

Financial Statements and Report of  
Independent Certified Public  
Accountants

**STOCKTON AFFILIATED SERVICES, INC.**  
**(A Component Unit of Stockton University)**

June 30, 2019 and 2018



**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Directors  
Stockton Affiliated Services, Inc.

We have audited the accompanying financial statements of Stockton

**Stockton Affiliated Services, Inc.**  
**(A Component Unit of Stockton University)**

**STATEMENTS OF FINANCIAL POSITION**

**June 30,**

<b>ASSETS</b>	<u><b>2019</b></u>	<u><b>2018</b></u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,344,796	\$ 2,707,923
Accounts receivable, net	11,243	136,603
Due from University	467,862	441,883
Prepaid expenses	<u>162,418</u>	<u>136,907</u>
Total current assets	1,986,319	3,423,316
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>2,056,795</u>	<u>2,102,915</u>
Total assets	<u><u>\$ 4,043,114</u></u>	<u><u>\$ 5,526,231</u></u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 322,577	\$ 272,939
Due to University	191,317	1,288,097
Deferred revenue	58,312	42,509
Other liabilities	<u>838,299</u>	<u>35,318</u>
Total current liabilities	1,410,505	1,638,863
Long-term note payable	<u>1,314,683</u>	<u>1,314,683</u>
Total liabilities	2,725,188	2,953,546
<b>NET ASSETS</b>		
Without donor restrictions	<u>1,317,926</u>	<u>2,572,685</u>
Total net assets	<u>1,317,926</u>	<u>2,572,685</u>
Total liabilities and net assets	<u><u>\$ 4,043,114</u></u>	<u><u>\$ 5,526,231</u></u>

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

**Stockton Affiliated Services, Inc.**  
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**STATEMENTS OF ACTIVITIES**

Years ended June 30,

	<b>2019</b>	<b>2018</b>
<b>Revenues:</b>		
Food service	\$ 11,127,869	\$ 10,834,723
Transportation and safety	2,574,573	2,083,725
Vendor service	177,065	164,074
Bookstore	316,782	421,306
Rental properties	241,138	233,796
Other income	50,226	35,470
Azeez Museum	14,673	5,770
	14,502,326	13,778,864
Institutional support		
Support for SASI functions (Azeez Museum)	315,079	352,204
Total revenues	14,817,405	14,131,068
<b>Expenses:</b>		
Program expenses:		
Food service	10,853,754	9,475,432
Transportation and safety	2,037,499	829,212
Rental properties	115,217	101,295
Rental properties managed for the University	7,747	-
Azeez Museum	329,751	357,975
	13,343,968	10,763,914
Institutional support:		
Support of the University Mission	2,145,580	1,480,947
Support of Foundation fundraising	20,000	58,000
	2,165,580	1,538,947
Supporting expenses:		
College reimbursements	104,502	464,906
General and administrative	217,321	121,108
Depreciation	209,120	164,968
Interest	57,670	53,560
	588,613	804,542
Total expenses	16,098,161	13,107,403
<b>Change in net assets from operating activities</b>	(1,280,756)	1,023,665
<b>Non-operating activities:</b>		
Dividend and interest income	25,997	27,176
<b>Change in net assets</b>	(1,254,759)	1,050,841
<b>Net assets at beginning of year</b>	2,572,685	1,521,844
<b>Net assets at end of year</b>	\$ 1,317,926	\$ 2,572,685

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

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**STATEMENTS OF CASH FLOWS**

Years ended June 30,

	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (1,254,759)	\$ 1,050,841
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation expense	209,120	164,968
Gain on disposal of property and equipment, net		(1,830)
(Increase) decrease in assets:		
Accounts receivable	125,360	(3,729)
Prepaid expenses	(25,511)	(41,339)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	49,638	8,717
Due to/from University	(1,122,759)	(312,544)
Deferred revenue	15,803	7,251
Other liabilities	802,981	(25,298)
	<u>(1,200,127)</u>	<u>847,037</u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(163,000)	(387,788)
	<u>(163,000)</u>	<u>(387,788)</u>
Net cash used in investing activities		
	<u>(163,000)</u>	<u>(387,788)</u>
Net (decrease) increase in cash and cash equivalents	(1,363,127)	459,249
<b>Cash and cash equivalents, beginning of year</b>	<u>2,707,923</u>	<u>2,248,674</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 1,344,796</u>	<u>\$ 2,707,923</u>
<b>Supplementary cash flows information</b>		
Cash paid for interest	<u>\$ 57,670</u>	<u>\$ 53,560</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

**June 30, 2019 and 2018**

**NOTE A - ORGANIZATION**

July 20 . The services provided to the University include off-campus housing rentals, transportation and safety services, dining services and the campus bookstore. SASI is a self-supporting enterprise established to increase, expand and improve service levels at the University by providing effective, efficient and innovative business

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

***Cash and Cash Equivalents***

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and mature in three months or less.

***Property and Equipment, Net***

Property and equipment are carried at historical cost if purchased or constructed, less accumulated depreciation and amortization. SASI provides for depreciation and amortization of its property and equipment by the use of the straight-line method over the estimated useful lives of its assets. The estimated useful lives used in computing the depreciation provisions and the capitalization thresholds are as follows:

<u>Asset category</u>	<u>Useful life</u>	<u>Capitalization threshold</u>
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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

In February 2016, the FASB issued a new standard related to *Leases* which requires that most leased assets be recognized on the statement of financial position as assets and liabilities for the rights and obligations created by these leases. The new standard is effective for fiscal years beginning after December 15, 2019, with early application permitted. An entity is required to apply the amendments of this new standard under the modified retrospective transition approach. This approach includes a number of optional practical expedients, which are described in the final standard. Under these practical expedients, an organization will continue to account for leases that commence before the effective date in accordance with current U.S. GAAP, unless the lease is modified. However, lessees are required to recognize on the statement of financial position leased assets and liabilities for operating leases at each reporting date. SASI is evaluating

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

At both June 30, 2019 and 2018, the Loan balance due to the University was \$1,314,683. Interest expense totaled \$57,670 and \$53,560 for the years ended June 30, 2019 and 2018, respectively.

**NOTE E - COMMITMENTS**

SASI has entered into a partnership enabling the University to utilize the historic landmark commonly known

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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**NOTE G - RELATED PARTY TRANSACTIONS - Continued**

2018:

	19		2018
Auxiliary - Bookstore	\$ 360,500	\$	360,500
Auxiliary - Food Services	809,580		809,580
Auxiliary - Vending	103,000		103,000
Facility support	837,500		45,854
Scholarship	33,000		13,000
Marketing	4,000		147,680
			\$ 1,499,014



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**NOTES TO THE FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2019 and 2018**

**NOTE I - LIQUIDITY AND AVAILABILITY OF RESOURCES - Continued**

available to management fluctuate with the build-up and settlement of the balances with the University.

**NOTE J - SUBSEQUENT EVENTS**

SASI evaluated subsequent events through December 20, 2019, the date the financial statements were available to be issued. SASI is not aware of any subsequent events that would require recognition or disclosure in the financial statements.