

Financial Statements and Report of
Independent Certified Public Accountants

**NATIONAL AVIATION RESEARCH AND
TECHNOLOGY PARK, INC.**
(A Component Unit of Stockton University)

June 30, 2018 and 2017

NATIONAL AVIATION RESEARCH AND TECHNOLOGY PARK, INC.
(A Component Unit of Stockton University)

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors

National Aviation Research and Technology Park, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of National Aviation Research and Technology Park, Inc., a component unit of Stockton University, which comprise the statements of financial position as of June

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Aviation Research and Technology Park, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

Philadelphia, Pennsylvania

November 26, 2018

NATIONAL AVIATION RESEARCH AND TECHNOLOGY PARK, INC.
(A Component Unit of Stockton University)
STATEMENTS OF FINANCIAL POSITION

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 7,924	\$ 131,681
Grant receivable	148,856	-
Other receivable	2,084	23
Prepaid expenses	<u>4,923</u>	<u>4,703</u>
Total current assets	<u>163,787</u>	<u>136,407</u>
Equipment, net	<u>11,309</u>	<u>-</u>
Total assets	<u>\$ 175,096</u>	<u>\$ 136,407</u>
LIABILITIES AND NET DEFICIT		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 117,219	\$ 2,510
Due to the University	34,616	82,500
Deferred revenue	-	6,895
Other liabilities	<u>-</u>	<u>8,466</u>
Total current liabilities	<u>151,835</u>	<u>100,371</u>
NON-CURRENT LIABILITIES		
Loan payable to the University	1,291,700	1,141,700
Interest payable to the University	<u>132,604</u>	<u>83,490</u>
Total non-current liabilities	<u>1,424,304</u>	<u>1,225,190</u>
Total liabilities	1,576,139	1,325,561
UNRESTRICTED NET DEFICIT	<u>(1,401,043)</u>	<u>(1,189,154)</u>
Total liabilities and net deficit	<u>\$ 175,096</u>	<u>\$ 136,407</u>

NATIONAL AVIATION RESEARCH AND TECHNOLOGY PARK, INC.
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	<u>2018</u>	<u>2017</u>
REVENUES AND OTHER SUPPORT		
Grant revenue	\$ 305,751	\$ 293,105
Memberships	2,084	25,000
In-kind revenue	<u>87,159</u>	<u>86,697</u>
Total revenues and other support	<u>394,994</u>	<u>404,802</u>
EXPENSES		
Program expenses		
Research park development	519,724	520,794
In-kind expense	<u>87,159</u>	<u>86,697</u>
Total expenses	<u>606,883</u>	<u>607,491</u>
Decrease in net assets	(211,889)	(202,689)
Unrestricted net deficit - beginning of year	<u>(1,189,154)</u>	<u>(986,465)</u>
Unrestricted net deficit - end of year	<u>\$ (1,401,043)</u>	<u>\$ (1,189,154)</u>

NATIONAL AVIATION RESEARCH AND TECHNOLOGY PARK, INC.
(A Component Unit of Stockton University)
STATEMENTS OF CASH FLOWS
Years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	\$ (211,889)	\$ (202,689)
Adjustments to reconcile decrease in net assets to net cash used in operating activities		
Depreciation expense	136	-
Effect of changes in operating assets and liabilities		
Grants receivable	(148,856)	-
Other receivables	(2,061)	21,031
Prepaid expenses	(220)	(55)
Accounts payable and accrued expenses	103,264	(28,595)
Unearned revenue	(6,895)	6,895
Interest payable to the University	49,114	40,516
Due to the University - other	(47,884)	(4,451)
Other liabilities	<u>(8,466)</u>	<u>-</u>
Net cash used in operating activities	<u>(273,757)</u>	<u>(167,348)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the University loan	<u>150,000</u>	<u>165,000</u>
Net cash provided by financing activities	<u>150,000</u>	<u>165,000</u>
Decrease in cash and cash equivalents	(123,757)	(2,348)
Cash and cash equivalents - beginning of year	<u>131,681</u>	<u>134,029</u>
Cash and cash equivalents - end of year	<u>\$ 7,924</u>	<u>\$ 131,681</u>
Supplemental disclosure of noncash capital financing activity		
Capital asset additions in accounts payable	<u>\$ 11,445</u>	<u>\$ -</u>

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

NATIONAL AVIATION RESEARCH AND TECHNOLOGY PARK, INC.
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Notes to Financial Statements
June 30, 2018 and 2017

1. DESCRIPTION OF THE ORGANIZATION

On September 18, 2013, the Aviation Research and Technology Park, Inc. became an auxiliary organization

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Income Taxes

The Internal Revenue Service has classified NARTP as a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the “Code”) and as a public charity under Section 509(a)(3) of the Code. The State of New Jersey Division of Taxation has determined that NARTP be exempt from New Jersey income tax, as well as sales and use tax for purchases directly related to the purposes for which NARTP was formed and purchased with NARTP’s funds. NARTP follows the Financial Accounting Standards Board (“FASB”) guidance that requires a tax position to be recognized or derecognized based on a “more likely than not” threshold to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

NARTP does not believe its financial statements include any material uncertain tax positions for which recognition or disclosure is warranted. NARTP’s policy is to recognize interest related to unrecognized tax benefits in interest expense and penalties in operating expense. No interest or penalties were recognized in 2018 or 2017.

NARTP is exempt from federal income taxation; nevertheless, it may be subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code.

Net Deficit

NARTP reports its resources in accordance with accounting guidance governing “Financial Statements for Not-For-Profit Organizations,” as follows:

Unrestricted Net Deficit - Net deficit that is not subject to externally imposed stipulations. Unrestricted net deficit may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Cash and Cash Equivalents

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

Equipment

Equipment is carried at historical cost, less accumulated depreciation and amortization. NARTP provides for depreciation of its 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>
Equipment	3 to 15 years	\$ 5,000

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Grant Revenue

NARTP receives grants under agreements with sponsors and recognizes revenues as related costs are incurred. NARTP has been awarded a grant from the Atlantic County Improvement Authority in the amount of \$300,000 annually for a three-year period beginning with fiscal year 2017. NARTP has realized \$305,751 and \$293,105 for the years ended June 30, 2018 and 2017, respectively.

Memberships

NARTP offers memberships to any academic, industry, government, individual or organization that can support the advancement of aviation through research and development, product commercialization and

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3. EQUIPMENT

Equipment consisted of the following at June 30, 2018:

Equipment	\$ 11,445
Less accumulated depreciation	<u>(136)</u>
Equipment, net	<u>\$ 11,309</u>

Depreciation expense for the year ended June 30, 2018 was \$136.

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NATIONAL AVIATION RESEARCH AND TECHNOLOGY PARK, INC.
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The following balances as of June 30, 2018 and 2017 are settled during the normal course of operations:

	<u>2018</u>	<u>2017</u>
Due to the University		
Interest on loan	\$ 132,604	\$ 83,490
Overhead due to the University	34,075	82,470
Miscellaneous	<u>541</u>	<u>30</u>
 Total due to the University	 <u>\$ 167,220</u>	 <u>\$ 165,990</u>

7. SUBSEQUENT EVENTS

NARTP evaluated subsequent events through November 26, 2018, which is the date the financial statements were available to be issued. NARTP is not aware of any subsequent events that would require recognition or disclosure in the financial statements.