

**NEW JERSEY WORLD TRADE  
CENTER SCHOLARSHIP FUND**

Financial Statements

Year Ended June 30, 2007

**NEW JERSEY WORLD TRADE CENTER SCHOLARSHIP FUND**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
New Jersey World Trade Center Scholarship Fund

We have audited the accompanying statement of financial position of New Jersey World Trade Center Scholarship Fund (the "Fund") as of June 30, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 New Jersey World Trade Center Scholarship Fund as of June 30, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Mercadien, P.C.*  
*Certified Public Accountants*

October 10, 2007

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**NEW JERSEY WORLD TRADE CENTER SCHOLARSHIP FUND**

STATEMENT OF FINANCIAL POSITION

June 30, 2007

ASSETS

Cash and Cash Equivalents	\$ 1,510,059
Accounts Receivable	<u>13,666</u>
Total Assets	<u><u>\$ 1,523,725</u></u>

NET ASSETS

Temporarily Restricted	<u>\$ 1,523,725</u>
Total Net Assets	<u><u>\$ 1,523,725</u></u>

NEW JERSEY WORLD TRADE CENTER SCHOLARSHIP FUND

STATEMENT OF ACTIVITIES

Year Ended June 30, 2007

Support and Revenues

State of New Jersey Appropriation \$ 250,000

Contributions 10,416

Total Support and Revenues 260,416

Program Expenses

Scholarship Awards 368,778

Change in Net Assets Before Interest Income (108,362)

Interest Income 55,897

Change in Net Assets (52,465)

Net Assets, Beginning of Year 1,576,190

Net Assets, End of Year \$ 1,523,725

NEW JERSEY WORLD TRADE CENTER SCHOLARSHIP FUND

STATEMENT OF CASH FLOWS

Year Ended June 30, 2007

Cash Flows from Operating Activities

Change in Net Assets	\$ (52,465)
Accounts Receivable	<u>(13,666)</u>
Net Decrease in Cash	(66,131)
Cash and Cash Equivalents, Beginning of Year	<u>1,576,190</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,510,059</u></u>

# NEW JERSEY WORLD TRADE CENTER SCHOLARSHIP FUND

## NOTES TO FINANCIAL STATEMENTS

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Nature of the Program**

On January 11, 2002, New Jersey Acting Governor Bennett signed into law P.L.2001, c.442, N.J.S.A.18A:71B-23.1 et seq., the "New Jersey World Trade Center Scholarship Program Act" (the "Act"). The Act (N.J.S.A.18A:71B-23.3a) established a non-lapsing fund, known as the New Jersey World Trade Center Scholarship Fund (the "Fund"), in the New Jersey Higher Education Student Assistance Authority. The Act further required that the Fund be administered by a board of trustees (N.J.S.A.18A:71B-23.4).

The Board of Trustees consists of the State Treasurer, or a designee, and ten appointed public members to administer the Fund. Board members serve without compensation but are entitled to be reimbursed for reasonable and necessary expenses incurred in the discharge of their duties.

The purpose of the Fund is to award scholarships from the Fund for the costs of undergraduate study at an institution of higher education to the dependent children or surviving spouses of persons who were New Jersey residents on September 11, 2001, and who were killed in the terrorist attacks on the United States on September 11, 2001, who died as a result of injuries received in the attacks, or who are missing and officially presumed dead as a direct result of the attacks. The terrorist attacks on the United States include the hijackings and subsequent crashes at the World Trade Center in New York City, the Pentagon in Washington, D.C. and in Somerset County, Pennsylvania. Scholarships from the Fund may be awarded annually, upon proper application to the Fund, to any student who qualifies under the criteria developed by the Board of Trustees.

Support of the Fund consists of annual New Jersey Legislature appropriations from the State of New Jersey's General Fund; investment earnings of the Fund; and moneys contributed to the Fund by public and private sources. The solicitation and raising of private funds are included in the duties of the Board Members. Operating expenses consist of scholarship awards.

#### **Basis of Accounting**

The financial statements of the Fund have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

#### **Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards ("SFAS") No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Fund is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Fund has only temporarily restricted net assets.

# NEW JERSEY WORLD TRADE CENTER SCHOLARSHIP FUND

## NOTES TO FINANCIAL STATEMENTS

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Cash and Cash Equivalents**

Cash and cash equivalents includes funds available primarily from State of New Jersey appropriations and funds invested through the State of New Jersey Cash Management Fund.

#### **Public Support and Revenue Recognition**

Contributions are recognized when the donor makes a promise to give to the Fund that is, in substance, unconditional. An unconditional promise to give is reported at its net realizable value. State appropriations are recorded in the years appropriated.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Federal Income Taxes**

The Fund has been organized exclusively to provide charitable and educational services and thus is exempt from federal income taxes under Section 501(c)(3) of the Federal Internal Revenue Code.

#### **Restricted Net Assets**

In accordance with the terms of the "New Jersey World Trade Center Scholarship Program Act" and the by-laws of the "New Jersey World Trade Center Scholarship Fund," all funds are classified as temporarily restricted net assets.

### B. SUPPORT AND REVENUES

For the fiscal year ended June 30, 2007, the Fund received a \$250,000 appropriation from the State of New Jersey General Fund and \$10,416 in contributions derived from the Tax Year 2006 Form NJ 1040 "check-off" box for the New Jersey - World Trade Center Scholarship Fund.

### C. SCHOLARSHIP AWARDS

For the year ended June 30, 2007, the Fund disbursed \$384,862 of scholarships and was refunded \$16,084 due to several scholarships that were over the actual unfunded cost of attendance and the cancellation of several awards. For the 2006/2007 academic year, the maximum award per student was \$6,500.

### D. INCOME ON INVESTMENTS

For the year ended June 30, 2007, the Fund had interest income earned in the State of New Jersey Cash Management Fund of \$55,897.