards.

## STEVENS INSTITUTE OF TECHNOLOGY

### Notes to Schedules of Expenditures of Federal and State of New Jersey Awards

Year ended June 30, 2020

(Dollars in thousands)

#### (1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) for the year ended June 30, 2020, has been prepared on the accrual basis of accounting in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The accompanying Schedule of Expenditures of State of New Jersey Awards (the Schedule) for the year ended June 30, 2020, has been prepared on the accrual basis of accounting in accordance with the State of New Jersey Office of Management and Budget Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. The purpose of these schedules is to present a summary of those activities of Stevens Institute of Technology (the University) for the year ended June 30, 2020, which have been financed by the U.S. Government (Federal awards) and the State of New Jersey Government. For purposes of the schedules, awards include any assistance provided by a Federal or State of New Jersey agency directly or indirectly in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, direct appropriations, and other noncash assistance. Because the schedules present only a selected portion of the activities of the University, it is not intended to, and does not, present either the financial position, changes in net assets or cash flows of the University and may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements.

The accounting principles followed by the University in preparing the accompanying Schedule follow:

- Expenditures for direct costs are recognized as incurred in accordance with Title 2 U.S. Code of Federal Regulation Part 200, Subpart E *Cost Principles* for Federal awards with terms and conditions. Under these cost principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.
- The University has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance. Instead, the University elected to use its negotiated indirect cost rate. The University uses a facilities and administrative (F&A) rate, generally based upon the modified total direct cost base, to charge F&A costs to particular sponsored projects. The F&A rate, which is negotiated and subject to review by the Office of Naval Research (ONR), the University's cognizant agency, is the result of cost allocation methodologies that the University uses to allocate its indirect costs to both sponsored and nonsponsored activities.
- During the year ended June 30, 2020, the University charged facilities and administrative costs using ONR-approved fixed rates, rates agreed to with other funding agencies, or State of New Jersey agreed-upon rates.

**STEVENS INSTITUTE OF TECHNOLOGY**

Notes to Schedules of Expenditures of Federal and  
State of New Jersey Awards

Year ended June 30, 2020

(Dollars in thousands)

**(2) Federal Perkins Loan Program**

The balance of loans outstanding under the Federal Perkins Loan Program at June 30, 2020 were as follows:

Beginning balance	\$	4,340
New loans		—
Repayments		(1,135)
Cancellations		—
Ending balance	\$	<u>3,205</u>

**(3) Federal Direct Loans**

During the year ended June 30, 2020, the University processed \$27,760 of new loans under the Federal Direct Loan Program, which have been included in the accompanying schedule of expenditures of Federal awards. The University is responsible only for the performance of certain administrative duties in connection with this loan program and, accordingly, the value of these loans is not reflected in the University's consolidated financial statements and it is not practical to determine the balance of loans outstanding to students of the University under this program.

**(4) Subrecipients**

The University passed through \$6,642 of Federal awards to subrecipients during the year ended June 30, 2020. There were no amounts passed through for State of New Jersey awards during the year ended June 30, 2020.



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

**Independent Auditors' Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

The Board of Trustees  
Stevens Institute of Technology:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Stevens Institute of Technology and Subsidiary (the University), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 16, 2020, except as to note 21, which is as of May 25, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

October 16, 2020, except as to note 21, which is as of May 25, 2021





KPMG LLP  
New Jersey Headquarters  
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**Independent Auditors' Report on Compliance for Each Major Federal and State of New Jersey Program;  
Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal  
Awards Required by Uniform Guidance and Report on Schedule of Expenditures of State of New Jersey  
Awards Required by New Jersey OMB Circular 15-08**

The Board of Trustees  
Stevens Institute of Technology:

**Report on Compliance for Each Major Federal and State of New Jersey Program**

We have audited Stevens Institute of Technology and Subsidiary's (the University) compliance with the types of compliance requirements described in the Federal *OMB Compliance Supplement* and New Jersey Office of Management and Budget (New Jersey OMB) *State Grant Compliance Supplement* (the Compliance Supplements) that could have a direct and material effect on each of the University's major Federal and State of New Jersey programs for the year ended June 30, 2020. The University's major Federal and State of New Jersey programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

*Management's Responsibility*

Management is responsible for compliance with Federal and State of New Jersey statutes, regulations, and the terms and conditions of its Federal and State of New Jersey awards applicable to its Federal and State of New Jersey programs.

*Auditors' Responsibility*

Our responsibility is to express an opinion on compliance for each of the University's major Federal and State of New Jersey programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, Uniform Guidance and New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal or State of New Jersey program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal and State of New Jersey program. However, our audit does not provide a legal determination of the University's compliance.

*Opinion on Each Major Federal and State of New Jersey Program*

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal and State of New Jersey programs for the year ended June 30, 2020.



### *Other Matters*

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on each major federal program is not modified with respect to this matter.

The University's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The University is also responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The University's response and corrective action plan were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response or the corrective action plan.

### **Report on Internal Control over Compliance**

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal and State of New Jersey program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal and State of New Jersey program and to test and report on internal control over compliance in accordance with Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal or State of New Jersey program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal or State of New Jersey program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal or State of New Jersey program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002 that we consider to be significant deficiencies.

The University's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The University is also responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The University's response and corrective action plan were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response or the corrective action plan.



The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance and Report on Schedule of Expenditures of State of New Jersey Awards Required by New Jersey OMB Circular 15-08**

We have audited the consolidated financial statements of the University as of and for the year ended June 30, 2020, and have issued our report thereon dated October 16, 2020, except as to note 21, which is as of May 25, 2021, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by Uniform Guidance and the accompanying schedule of expenditures of State of New Jersey awards is presented for purposes of additional analysis as required by New Jersey OMB Circular 15-08 and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of Federal and State of New Jersey awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*KPMG LLP*

May 25, 2021

**STEVENS INSTITUTE OF TECHNOLOGY**  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2020

**(1) Summary of Auditors' Results**

- (a) Type of report issued on whether the consolidated financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified**
- (b) Internal control deficiencies over financial reporting disclosed by the audit of the consolidated financial statements:
- Material weaknesses: **No**
  - Significant deficiencies: **None Reported**
- (c) Noncompliance material to the consolidated financial statements: **No**
- (d) Internal control deficiencies over major Federal and State of New Jersey programs disclosed by the audit:
- Material weaknesses: **No**
  - Significant deficiencies: **2020-001 and 2020-002 for Federal programs and none for State of New Jersey programs**
- (e) Type of report issued on compliance for major Federal and State of New Jersey programs: **Unmodified**
- (f) Audit findings that are required to be reported in accordance with 2 CFR 200.516(a) or New Jersey OMB Circular 15-08: **2020-001 and 2020-002 for Federal programs and none for State of New Jersey programs**
- (g) Major programs:
- Federal*
- Student Financial Assistance Cluster (CFDA numbers 84.007, 84.033, 84.038, 84.063, 84.268)
  - Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act (CFDA numbers 84.425E and 84.425F)
- State of New Jersey*
- Student Financial Assistance Cluster (various award numbers)
- (h) Dollar threshold used to distinguish between Type A and Type B Federal programs: **\$2,147,154**  
Dollar threshold used to distinguish between Type A and Type B State of New Jersey programs: **\$750,000**
- (i) Auditee qualified as a low-risk auditee for both Federal and State of New Jersey awards: **Yes**

**(2) Findings Relating to the Consolidated Financial Statements Reported in Accordance with Government Auditing Standards**

None.

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**(3) Findings and Questioned Costs Related to Federal and State of New Jersey Awards**

**Federal Awards**

**Finding No. 2020-001**

Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act:

U.S. Department of Education:

COVID-19 – Higher Education Emergency Relief Fund – Student Portion CFDA 84.425E (award number P425E201772)

**Statistically valid sample:** No and it was not intended to be.

**Repeat finding:** Not a repeat finding.

**Compliance Requirement – Activities Allowed or Unallowed – Significant Deficiency and Noncompliance**

*Criteria*

For the (a)(1) Student Aid Portion (CFDA 84.425E), disbursements made under the Student Aid Portion are required to be made directly to students. Allowable expenditures must be “for expenses related to the disruption of campus operations due to coronavirus (including eligible expenses under a student’s cost of attendance, such as food, housing, course materials, technology, health care, and child care)” (CARES Act Section 18004(c)).

As it relates to expenditures under the (a)(1) Student Aid Portion, auditors should determine (1) the institution had a documented plan to distribute funds to students, (2) that the institution did not place any restrictions on the expenditure of those funds beyond what is in the statute, above, and (3) the institution expended the entirety of the Student Aid Portion grant on emergency financial aid grants to students and that the institution did not reimburse itself for any costs or expenses previously issued to students.

Further, the non-Federal entity must establish and maintain an effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and terms and conditions of the Federal award (2 CFR 200.303).

*Condition and Context*

The University received their “Recipient Funding Certification and Agreement Emergency Financial Aid Grants to Students under the Coronavirus Aid, Relief, and Economic Security (CARES) Act” in April 2020. From then until their first disbursements in June 2020, management announced the receipt of funds and the process for how those funds would be awarded (i.e. through application) to the students on their website. Internally, management worked towards developing a process for how funds would be awarded, including established ranges for the various types of hardships that were included in the application (food insecurity, housing expenses, learning technology, loss of earnings, etc.) Each application was reviewed by the Assistant Vice President for Financial Aid and Undergraduate Admissions to determine initial award

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amounts. These amounts were discussed with a working group, further revisions were made to awards, and all awards were approved for disbursement.

We selected forty awards, noting for seven students, the awards did not fall within the original established range. While management was able to articulate why certain students were awarded more than the ranges, they were unable to provide documented evidence to corroborate those judgments.

*Cause*

Management did not ensure that proper documentation was retained to ensure that the judgments made during the awarding process were appropriately documented.

*Effect*

The University is not in compliance with its documented policy.

*Questioned Costs*

There were no questioned costs identified as the awards for the hardships that the seven students applied for were allowable.

*Recommendation*

The University should strengthen its policies to ensure that all judgments made are documented within each student's file to ensure that the verbal decisions made can be corroborated.

*Views of Responsible Officials*

Management agrees with the recommendation. The University has adopted a formal plan for the distribution of Higher Education Emergency Relief Funds II and III (HEERF II and HEERF III) and any other new funding that has been approved by the CFO, Vice President for Finance and Treasurer and Vice President for Enrollment Management and Student Affairs. The Assistant Vice President for Financial Aid and Undergraduate Admissions is responsible for administering the plan and documenting that all awards are supported with appropriate approvals. Any deviations from the approved plan will be documented with appropriate approvals. The Associate Vice President for Finance will ensure that all awards are appropriately documented and approved.

**Finding No. 2020-002**

Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act:

U.S. Department of Education:

COVID-19 – Higher Education Emergency Relief Fund – Student Portion CFDA 84.425E (award number P425E201772)

**Statistically valid sample:** No and it was not intended to be.

**Repeat finding:** Not a repeat finding.

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**Compliance Requirement – Reporting – Significant Deficiency**

The non-Federal entity must establish and maintain an effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and terms and conditions of the Federal award (2 CFR 200.303).

*Condition and Context*

The University was required to post the Student Aid Portion Quarterly Public Reporting (the Report) on its website after the first 30-day period and then every 45 days thereafter. As the University received their “Recipient Funding Certification and Agreement Emergency Financial Aid Grants to Students under the Coronavirus Aid, Relief, and Economic Security (CARES) Act” in April 2020, two reports were required to be posted. The Assistant Vice President for Financial Aid and Undergraduate Admissions prepared the Report utilizing the disbursement detail as well as other available support from the University’s student information system. The Report was discussed amongst a working group and reviewed by those individuals prior to posting it on the University’s website.

For our one selection, management could not provide evidence of review of the Report. However, based on the support provided, we noted that it was complete and accurate.

*Cause*

Management did not request formal documentation of the working group’s review of the Report.

*Effect*

The University may submit reports that are incomplete or inaccurate.

*Questioned Costs*

There were no questioned costs identified as the report was complete and accurate.

*Recommendation*

The University should strengthen its policies and practices to ensure that formal documentation of review is retained for each report submitted.

*Views of Responsible Official*

Management agrees with the recommendation. The University will ensure that each Report submitted as required to support spending under each of the Higher Education Emergency Relief Funds and other new funding has formal supporting documentation to evidence appropriate review of the Report. The Assistant Vice President for Financial Aid and Undergraduate Admissions will be responsible for preparing each Report as required for spending from each of the Higher Education Emergency Relief Funds. Each Report will be reviewed and approved by the Associate Vice President for Finance. This review and approval will be documented. The submitted Reports will be provided to the CFO, Vice President for Finance and Treasurer and the Vice President for Enrollment Management and Student Affairs.