Financial Statements and Report of Independent Certified Public Accountants

Bloomfield College

June 30, 2023 and 2022

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees
Bloomfield College

Report on the financial statements

Opinion

We have audited the financial statements of Bloomfield College (the “College”), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audit of the financial statements in accordance with auditing standards generally accepted in the United States of America (“US GAAS”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other matter

The financial statements of the College as of and for the year ended June 30, 2022 were audited by other auditors, who expressed an unmodified opinion on those financial statements in their report dated January 30, 2023.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College’s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Grant Thornton LLP

Iselin, New Jersey
November 30, 2023

BLOOMFIELD COLLEGE

STATEMENTS OF FINANCIAL POSITION

June 30,

	2023	2022
ASSETS		
Cash and cash equivalents	$ 11,470,030	$ 14,161,993
Restricted cash equivalents	3,281,336	-
Student accounts receivable, net of allowance of $1,411,389 and $1,543,060	172,499	245,301
Pledges receivable, net of allowance of $14,300 and $19,142	414,697	459,415
Grants and other receivables	496,366	605,072
Investments	16,135,455	15,363,493
Prepaid expenses	491,825	503,267
Property and equipment, net of accumulated depreciation of $64,366,014 and $60,635,213	59,950,354	62,546,034
Totals	$ 92,412,562	$ 93,884,575
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 1,539,708	$ 1,665,048
Deferred tuition and student deposits	303,785	596,123
Accrued salaries and wages	-	434,486
Accrued retirement benefit obligation	1,187	445,621
Capital lease obligation	-	36,018
Long-term debt	31,025,456	32,511,684
Total liabilities	32,870,136	35,688,980
Net assets		
Without donor restrictions	44,167,647	42,943,288
With donor restrictions	15,374,779	15,252,307
Total net assets	59,542,426	58,195,595
Totals	$ 92,412,562	$ 93,884,575

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

BLOOMFIELD COLLEGE

STATEMENT OF ACTIVITIES

Year ended June 30, 2023 (with comparative totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
Revenue, gains and other support				
Student tuition and fees, net	$ 17,519,867	$ -	$ 17,519,867	$ 20,838,580
Government grants and contracts	15,873,497	314,527	16,188,024	8,160,427
Private gifts and grants	977,754	256,298	1,234,052	1,872,934
Interest and dividends - non-endowment	410,897	-	410,897	55,401
Auxiliary enterprises	5,133,951	-	5,133,951	5,011,231
Other revenue	887,332	-	887,332	784,319
Totals	40,803,298	570,825	41,374,123	36,722,892
Net assets released from restrictions	1,521,241	(1,521,241)	-	-
Total revenue, gains and other support	42,324,539	(950,416)	41,374,123	36,722,892
Expenses				
Educational and general:				
Instructional	12,622,981	-	12,622,981	11,371,861
Academic support	3,027,291	-	3,027,291	2,723,361
Student services	5,972,251	-	5,972,251	6,921,414
Institutional support	9,992,815	-	9,992,815	8,855,919
Total educational and general	31,615,338	-	31,615,338	29,872,555
Operation and maintenance of physical plant	2,966,589	-	2,966,589	2,871,719
Auxiliary enterprises	4,741,442	-	4,741,442	4,634,177
Interest on indebtedness	1,246,406	-	1,246,406	1,287,977
Bad debt expense	730,830	-	730,830	403,205
Total expenses	41,300,605	-	41,300,605	39,069,633
Change in net assets from operations	1,023,934	(950,416)	73,518	(2,346,741)
Nonoperating activity				
Investment returns - endowment	200,425	1,072,888	1,273,313	(2,070,645)
CHANGE IN NET ASSETS	1,224,359	122,472	1,346,831	(4,417,386)
Net assets, beginning of year	42,943,288	15,252,307	58,195,595	62,612,981
Net assets, end of year	$ 44,167,647	$ 15,374,779	$ 59,542,426	$ 58,195,595

The accompanying notes are an integral part of this financial statement.

BLOOMFIELD COLLEGE

STATEMENT OF ACTIVITIES

Year ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support			
Student tuition and fees, net	$ 20,838,580	$ -	$ 20,838,580
Government grants and contracts	7,994,112	166,315	8,160,427
Private gifts and grants	1,193,122	679,812	1,872,934
Interest and dividends - non-endowment	55,401	-	55,401
Auxiliary enterprises	5,011,231	-	5,011,231
Other revenue	784,319	-	784,319
Totals	35,876,765	846,127	36,722,892
Net assets released from restrictions	1,604,111	(1,604,111)	-
Total revenue, gains and other support	37,480,876	(757,984)	36,722,892
Expenses			
Educational and general:			
Instructional	11,371,861	-	11,371,861
Academic support	2,723,361	-	2,723,361
Student services	6,921,414	-	6,921,414
Institutional support	8,855,919	-	8,855,919
Total educational and general	29,872,555	-	29,872,555
Operation and maintenance of physical plant	2,871,719	-	2,871,719
Auxiliary enterprises	4,634,177	-	4,634,177
Interest on indebtedness	1,287,977	-	1,287,977
Bad debt expense	403,205	-	403,205
Total expenses	39,069,633	-	39,069,633
Change in net assets from operations	(1,588,757)	(757,984)	(2,346,741)
Nonoperating activities			
Investment returns - endowment	(342,360)	(1,728,285)	(2,070,645)
Reclassification of net assets	941,351	(941,351)	-
Total nonoperating activities	598,991	(2,669,636)	(2,070,645)
CHANGE IN NET ASSETS	(989,766)	(3,427,620)	(4,417,386)
Net assets, beginning of year	43,933,054	18,679,927	62,612,981
Net assets, end of year	$ 42,943,288	$ 15,252,307	$ 58,195,595

The accompanying notes are an integral part of this financial statement.

BLOOMFIELD COLLEGE

STATEMENTS OF CASH FLOWS

Years ended June 30,

	2023	2022
Cash flows from operating activities		
Change in net assets	$ 1,346,831	$ (4,417,386)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	3,750,500	3,869,830
Bad debt expense	730,830	403,205
Net realized and unrealized (gains) losses on investments	(1,273,313)	2,365,053
Changes in operating assets and liabilities:		
Student accounts receivable	(638,291)	(359,684)
Pledges receivable	24,981	187,812
Grants and other receivables	108,706	(504,191)
Prepaid expenses	11,442	(11,746)
Accounts payable and accrued expenses	(550,808)	(581,434)
Deferred tuition and student deposits	(292,338)	120,465
Accrued salaries and wages	(434,486)	31,758
Conditional asset retirement obligation	-	(243,541)
Accrued retirement benefit obligation	(444,434)	49,591
Net cash from operating activities	2,339,620	909,732
Cash flows from investing activities		
Proceeds from sales of investments	622,575	2,460,233
Purchases of investments	(121,224)	(2,080,242)
Purchase of property and equipment	(709,653)	(672,267)
Net cash used in investing activities	(208,302)	(292,276)
Cash flows from financing activities		
Repayments of capital lease obligation	(36,018)	(57,684)
Repayments of long-term debt	(1,505,927)	(1,472,564)
Net cash used in financing activities	(1,541,945)	(1,530,248)
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH EQUIVALENTS	589,373	(912,792)
Cash and cash equivalents, beginning of year	14,161,993	15,074,785
Cash, cash equivalents and restricted cash equivalents, end of year	$ 14,751,366	$ 14,161,993
Supplemental disclosures of cash flow information		
Interest paid	$ 1,246,406	$ 1,287,977
Purchase of property and equipment in accounts payable	$ 425,468	$ -

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

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Bloomfield College (the "College") was founded in 1868 and has evolved to become New Jersey's only predominantly black institution, a Hispanic-serving institution, and a minority serving Institution. The College offers academic programs leading to the Bachelor of Arts, Bachelor of Science, and Masters' degrees. The curriculum is designed to provide students with a sound liberal arts grounding as well as with the expertise they will need in their careers. The mission of the College is to prepare students to attain academic, personal and professional excellence in a multicultural and global society.

Bloomfield College and Montclair State University merged on June 30, 2023 at 11.59 p.m., which resulted in Bloomfield College's merger with and into a newly created not-for-profit corporation created under New Jersey law called Bloomfield College of Montclair State University in which Montclair State University is the sole member. The merger was enabled by Legislation codified at L. 2023, c. 65 and signed on June 30, 2023. Bloomfield College served a diverse population and prepared students for success in a multicultural and global society. While Bloomfield College is no longer in existence following the merger, Bloomfield College of Montclair State University will continue to operate and serve these same communities. The financial statements of the College as of and for the fiscal year ended June 30, 2023, serve as the last financial statements under Bloomfield College.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting standards generally accepted in the United States of America ("US GAAP") and include the accounts of the College's academic programs and administration.

Financial Statement Presentation

The financial statements report the changes in and totals of each net asset class based on the existence of donor restrictions. Net assets are classified as without donor restrictions or with donor restrictions as described below:

> <u>Net assets without donor restrictions</u> are net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the College. Net assets without donor restrictions include undesignated net assets and net assets that are board designated for endowment.
>
> <u>Net assets with donor restrictions</u> are net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature while others are perpetual in nature.

Revenue is reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of restrictions on net assets with donor restrictions restricted by purpose or passage of time are reported as net assets released from restrictions. Contributions received with donor-imposed restrictions and interest, dividends and net realized and unrealized gains on investments with donor-imposed restrictions that are met in the same year are reported as revenue of the net asset without donor restrictions class.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less when acquired, except cash and cash equivalents restricted for a purpose.

Restricted Cash Equivalents

In March 2023, the Department of Education ("DOE") determined that Bloomfield College failed to meet the financial responsibility standards set by the DOE. Bloomfield College was allowed to continue to participate in the Title IV, HEA programs by choosing to supply the DOE a Provisional Certification Alternative in the amount of $3,120,077. This amount represents 25% of the Title IV, HEA program funds received by Bloomfield College during its most recently completed fiscal year. Bloomfield College obtained a secured letter of credit from Provident Bank in the amount of $3,120,077, which is secured by a money market account totaling $3,281,336 as of June 30, 2023 and is included as restricted cash equivalents in the accompanying statement of net position.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported in the statements of financial position that sum to the same such totals shown in the statements of cash flows:

	2023	2022
Cash and cash equivalents	$ 11,470,030	$ 14,161,993
Restricted cash equivalents	3,281,336	-
Total cash, cash equivalents and restricted cash equivalents	$ 14,751,366	$ 14,161,993

Investments

Investments are reported at fair value. Donated securities are recorded at fair value at the date of donation. Realized and unrealized gains and losses are included in the statements of activities. See Note 6 for discussion of fair value measurements.

Concentrations of Credit Risk

Financial instruments which potentially subject the College to concentrations of credit risk consist principally of cash, temporary cash investments and student accounts receivable. The College places its temporary cash investments with high quality financial institutions. At times, the College's cash balances with these institutions may exceed the current insured amount under the Federal Deposit Insurance Corporation. Concentrations of credit risk with respect to student accounts receivable are limited due to the large number of students enrolled in the College, the payment terms are generally short and the participation in government financial aid programs. On a periodic basis, the College evaluates its student accounts receivable and establishes an allowance for doubtful accounts, based on a history of collections and current credit considerations.

Deferred Financing Costs

The College capitalizes costs incurred in connection with its long-term debt obligations and amortizes these costs over the lives of the respective obligations.

Property and Equipment

Property and equipment are recorded at cost, except for donated assets, which are recorded at fair value at the date of the gift. Depreciation is provided on the straight-line method over the estimated useful lives of the depreciable assets. The College generally capitalizes expenditures which exceed $5,000 unless the costs are in connection with a constructed asset. In that case, all costs incurred to get the asset operating are capitalized.

Revenue Recognition

Net tuition revenues consisted primarily of tuition, net of grants and scholarships, and fees derived from courses taught by the College, as well as from related educational resources that the College provided to its students, such as access to online materials. For the years ended June 30, 2023 and 2022, the College's revenue was reduced by $15,211,412 and $15,840,070, respectively, as a result of scholarships that the College offered to the students. Revenue recognition occurs over the applicable academic term. The College had no costs that were capitalized to obtain or to fulfill a contract with a customer for the period ended June 30, 2023 and 2022.

Auxiliary revenues include primarily the following operations: food service and student housing. The College recognizes revenue for housing and certain food services proportionately over the applicable academic term.

The following table presents the College's revenues disaggregated by the nature of transfer of services for the year ended June 30:

	2023	2022
Student tuition and fees	$ 32,731,279	$ 36,678,650
Less: scholarship allowances	15,211,412	15,840,070
Student tuition and fees, net	$ 17,519,867	$ 20,838,580

In any period that the College receives excess tuition, fees and other student payments over amounts recognized as revenue on the statement of activities, a liability is recorded on the statements of financial position. The College does not present information about outstanding performance obligations as of year-end, because its contracts with students all had original terms of less than one year.

Deferred revenue from contracts with customers represents payments received in advance for which services have not been performed as of June 30, 2023 and 2022. The following table represents activities for deferred revenue related to tuition and student deposits.

	Balance at July 1, 2022	Revenue Recognized 2023	Cash Received in Advance of Performance	Balance at June 30, 2023
Student deposits and deferred revenue	$ 596,123	$ (418,275)	$ 125,937	$ 303,785

	Balance at July 1, 2021	Revenue Recognized 2022	Cash Received In Advance of Performance	Balance at June 30, 2022
Student deposits and deferred revenue	$ 475,658	$ (315,703)	$ 436,168	$ 596,123

The College maintains an institutional refund policy, which provides for all or a portion of tuition and fees to be refunded if a student withdraws during the stated refund period.

The College's receivables represented unconditional rights to consideration from its contracts with students.

Contributions and grants, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until the conditions are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. Contributions to be received after one year are discounted at a risk-free rate. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions and pledges receivable is provided based upon management's judgment including such factors as prior collection history and type of contribution. Pledges receivable at June 30 consists of the following:

	2023	2022
Gross amount due		
Within one year	$ 120,000	$ 111,047
Two to five years	360,000	412,900
More than five years	-	633
	480,000	524,580
Less: unamortized discount to present value	(51,003)	(46,023)
	428,997	478,557
Less: allowance for doubtful accounts	(14,300)	(19,142)
Net pledges receivable	$ 414,697	$ 459,415

Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenue without donor restrictions. Contributions of cash or other assets to be used to acquire property and equipment are reported as revenue with donor restrictions; the restrictions are considered to be released at the time such long-lived assets are placed in service.

Student Accounts Receivable, Net

Student accounts receivable consist of tuition and fee charges and are recorded net of estimated uncollectible amounts. The College calculates the allowance for doubtful accounts by evaluating account balances that are considered to be specifically reserved as well as estimating the amount deemed to be uncollectable based on historical collection history for the College. No interest is charged on outstanding student accounts receivable balances. However, a flat rate fee is charged on overdue balances.

Functional Allocation of Expenses

The costs of providing the College's programs and supporting services have been summarized on a functional basis in the schedule of functional expenses in Note 13. Accordingly, certain costs have been allocated between program and supporting services based principally on specific identification and where an expense affects more than one area, they are allocated on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, which are allocated on a square footage basis, as well as, salaries and wages, benefits, payroll taxes, which are allocated on the basis of estimates of usage or time and effort. See Note 13 for the breakdown of expenses by nature and function.

Advertising

The College expenses the cost of advertising as incurred.

Income Taxes

The College is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of the New Jersey State income tax laws. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements.

The College has no unrecognized tax benefits at June 30, 2023 and 2022.

The College recognizes interest and penalties associated with tax matters as operating expenses and includes accrued interest and penalties with accrued expenses in the statements of financial position. There were no interest or penalties paid for the years ended June 30, 2023 and 2022.

Fair Value of Financial Instruments

The fair value of financial instruments, other than investments discussed in Note 6, which include cash and cash equivalents, student account receivables, pledges receivable, grants and other receivables, and accounts payable and accrued expenses, are considered to approximate their carrying value because of their short-term maturities. The College has determined that the estimated fair value of its total indebtedness approximates its net carrying value as of June 30, 2023 and 2022.

Related Party Transactions

Members of the College's Board of Trustees and senior management may, from time to time, be associated, either directly or indirectly, with companies doing business with the College. The College's conflict of interest policy requires, among other things, that no member of the Board of Trustees or its committees can participate in any decision in which they (or an immediate family member) have a material financial interest. For members of the Board of Trustees and senior management, the College requires annual disclosure of significant financial interest in, or employment, or consulting relationships with, entities doing business with the College. When such relationships exist, measures are taken to address the actual or perceived conflict to protect the best interests of the College and ensure compliance with the conflict of interest policy or relevant laws. The College has no material related party transactions to disclose in the financial statements.

Subsequent Events

The College has evaluated subsequent events through November 30, 2023, which is the date the financial statements were available to be issued. The College is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment as of June 30, consist of the following:

	2023	2022
Land	$ 3,327,045	$ 3,327,045
Buildings and improvements	101,907,332	101,744,917
Furniture and equipment	18,771,676	18,088,103
Construction in progress	310,315	21,182
	124,316,368	123,181,247
Less: accumulated depreciation	64,366,014	60,635,213
Total	$ 59,950,354	$ 62,546,034

Depreciation expense for property and equipment for the years ended June 30, 2023 and 2022 was $3,730,801 and $3,850,133, respectively.

Estimated costs to complete the projects classified as construction in progress as of June 30, 2023 and 2022 approximated $400,000 and $700,000, respectively.

NOTE 3 - LONG-TERM DEBT

The following long-term debt obligations were outstanding as of June 30:

	2023	2022
New Jersey Educational Facility Authority bonds payable		
Higher Education Capital Improvement Fund Series 2002 (A)	$ -	$ 230,380
Commercial Mortgage Loan (B)	-	166,443
Private placement bond (C)	26,233,530	27,092,692
Commercial Mortgage Loan (D)	2,517,438	2,661,214
Commercial Mortgage Loan (E)	2,296,609	2,383,631
Higher Education Capital Improvement Fund (F)	391,560	410,703
	31,439,137	32,945,063
Less bond issuance costs, net of amortization	(413,681)	(433,379)
Total	$ 31,025,456	$ 32,511,684

(A) The College was obligated under loan agreements which underly revenue bonds issued by the New Jersey Educational Facilities Authority, U.S. Department of Education and various financial institutions to finance the construction and purchase of property and equipment. The loans were secured by certain property.

The Higher Education Capital Improvements Fund Act was established to finance capital improvements and related costs at public and private institutions of higher education within the State of New Jersey. Funding was provided from bonds issued by the New Jersey Educational

Facilities Authority. The College's allocation was $2,413,463. Each institution was required to pay 50% of its allocation, plus administrative fees of the trustees and the Authority, as a long-term debt obligation. This debt was paid in full during 2023.

(B) In May 2014, the College entered into a commercial mortgage loan with a bank in the amount of $1,533,000. Proceeds were used towards the conversion of one of the College’s buildings into a student dormitory building. The loan was payable in monthly principal and interest, based on a ten (10) year amortization schedule through May 2023. The loan is secured by certain property. Interest rate was at 4.25%. This debt was paid in full during 2023.

(C) In May 2014, the College entered into a private placement tax exempt bond agreement with the New Jersey Educational Facility Authority and a bank, with a total amount available to the College to borrow under the agreement of up to $32,267,000. These funds were used to convert one of the College’s buildings (located on Franklin Street) into a student dormitory building and to refinance a previous loan during the fiscal year ended June 30, 2014. The refinanced loan was payable in monthly installments of interest only through August 2014. Beginning September 2015, the loan is payable in monthly principal and interest, based on a 30-year amortization schedule through May 2043. All amounts under the loan become due no later than May 1, 2043. The loan is secured by certain property. The interest rate was 3.76% through June 30, 2023, adjusted to 6.6% on July 1, 2023, and will be adjusted again in 10 years on July 1, 2033.

(D) In January 2016, the College entered into a commercial mortgage loan with a bank in the amount of $3,475,000, proceeds were used to refinance a previous loan and is secured by a certain property. The loan is payable in monthly installments of principal and interest based on a twenty (20) year amortization schedule through January 2036. The interest rate is 5.88%. In June 2023, the loan was modified and amended such that effective July 1, 2023, monthly payments of interest only were due on July 1, 2023, August 1, 2023, September 1, 2023, October 1, 2023, November 1, 2023 and December 1, 2023. Effective on January 1, 2024 and each month thereafter, payment of principal and interest are due under the note.

(E) In July 2019, the College converted its previous construction loan with a bank into commercial mortgage loan with a bank in the amount of $2,700,000, proceeds were used to convert one of the College’s buildings (located on Park Place) into a resident housing facility. The loan was payable in monthly installments of principal and interest based on a twenty-three (23) year amortization schedule through June 1, 2023 and the interest rate was 3.78%. In June 2023, the loan was modified and amended such that effective June 1, 2023, monthly payments would be interest only. The interest rate was modified to 5.5% and the maturity date modified to March 31, 2024.

(F) In December 2016, the College entered into a loan with the New Jersey Educational Facilities Authority in connection with the Higher Education Capital Improvement Fund. The funds will be used towards the Westminster roof replacement project. The loan and principal are payable in annual principal and interest payments based on a 20-year amortization schedule. Annual payments are due through 2037. The loan has a variable interest rate between 3.0% and 5.0%.

Principal payment requirements on the above obligations in each of the five years subsequent to June 30, 2023 and thereafter are as follows:

2024	$ 3,289,817
2025	1,092,468
2026	1,140,662
2027	1,188,325
2028	1,238,005
Thereafter	23,490,108
	$ 31,439,385

Interest expense on long-term debt was approximately $1,246,406 and $1,287,977 in 2023 and 2022, respectively.

Pursuant to the loan agreement, the College's debt agreement contains various operating and financial covenants. Declining enrollments, exacerbated by the COVID-19 pandemic, have resulted in recurring negative changes in net assets from operations leading to non-compliance at June 30, 2022. On December 20, 2022, the College received a waiver from its lender for the debt service coverage ratio non-compliance for fiscal year ending June 30, 2022.

As of the date these financial statements are available to be issued, the College has made all the required debt service payments.

NOTE 4 - POSTRETIREMENT PLAN

The College provides medical benefits for faculty and non-faculty employees of the College under the following policies. Retiring full-time, non-faculty employees who have attained age 60; have completed at least 20 years of service with the College; and who were insured under the College's health care program prior to retirement may retain coverage, for themselves but not dependents, under that plan until the end of the month in which the retired employee attains age 65. Retirees must pay 50% of the premium cost of the plan selected.

All current full-time non-faculty employees who have completed five years of service with the College as of July 1, 1989 are exempt from the 20 years' service and will be eligible for retiree hospitalization coverage, provided that they retire from the College having attained at least age 60 and they had such coverage immediately prior to retirement until the end of the month in which the retired employee attains age 65.

Retiring full-time faculty members who have completed at least 20 years of employment with the College, who have attained age 60, and who were insured by the College's medical insurance program immediately prior to retirement shall be eligible to continue their enrollment for themselves and their eligible dependents in the College's then existing medical insurance in accordance with the terms of the College's medical insurance policy. Retired faculty members shall pay 50% of the premium of the medical coverage.

The net periodic postretirement benefit cost for the years ended June 30, is as follows:

	2023	2022
Service cost	$ 5,547	$ 26,951
Interest cost	20,069	13,111
Amortization of transition obligation	10,108	10,108
Net periodic benefit cost	$ 35,724	$ 50,170

The actuarial present value of benefit obligations and statements of financial position at June 30, are as follows:

	2023	2022
Change in benefit obligation:		
Benefit obligation, beginning of year	$ 445,621	$ 396,030
Service cost	5,547	26,951
Interest cost	20,069	13,111
Actuarial (gain) loss	(16,889)	37,720
Participant contributions	27,616	31,024
Benefits paid	(54,193)	(59,215)
Loss due to curtailment	(426,584)	-
Benefit obligation, end of year	$ 1,187	$ 445,621

	2023	2022
Change in plan assets:		
Fair value of plan asset, beginning of year		
College contributions	$ 26,577	$ 28,191
Participant contributions	27,616	31,024
Benefits paid	(54,193)	(59,215)
Fair value of plan assets, end of year	$ -	$ -

The 2000 combined Group Annuity Mortality static table (male and female) rates were used for purposes of determining benefit obligations.

Weighted-average assumptions at June 30, are as follows:

	2023	2022
Rate of compensation increase	N/A	N/A
Discount rate	5.07%	3.34%

Assumed medical trend rates at June 30:

	2023	2022
Pre-Medicare health care cost rate assumed for next fiscal year	7.10%	6.25%
Fiscal year rate reaches ultimate trend rate	2030	2030
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.50%	4.50%
Post-Medicare healthcare cost rate assumed for next fiscal year	7.40%	6.30%
Fiscal year rate reaches ultimate trend rate	2030	2030
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.50%	4.50%

The remaining benefit obligation of $1,187 was paid to health insurance carrier on behalf of the plan participants in August 2023 because of the merger.

Benefit obligations for net periodic benefit cost purposes are determined as of July 1 of each fiscal year. Benefit obligations for disclosure purposes are estimated by projecting July 1 liabilities, the first day of each fiscal year, through June 30. The measurement date for disclosure purposes is the last day of each fiscal year, June 30.

NOTE 5 - CAPITAL LEASE OBLIGATION

There are no new capital lease obligations that the College entered into during 2023 and 2022.

The following is an analysis of the equipment that was under the capital lease at June 30:

	2023	2022
Equipment	$ -	$ 36,018
Accumulated amortization	-	(3,602)
Total	$ -	$ 32,416

The College’s capital lease agreement bears interest at 5.4%.

NOTE 6 - INVESTMENTS AND FAIR VALUE MEASUREMENTS

The College reports as operating revenue the amount of investment return appropriated by the Board of Trustees for spending and interest and dividends on non-endowment investments. The difference between the actual return and the authorized spending level is reported as non-operating. Investment return or loss, net for the year ended June 30, consists of the following:

	2023	2022
Interest and dividends	$ 784,998	$ 349,809
Net realized and unrealized gain (loss)	899,212	(2,365,053)
Total investment gain (loss)	1,684,210	(2,015,244)
Interest and dividends - non-endowment	(410,897)	(55,401)
Endowment draw for future operations	(637,652)	(529,729)
Investment gain (loss) in excess (deficit) of amounts designated for operations	$ 635,661	$ (2,600,374)

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the College's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

To maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value, the College uses the fair value hierarchy. US GAAP describes three levels of inputs that may be used to measure fair value:

Level 1 - Inputs include quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 - Inputs include significant other 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.

Level 3 - Inputs include significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

Financial assets carried at fair value at June 30, which are all classified as level 1 investments are presented below.

	2023	2022
Mutual funds:		
Short-term bonds	$ 5,594,061	$ 5,772,370
United States (U.S.) equities	5,370,765	4,518,776
International equities	3,449,409	3,069,014
Total mutual funds	14,414,235	13,360,160
U.S. money market	1,721,220	2,003,333
Total investments	$ 16,135,455	$ 15,363,493

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the College believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 7 - ENDOWMENT

The College's endowment consists of approximately 110 individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by US GAAP, 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.

The Board of Trustees of the College has interpreted the State of New Jersey Uniform Prudent Management of Institutional Funds Act ("NJUPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the College classifies as net assets with donor restrictions restricted in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions is classified as net assets with donor restrictions restricted by purpose or passage of time until those amounts are appropriated for expenditure by the College in a manner consistent with the standard of prudence prescribed by NJUPMIFA. In accordance with NJUPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the College and donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the College and (7) the College's investment policies.

Investment Return Objectives, Risk Parameters and Strategies

The College has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes mutual funds, money market funds and equity securities that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 4%, while growing the funds if possible. Therefore, the College expects its endowment assets, over time, to produce an average rate of return of approximately 6% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy

The College has a policy of appropriating for distribution each year 4% of its endowment fund's average fair value of the average of the prior twelve quarters preceding the fiscal year in which the distribution is planned. If the fair value of permanently restricted gifts invested within the fund is greater than 80% of the permanently restricted value the spending policy previously mentioned shall apply. Otherwise, spending shall be limited to the distribution of interest and dividends applicable to the gift. In establishing this policy, the College considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The College expects the current spending policy to allow its endowment funds to grow at a nominal average rate of 2% annually. This is consistent with the College's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return. The June 30, 2023 payout was 4%.

Changes in endowment net assets for the years ended June 30, 2023 and 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2021	$ 1,606,076	$ 15,413,576	$ 17,019,652
Contributions	-	414,080	414,080
Investment income	156,713	1,591,178	1,747,891
Net realized/unrealized losses on investments	(482,268)	(3,336,264)	(3,818,532)
Amounts appropriated for expenditures	-	(529,729)	(529,729)
Reclassification of net assets (A)	941,351	(941,351)	-
Endowment net assets, June 30, 2022	2,221,872	12,611,490	14,833,362
Contributions	102,120	21,838	123,958
Investment income	57,473	329,843	387,316
Net realized/unrealized gains on investments	131,472	754,525	885,997
Amounts appropriated for expenditures	(94,451)	(543,201)	(637,652)
Donor redesignation (B)	-	(104,211)	(104,211)
Endowment net assets, June 30, 2023	$ 2,418,486	$ 13,070,284	$ 15,488,770

(A) During the fiscal year ended June 30, 2022, seven of the College's board members who had previously donated contributions with restrictions, released those restrictions totaling $941,351 in order to mitigate the College's financial condition. The Board designate the release as a quasi-endowment and the funds remained in endowment net assets without restrictions.

(B) During fiscal year ended June 30, 2023, two donors who had previously donated contributions to the endowment with restrictions, released those restrictions totaling $104,211 for purposes unrelated to the endowment.

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or NJUPMIFA requires the College to retain as a fund of perpetual duration. In accordance with US GAAP, deficiencies of this nature that are reported in net assets with donor restrictions, which together have an original gift value of $475,913 and $3,434,950, a current fair value of $465,986 and $3,324,481, and a deficiency of $9,927 and $110,469 as of June 30, 2023 and 2022, respectively. This deficiency resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the Board of Trustees.

The composition of net assets by type of endowment fund at June 30, 2023 was:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 13,070,284	$ 13,070,284
Board-designated endowment funds	2,418,486	-	2,418,486
Total endowment funds	$ 2,418,486	$ 13,070,284	$ 15,488,770

The composition of net assets by type of endowment fund at June 30, 2022 was:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 12,611,490	$ 12,611,490
Board-designated endowment funds	2,221,872	-	2,221,872
Total endowment funds	$ 2,221,872	$ 12,611,490	$ 14,833,362

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Federal and State Financial Aid

The College participates in various Federal and state financial aid programs for the benefit of students who attend the College. These programs have strict requirements for participation and the College is subject to government program reviews covering compliance with laws and regulations. Specific areas of review include student program eligibility, coordination of financial aid programs and other matters.

The College receives significant financial assistance from governmental agencies in the form of grants. The disbursement of funds received under such programs generally requires compliance with terms and conditions specified in grant agreements subject to audit by grantor agencies. The grant agreements provide for possible auditing of expenditures by grantor agencies and possible disallowance of certain expenditures.

Leases

The College leases office equipment under various operating leases expiring through September 2026. Future minimum lease payments under non-cancelable operating leases in each of the years subsequent to June 30, 2023 are as follows:

2024	$ 181,357
2025	102,388
2026	14,421
Total	$ 298,165

Total rent expense aggregated to $569,286 and $633,492 for the years ended June 30, 2023 and 2022, respectively.

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions restricted by purpose or passage of time consist of funds restricted for the following purposes:

	2023	2022
Scholarships	$ 3,550,637	$ 3,081,289
Instructional support	211,182	168,530
Institutional support	80,100	77,712
Academic support	1,112,410	1,296,024
Student support	122,073	256,468
Total	$ 5,076,402	$ 4,880,023

Net assets with donor restrictions restricted in perpetuity, consist of endowment gifts from donors with income to be used for the following donor specified purposes:

	2023	2022
Scholarships	$ 7,877,732	$ 7,951,639
Institutional support	1,000,000	1,000,000
Academic support	1,207,372	1,207,372
Physical plant	213,273	213,273
Total	10,298,377	10,372,284
Total net assets with donor restrictions	$ 15,374,779	$ 15,252,307

NOTE 10 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets with donor restrictions whose restrictions were met by incurring expenses during 2023 and 2022, satisfying the restricted purposes, or by occurrence of events specified by the donors were released from restriction for the following purposes:

	2023	2022
Scholarships	$ 831,408	$ 1,046,596
Instructional support	30,203	52,234
Institutional support	61,082	54,275
Academic support	399,015	252,259
Student support	199,533	198,747
Total	$ 1,521,241	$ 1,604,111

NOTE 11 - RETIREMENT PLAN

Eligible full-time employees, at their option, participate in a defined contribution retirement plan carried by the Teachers Insurance and Annuity Association and/or College Retirement Equities Fund ("TIAA/CREF").

TIAA/CREF is a privately operated, multiple-employer defined contribution retirement plan. The College assumes no liability for TIAA/CREF members other than payment of contributions. TIAA/CREF provides retirement benefits for or on behalf of these full-time employees and faculty members electing to participate in this program. Benefits are determined by the amount of individual accumulations and the retirement income option selected. All employees are eligible to receive benefits after three months of service.

Individually owned annuity contracts that provide for full ownership of retirement and survivor benefits are purchased at the time of eligibility. Participating college employees may elect to contribute to the plan up to the maximum Federal statutory limit, on a pre-tax basis. For faculty employees, the College will contribute an amount equal to 10% of total compensation for participants, regardless of the employees' contributions. For non-faculty employees, the College will contribute 5% of total compensation, regardless of the employees' contributions. For non-faculty employees making $43,000 or less, if the employee contributes 2%, the College will contribute an additional 8% of total compensation. If the non-faculty employee earns $43,000 or more, and contributes 5%, the College will contribute an additional 5%. The College contributed $1,190,714 and $1,045,073 in 2023 and 2022, respectively.

The College terminated its retirement plan with TIAA/CREF on June 29, 2023, as a result of the merger with Montclair State University.

NOTE 12 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following, as of June 30:

	2023	2022
Cash and cash equivalents	$ 11,470,030	$ 14,161,993
Student accounts receivable	172,499	245,301
Investments	2,418,486	2,221,872
Grants and other receivables	496,366	605,072
Endowment spending rate distribution	637,652	529,729
Purpose restricted non-endowed funds	(2,243,847)	(2,607,919)
	$ 12,951,186	$ 15,156,048

The College's endowment funds consist of donor-restricted endowments and funds designed by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The College's board-designated endowment of $2,418,486 is subject to an annual spending rate of 4.0% as described in Note 7. For years ending June 30, 2023 and 2022, the payout was 4.0%. Although the College does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditures as part of the College's Board's annual budget approval and appropriation), these amounts could be made available if necessary.

NOTE 13 - SCHEDULE OF FUNCTIONAL EXPENSES

For the year ending June 30, 2023:

	Program Services	Management and General	Fundraising	Total
Salaries and compensation	$ 16,819,114	$ 5,420,580	$ 805,117	$ 23,044,811
Administrative and other	498,348	23,395	12,974	534,717
Advertising	9,298	4,144	-	13,442
Bad debts	711,093	-	19,737	730,830
Depreciation	3,379,238	322,227	29,336	3,730,801
Grants and assistance	16,992	-	-	16,992
Equipment	120,932	417,124	-	538,056
Interest	1,128,954	107,651	9,801	1,246,406
Occupancy	2,212,544	153,342	12,601	2,378,487
Professional fees, audit, legal	1,671,503	2,695,164	74,437	4,441,104
Supplies, subscriptions, dues	605,380	213,569	39,799	858,748
Technology	1,192,404	118,689	13,617	1,324,710
Travel, food, conferences	2,309,578	85,565	46,358	2,441,501
	$ 30,675,378	$ 9,561,450	$ 1,063,777	$ 41,300,605

For the year ending June 30, 2022:

	Program Services	Management and General	Fundraising	Total
Salaries and compensation	$ 15,471,688	$ 4,651,010	$ 543,064	$ 20,665,762
Administrative and other	444,539	11,132	5,106	460,777
Advertising	13,236	3,010	-	16,246
Bad debts	400,000	-	3,205	403,205
Depreciation	3,472,577	346,051	31,505	3,850,133
Grants and assistance	1,043,740	-	-	1,043,740
Equipment	120,002	362,677	452	483,131
Interest	1,161,674	115,764	10,539	1,287,977
Occupancy	2,083,575	122,032	19,459	2,225,066
Professional fees, audit, legal	1,652,366	2,841,653	107,360	4,601,379
Supplies, subscriptions, dues	491,309	192,420	41,872	725,601
Technology	1,151,604	100,847	10,492	1,262,943
Travel, food, conferences	1,960,212	61,340	22,121	2,043,673
	$ 29,466,522	$ 8,807,936	$ 795,175	$ 39,069,633