# Financial Statements and Schedules of Expenditures of Federal and State of New Jersey Awards

## 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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, except as to Note 15, which was as of March 27, 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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.

**Supplementary information**
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The financial responsibility supplemental schedule, as required by the U.S. Department of Education’s (ED) Final Rule: *Student Assistance General Provisions, Federal Family Education Loan Program, and William D. Ford Federal Direct Loan Programs,* the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of expenditures of State of New Jersey awards, as required by the State of New Jersey Department of Treasury Circular 2015-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid,* as of and for the year ended June 30, 2023, are presented for purposes of additional analysis and are not a required part of the financial statements. Such supplementary information is the

responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with US GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## Other reporting required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Grant Thornton LLP

Iselin, New Jersey
November 30, 2023, except for the schedules of expenditures of federal and State of New Jersey awards, Note 14, and the financial responsibility supplemental schedule, which are as of February 1, 2024

**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:

> Net assets without donor restrictions 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.
>
> Net assets with donor restrictions 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 |

## NOTE 14 - UNITED STATES DEPARTMENT OF EDUCATION SUPPLEMENTAL DISCLOSURES

The Department of Education issued regulations on September 23, 2019, which became effective July 1, 2020, regarding additional disclosures deemed necessary to calculate certain ratios for determining sufficient financial responsibility under Title IV.

| | |
|---|---|
| **Net Assets** | |
| 1. Annuities with donor restrictions | $ - |
| **Property, Plant and Equipment, net** | |
| 2. Pre-implementation property, plant and equipment, net | |
| a. Ending balance of last financial statements submitted to the Department of Education (June 30, 2022) | $ 61,300,044 |
| b. Less subsequent depreciation and disposals | (3,591,302) |
| c. Property, plant and equipment pre-implementation | 57,708,742 |
| 3. Property, plant and equipment post-implementation with outstanding debt for original purchase | - |
| 4. Property, plant and equipment post-implementation without outstanding debt for original purchase | |
| a. Ending balance of last financial statements submitted to the Department of Education (June 30, 2022) | 1,224,808 |
| b. Add subsequent additions and transfers | 845,988 |
| b. Less subsequent depreciation and disposals | (139,499) |
| c. Property, plant and equipment post-implementation | 1,931,297 |
| 5. Construction in progress post-implementation without outstanding debt for original purchase | |
| a. Ending balance of last financial statements submitted to the Department of Education (June 30, 2022) | 21,182 |
| b. Add subsequent additions and transfers | 310,315 |
| b. Less subsequent depreciation and disposals | (21,182) |
| c. Property, plant and equipment post-implementation | 310,315 |
| 6. Total property plant, and equipment, net - June 30, 2023 | $ 59,950,354 |
| **Debt** | |
| 7. Pre-implementation debt | |
| a. Ending balance of last financial statements submitted to the Department of Education (June 30, 2022) | $ 32,511,684 |
| b. Less subsequent debt repayments and amortization | (1,486,228) |
| c. Long-term debt for long term purposes pre-implementation | 31,025,456 |
| 8. Long-term debt for long term purposes post-implementation | - |
| 9. Long-term debt not for the purchase of property, plant and equipment or liability greater than assets | - |
| 10. Construction in progress financed with short term debt | - |
| 11. Long-term debt for long term purposes | $ 31,025,456 |
| **Expenses and Losses** | |
| 12. Non-operating expenses and losses | |
| a. Net investment losses | $ - |
| **Net Income** | |
| 13. Revenues and gains | |
| a. Total operating revenue and other additions | $ 42,324,539 |
| b. Reclassification of assets | - |
| c. Total revenues and gains | $ 42,324,539 |

SUPPLEMENTARY INFORMATION

# Bloomfield College

## FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE

## June 30, 2023

| Ratio Element | Reference to Financial Statements and/or Notes | Element Amount |
|---|---|---|
| **Primary Reserve Ratio** | | |
| *Expendable Net Assets:* | | |
| Net assets without donor restrictions | Statement of Financial Position | $ 44,167,647 |
| Net assets with donor restrictions | Statement of Financial Position | 15,374,779 |
| Annuities with donor restrictions | Not applicable | - |
| Term endowments with donor restrictions | Not applicable | - |
| Life income funds with donor restrictions | Not applicable | - |
| Secured and unsecured related party receivable | Not applicable | - |
| Unsecured related party receivable | Not applicable | - |
| *Property, plant and equipment, net (includes construction in progress)* | | |
| Property, plant and equipment pre-implementation | Note 14, line 2c | 57,708,742 |
| Property, plant and equipment post-implementation with outstanding debt for original purchase | Not applicable | - |
| Property, plant and equipment post-implementation without outstanding debt for original purchase | Note 14, line 4c | 1,931,297 |
| Construction in progress acquired subsequent to June 30, 2019 | Note 14, line 5c | 310,315 |
| *Lease right-of-use asset, net* | | |
| Lease right-of-use asset, pre-implementation | Not applicable | - |
| Lease right-of-use asset, post-implementation | Not applicable | - |
| *Long-term debt - for long term purposes* | | |
| Long-term debt - for long term purposes pre-implementation | Note 14, line 7c | 31,025,456 |
| Long-term debt - for long term purposes post-implementation | Not applicable | - |
| Line of credit for construction in progress | Not applicable | - |
| *Lease right-of-use asset liability* | | |
| Pre-implementation right-of-use asset liability | Not applicable | - |
| Post-implementation right-of-use asset liability | Not applicable | - |
| *Net assets with donor restrictions: restricted in perpetuity* | Note 9 | 10,298,377 |
| *Total expenses and losses without donor restrictions* | | |
| Total operating expenses without donor restriction, taken directly from the Statement of Activities | Statement of Activities | 41,300,605 |
| Non-operating loss | Not applicable | - |
| Net investment losses | Note 14, line 12a | - |
| Pension-related changes other than net periodic costs | Not applicable | - |
| **Equity Ratio** | | |
| *Modified net assets* | | |
| Net assets without donor restrictions | Statement of Financial Position | 44,167,647 |
| Net assets with donor restrictions | Statement of Financial Position | 15,374,779 |
| Intangible assets | Not applicable | - |
| Secured and unsecured related party receivables | Not applicable | - |
| Unsecured related party receivables | Not applicable | - |
| Modified assets | | |
| Total assets | Statement of Financial Position | 92,412,562 |
| Lease right-of-use asset pre-implementation | Not applicable | - |
| Pre-implementation right-of-use asset liability | Not applicable | - |
| Intangible assets | Not applicable | - |
| Secured and unsecured related party receivable | Not applicable | - |
| Unsecured related party receivable | Not applicable | - |
| **Net Income Ratio** | | |
| Change in net assets without donor restrictions | Statement of Activities | 1,224,359 |
| Total revenue | Note 14, line 13c | 42,324,539 |

# Bloomfield College

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

### Year ended June 30, 2023

| Federal Grantor/Pass-through Grantor/Program or Cluster Title | Federal Assistance Listing Number | Pass-Through Grantor's Number | Federal Expenditures |
|---|---|---|---|
| **U.S. Department of Education:** | | | |
| **Student Financial Assistance Cluster:** | | | |
| Federal Work-Study Program | 84.033 | | $ 141,734 |
| Federal Pell Grant Program | 84.063 | | 4,429,205 |
| Federal Supplemental Educational Opportunity Grants | 84.007 | | 269,847 |
| Federal Direct Student Loans | 84.268 | | 6,906,409 |
| Total Student Financial Assistance Cluster | | | 11,747,195 |
| **TRIO Cluster:** | | | |
| TRIO Student Support Services | 84.042 | | 293,898 |
| TRIO Ronald E.McNair Post-Baccalaureate Achievement | 84.217 | | 258,577 |
| Total TRIO Cluster | | | 552,475 |
| Predominantly Black Institutions Program - Formula Grants I | 84.031P | | 278,075 |
| Predominantly Black Institutions Competitive Grant Program III - Bloomfield College's Coaching Habits for African-American Male Students to Promote Success (C.H.A.M.P.S) Program | 84.382A | | 612,615 |
| Predominantly Black Institutions Competitive Grant Program II - Bloomfield College's STEM College and Career Preparation Project | 84.382A | | 54,226 |
| Total Predominantly Black Institutions Competitive Grant Program | | | 666,841 |
| **Passed-through from N.J. Higher Education Administration** | | | |
| COVID-19: Governor's Emergency Education Relief Fund II (GEERF II): Opportunity Meets Innovation Challenge | 84.425C | Sub-Award GEERF II Grant | 146,098 |
| Total U.S. Department of Education | | | 13,390,684 |
| **U.S. Department of Health and Human Services:** | | | |
| **National Institute of Health** | | | |
| **Passed-through from Southern Connecticut State University** | | | |
| Drug Abuse and Addiction Research Programs | 93.279 | Sub-Award #HHS104-002 | 42,948 |
| **National Science Foundation** | | | |
| STEM Education (formerly Education and Human Resources) | 47.076 | | 57,772 |
| Total Expenditures of Federal Awards | | | $ 13,491,404 |

The accompanying notes to the schedules of expenditures of federal and State of New Jersey awards should be read in conjunction with this schedule.

## Bloomfield College

### SCHEDULE OF EXPENDITURES OF STATE OF NEW JERSEY AWARDS

### Year ended June 30, 2023

| State of New Jersey Grantor/Program Title | New Jersey State Number | Grant Period | Grant Amount | Life to Date Amount | Current Year Expenditures |
|---|---|---|---|---|---|
| **N.J. Department of Treasury - Office of Student Assistance** | | | | | |
| **Student Financial Assistance Cluster:** | | | | | |
| N.J. Higher Education Student Assistance Authority | | | | | |
| Tuition Aid Grant Programs 2023 | 100-074-2405-007 | 07/01/22-06/30/23 | $ 7,196,409 | $ 7,196,409 | $ 7,196,409 |
| New Jersey College Loans to Assist State Students | N/A | 07/01/22-06/30/23 | 456,722 | 456,722 | 456,722 |
| **N.J. Department of State** | | | | | |
| Educational Opportunity Fund - Article III Academic Year Undergraduate Grants | 100-074-2401-001 | 06/01/22-06/30/23 | 515,450 | 515,450 | 454,025 |
| Educational Opportunity Fund - Article III Summer Program 2022 | 100-074-2601-001 | 06/01/22-06/30/23 | 338,796 | 338,796 | 315,274 |
| Educational Opportunity Fund - Article IV Academic Year Program Support | 100-074-2601-002 | 06/01/22-06/30/23 | 211,844 | 211,844 | 211,844 |
| Educational Opportunity Fund - Article IV Summer Program 2022 | 100-074-2601-002 | 06/01/22-08/31/22 | 23,844 | 23,844 | 23,624 |
| Educational Opportunity Fund - Article III Summer Program 2023 | 100-074-2601-002 | 06/01/23-08/31/23 | 319,090 | 26,952 | 26,952 |
| Total Student Financial Assistance Cluster | | | 9,062,155 | 8,770,017 | 8,684,850 |
| **N.J. Higher Education Administration** | | | | | |
| Special Purpose Appropriation | 23-100-082-2155-143 | 07/01/22-06/30/23 | 12,500,000 | 12,500,000 | 12,500,000 |
| Residential Access Grants (State Appropriation) | 23-100-082-2155-136 | 07/01/22-06/30/23 | 492,000 | 492,000 | 492,000 |
| Career Accelerator Internship Grant Program (CAIGP) | CAIGP Award Letter | 4/4/2022-8/31/22 | 13,614 | 8,610 | 5,004 |
| NJ Aid Act | NJ Aid Act Award Letter | 07/01/22-06/30/23 | 591,508 | 553,663 | 553,663 |
| Total Expenditures of State of New Jersey Awards | | | | | $ 22,235,517 |

The accompanying notes to the schedules of expenditures of federal and State of New Jersey awards should be read in conjunction with this schedule.

## NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards has been prepared in accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). The accompanying schedule of expenditures of State of New Jersey awards has been prepared in accordance with the requirements of the State of New Jersey Department of Treasury Circular 2015-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The purpose of these schedules is to present the respective expenditures of federal and state programs, under the accrual basis of accounting, of Bloomfield College (the "College") for the year ended June 30, 2023. For purposes of the respective schedules, federal and State of New Jersey awards include any assistance provided by a federal or state agency directly or indirectly in the form of grants, contracts, cooperative agreements, direct appropriations, loan and loan guarantees, or other noncash assistance. Because the schedules present only a selected portion of the activities of the College, they are not intended to, and do not, present either the financial position of the College at June 30, 2023 or its changes in net assets or cash flows for the year then ended. Accordingly, some amounts presented in the respective schedules may differ from amounts presented in, or used in the preparation of, the College's June 30, 2023 financial statements.

## NOTE 2 - FEDERAL AND STATE OF NEW JERSEY LOAN PROGRAMS

The College participates in the Federal Direct Student Loans Program, including Federal Direct Loans and Federal PLUS Loans (PLUS), and the New Jersey College Loans to Assist State Student Program. The dollar amounts are listed in the schedule of expenditures of federal awards and State of New Jersey awards, respectively. Although the College is not the primary beneficiary of the funds the College is responsible for the performance of certain administrative duties related to the funds. Such programs are considered a component of the student financial assistance cluster, however, it is not practical to determine the balance of loans outstanding for students of the College under these programs at June 30, 2023. New federal loans processed for students during the year ended June 30, 2023 were as follows:

| | 2023 |
|---|---|
| Federal Direct Student Loans: | |
| Subsidized | $ 2,909,450 |
| Unsubsidized | 2,485,583 |
| PLUS Loans | 1,511,376 |
| Total Federal Direct Student Loans | $ 6,906,409 |

## NOTE 3 - INDIRECT COSTS

The College utilizes a negotiated indirect cost rate and has not elected to use the 10% de minimis cost rate, as provided by §200.414 Indirect Cost (F&A) of the Uniform Guidance.

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
Bloomfield College

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Bloomfield College (the "College"), which comprise the statement of financial position as of June 30, 2023, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 30, 2023.

**Report on internal control over financial reporting**

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on compliance and other matters**
As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this report**
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

Iselin, New Jersey
November 30, 2023, except for the schedules of expenditures of federal and State of New Jersey awards, Note 14, and the financial responsibility supplemental schedule, which are as of February 1, 2024

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# REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE OF NEW JERSEY PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND STATE OF NEW JERSEY DEPARTMENT OF TREASURY CIRCULAR 2015-08

To the Board of Trustees
Bloomfield College

## Report on compliance for each major federal and State of New Jersey program

**Opinion on each major federal and State of New Jersey program**
We have audited the compliance of Bloomfield College (the "College") with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget's *OMB Compliance Supplement* and the State of New Jersey Department of Treasury Circular 2015-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* ("NJ Circular 2015-08"), that could have a direct and material effect on each of the College's major federal and State of New Jersey programs for the year ended June 30, 2023. The College's major federal and State of New Jersey programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and State of New Jersey programs for the year ended June 30, 2023.

**Basis for opinion on each major federal and State of New Jersey program**
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (US GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and NJ Circular 2015-08. Our responsibilities under those standards, the Uniform Guidance, and NJ Circular 2015-08 are further described in the Auditor's Responsibilities for the Audit of Compliance 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 opinion on compliance for each major federal and State of New Jersey program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

**Responsibilities of management for compliance**
Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the College's federal and State of New Jersey programs.

**Auditor's responsibilities for the audit of compliance**
Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. 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, *Government Auditing Standards*, the Uniform Guidance, and NJ Circular 2015-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major federal and State of New Jersey program as a whole.

In performing an audit in accordance with US GAAS, *Government Auditing Standards*, the Uniform Guidance, and NJ Circular 2015-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJ Circular 2015-08, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Other matter

The results of our audit procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as findings 2023-001 and 2023-002. Our opinion on the major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on the College's responses to the compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The College's responses were not subjected to the other auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the College's responses.

## Report on internal control over compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or State of New Jersey program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or State of New Jersey program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or State of New Jersey program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as findings 2023-001 and 2023-002, that we consider to be significant deficiencies in the College's internal control over compliance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the College's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The College's responses were not subjected to the other auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the College's responses.

The purpose of this Report on Internal Control Over Compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and NJ Circular 2015-08. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

Iselin, New Jersey
February 1, 2024

**Bloomfield College**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**June 30, 2023**

***SECTION I - SUMMARY OF AUDITOR'S RESULTS***

***Financial Statements***

| | | | | |
|---|---|---|---|---|
| Type of auditor's report issued: | | Unmodified | | |
| Internal control over financial reporting: | | | | |
| • Material weakness(es) identified? | ______ | yes | X | no |
| • Significant deficiency(ies) identified? | ______ | yes | X | none reported |
| Noncompliance material to financial statements noted? | ______ | yes | X | no |

***Federal and State of New Jersey Awards***

| | | | | |
|---|---|---|---|---|
| Internal control over major programs: | | | | |
| • Material weakness(es) identified? | ______ | yes | X | no |
| • Significant deficiency(ies) identified that are not considered to be material weakness(es)? | X | yes | ______ | none reported |
| Type of auditor's report issued on compliance for major programs: | | Unmodified | | |
| Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance or NJ Circular 2015-08? | X | yes | ______ | no |

**Identification of major programs:**

| Program or Cluster Title | Federal Assistance Listing Number or New Jersey State Identifying Number |
|---|---|
| **Federal:** | |
| Student Financial Assistance Cluster | 84.007, 84.033, 84.063, and 84.268 |
| **State of New Jersey:** | |
| Special Purpose Appropriation | 23-100-082-2155-143 |

| | | | | |
|---|---|---|---|---|
| Dollar threshold used to distinguish between type A and type B programs for both federal and State of New Jersey awards: | | $750,000 | | |
| Auditee qualified as low-risk auditee for both federal and State of New Jersey awards? | ______ | yes | X | no |

## *SECTION II - FINANCIAL STATEMENT FINDINGS*

None noted.

## *SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS*

**Finding 2023-001**

Special Tests and Provisions - Enrollment Reporting Compliance and Internal Control (Significant Deficiency)

U.S. Department of Education - Student Financial Assistance Cluster
Federal Direct Student Loans (Federal Assistance Listing #84.268) Federal Award Number: P268K231804
Federal Pell Grant Program (Federal Assistance Listing #84.063) Federal Award Number: P063P221804
Federal Award Year: 2022-2023

**Criteria and Context:**
Under the Pell grant and U.S. Department of Education ("ED") direct loan programs, institutions are required to report enrollment information via the National Students Loan Data System ("NSLDS") (OMB No.18450035) (Pell, 34 CFR 690.83(b)(2); Direct Loan, 34 CFR 685.309). The administration of the Title IV programs depends on the accuracy and timeliness of the enrollment information reported by institutions. Institutions must review, update, and verify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website. The data on the institution's Enrollment Reporting Roster, or Enrollment Maintenance page, is what NSLDS has as the most recently certified enrollment information. There are two categories of enrollment information; "Campus Level" and "Program Level," both of which need to be reported accurately and have separate record types. The NSLDS enrollment Reporting Guide provides the requirements and guidance for reporting enrollment details using the NSLDS Enrollment Reporting Process.

Institutions must complete and return within 15 days the Enrollment Reporting roster file placed in their Student Aid Internet Gateway (SAIG) (OMB No. 1845-0002) mailboxes sent by ED via NSLDS. An institution determines how often it receives the Enrollment Reporting roster file with the default set at a minimum of every 60 days. Once received, the institution must update for changes in the data elements for the Campus Record and the Program Record identified above, and submit the changes electronically through the batch method, spreadsheet submittal, or the NSLDS website (Pell, 34 CFR 690.83(b)(2); Direct Loan, 34 CFR 685.309). Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer. A student's enrollment status determines eligibility for in-school status, deferment, and grace periods. Enrollment Reporting in a timely and accurate manner is critical for effective management of the programs. Enrollment information must be reported within 30 days whenever attendance changes for students, unless a roster will be submitted within 60 days. These changes include reductions or increases in attendance levels, withdrawals, graduations, or approved leaves-of-absence.

Institutions are also responsible for accurately reporting the following significant data elements under the Program-Level Record: OPEID, CIP Code, CIP Year, Credential Level, Published Program Length Measurement, Published Program Length, Program Begin Date, Program Enrollment Status, and Program Enrollment Effective Date.

**Condition and Sample Method:**
From a non-statistical sample of forty (40) students tested who graduated or withdrew during the year, we identified three (3) students whose withdrawal statuses were reported to the NSLDS more than 60 days after the students' respective withdrawal dates (ranging from 75 to 78 days late).

In addition, due to an inconsistency between the College's and NSLDS's approach to calculating program lengths, we identified all forty (40) students had Published Program Length Measurements and Published Program Lengths that were inaccurately reported.

**Cause:**
While the College has established policies and procedures to ensure that the required reports are accurately completed and submitted on a timely basis to the NSLDS, we noted oversight on the timely reporting for three (3) withdrawn students. This resulted in the College missing the 60-day timing requirement for NSLDS reporting and resulted in the non-compliance noted.

The NSLDS Enrollment Reporting Guide provides a caution that institutions should report associate and bachelor degree programs in years and not months. When program length is reported in months or weeks, NSLDS uses this value along with the Weeks in Title IV Academic Year value to calculate a length in years. This resulted in program lengths that are shown in the NSLDS system as being longer in years than the actual program length.

**Effect:**
There is a delay in the NSLDS obtaining the required information regarding the enrollment status changes of students.

The accuracy of the Published Program Length Measurement and Published Program Length in Years were inaccurately reported to the NSLDS for the forty (40) students selected for testing.

**Questioned Costs:**
None identified.

**Identified as a Repeat Finding:**
Yes.

**Recommendation:**
The College should strengthen policies and procedures to ensure that student status transmission reports are submitted accurately to the NSLDS at least every 60 days, or more often, as determined to be appropriate.

The College should also ensure that student Published Program Length Measurements are listed in years and that the Published Program Lengths are calculated in years as recommended by the NSLDS Enrollment Reporting Guide so that the Published Program Length calculation is accurate to the true length of the program for each student.

**Views of Responsible Officials and Planned Corrective Action:**
See the Corrective Action Plan from the responsible officials on the following pages.

**Finding 2023-002**

Reporting - Direct Loan and Pell Common Origination and Disbursement ("COD") Compliance and Internal Control (Significant Deficiency)

U.S. Department of Education - Student Financial Assistance Cluster
Federal Direct Student Loans (Federal Assistance Listing #84.268) Federal Award Number: P268K231804
Federal Pell Grant Program (Federal Assistance Listing #84.063) Federal Award Number: P063P221804
Federal Award Year: 2022-2023

**Criteria and Context:**
Pursuant to Federal Register Volume 87, Number 105, an institution must submit Pell Grant and Direct Loan disbursement records to the Common Origination and Disbursement ("COD") system no later than 15 days after making the disbursement or becoming aware of the need to adjust a previously reported disbursement. In accordance with 34 CFR 668.164(a), Title IV program funds are disbursed on the date that the institution: (a) credits those funds to a student's account in the institution's general ledger or any subledger of the general ledger; or (b) pays those funds to a student directly. Title IV program funds are disbursed even if an institution uses its own funds in advance of receiving program funds from the Department of Education.

**Condition and Sample Method:**
From a non-statistical sample of forty (40) students selected for COD reporting testing, we identified one (1) student whose Direct Loans or Pell disbursement record was submitted to the COD more than 15 days after the award was disbursed to the student.

**Cause and Effect:**
While the College had certain procedures in place to monitor the submission of the disbursement records, such procedures were not consistently performed on a timely basis, and therefore were not adequate to ensure that each record was submitted within the required timeframe, causing the late submission of certain disbursement records.

**Questioned Costs:**
None identified.

**Identified as a Repeat Finding:**
No.

**Recommendation:**
We recommend that the College strengthen its policies and procedures to ensure that student disbursement records are submitted accurately to the COD within 15 days of disbursements being made to students' accounts, and that the College maintain clear evidence that a secondary review is performed to verify that the submission was made timely.

**Views of Responsible Officials and Planned Corrective Action:**
See the Corrective Action Plan from the responsible officials on the following pages.

### *SECTION IV - STATE OF NEW JERSEY AWARDS FINDINGS AND QUESTIONED COSTS*

None noted.

***BLOOMFIELD COLLEGE***
***CORRECTIVE ACTION PLAN***
***YEAR ENDED JUNE 30, 2023***

Department of Education

Bloomfield College and Affiliates respectfully submits the following corrective action plan for the year ended June 30, 2023.

Audit period: July 01, 2022 - June 30, 2023

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

**FINDINGS—FEDERAL AWARD PROGRAMS AUDITS**

Department of Education

2023-001 Student Financial Assistance Cluster – Federal Assistance Listing Numbers 84.268 & 84.063

***Recommendation:*** The College should strengthen policies and procedures to ensure that student status transmission reports are submitted accurately to the NSLDS at least every 60 days, or more often, as determined to be appropriate. The College also should ensure that student Published Program Length Measurements are listed in years and that the Published Program Lengths are calculated in years as recommended by the NSLDS Enrollment Reporting Guide so that the Published Program Length calculation is accurate to the true length of the program for each student.

***Action taken in response to finding:*** The College has updated its policies and procedures in overseeing submissions to NSLDS by the third-party servicer “National Student Clearinghouse.” The Registrar’s office, Enterprise Information Services, and the Financial Aid office will work together to ensure that relevant information is reported accurately and timely by “NSC” in accordance with applicable regulations.

Contact persons responsible for corrective action: Aylin Solu-Brandon, University Registrar, 973-655-7525

***Planned completion date for corrective action plan:*** We implemented the corrective action in January 2024. Following a discussion with the staff about the finding, new processing procedures were promptly implemented. The College will ensure that student Published Program Length Measurements are listed in years and that the Published Program Lengths are calculated in years.

***BLOOMFIELD COLLEGE CORRECTIVE***
***ACTION PLAN***
***YEAR ENDED JUNE 30, 2023***

Department of Education

Bloomfield College and Affiliates respectfully submits the following corrective action plan for the year ended June 30, 2023.

Audit period: July 01, 2022 - June 30, 2023

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

**FINDINGS—FEDERAL AWARD PROGRAMS AUDITS**

Department of Education

2023-002 Student Financial Assistance Cluster – Federal Assistance Listing Numbers 84.268 & 84.063

***Recommendation:*** We recommend that the College strengthen its policies and procedures to ensure that student disbursement records are submitted accurately to the COD within 15 days of disbursements being made to students' accounts, and that the College maintain clear evidence that a secondary review is performed to verify that the submission was made timely.

***Action taken in response to finding:*** The error was identified prior to the end of the award year and the student's award was corrected. The award was posted and disbursed prior to the return of the revised ISIR into the system. To ensure that accurate information is being used for awards, the Financial Aid office will strengthen its process to review changes and updates to a student's FASFA prior to disbursing funds. This will ensure that disbursements are submitted accurately to COD with 15 days of the disbursements being made to the student's accounts. Immediate processing and policy changes with the staff have been implemented.

Contact person responsible for corrective action: Quincina Littlejohn, Director of Financial Aid 973-748-9000 ext. 1211

***Planned completion date for corrective action plan:*** The corrective action date was December 2023. The new procedures were put into effect immediately.

**Summary Schedule of Prior Audit Finding**

**Finding 2022-001: Enrollment Reporting**

***Condition Found:***
For one out of forty samples tested, the student's status was not accurately reflected to the NSLDS. The student unofficially withdrew from class by continuously not attending the class. However, the professor did not update the student's status until after the end of the semester.

***Recommendation:***
It was recommended that the College enhance its review and monitoring of the enrollment reporting to NSLDS to ascertain accuracy and timeliness of the submission.

***Bloomfield College Corrective Action Plan:***

During the fiscal year July 1, 2022 to June 30, 2023, the Registrar's office worked with the academic administration and increased faculty education on the importance of timely reporting on non-attendance. Faculty were contacted at the census period and mid-point of the term, reminding them of the attendance policy and reporting requirements. Division Chairs and Vice President of Academic Affairs were sent lists of non-compliant reporting faculty for follow-up. This finding was not repeated for the year ended June 30, 2023.

***Contact Person:***
*Lisa Michalowicz, Registrar*