



THE COLLEGE OF NEW JERSEY FOUNDATION, INC.
(A Component Unit of The College of New Jersey)

Financial Statements and
Management's Discussion and Analysis

June 30, 2006 and 2005

(With Independent Auditors' Report Thereon)

THE COLLEGE OF NEW JERSEY FOUNDATION, INC.
(A Component Unit of The College of New Jersey)

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THE COLLEGE OF NEW JERSEY FOUNDATION, INC.
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Management's Discussion and Analysis

June 30, 2006 and 2005

Overview of Financial Statements and Financial Analysis

This section of The College of New Jersey Foundation, Inc. (the Foundation) annual financial report presents management's discussion and analysis of the Foundation's financial performance during the fiscal years ended June 30, 2006 and 2005. Since the management's discussion and analysis is designed to focus on current activities, resulting change and currently known facts, it should be read in conjunction with the Foundation's financial statements and the related footnote disclosures. The financial statements, footnote disclosures and this discussion are the responsibility of management.

Using the Financial Statements

The Foundation's financial report includes three financial statements, the statement of net assets, the statement of revenues, expenses, and changes in net assets and the statement of cash flows. These financial statements are prepared in accordance with U.S. generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities, with resources classified for accounting and reporting purposes into four net asset categories. The financial statements presented focus on the financial condition of the Foundation, the changes in financial position, and cash flows of the Foundation as a whole.

Financial Highlights

During fiscal year 2006, the Foundation's fundraising results of \$2,421,152 significantly exceeded the annual goal by more than 30.0%. Records were set in the number of alumni contributing, and the amount of cash received from private foundations, corporations, parents and faculty and staff. Except for a bequest of a \$177,000, this is the most the Foundation has ever raised from actively solicited donors.

The alumni cash total, excluding the bequest, more than doubled the largest amount ever received from alumni. In addition, the Foundation received approximately 4,500 gifts from alumni which is an 18% increase over the number of alumni gifts received in fiscal year 2005. A significant portion of the cash total is restricted by donor designation. While the faculty and staff result is greatly enhanced because of the generosity of a single donor, management believes there is potential to double the amounts from corporations and foundations over the next few years.

Statement of Net Assets

The statement of net assets presents the financial position of the Foundation as of the end of the fiscal year. The purpose of the statement of net assets is to present to the readers of the financial statements a fiscal snapshot of the Foundation.

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Management's Discussion and Analysis

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Assets that the Foundation holds are primarily measured at fair value. Assets are categorized as either current or noncurrent. Liabilities are what the Foundation owes to others and are also categorized as either current or noncurrent.

The change in net assets - the difference between total assets and total liabilities is one indicator of whether the overall financial condition of the Foundation has improved or worsened during the fiscal year.

The Foundation's net assets are divided into two major categories. Restricted net assets are categorized as either nonexpendable or expendable which are available to the Foundation, but must be used for purposes as determined by donors and/or external entities. Restricted nonexpendable net assets represent the historical gift value, which donors required to be invested in perpetuity. Restricted expendable net assets include amounts committed for such things as scholarships. Finally, unrestricted net assets include amounts internally designated or committed to support specific academic and research programs, and unrestricted funds functioning as endowments.

The following table shows a condensed statement of net assets as of June 30, 2006, 2005, and 2004:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Assets:			
Current assets	\$ 1,675,003	1,456,775	3,627,518
Noncurrent assets	6,625,279	5,843,643	4,271,807
Total assets	<u>8,300,282</u>	<u>7,300,418</u>	<u>7,899,325</u>
Liabilities:			
Current liabilities	13,148	—	905,270
Noncurrent liabilities	70,146	—	—
Total liabilities	<u>83,294</u>	<u>—</u>	<u>905,270</u>
Net assets:			
Restricted – nonexpendable	2,661,200	2,262,204	2,200,952
Restricted – expendable	4,542,257	4,014,215	3,755,987
Unrestricted	1,013,531	1,023,999	1,037,116
Total net assets	<u>\$ 8,216,988</u>	<u>7,300,418</u>	<u>6,994,055</u>

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Endowments

Endowment gifts make it possible to maintain perpetual support for student scholarships and fellowships given by The College of New Jersey (the College). Only a portion of the endowment earnings are expended annually with the balance reinvested to protect the principal.

The Foundation utilizes the pooled investment concept whereby all invested funds are included in various investment pools, except for investments of certain funds that are otherwise restricted. The primary objective is to preserve and increase the value of endowment funds and maximize the long-term total rate of return on all invested assets while assuming a level of risk consistent with prudent investment practices. The asset mix is structured to provide both current income and growth of principal with an acceptable level of risk. The asset mix of the pooled investments was 63.3% equity, 5.7% mutual funds, 22.5% fixed income, and 8.5% cash and cash equivalents as of June 30, 2006.

Two major new endowments were established during fiscal year 2006. The Foundation received a pledge in the amount of \$500,000 to be funded over the next three years, but not beyond December 2008. As of June 30, 2006, the Foundation received \$300,117 of this pledge that was designated by the donor as a permanent endowment. The earnings from these funds will be used to support the orchestra program and the opera/lyric theatre program in the Department of Music. Receipt of another endowment in the amount of \$100,000 will be used to provide financial assistance for high-achieving students enrolled in the School of Culture and Society, who conduct academic research abroad under the auspices of the College.

During fiscal year 2006, the Foundation received a bequest in the amount of \$177,000 that was added to its expendable net assets. This fund will be used to provide funding for scholarships for students majoring in Art and Music at the College.

During fiscal year 2005, two new endowments were established, in-addition to two other large gifts that were added to existing endowment funds. Included was a gift of \$26,000, that will be used to provide funding for scholarships for full time students majoring in Health and Exercise Science who are enrolled at the College. To be eligible, a student must demonstrate academic merit as well as a need for financial assistance to continue their education at the College. Of this amount, \$25,000 was designated by the donor as a permanent endowment. The other endowment was a memorial fund created for the purpose of providing programmatic support for the Spiritual Center and to establish the naming of the Spiritual Center's Meditation Chapel. An amount of \$20,000 was designated as permanent endowment.

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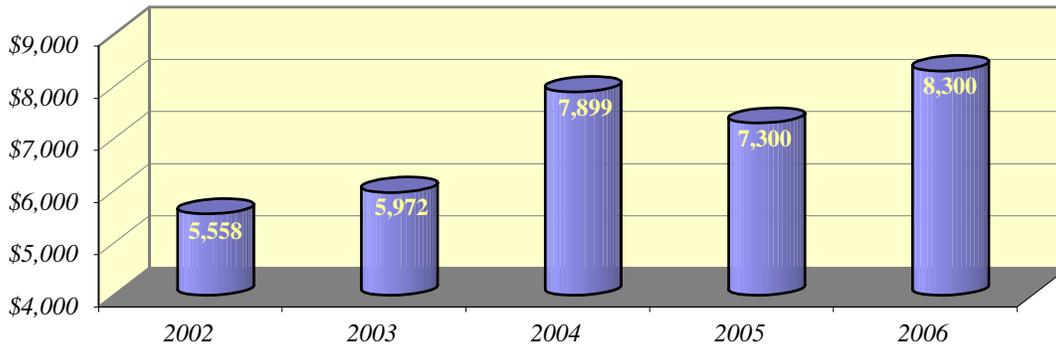
June 30, 2006 and 2005

In 2005, the Foundation also received three large gifts that were added to existing endowment funds. Included was an amount of \$74,000 representing the remainder of a bequest that was received in a previous fiscal year. This will be used to provide funding for scholarships for full time students from Lawrence Township, New Jersey who are enrolled at the College. To be eligible, a student must demonstrate academic merit as well as a need for financial assistance.

Additionally in 2005, another gift of approximately \$14,000 will be used in to provide funding for awards for full time students majoring in Music at the College. To be eligible, a student must demonstrate high academic and performance achievement within the discipline of classical music. Finally, a gift of \$14,000 will be used to provide funding for awards that will recognize excellence in expository writing to either full-time or part -time students enrolled at the College.

As of June 30, 2006, the Foundation's assets, which primarily consist of investments and cash and cash equivalents totaled \$8,300,282. The chart below illustrates the total assets for the five year period ending June 30, 2006.

The College of New Jersey Foundation, Inc. Assets
(amounts in thousands)

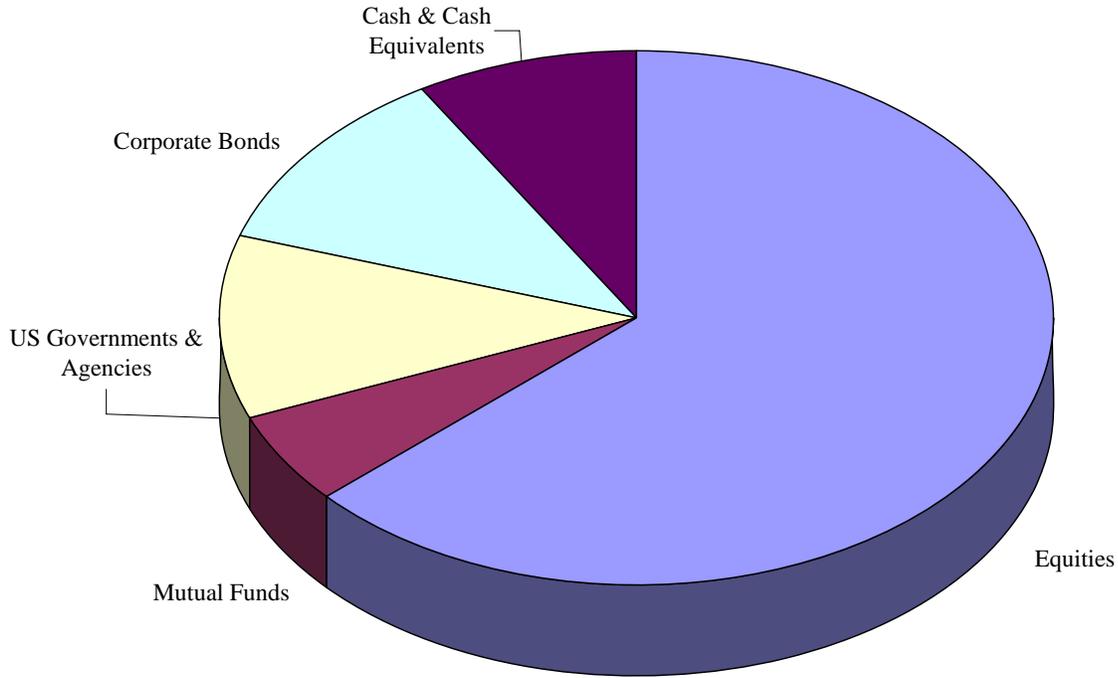


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Management's Discussion and Analysis

June 30, 2006 and 2005

Below is a graphical illustration of investments by asset allocation as of June 30, 2006.



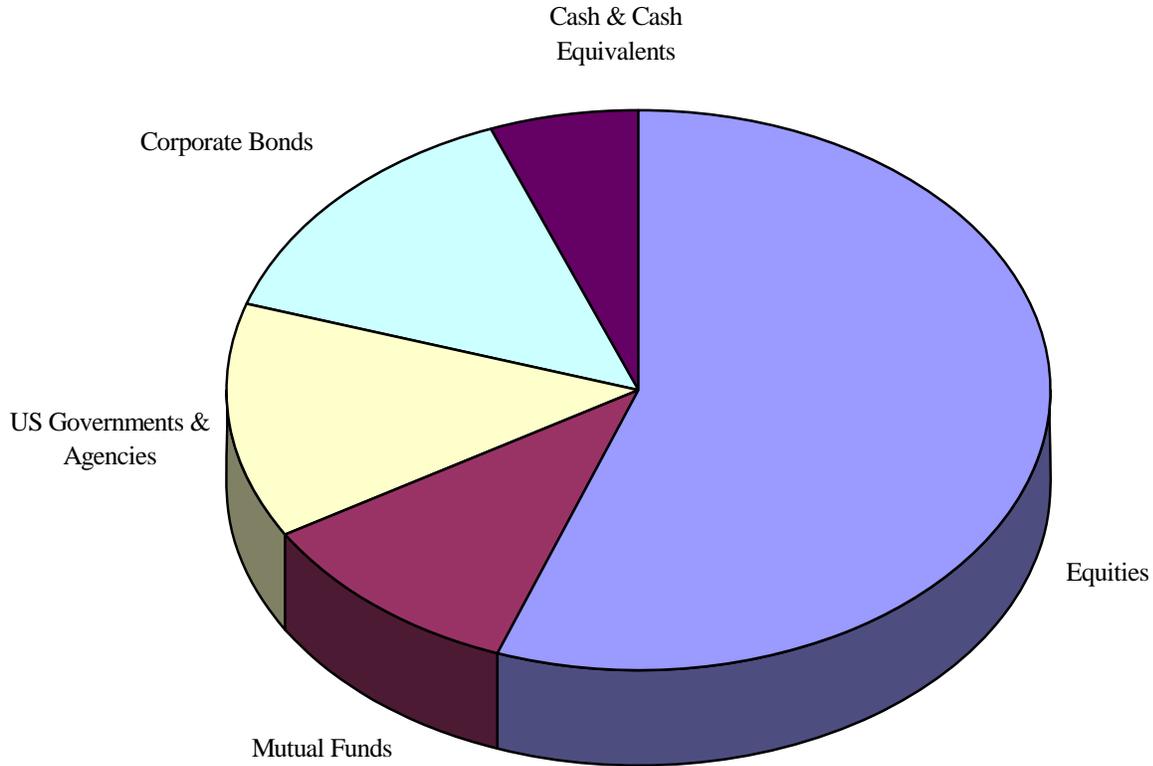
Investment Allocation		
Asset allocation	Balance	Percentage
Equities	\$ 4,817,722	63.3%
Mutual funds	431,948	5.7%
US governments and agencies	840,533	11.0%
Corporate bonds	872,039	11.5%
Cash and cash equivalents	649,231	8.5%
Total investments	\$ 7,611,473	100.0%

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Below is a graphical illustration of investments by asset allocation as of June 30, 2005.



Investment Allocation		
Asset allocation	Balance	Percentage
Equities	\$ 3,840,092	55.6%
Mutual funds	785,593	11.4%
US governments and agencies	934,629	13.5%
Corporate bonds	945,214	13.7%
Cash and cash equivalents	397,057	5.8%
Total investments	\$ 6,902,585	100.0%

THE COLLEGE OF NEW JERSEY FOUNDATION, INC.
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Management's Discussion and Analysis

June 30, 2006 and 2005

Assets

Cash and Cash Equivalents

During fiscal year 2006, the Foundation's cash and cash equivalents increased by \$248,852 or 77.3% due primarily to a successful fundraising campaign. Cash receipts from contributions totaled \$2.4 million. This increase was offset by a transfer of \$275,000 to investments for the planned giving program plus expenditures and other transfers totaling \$1.8 million.

During fiscal year 2005, the Foundation's cash and cash equivalents decreased by \$314,066 or 49.4 % due primarily to transfers totaling \$1.9 million to the College to satisfy the liability as of June 30, 2004 plus the Foundation board approved \$1 million to support the College's scholarship program in fiscal year 2005. This decrease was offset by cash receipts from contributions totaling approximately \$1.6 million.

Investments

In fiscal year 2006 investments increased by \$708,888 or 10.3%. The increase in investments can be primarily attributed to the unrealized appreciation in the fair value coupled with investment income and the \$275,000 transferred from cash and cash equivalents. For fiscal year 2006, the net rate of return on the investment pool was 6.3%.

During fiscal year 2005, the Foundation liquidated \$700,000 from its short term investments to satisfy the commitment made by its board of directors to the College's scholarship program. The net decrease of \$244,000 or 3.4% was offset by investment income and fair value appreciation net of investment manager fees.

Liabilities

In fiscal year 2006, liabilities increased by \$83,294 due to the recording of the present value of gift annuities. During fiscal year 2005, the current liability decreased by \$905,000 or 100.0%. This resulted from the Foundation transferring cash to the College to satisfy its commitment to the fiscal year 2004 scholarship program

Current Ratio

The Foundation's current ratio measures its ability to satisfy current obligations as they come due. As of June 30, 2006, the current liability was \$13,148 and the end of fiscal year 2005 there were no liabilities. This indicates that the Foundation's current assets of \$1.7 million were sufficient to cover its current liabilities as of June 30, 2006.

Net Assets

Nonexpendable Net Assets

During fiscal years 2006 and 2005, nonexpendable net assets increased by \$398,996 or 17.6% and \$61,252 or 2.8%, respectively. These increases were mainly due to some large endowment gifts received during those years that were earmarked to be permanently restricted.

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Expendable Net Assets

Expendable net assets increased by \$528,042 or 13.2% and \$258,228 or 6.9%, in fiscal years 2006 and 2005, respectively. The increases were primarily attributed to the Foundation's receipt of more gifts during both fiscal years that were designated as temporarily restricted and therefore classified as expendable.

Unrestricted Net Assets

In fiscal years 2006 and 2005, unrestricted net assets remained relatively stable. The modest decreases that resulted from the funding of scholarships and payment of other expenses were offset by unrestricted gift receipts.

Statement of Revenues, Expenses, and Changes in Net Assets

The statement of revenues, expenses, and changes in net assets presents the revenues earned and the expenses incurred by the Foundation during the fiscal year. Activities are reported as either operating or nonoperating. Generally speaking, operating revenues are earned in exchange for providing goods and services and operating expenses are incurred in the normal operation of the Foundation.

The following table shows a condensed statement of revenues, expenses, and changes in net assets for the years ended June 30, 2006, 2005, and 2004:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Operating revenues	\$ 2,021,035	1,516,864	1,720,797
Operating expenses	506,829	582,343	720,266
Operating income	1,514,206	934,521	1,000,531
Nonoperating and other revenues (expenses), net	(597,636)	(628,158)	426,524
Increase in net assets	916,570	306,363	1,427,055
Net assets as of beginning of year	7,300,418	6,994,055	5,567,000
Net assets as of end of year	<u>\$ 8,216,988</u>	<u>7,300,418</u>	<u>6,994,055</u>

Operating Revenues

The Foundation's main source of revenue is contributions. Under GASB 34 and 35, unrestricted and restricted contributions are reflected as operating revenue. The operating revenue rose significantly during fiscal year 2006. The increase of \$504,171 or 33.2% was primarily due to a successful fund raising campaign that resulted in the receipt of a number of large gifts, portions of which were designated by donors as restricted.

Even though the Foundation had a successful fund raising campaign in fiscal year 2005, the total contributions were down when compared to the previous fiscal year primarily due to the fact that some very large bequests were received in that year.

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Operating Expenses

Scholarships and awards remained relatively stable during fiscal years 2006 and 2005. Program services expense that includes membership dues and investment manager fees also remained stable during fiscal years 2006 and 2005. Fundraising expense decreased in fiscal year 2006 by \$40,857 or 34.9% because in fiscal year 2005, the Foundation incurred significant non-recurring expenses in support of the Sesquicentennial activities.

Net Nonoperating Revenues (Expenses) and Other Revenues

In fiscal year 2006, nonoperating expenses (net) totaled \$997,753. Of this amount, nonoperating revenues totaled \$532,526, which was comprised of investment income and investment fair value appreciation. The total nonoperating expenses of \$1,530,279 included contributions to the College for scholarship support and restricted funds disbursements. Other revenues included contributions for permanent endowments of \$400,117.

In fiscal year 2005, nonoperating expenses (net) totaled \$669,339. Of this amount, nonoperating revenues totaled \$516,691, which was comprised of investment income and investment fair value appreciation. The total nonoperating expenses of \$1,186,030 included contributions to the College for scholarship support and restricted funds disbursements. Other revenues included contributions for permanent endowments of \$41,181.



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Independent Auditors' Report

The Board of Trustees
The College of New Jersey Foundation, Inc.:

We have audited the accompanying financial statements of The College of New Jersey Foundation, Inc. (the Foundation), a component unit of The College of New Jersey, as of and for the years ended June 30, 2006 and 2005, as listed in the table of contents. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The College of New Jersey Foundation, Inc. as of June 30, 2006 and 2005, and the changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis on pages 1 through 9 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

KPMG LLP

November 27, 2006

THE COLLEGE OF NEW JERSEY FOUNDATION, INC.
(A Component Unit of The College of New Jersey)

Statements of Net Assets

June 30, 2006 and 2005

Assets	2006	2005
Current assets:		
Cash and cash equivalents	\$ 570,618	321,766
Investments (note 3)	1,081,179	1,133,942
Miscellaneous receivables	—	1,067
Due from The College of New Jersey (note 4)	23,206	—
Total current assets	1,675,003	1,456,775
Noncurrent assets:		
Investments (note 3)	6,530,294	5,768,643
Other assets	94,985	75,000
Total noncurrent assets	6,625,279	5,843,643
Total assets	8,300,282	7,300,418
Liabilities		
Current liabilities:		
Due to The College of New Jersey (note 4)	1,433	—
Annuities payable	11,715	—
Total current liabilities	13,148	—
Noncurrent liabilities:		
Annuities payable	70,146	—
Total noncurrent liabilities	70,146	—
Total liabilities	83,294	—
Net Assets		
Restricted:		
Nonexpendable:		
Scholarships	2,023,949	2,005,070
Other programs	637,251	257,134
Expendable:		
Scholarships	3,467,780	3,223,192
Research	298,843	157,377
Other	775,634	633,646
Unrestricted	1,013,531	1,023,999
Total net assets	\$ 8,216,988	7,300,418

See accompanying notes to financial statements.

THE COLLEGE OF NEW JERSEY FOUNDATION, INC.
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Statements of Revenues, Expenses, and Changes in Net Assets

Years ended June 30, 2006 and 2005

	2006	2005
Operating revenues:		
Contributions	\$ 2,021,035	1,516,864
Total operating revenues	2,021,035	1,516,864
Operating expenses:		
Scholarships and awards	282,488	324,775
Fundraising events	76,205	117,062
Program services	148,136	140,506
Total operating expenses	506,829	582,343
Operating income	1,514,206	934,521
Nonoperating revenues (expenses):		
Investment income	532,526	516,691
Restricted funds disbursements	(192,800)	(126,392)
Scholarships and restricted funds contributed to The College of New Jersey (note 4)	(1,243,574)	(1,047,926)
Adjustment to actuarial liability for annuities payable	(93,905)	(11,712)
Net nonoperating expenses	(997,753)	(669,339)
Income before other revenues	516,453	265,182
Contributions - permanent endowments	400,117	41,181
Increase in net assets	916,570	306,363
Net assets as of beginning of year	7,300,418	6,994,055
Net assets as of end of year	\$ 8,216,988	7,300,418

See accompanying notes to financial statements.

THE COLLEGE OF NEW JERSEY FOUNDATION, INC.
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Statements of Cash Flows

Years ended June 30, 2006 and 2005

	2006	2005
Cash flows from operating activities:		
Contributions	\$ 1,998,896	1,557,667
Scholarships and awards	(282,488)	(324,775)
Fundraising	(76,205)	(117,062)
Program services	(148,136)	(140,506)
	1,492,067	975,324
Cash flows from noncapital financing activities:		
Contributions - permanent endowments	400,117	41,181
Restricted funds disbursements	(192,800)	(126,392)
Scholarships and restricted funds contributed to The College of New Jersey	(1,243,574)	(1,952,851)
	(1,036,257)	(2,038,062)
Cash flows from investing activities:		
Interest income	34,916	4,952
Purchases of securities	(2,731,924)	(1,063,583)
Proceeds from sale of securities	2,502,094	1,819,015
Payments to annuitants	(12,044)	(11,712)
	(206,958)	748,672
Net cash provided (used) by investing activities		
Net increase (decrease) in cash and cash equivalents	248,852	(314,066)
Cash and cash equivalents as of beginning of year	321,766	635,832
Cash and cash equivalents as of end of year	\$ 570,618	321,766
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 1,514,206	934,521
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in assets:		
Miscellaneous receivables	(22,139)	40,803
Net cash provided by operating activities	\$ 1,492,067	975,324

See accompanying notes to financial statements.

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Notes to Financial Statements

June 30, 2006 and 2005

(1) Organization

The College of New Jersey Foundation, Inc. (the Foundation) is a not-for-profit organization exempt from income tax under IRS Code 501(c)(3). The Foundation's objective is to obtain private funding to enhance the educational goals of The College of New Jersey (the College).

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accounting policies of the Foundation conform to U.S. generally accepted accounting principles. The Foundation financial statements are based on all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Review Board of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that a statement of cash flows be prepared using the direct method and that resources be classified for accounting and reporting purposes into the following net asset categories:

- **Restricted:**

Nonexpendable: Net assets subject to externally imposed stipulations that must be maintained permanently by the Foundation.

Expendable: Net assets whose use by the Foundation are subject to externally-imposed stipulations that can be fulfilled by actions of the Foundation pursuant to the stipulations or that expire by the passage of time.

- **Unrestricted:**

Net assets that are not subject to externally-imposed stipulations and may be designated for specific purposes by action of the board of trustees or may otherwise be limited by contractual agreements with outside parties.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Foundation's policy is to first apply the expense towards restricted resources and then towards unrestricted resources.

(b) Measurement Focus and Basis of Accounting

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

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(c) *Cash and Cash Equivalents*

Cash and cash equivalents consist of investments with the New Jersey State Cash Management Fund and Wachovia Bank. The New Jersey State Cash Management Fund is combined into a large-scale investment program with amounts contributed by other state entities. These investments consist primarily of U.S. Treasury securities. All highly liquid investments purchased with an original maturity of three months or less are considered to be cash equivalents.

(d) *Investments*

Investments are reflected at fair value, which is based on quoted market price. Purchases and sales of investments are accounted for on the trade date basis. Investment income is recorded on an accrual basis.

(e) *Contributions*

Contributions are generally recorded upon their communication to the Foundation. Additions to permanent endowments are recorded upon receipt.

(f) *Operating Activities*

The Foundation's policy for defining operating activities as reported on the statements of revenues, expenses, and changes in net assets are those that serve the Foundation's principal purpose. Operating activities generally result from contributions received, payments made for scholarships and awards, and expenses associated with fundraising events and investment manager fees. The annual scholarship support to The College of New Jersey is considered a nonoperating expense as defined by GASB Statement No. 34.

(g) *Annuities Payable*

Annuities payable are created when assets are contributed to the Foundation on condition that the Foundation obligate itself to pay stipulated amounts periodically to designated annuitants. Annuities payable are recorded at the present value of the expected future cash payments to the annuitants.

(h) *Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

THE COLLEGE OF NEW JERSEY FOUNDATION, INC.
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Notes to Financial Statements

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(3) Investments

The Foundation has an investment policy which establishes guidelines for permissible investments. The primary investment objective is to preserve and increase the value of endowment funds and maximize the long term total rate of return on all invested assets while assuming a level of risk consistent with prudent investment practices for such funds. The Foundation may invest in obligations of the United States Government, certificates of deposit, money market funds, equities and stock funds and bonds and bond funds. Investments consist of the following as of June 30, 2006 and 2005:

	2006	2005
Equities	\$ 4,817,722	3,840,092
Mutual funds	431,948	785,593
U.S. Treasury bills and notes and Government agencies	840,533	934,629
Corporate bonds	872,039	945,214
Cash and cash equivalents	649,231	397,057
Total	\$ 7,611,473	6,902,585

The Foundation's investments are subject to various risks. Among these risks are credit risk, concentration of credit risk and interest rate risk. Each one of these risks are discussed in more detail below.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's Investors Service, Inc. (Moody's).

As of June 30, 2006, the Foundation's fixed income investments, which consist of U.S. Treasury bills and notes, U.S. Government agencies and corporate bonds were rated as follows:

Rating	Total	U.S. Treasury bills and notes	U.S. Government agencies	Corporate bonds
Aaa	\$ 958,048	621,049	219,484	117,515
Aa1	63,117	—	—	63,117
Aa2	102,277	—	—	102,277
Aa3	157,281	—	—	157,281
A1	131,182	—	—	131,182
A2	212,533	—	—	212,533
A3	38,625	—	—	38,625
Baa3	49,509	—	—	49,509
Total	\$ 1,712,572	621,049	219,484	872,039

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As of June 30, 2005, the Foundation's fixed income investments, which consist of U.S. Treasury bills and notes, U.S. Government agencies and corporate bonds were rated as follows:

<u>Rating</u>	<u>Total</u>	<u>U.S. Treasury bills and notes</u>	<u>U.S. Government agencies</u>	<u>Corporate bonds</u>
Aaa	\$ 1,069,441	741,457	193,172	134,812
Aa1	70,747	—	—	70,747
Aa2	107,813	—	—	107,813
Aa3	173,315	—	—	173,315
A1	220,725	—	—	220,725
A2	142,092	—	—	142,092
A3	25,855	—	—	25,855
Baa2	69,855	—	—	69,855
Total	<u>\$ 1,879,843</u>	<u>741,457</u>	<u>193,172</u>	<u>945,214</u>

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation's investment policy provides limitations in the maturities of various types of investments. As of June 30, 2006, the Foundation's fixed income investments, which consist of U.S. Treasury bills and notes, U.S. Government agencies and corporate bonds had maturity dates as follows:

<u>Maturing in years</u>	<u>Total</u>	<u>U.S. Treasury bills and notes</u>	<u>U.S. Government agencies</u>	<u>Corporate bonds</u>
Less than 1	\$ 248,906	186,247	12,943	49,716
1 – 5	923,397	160,742	174,464	588,191
6 – 10	494,791	240,714	32,077	222,000
Greater than 10	45,478	33,346	—	12,132
Total	<u>\$ 1,712,572</u>	<u>621,049</u>	<u>219,484</u>	<u>872,039</u>

THE COLLEGE OF NEW JERSEY FOUNDATION, INC.
(A Component Unit of The College of New Jersey)

Notes to Financial Statements

June 30, 2006 and 2005

As of June 30, 2005, the Foundation's fixed income investments, which consist of U.S. Treasury bills and notes, U.S. Government agencies and corporate bonds had maturity dates as follows:

<u>Maturing in years</u>	<u>Total</u>	<u>U.S. Treasury bills and notes</u>	<u>U.S. Government agencies</u>	<u>Corporate bonds</u>
Less than 1	\$ 122,353	75,850	46,503	—
1 – 5	1,052,724	384,554	125,588	542,582
6 – 10	623,086	212,876	21,081	389,129
Greater than 10	81,680	68,177	—	13,503
Total	<u>\$ 1,879,843</u>	<u>741,457</u>	<u>193,172</u>	<u>945,214</u>

(4) Transactions with Affiliates

The Foundation has approved contributions to the College for support of scholarships, restricted funds and library acquisitions of \$1,243,574 and \$1,047,926 during 2006 and 2005, respectively. Annually, the board of trustees of the Foundation approves the amount to be transferred to the College. The following table shows the contributions to the College for 2006 and 2005:

	<u>2006</u>	<u>2005</u>
Scholarship support	\$ 1,000,000	1,000,000
Restricted funds	243,574	47,926
Total	<u>\$ 1,243,574</u>	<u>1,047,926</u>

As of June 30, 2006, there was a net receivable of \$23,206 due from the College to the Foundation for employee annual fund contributions.

(5) Funds Held in Trust

Funds held in trust by others and not in the possession of, nor under the control of, the Foundation are not included in the Foundation's cash and cash equivalents and investments. The fair value of such funds approximated \$1,346,000 as of June 30, 2006.