# Centenary University and Subsidiary

Consolidated Financial Statements, Supplementary Information,
Uniform Guidance and New Jersey OMB Circular Letter 15-08
Schedules Together With Independent Auditors' Reports

June 30, 2024 and 2023

**Centenary University and Subsidiary**

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**TABLE OF CONTENTS** **PAGE**

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

# Independent Auditors' Report

**Board of Trustees**
**Centenary University and Subsidiary**

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the accompanying consolidated financial statements of Centenary University and Subsidiary (the "University"), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Emphasis of Matter*

As discussed in Note 20 to the financial statements, experienced continued operating challenges during fiscal years 2024 and 2025 driven primarily by enrollment trends, elevated institutional financial aid, and a cost structure requiring realignment, which raised substantial doubt about its ability to continue as a going concern. Management, with the support of the Board of Trustees, implemented a series of corrective actions, including approximately $4.5 million in recurring annual expense reductions, personnel and academic workload adjustments, departmental cost reductions, vendor and contract modifications, enhanced liquidity monitoring and cash flow forecasting, and a continued focus on enrollment, fundraising, and institutional partnerships. Our opinion is not modified with respect to that matter.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Responsibilities of Management for the Financial Statements (continued)*

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

### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated financial statements.

In performing an audit in accordance with 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 consolidated 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 University'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about University'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 audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Financial Responsibility Data is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated 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 April 17, 2026, on our consideration of the University's internal control over financial reporting on our tests of 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 University'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 University's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Woodcliff Lake, New Jersey
April 17, 2026

**Centenary University and Subsidiary**

Consolidated Statements of Financial Position

| | June 30, 2024 | June 30, 2023 |
|---|---|---|
| **ASSETS** | | |
| Cash | $ 1,080,484 | $ 693,821 |
| Students accounts receivable, net | 1,273,177 | 994,758 |
| Prepaid and other assets | 126,609 | 281,084 |
| Grants and other receivables | 79,727 | 137,986 |
| Contributions receivable, net | 254,674 | 276,474 |
| Security deposit and escrow | 85,223 | 846,328 |
| Investments | 17,190,706 | 16,827,707 |
| Property and equipment, net | 46,488,697 | 51,914,789 |
| Total Assets | $ 66,579,297 | $ 71,972,947 |
| **LIABILITIES** | | |
| Line of credit | $ 4,000,000 | $ 3,492,303 |
| Accounts payable and accrued expenses | 3,950,460 | 4,681,267 |
| Accrued payroll and payroll taxes | 742,633 | 604,533 |
| Deferred revenue | 963,370 | 1,124,316 |
| Depository and agency accounts | 123,092 | 138,918 |
| Charitable gift annuity liability | 252,180 | 265,478 |
| Lease liability, finance leases | 61,216 | 1,647,382 |
| Debt, net of deferred financing costs | 30,007,510 | 29,283,780 |
| Total Liabilities | 40,100,461 | 41,237,977 |
| **NET ASSETS** | | |
| Without donor restrictions | 12,275,386 | 18,986,829 |
| With donor restrictions | 14,203,450 | 11,748,141 |
| Total Net Assets | 26,478,836 | 30,734,970 |
| Total Liabilities and Net Assets | $ 66,579,297 | $ 71,972,947 |

See notes to consolidated financial statements

**Centenary University and Subsidiary**

Consolidated Statements of Activities

| | Year Ended June 30, 2024 | | | Year Ended June 30, 2023 | | |
|---|---|---|---|---|---|---|
| | Without Donor Restriction | With Donor Restriction | Total | Without Donor Restriction | With Donor Restriction | Total |
| **OPERATING REVENUES AND OTHER SUPPORT** | | | | | | |
| Tuition and fees | $ 41,373,004 | $ - | $ 41,373,004 | $ 40,523,449 | $ - | $ 40,523,449 |
| Institutional financial aid/tuition discounts | (19,324,813) | - | (19,324,813) | (19,844,896) | - | (19,844,896) |
| Net tuition and fees | 22,048,191 | - | 22,048,191 | 20,678,553 | - | 20,678,553 |
| State aid | 717,259 | - | 717,259 | 467,655 | - | 467,655 |
| Investment return designated for current operations | - | - | - | 0 | - | - |
| Gifts and grants | 614,648 | 2,247,845 | 2,862,493 | 1,526,177 | 921,574 | 2,447,751 |
| Auxiliary enterprises | 7,841,896 | - | 7,841,896 | 7,224,009 | - | 7,224,009 |
| Other sources | 278,547 | 260,777 | 539,324 | 235,992 | 242,707 | 478,699 |
| Net assets released from restrictions for operations | 970,489 | (970,489) | - | 1,008,493 | (1,008,493) | - |
| Total revenues, gains, and other support | 32,471,030 | 1,538,133 | 34,009,163 | 31,140,879 | 155,788 | 31,296,667 |
| **OPERATING EXPENSES** | | | | | | |
| Instruction | 13,652,080 | - | 13,652,080 | 13,218,369 | - | 13,218,369 |
| Academic Support | 2,924,091 | - | 2,924,091 | 3,018,094 | - | 3,018,094 |
| Student services | 7,372,566 | - | 7,372,566 | 7,503,060 | - | 7,503,060 |
| Auxiliary enterprises | 8,521,145 | - | 8,521,145 | 8,929,961 | - | 8,929,961 |
| Institutional support | 5,029,979 | - | 5,029,979 | 6,014,871 | - | 6,014,871 |
| Public services | 13,967 | - | 13,967 | 12,357 | - | 12,357 |
| Total Expenses | 37,513,828 | - | 37,513,828 | 38,696,712 | - | 38,696,712 |
| Increase (decrease) from operating activity | (5,042,798) | 1,538,133 | (3,504,665) | (7,555,833) | 155,788 | (7,400,045) |
| **NON-OPERATING ACTIVITY** | | | | | | |
| Total investment return | 559,280 | 917,176 | 1,476,456 | 619,135 | 993,723 | 1,612,858 |
| Loss on disposal of property and equipment | (2,227,925) | - | (2,227,925) | (112,355) | - | (112,355) |
| Increase (decrease) from non-operating activity | (1,668,645) | 917,176 | (751,469) | 506,780 | 993,723 | 1,500,503 |
| Change in net assets | (6,711,443) | 2,455,309 | (4,256,134) | (7,049,053) | 1,149,511 | (5,899,542) |
| **NET ASSETS** | | | | | | |
| Beginning of Year | 18,986,829 | 11,748,141 | 30,734,970 | 26,035,882 | 10,598,630 | 36,634,512 |
| End of Year | $ 12,275,386 | $ 14,203,450 | $ 26,478,836 | $ 18,986,829 | $ 11,748,141 | $ 30,734,970 |

See notes to consolidated financial statements

**Centenary University and Subsidiary**

Consolidated Statements of Cash Flows

| | Years Ended June 30, 2024 | 2023 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Change in net assets | $ (4,256,134) | $ (5,899,542) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 3,836,638 | 4,378,671 |
| Realized and unrealized (gain) loss on investments | (1,476,456) | (1,612,858) |
| Loss on disposition of property and equipment | 2,227,925 | 112,355 |
| Proceeds from restricted contributions | (715,557) | (82,392) |
| Allowance for uncollectible receivables | (334,721) | 693,059 |
| Amortization of bond issuance costs | 22,155 | 22,155 |
| Depository and agency accounts | (15,826) | (6,093) |
| Changes in operating assets and liabilities: | | |
| Students accounts receivable | 56,302 | (55,721) |
| Contributions receivable | 21,800 | 26,200 |
| Grants and other receivables | 58,259 | (10,414) |
| Prepaid and other assets | 154,475 | 97,441 |
| Accounts payable and accrued expenses | (730,807) | 3,043,767 |
| Accrued payroll and payroll taxes | 138,100 | (200,765) |
| Deferred revenue | (160,946) | (30,065) |
| Charitable gift annuity liability | (13,298) | 21,760 |
| Net Cash from Operating Activities | (1,188,091) | 497,558 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Security deposit and escrow | 207,433 | (61,787) |
| Purchase of property and equipment | (106,719) | (736,022) |
| Proceeds from sale of investments | 17,715,956 | 5,402,755 |
| Purchase of investments | (16,602,499) | (5,343,021) |
| Net Cash from Investing Activities | 1,214,171 | (738,075) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Net (repayments) proceeds from line of credit | 507,697 | 242,303 |
| Repayments of debt | (547,069) | (496,258) |
| Repayments of finance leases | (315,602) | (394,844) |
| Proceeds from restricted contributions | 715,557 | 82,392 |
| Net Cash from Financing Activities | 360,583 | (566,407) |
| Net decrease in cash | 386,663 | (806,924) |
| **CASH** | | |
| Beginning of year | 693,821 | 1,500,745 |
| End of year | $ 1,080,484 | $ 693,821 |
| **SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION** | | |
| Interest paid | $ 1,072,342 | $ 1,146,780 |
| **NON CASH INVESTING ACTIVITIES** | | |
| Gifts of property and equipment | $ 9,000 | $ 380,751 |
| **NON CASH FINANCING ACTIVITIES** | | |
| Finance lease exchanged for note payable | $ 1,324,605 | $ - |

See notes to consolidated financial statements

## 1. Organization

Centenary University, a New Jersey Nonprofit Corporation, doing business as Centenary University and Subsidiary (the "University") is an independent private university offering bachelor's and associate degree programs in liberal arts and career areas, master's degree programs in several disciplines, as well as a Doctor of Education in Educational Leadership degree. The University's main campus is located in Hackettstown, New Jersey, with other academic facilities located in Long Valley and Parsippany, New Jersey. The Foundation was organized for the purpose of refinancing the University's debt in 2017 (Note 10).

## 2. Summary of Significant Accounting Policies

### *Basis of Presentation and Consolidation*

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The consolidated financial statements include the accounts of the University and its wholly-owned subsidiary, the Centenary Equestrian Foundation, LLC. All significant inter-organization balances and transactions have been eliminated in consolidation.

### *Adoption of New Accounting Pronouncement*

The Financial Accounting Standards Board issued an accounting pronouncement related to the measurement of credit losses on financial instruments. This pronouncement and subsequently issued Accounting Standards Updates, clarified certain provisions of the new guidance, changed the incurred loss model for most financial assets and required the use of an "expected loss" model for instruments measured at amortized cost. Under this model, entities are required to estimate the lifetime expected credit losses on such instruments and record an allowance to offset the amortized cost basis of the financial asset, resulting in a net presentation of the amount expected to be collected on the financial asset. The adoption of this guidance on July 1, 2023 did not have a material effect on the University's consolidated financial statements.

### *Net Asset Presentation*

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the University and changes therein are classified and reported as follows:

#### *Without donor restriction*

Net assets derived from tuition and other institutional resources that are not subject to explicit donor-imposed restrictions. Net assets without donor restrictions also include board designated funds functioning as endowment.

## 2. Summary of Significant Accounting Policies *(continued)*

### *Net Asset Presentation (continued)*

#### *With donor restrictions*

Net assets subject to donor-imposed stipulations that will be met when expenditures are made for the designed purposes and/or by the passage of time or net assets to be maintained permanently by the University. Generally, the donors of permanently endowed assets permit the University to use all or part of the income earned on related investments for general or donor-specified purposes. Donor restrictions are normally released upon the passage of time or the incurrence of expenditures that fulfill the donor-specified purpose.

### *Operating and Non-Operating Activities*

The accompanying statements of activities distinguishes between operating and non-operating activities. Operating activities consist of those items attributable to the University's education activities. Non-operating activities reflect gains and losses on investments, less amounts designated for current operations, loss on sale of assets, and other gains and losses outside of the normal operations of the University.

### *Use of Estimates*

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

### *Student Accounts Receivable and Allowance for Credit Losses*

Prior to January 1, 2023, students accounts receivable were recorded at the amount invoiced less an allowance for doubtful accounts. The net amount of accounts receivable and corresponding allowance for doubtful accounts were presented on the consolidated statements of financial position. Receivable balances were assessed at every reporting date for collectability and an allowance was recorded if the receivable was considered uncollectible. Subsequent to January 1, 2023, students accounts receivable are recorded at amortized cost less an allowance for credit losses that are not expected to be recovered. The amount of accounts receivable and corresponding allowance for credit losses are presented on the consolidated statements of financial position. The University maintains allowances for credit losses resulting from the expected failure or inability of its customers to make required payments. The University recognizes the allowance for credit losses at inception and reassesses at every reporting date based on the asset's expected collectability. The allowance is based on multiple factors including historical experience with bad debts, the credit quality of the customer accounts, the aging of such receivables and current macroeconomic conditions, as well as expectations of conditions in the future, if applicable. Student accounts receivable are not collateralized. Accounts are written-off when they are determined to be uncollectible based upon management's assessment of individual accounts.

## 2. Summary of Significant Accounting Policies *(continued)*

### *Student Accounts Receivable and Allowance for Credit Losses (continued)*

The University records a provision for expected credit losses using a historical loss-rate method based on the ratio of its historical write-offs and collection rate to its average students accounts receivable, student retention rate and other appropriate factors to determine collectability. At each reporting period, the University assesses whether financial assets in a pool continue to display similar risk characteristics. If receivables no longer display risk characteristics that are similar to those of the receivables in the pool, the University may determine that it needs to move those receivables to a different pool or perform an individual assessment of expected credit losses for those specific receivables.

The University's students accounts receivable are short-term in nature and written off only when all collection attempts have failed. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the University's accounting policy election. The total amount of write offs was immaterial to the financial statements as a whole for the year ended June 30, 2024.

### *Fair Value Measurements*

The University measures its investments at fair value on a recurring basis in accordance with accounting principles generally accepted in the United States of America. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework that the authoritative guidance establishes for measuring fair value includes a hierarchy to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement. Level 1 inputs are based on unadjusted quoted prices in active markets that are accessible to the University for identical assets. These generally provide the most reliable evidence and are used to measure fair value whenever available. Level 2 inputs are based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets or liabilities, quoted market prices in inactive markets for identical or similar assets, and other observable inputs. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

### *Investments*

Equity securities with readily determinable fair values and debt securities are valued at fair value based on quoted market prices. Adjustments to reflect increases or decreases in fair value, referred to as unrealized gains and losses, are reported in the consolidated statements of activities.

## 2. Summary of Significant Accounting Policies *(continued)*

The University's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported in the statements of financial position are exposed to various risks including changes in the equity markets, the interest rate environment, and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying consolidated financial statements could change materially in the near term.

All realized gains and losses arising from the sale of investments and ordinary income from investments are reported as changes in unrestricted net assets unless their use is restricted by explicit donor-imposed stipulations.

### *Property and Equipment*

Land, land improvements, buildings, equipment, furniture, computer software and equipment, automobiles and leasehold improvements are stated principally at cost. Donated horses are recorded at estimated fair value. Capital leases are recorded at the discounted present value of future payments required under the lease. Library books are not capitalized.

Depreciation is calculated under the straight-line method (assuming no salvage value) based on the following estimated useful lives:

| | |
|---|---|
| Land improvements and buildings | 10-40 years |
| Equipment, furniture, and fixtures | 5-8 years |
| Automobiles | 3-5 years |
| Computer software and equipment | 3-8 years |
| Horses | 1-10 years |
| Finance leases | Lease term |

### *Impairment of Long-Lived Assets*

Management of the University reviews long-lived assets including property and equipment and other assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management considers the undiscounted cash flow expected to be generated by the use of the asset and its eventual disposition to determine when, and if, any impairment has occurred. An impairment loss is recognized to the extent that the carrying value of assets exceeds their fair value. Any write-downs due to impairment are charged to operations at the time impairment is identified. No such write-downs were required during the years ended June 30, 2024 and 2023.

## 2. Summary of Significant Accounting Policies *(continued)*

### *Leases*

The University determines if an arrangement is a lease at inception. All leases are recorded on the statements of financial position except for leases with an initial term less than 12 months for which the University made the short-term lease election.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Finance lease ROU assets are included in property and equipment and the related liabilities are similarly classified by current and long-term portions in the statements of financial position. At lease commencement, finance leases ROU assets and liabilities are recognized based on the present value of the remaining lease payments and discounted using the risk-free rate. The University determined there are no operating leases to capitalize.

### *Deferred Revenue*

Deferred revenue includes amounts billed for summer session tuition which will be recognized as income in the following year. In addition, the University received funds for capital improvements which under certain circumstances, such as early termination of the contract, may require a portion of the funds to be returned. The amounts are being amortized into income over the course of the contract.

### *Split Interest Agreements*

Charitable gift annuity assets are recorded at fair value at the date the assets are received and an annuity payable is recognized at the present value of the future cash flows expected to be paid to the annuitant. Adjustments to the annuity liability reflecting changes in the amounts payable to annuitants based on actuarial calculations of estimated mortality rates and other assumptions are recognized in the consolidated statements of activities as changes in the value of split-interest agreements.

### *Deferred Financing Costs*

Costs incurred in connection with debt financing are reported on the consolidated statements of financial position as a direct deduction from the face amount of the debt. Deferred financing costs are being amortized over the term of the related debt on a method that approximates the interest method. Amortization of the deferred financing cost is included in interest expense and allocated across all functional expense categories in the consolidated statements of activities. Amortization expense was $22,155 in 2024 and 2023.

## 2. Summary of Significant Accounting Policies *(continued)*

### *Student Services Revenue*

Student tuition and fees and room and board revenues are recorded at the established rates ratably over the period in which the academic programs and residential services are provided. Room and board revenues are reported in auxiliary enterprises in the accompanying consolidated statements of activities. Financial aid provided directly by the University, endowed scholarships, and certain federal and state grants reduce the amount of tuition and fees revenue recognized. Payments for tuition and fees and residential services are due prior to the start of the academic term in accordance with the University's due dates. Generally, students who adjust their course load or withdraw completely within two or three weeks of the academic term, depending on the semester, may receive a full or partial refund in accordance with the University's refund policy. Refunds issued reduce the amount of revenue recognized. Student advance payments for tuition, room, and board are deferred and then recorded as revenue without donor restrictions when earned.

### *Auxiliary Enterprises*

Auxiliary enterprises expenses include direct administration and general costs related to the operations of student housing, dining services, student health services and athletic and theater programs.

### *Contributions*

Contributions, including contributions receivable, are reported as revenues in the period received. Contributions are considered to be without donor restriction and available for use unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the consolidated statements of activities as net assets released from restrictions. Conditional contributions are recognized when the conditions upon which they depend have been substantially met. Contributions receivable that are due beyond one year are discounted to reflect the present value of future cash flows using a risk adjusted discount rate assigned in the year the respective pledge originates. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any.

### *Taxes*

Centenary University and the Foundation qualify as tax-exempt, nonprofit organizations under Section 501(c)(3) of the Internal Revenue Code and are registered as New Jersey Nonprofit Corporations. Accordingly, there is no provision for federal or state income taxes.

## 2. Summary of Significant Accounting Policies *(continued)*

***Taxes (continued)***

Centenary University and the Foundation account for uncertainties in income taxes in accordance with authoritative guidance, which prescribes a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. Management determined there were no tax uncertainties that met the recognition threshold at June 30, 2024 and 2023. The University is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2021.

Centenary University and the Foundation's policy is to recognize interest related to unrecognized tax benefits in interest expense and penalties in operating expenses on the consolidated statements of activities.

***Subsequent Events***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through April 17, 2026, the date the consolidated financial statements were issued.

## 3. Students Receivable, Net

Students receivable, net consisted of the following:

| | June 30, 2024 | June 30, 2023 | July 1, 2022 |
|---|---|---|---|
| Students receivable | $ 2,795,475 | $ 2,851,777 | $ 2,796,056 |
| Allowance for uncollectible receivables | $ - | $ (1,857,019) | $ (1,163,960) |
| Allowance for credit losses | (1,522,298) | - | - |
| Students receivable, net | $ 1,273,177 | $ 994,758 | $ 1,632,096 |

The following table provides a roll forward of the allowance for credit losses that is deducted from accounts receivable to present the net amount expected to be collected as of June 30:

| | 2024 |
|---|---|
| Balance at beginning of year | $ 1,857,019 |
| Provision for expected credit losses | 263,270 |
| Amounts written off, net of recoveries | (597,991) |
| Balance at end of year | $ 1,522,298 |

## 4. Contributions Receivable, Net

Contributions receivable, net consisted of the following:

| | June 30, 2024 | June 30, 2023 | July 1, 2022 |
|---|---|---|---|
| Amounts due in: | | | |
| Less than one year | $ 264,174 | $ 282,200 | $ 279,200 |
| Greater than one year | 38,500 | 42,274 | 23,474 |
| | 302,674 | 324,474 | 302,674 |
| Allowance for uncollectible contributions | (48,000) | (48,000) | - |
| Contributions receivable, net | $ 254,674 | $ 276,474 | $ 302,674 |

Management records an allowance for doubtful contributions receivable based on information currently known. However, events impacting donors can occur in subsequent years that may cause a material change in these amounts.

## 5. Investments

The following tables present information as of June 30, 2024 and 2023, about the University's financial assets that are measured at fair value on a recurring basis, according to the valuation techniques the University used to determine such fair values.

| | 2024 | | |
|---|---|---|---|
| | Level 1 | Level 2 | Total Fair Value |
| **Investments, at Fair Value:** | | | |
| Money market | $ 2,440,844 | $ - | $ 2,440,844 |
| Equities: | | | |
| Materials | 259,998 | - | 259,998 |
| Energy | 186,607 | - | 186,607 |
| Information technology | 872,393 | - | 872,393 |
| Consumer discretionary | 484,301 | - | 484,301 |
| Consumer Staples | 201,872 | - | 201,872 |
| Industrials | 691,247 | - | 691,247 |
| Financials | 738,438 | - | 738,438 |
| Healthcare | 449,263 | - | 449,263 |
| Real estate | 168,765 | - | 168,765 |
| Utilities | 136,443 | - | 136,443 |
| Telecommunications | 263,160 | - | 263,160 |
| Exchange Traded Funds: | | | |
| Large Cap | 2,211,940 | | 2,211,940 |
| Small/Mid Cap | 1,746,166 | | 1,746,166 |
| International | 321,069 | | 321,069 |
| Emerging markets | 239,921 | | 239,921 |
| Fixed income | 310,322 | | 310,322 |
| Mutual funds: | | | |
| Emerging Markets | 103,014 | - | 103,014 |
| Bonds-fixed income: | | | |
| U.S. Treasuries | 1,506,820 | - | 1,506,820 |
| U.S. Governement Agencies | - | 1,973,647 | 1,973,647 |
| U.S. Corporate bonds | - | 1,561,276 | 1,561,276 |
| International | - | 195,470 | 195,470 |
| Mortgage/Asset backed | - | 127,730 | 127,730 |
| Total investments at fair value | $ 13,332,583 | $ 3,858,123 | $ 17,190,706 |

## 5. Investments *(continued)*

| | 2023 | | |
|---|---|---|---|
| | Level 1 | Level 2 | Total Fair Value |
| **Investments, at Fair Value:** | | | |
| Money market | $ 797,157 | $ - | $ 797,157 |
| Equities: | | | |
| Materials | 121,335 | - | 121,335 |
| Energy | 160,796 | - | 160,796 |
| Information technology | 1,240,357 | - | 1,240,357 |
| Consumer discretionary | 666,229 | - | 666,229 |
| Consumer Staples | 279,846 | - | 279,846 |
| Industrials | 416,572 | - | 416,572 |
| Financials | 250,535 | - | 250,535 |
| Healthcare | 302,168 | - | 302,168 |
| Utilities | 103,091 | - | 103,091 |
| Telecommunications | 373,721 | - | 373,721 |
| Mutual funds: | | | |
| Large Cap | 4,593,835 | - | 4,593,835 |
| Small/Mid Cap | 1,012,898 | - | 1,012,898 |
| International | 808,245 | - | 808,245 |
| Alternative/multi-strategy | 679,267 | - | 679,267 |
| Bonds-fixed income: | | | |
| U.S. Treasuries | 1,475,564 | - | 1,475,564 |
| Corporate bonds | - | 732,905 | 732,905 |
| Mortgage/Asset backed | - | 484,728 | 484,728 |
| Multi-sector | - | 2,158,046 | 2,158,046 |
| International | - | 167,358 | 167,358 |
| High yield | - | 3,054 | 3,054 |
| Total investments at fair value | $ 13,281,616 | $ 3,546,091 | $ 16,827,707 |

### *Valuation Methodologies*

The carrying amount of the money market is a reasonable estimate of its fair value due to the short-term nature of this financial instrument. This is considered a Level 1 input due to its liquidity.

Equity securities and mutual funds are measured at fair value by quoted market prices, which are considered Level 1 inputs.

U.S. Government and agency obligations are valued by quoted market prices. Corporate bonds, municipal bonds, and other fixed income securities are valued using recently executed transactions, market price quotations where observable, bond spreads or credit default swap spreads. These are considered Level 2 inputs.

## 6. Property and Equipment

As of June 30, 2024 and 2023, property, plant, and equipment was composed of the following:

| | 2024 | 2023 |
|---|---|---|
| Land | $ 302,151 | $ 302,151 |
| Buildings and improvements | 93,719,058 | 93,925,015 |
| Finance leases | 110,513 | 4,433,402 |
| Equipment, furniture, fixtures and other | 17,906,183 | 17,872,453 |
| Construction in progress | - | 77,902 |
| Total | 112,037,905 | 116,610,923 |
| Less accumulated depreciation and amortization | (65,549,208) | (64,696,134) |
| Net property, plant, and equipment | $ 46,488,697 | $ 51,914,789 |

Depreciation and amortization expense for the years ended June 30, 2024 and 2023 was $3,836,638 and $4,378,671, respectively.

The University has finance leases for the Parsippany campus building and vehicles. The cost of the finance leases recorded in buildings and improvements and equipment, furniture, fixtures and other was $110,513 and $4,433,402 at June 30, 2024 and 2023. The related accumulated amortization was $51,006 and $2,483,243, at June 30, 2024 and 2023, respectively.

The University terminated its Parsippany campus building finance lease effective November 30, 2023. The finance lease right of use asset and liability were removed from property and equipment and lease liability on the statement of financial position. A promissory note was issued in the amount of $1,324,605 as part of the termination agreement (see note 10). For the year ended June 30, 2024, the University recognized a loss of $2,227,925 on the statement of activities from the termination of the finance lease.

## 7. Leases

The Company leases vehicles and a building under finance leases that expire at various dates through 2026.

The University entered into a lease agreement to rent approximately 20,978 square feet of office and classroom space for its Parsippany Campus location. Monthly payments of $43,704 began on January 2017, and will increase 2% every two years starting on the second anniversary of the commencement date for the term of the lease, which expires in May of 2028. The University determined the interest rate on the lease to be 6%. The discounted future payments required under the lease agreement resulted in an initial obligation of $4,298,159. As noted in footnote 6, the Company reached an agreement to terminate the lease effective November 30, 2023.

## 7. Leases *(continued)*

The components of lease cost were as follows at June 30:

| | 2024 | 2023 |
|---|---|---|
| Finance lease cost | | |
| Amortization of ROU assets | $ 25,503 | $ 401,984 |
| Interest on lease liabilities | 2,090 | 187,243 |
| Total | $ 27,593 | $ 589,227 |

Information associated with the measurement of the University's finance lease obligations at June 30, 2024 were as follows:

| | | |
|---|---|---|
| Weighted average remaining lease term in years for finance leases | 2.33 | 3.25 |
| Weighted average discount rate for finance leases | 2.88% | 6.00% |

Supplemental cash flow information related to finance leases were as follows for the years ended

| | | |
|---|---|---|
| Cash paid for amounts included in the measurement of lease liabilities | | |
| Operating cash flows from finance leases | $ 2,150 | $ 187,243 |
| Financing cash flows from finance leases | 315,602 | 394,844 |

At June 30, 2024, maturities for lease liabilities were as follows:

| | |
|---|---|
| 2025 | $ 27,093 |
| 2026 | 27,093 |
| 2027 | 9,031 |
| Total undiscounted cash flows | 63,217 |
| Less: present value discount | (2,001) |
| Total lease liabilities | $ 61,216 |

## 8. Line of Credit

The University has a secured revolving credit loan with a bank to a maximum amount of $4,000,000. The revolving credit loan is collateralized by investments of the University that are held with a financial institution. The interest rate is the Bloomberg Short-term Bank Yield Index Daily Floating Rate plus 1.5% (6.89% and 8.25% as of June 30, 2024 and 2023). At June 30, 2024 and 2023 the outstanding balance was $4,000,000 and $3,492,303.

## 9. Deferred Revenue

Deferred revenue consists of the following at June 30, 2024 and 2023:

| | 2024 | 2023 |
|---|---|---|
| Student services revenue | $ 859,734 | $ 805,660 |
| Food service and other contracts | 103,636 | 318,656 |
| | $ 963,370 | $ 1,124,316 |

## 10. Debt

Debt consisted of the following at June 30:

| | 2024 | 2023 |
|---|---|---|
| U.S. Department of Agriculture Term Loan | $ 29,657,374 | $ 29,946,110 |
| State of New Jersey, Capital Improvement Fund, Bond Series 2016B | 14,224 | 14,995 |
| Premium Finance Agreement - Promissory Note | - | 75,962 |
| Parsippany Campus Promissory Note | 1,067,043 | - |
| | 30,738,641 | 30,037,067 |
| Less deferred financing costs | (731,131) | (753,287) |
| Total debt | $ 30,007,510 | $ 29,283,780 |

***U.S. Department of Agriculture***

The University entered into a term loan agreement with the U.S. Department of Agriculture ("USDA") for a principal amount of $31,845,000, with semi-annual payments of principal and interest commencing on November 11, 2017 with a maturity date of May 11, 2057. The term loan bears a fixed interest rate of 2.375% per annum. The loan is collateralized by a first priority lien on substantially all of the land and buildings owned by the University.

The agreement with the U.S. Department of Agriculture requires the University to maintain a debt service coverage ratio of at least 1.10. As of June 30, 2024 and 2023, the University was not in compliance with the required covenant. The University received a waiver from the financial institution for both years.

## 10. Debt *(continued)*

### *State of New Jersey Capital Improvement Fund*

In fiscal year 2016, the University received a refundable grant of $1,728,633 from the State of New Jersey Capital Improvement Fund ("CIF"). The grant partially funded the Seay Building Restoration Project. The terms of the grant included a provision that the University is required to pay back an amount equal to one half of the grant.

The remaining grant balance of $363,696 was split into two loans. The first loan bears interest at 5%, payable semi-annually beginning August 15, 2017 and required annual principal payments through August 15, 2036. The second loan bears interest at 5%, payable semi-annually beginning August 15, 2017 and requires annual principal payment through August 15, 2036. The obligation to pay the State of New Jersey Capital Improvement Fund on a periodic basis, in the amounts sufficient to cover principal and interest due on the bonds, is a general obligation of the University.

### *Premium Finance Agreement - Promissory Note*

In February 2023, the University entered into a loan agreement with a financial institution for a principal amount of $103,716, with monthly payments of principal and interest commencing on April 1, 2023 with a maturity date of January 1, 2024. The loan bears interest of 9.99% per annum. This note matured in 2024.

### *Parsippany Campus Promissory Note*

As part of the termination of the Parsippany Campus lease (see Note 6), the University entered into a term loan agreement for the principal amount of $1,324,605 with monthly principal payments of $36,795 commencing on December 1, 2023, with a maturity date of November 1, 2027. The term loan bears no interest.

## 10. Debt *(continued)*

Aggregate annual principal payments applicable to long-term debts for the years subsequent to June 30, 2024, are:

| | Capital Improvement and Equipment Leasing Funds | Term Loans Payable | Promissory Note | Total |
|---|---|---|---|---|
| 2025 | $ 809 | $ 886,947 | $ 441,535 | $ 1,329,291 |
| 2026 | 840 | 608,991 | 441,535 | 1,051,366 |
| 2027 | 875 | 623,541 | 183,973 | 808,389 |
| 2028 | 909 | 638,437 | - | 639,346 |
| 2029 | 956 | 653,690 | - | 654,646 |
| Thereafter | 9,835 | 26,245,768 | - | 26,255,603 |
| | 14,224 | 29,657,374 | 1,067,043 | 30,738,641 |
| Less: | | | | |
| Deferred financing costs | - | (731,131) | - | (731,131) |
| Total | $ 14,224 | $ 28,926,243 | $ 1,067,043 | $ 30,007,510 |

Interest expense aggregated $1,072,342 and $1,146,780 for the years ended June 30, 2024 and 2023, respectively.

## 11. Employee Benefit Plans

The University has an externally administered contributory pension plan covering substantially all full-time employees meeting eligibility requirements. The plan is a defined contribution plan that operates under Section 403(b) of the Internal Revenue Code. Effective January 1, 2023, the University matches up to 5% of employee contributions. The matching contributions totaled $24,372 and $11,592 for the years ended June 30, 2024 and 2023.

## 12. Net Assets

Net assets are available for the following purposes at June 30:

| | 2024 | 2023 |
|---|---|---|
| Without Donor Restrictions: | | |
| Undesignated general operating | $ 6,212,661 | $ 13,753,646 |
| Board designated endowment | 6,062,725 | 5,233,183 |
| | 12,275,386 | 18,986,829 |
| With Donor Restriction: | | |
| Subject to expenditure for specified purpose: | | |
| Instruction | $ 81,987 | $ 56,521 |
| Academic support | 693,746 | 505,547 |
| Student services | 623,119 | 555,546 |
| Student aid | 2,728,577 | 1,641,795 |
| Other institutional (principally for facilities) | 1,154,233 | 782,501 |
| | 5,281,662 | 3,541,910 |
| Endowments, perpetual in nature: | | |
| Instruction | 200,000 | 200,000 |
| Academic support | 1,512,373 | 1,512,373 |
| Student aid | 6,727,449 | 6,031,192 |
| Other institutional (principally for facilities) | 481,966 | 462,666 |
| | 8,921,788 | 8,206,231 |
| Total With Donor Restrictions | 14,203,450 | 11,748,141 |
| Total Net Assets | $ 26,478,836 | $ 30,734,970 |

## 13. Endowment Fund

The University's endowment consists of one individual fund established for a variety of purposes, including donor-restricted and board-designated endowment funds. The board designated funds were established to support general operations.

The University employs an asset allocation spending model of 5% on a three-year moving average of the fair market value of the fund. The calculated 5% for spending in fiscal year 2024 was based on the fair market value as of June 30, 2022, 2021, and 2020. The University manages its long-term investments in accordance with the total return concept and the goal of maximizing long-term return within acceptable levels of risks. The University's spending policy is designed to provide a stable level of financial support and to preserve the real value of its endowment.

## 13. Endowment Fund *(continued)*

Endowment assets include those assets of donor-restricted funds that the University must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under the investment policy, as approved by the Board of Trustees, the endowment assets are invested with a 10-year horizon in an asset allocation model with specific ranges and targets that is intended to diversify investments among asset class so that assets earn a reasonable return with acceptable risk of loss. The long-term objective of the endowment fund is real capital growth (adjusted for inflation) relative to its overall benchmark return. Total endowment fund results for large capitalization equities shall be evaluated against the S&P 500 index and MSCI EAFE Index. Total endowment fund results for domestic fixed income securities will be evaluated against the Barclays Capital Aggregate Index and the Barclays Capital Intermediate Government Credit Index, as applicable.

The University has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the original gift of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies endowment restricted net assets as the original value of gifts donated to the permanent endowment.

The fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the relevant state law requires the University to retain as a fund of perpetual duration. These deficiencies are reported as net assets with donor restrictions. There were no such deficiencies reported at June 30, 2024 or 2023.

Changes in endowment net assets for the fiscal years ended June 30, 2024 and 2023 were as follows:

| | 2024 | | |
|---|---|---|---|
| | Without Donor Restriction | With Donor Restriction | Total |
| Net assets, June 30, 2023 | $ 5,233,183 | $ 10,303,406 | $ 15,536,589 |
| Net investment return | 495,561 | 945,790 | 1,441,351 |
| Appropriation for program expenditures | - | (107,482) | (107,482) |
| Appropriation of endowment assets for operations | - | (2,000,000) | (2,000,000) |
| Contributions | 333,981 | 715,557 | 1,049,538 |
| Net assets, June 30, 2024 | $ 6,062,725 | $ 9,857,271 | $ 15,919,996 |

## 13. Endowment Fund *(continued)*

| | 2023 | | |
|---|---|---|---|
| | Without Donor Restriction | With Donor Restriction | Total |
| Net assets, June 30, 2022 | $ 4,920,890 | $ 9,493,394 | $ 14,414,284 |
| Net investment return | 508,700 | 993,740 | 1,502,440 |
| Appropriation for program expenditures | (196,407) | (267,019) | (463,426) |
| Contributions | - | 83,291 | 83,291 |
| Net assets, June 30, 2023 | $ 5,233,183 | $ 10,303,406 | $ 15,536,589 |

During 2024 the Board approved a loan from the endowment in the amount of $3,500,000 to fund operations. The University withdrew $2,000,000 from the endowment funds during the fiscal year and the balance remains outstanding as of June 30, 2024. The loan bears interest at 7% with equal monthly payments of principal and interest beginning September 2024 and payable by March 30, 2025. The endowment asset and corresponding operating liability are both reported as investments on the consolidated financial statements and as such have a net impact of zero on the consolidated financial statements.

## 14. Liquidity and Availability

The University's financial assets and resources available to meet cash needs for general expenditures within one year of the date of the consolidated statements of financial position were as follows:

| | 2024 | 2023 |
|---|---|---|
| Cash | $ 1,080,484 | $ 693,821 |
| Operating investments | 444,061 | 428,712 |
| Student receivables | 1,273,177 | 994,758 |
| Contributions receivables | 216,174 | 234,200 |
| Grant and other receivables | 79,727 | 137,986 |
| | $ 3,093,623 | $ 2,489,477 |

As part of the University's liquidity management strategy, the University structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. Cash withdrawals from the managed investment pool normally coincide with the endowment spending distribution, but may be adjusted higher or lower based on the timing of gift receipts, operating expenses and other factors affecting available cash. To help manage liquidity needs, the University has committed bank lines of credit up to the amount of $4 million, collateralized by board designated endowment funds, which it could draw upon as needed. Although the University does not intend to spend from its board-designated endowment funds other than amounts appropriated for expenditure as part of its annual budget approval process, amounts from its board-designated endowment could be made available if necessary. Board-designated endowment funds amounted to $6,062,725 and $5,233,183 at June 30, 2024 and 2023.

## 15. Functional Expenses

Expenses are presented by functional classification in alignment with the overall mission of the University. Operations and maintenance of plant, depreciation and interest expenses are allocated based on building square footage. Information technology expenses are allocated based on departmental payroll costs. All other expenses attributable to more than one functional expense category are allocated based on direct departmental charges. Fundraising expenses are included in institutional support in the accompanying consolidated statements of activities. For the years ended June 30, 2024 and 2023, fundraising costs totaled $623,825 and $468,236, respectively.

Expenses by functional and natural classification for the years-ended June 30, 2024 and 2023, are as follows:

| | 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Program | | | | Supporting Services | | |
| | Instruction | Academic Support | Student Services | Auxiliary Enterprises | Institutional Support | Public Services | Total |
| Salaries and wages | $ 6,874,803 | $ 1,500,076 | $ 2,588,232 | $ 465,261 | $ 1,976,905 | $ - | $ 13,405,277 |
| Employee benefits | 1,106,700 | 265,683 | 452,387 | 42,381 | 768,421 | - | 2,635,572 |
| Contractual: | | | | | | | |
| Advertising | 1,806 | 2,394 | 1,048,184 | 75,206 | 13,173 | - | 1,140,763 |
| Food services | 9,012 | 1,877 | 137,031 | 2,122,399 | 43,292 | 350 | 2,313,961 |
| Other contractual | 1,017,655 | 346,929 | 1,047,984 | 385,723 | 847,771 | 8,283 | 3,654,345 |
| Supplies and other | 912,024 | 68,476 | 659,396 | 441,020 | 530,585 | 5,334 | 2,616,835 |
| | 9,922,000 | 2,185,435 | 5,933,214 | 3,531,990 | 4,180,147 | 13,967 | 25,766,753 |
| Allocations: | | | | | | | |
| Operation and maintenance of plant: | | | | | | | |
| Utilities | 416,434 | 63,248 | 130,076 | 626,514 | 57,281 | - | 1,293,553 |
| Maintenance contracts | 624,392 | 124,878 | 256,825 | 1,237,003 | 113,097 | - | 2,356,195 |
| Repairs, maintenance and other | 245,245 | 37,451 | 81,896 | 476,260 | 33,918 | - | 874,770 |
| Information technology | 1,143,412 | 252,959 | 435,592 | 72,724 | 409,956 | - | 2,314,643 |
| Interest | 283,888 | 56,778 | 116,769 | 562,420 | 51,421 | - | 1,071,276 |
| Depreciation and amortization | 1,016,709 | 203,342 | 418,194 | 2,014,234 | 184,159 | - | 3,836,638 |
| | $ 13,652,080 | $ 2,924,091 | $ 7,372,566 | $ 8,521,145 | $ 5,029,979 | $ 13,967 | $ 37,513,828 |

## 15. Functional Expenses *(continued)*

| | 2023 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Program | | | | Supporting Services | | |
| | Instruction | Academic Support | Student Services | Auxiliary Enterprises | Institutional Support | Public Services | Total |
| Salaries and wages | $ 6,616,201 | $ 1,328,784 | $ 2,462,010 | $ 515,488 | $ 1,932,352 | $ - | $ 12,854,835 |
| Employee benefits | 966,963 | 229,466 | 423,094 | 39,530 | 723,075 | - | 2,382,128 |
| Contractual: | | | | | | | |
| Advertising | - | - | 1,335,157 | 87,736 | - | - | 1,422,893 |
| Food services | 2,662 | 1,373 | 191,787 | 2,109,809 | 16,369 | 908 | 2,322,908 |
| Other contractual | 546,119 | 594,171 | 791,856 | 287,887 | 782,094 | 9,266 | 3,011,393 |
| Bad debt | - | - | - | - | 1,221,443 | - | 1,221,443 |
| Supplies and other | 957,356 | 73,020 | 722,174 | 420,656 | 424,272 | 2,183 | 2,599,661 |
| | 9,089,301 | 2,226,814 | 5,926,078 | 3,461,106 | 5,099,605 | 12,357 | 25,815,261 |
| Allocations: | | | | | | | |
| Operation and maintenance of plant: | | | | | | | |
| Utilities | 394,267 | 60,756 | 124,951 | 601,830 | 55,024 | - | 1,236,828 |
| Maintenance contracts | 633,515 | 126,703 | 260,578 | 1,255,076 | 114,750 | - | 2,390,622 |
| Repairs, maintenance and other | 426,371 | 62,194 | 128,565 | 622,478 | 56,326 | - | 1,295,934 |
| Information technology | 1,210,670 | 248,778 | 460,614 | 88,610 | 423,945 | - | 2,432,617 |
| Interest | 303,897 | 60,779 | 124,999 | 602,059 | 55,045 | - | 1,146,779 |
| Depreciation and amortization | 1,160,348 | 232,070 | 477,275 | 2,298,802 | 210,176 | - | 4,378,671 |
| | $ 13,218,369 | $ 3,018,094 | $ 7,503,060 | $ 8,929,961 | $ 6,014,871 | $ 12,357 | $ 38,696,712 |

## 16. Release from Restrictions

Net assets of $970,489 and $1,008,493, were released from donor restrictions in 2024 and 2023, respectively, by incurring expenses for instruction and scholarships, library, plant operation, and maintenance, and other general and administration purposes and for capital expenditures that satisfied the restricted purposes specified by donors.

## 17. Prepaid Promotional Underwriting

On June 14, 2016, the University sold the broadcast license of its radio station, WNTI-FM to the University of Pennsylvania. As part of the consideration in the sale, the University was given $500,000 in future promotional underwriting. Promotional underwriting will be aired in equal annual installments of $50,000 for a period of 10 years, and any aired content by the University will be charged against the $500,000 promotional underwriting balance at market rates for non-profit institutions. The unused portion of the promotional underwriting was $100,000 and $150,000, at June 30, 2024 and 2023, respectively. These amounts are included in prepaid and other assets on the consolidated statements of financial position.

## 18. Commitments and Contingencies

The University has engaged Sodexo Operations, LLC to manage the University's food service operation and facilities. As part of various contract renewals, there has been several investments in such facilities, which are amortized into income over the contract periods. If the University terminates its relationship with Sodexo Operations, LLC, the University will be required to the unamortized value of such investments. This amount is included in deferred revenue on the statements of financial position at June 30, 2023. The unamortized value of the investment at June 30, 2023 was $161,370. There was no unamortized amount at June 30,2024.

The University has engaged Ellucian Company L.P. ("Ellucian") to perform information technology ("IT") services including managing all aspects of the University's IT infrastructure. The contract commenced on January 1, 2017 and was amended on December 31, 2018. The contract terminates on September 30, 2027. Payments to Ellucian are made on a monthly basis and the University's total commitment under the contract is $14,412,358.

Financial instruments that potentially subject the University to concentrations of credit and market risk consist principally of cash, cash equivalents on deposit with financial institutions, and investments held at financial institutions. Deposits held at financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") are insured up to $250,000. Investment holdings at financial institutions insured by the Securities Investor Protection Corporation ("SIPC") are insured up to $500,000 ($250,000 for cash holdings). At times cash balances may exceed the FDIC and/or the SIPC limit. As of June 30, 2024 and 2023 the University's uninsured cash, cash equivalents, and balances on deposit totaled approximately $882,000 and $524,000. As of June 30, 2024 and 2023, the Entity's uninsured investment holdings totaled approximately $16,691,000 and $16,328,000.

The University is involved in litigation in the normal course of business. Management believes that these matters would not have a significant impact on the consolidated financial statements.

## 19. Related Parties

The University defines related parties in accordance with GAAP which for the University includes members of executive management, members of the board of trustees, and immediate family members of those individuals.

The University's consolidated financial statements include the accounts of its wholly owned subsidiary, the Centenary Equestrian Foundation. The Foundation was organized for the purpose of refinancing the University's debt in 2017 which is more fully described in Note 10 to the financial statements.

For the years ended June 30, 2024 and 2023, the University received contributions totaling approximately $787,800 and $677,100 from Board members or entities related to Board members. For the years ended June 30, 2024, and 2023, the University had outstanding contributions receivable totaling approximately $14,000 and $6,000, respectively, from Board members or entities related to Board members. There are no other related party transactions.

During July 2023 the University received a loan from a related party in the amount of $200,000. The interest free loan was repaid within 45 days.

## 20. Management's Plan for Continuing Operations

The University experienced continued operating challenges during fiscal years 2024 and 2025 driven primarily by enrollment strategy and trends, elevated institutional financial aid awards, and a cost structure that required realignment. While incremental actions were taken during fiscal year 2025 to manage liquidity and expenses, these measures were not sufficient to resolve the underlying structural issues by the end of that fiscal year.

Beginning in January 2026, Management, with the authorization and support of the Board of Trustees and in collaboration with faculty and staff leadership, initiated a series of more comprehensive corrective actions designed to address these challenges and improve the University's financial sustainability. As of April 2026, management identified approximately $4.5 million in recurring annual expense reductions, representing slightly more than twelve percent of total operating expenditures.

These actions include personnel and academic workload adjustments, departmental expense reductions, vendor and contract changes, enhanced liquidity monitoring and cash-flow forecasting, strengthened financial leadership and internal controls, and continued focus on enrollment, fundraising, and institutional partnerships.

These actions have been formally approved and are in varying stages of implementation. While they represent a significant and coordinated response to the issues identified, management recognizes that the most impactful elements of these plans were initiated recently and remain in the early stages of execution as of issuance. As such, their full financial effect has not yet been realized.

Management believes these actions form a solid and practical framework for addressing the University's current financial challenges. Management is confident in the University's ability to continue operations as these plans are implemented and operational discipline is restored.

* * * * *

**Centenary University and Subsidiary**

Schedule of Financial Responsibility
Composite Ratio Scores

Year Ended June 30, 2024

**Centenary University and Subsidiary**

Schedule of Financial Responsibility Composite Ratio Scores
Year Ended June 30, 2024

| Data Element | Location in Financial Statements or Related Notes | Amount |
|---|---|---|
| Primary Reserve Ratio | | |
| Net assets without donor restrictions | Statements of Financial Position | $ 12,275,386 |
| Net assets with donor restrictions | Statements of Financial Position | 14,203,450 |
| Property and equipment, net, pre-implementation | Note 21, Financial Responsibility Standards | 42,960,318 |
| Property and equipment, net, post-implementation | Note 21, Financial Responsibility Standards | 3,528,379 |
| Debt obtained for long-term purposes, pre-implementation | Statements of Financial Position | 30,007,510 |
| Primary Reserve Ratio - Total Expenses and Losses Without Donor Restrictions | | |
| Total operating expenses | Statement of Activities | $ 37,513,828 |
| Equity Ratio - Modified Net Assets | | |
| Net assets without donor restrictions | Statements of Financial Position | $ 12,275,386 |
| Net assets with donor restrictions | Statements of Financial Position | 14,203,450 |
| Equity Ratio - Modified Assets | | |
| Total assets | Statements of Financial Position | $ 66,579,297 |
| Net Income Ratio - Change in Net Assets Without Donor Restrictions | | |
| Change in net assets without donor restrictions | Statement of Activities | $ (6,711,443) |
| Net Income Ratio - Total Revenue and Gains Without Donor Restrictions | | |
| Total operating revenue | Statement of Activities | $ 32,471,030 |
| Net investment return | Statement of Activities | 559,280 |

See Independent Auditors' Report

**Centenary University and Subsidiary**

Notes to Schedule of Financial Responsibility Composite Ratio Scores
Year Ended June 30, 2024

## 1. Financial Responsibility Standards

The University participates in federal Title IV student financial assistance programs, which require it to meet standards of financial responsibility based on criteria determined by the U.S. Department of Education ("ED"), as set forth in 34 CFR 668.171. The criteria for private institutions include the annual calculation by ED of financial responsibility composite score, as further outlined in 34 CFR 668.172, using audited financial statements submitted through ED's EZ-Audit system. The composite score has been and will continue to be based on three ratios: Primary Reserve, Equity, and Net Income. These ratios utilize the following financial data of the University, which are not otherwise presented in the financial statements or other notes to the financial statements as of and for the year ended June 30, 2024.

| | Pre-implementation | Post-implementation | Total |
|---|---|---|---|
| Property and Equipment | | | |
| Property and equipment | $ 42,960,318 | $ 3,528,379 | $ 46,488,697 |
| Total | $ 42,960,318 | $ 3,528,379 | $ 46,488,697 |

**Centenary University and Subsidiary**

Uniform Guidance and New Jersey OMB Circular Letter 15-08
Reports and Schedules

Year Ended June 30, 2024

**Centenary University and Subsidiary**

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

| Federal Grantor / Pass-Through Grantor / Program or Cluster Title | Federal Assistance Listing Number | Provided to Subrecipients | Total Federal Expenditures |
|---|---|---|---|
| U.S. Department of Education: | | | |
| Direct Programs: | | | |
| Student Financial Assistance Cluster: | | | |
| Federal Supplemental Educational Opportunity Grant Program (FSEOG) | 84.007 | $ - | $ 153,955 |
| Federal Work-Study Program | 84.033 | - | 88,439 |
| Federal Pell Grant Program | 84.063 | - | 2,121,316 |
| Federal Direct Student Loans | 84.268 | - | 6,894,096 |
| Total Student Financial Assistance Cluster | | - | 9,257,806 |
| U.S. Department of Justice | | | |
| Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault and Stalking on Campus | 16.525 | - | 114,757 |
| Total U.S. Department of Justice | | - | 114,757 |
| Total Expenditures of Federal Awards | | $ - | $ 9,372,563 |

See Independent Auditors' Report and Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

**Centenary University and Subsidiary**

Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2024

| State Grantor / Pass Through Grantor / Program or Cluster Title | State Grant Award or Account Number | Grant Award Period | Fiscal Year Grant Expenditures | Total Grant Expenditures To Date |
|---|---|---|---|---|
| Student Financial Assistance Cluster: | | | | |
| New Jersey Higher Education Student Assistance Authority | | | | |
| Tuition Aid Grant Program | 100-074-2405-007 | July 1, 2023 to June 30, 2024 | $ 3,019,683 | $ 3,019,683 |
| New Jersey Student Tuition Assistance Reward Scholarship II (NJ STARS II) Program | 100-074-2405-313 | July 1, 2023 to June 30, 2024 | 12,500 | 12,500 |
| NJ BEST Scholarship | N/A | July 1, 2023 to June 30, 2024 | 6,000 | 6,000 |
| Total New Jersey Higher Education Student Assistance Authority | | | 3,038,183 | 3,038,183 |
| New Jersey Commission on Higher Education | | | | |
| Opportunity Program Grants: Educational Opportunity Fund - Article III | 100-074-2401-001 | July 1, 2023 to June 30, 2024 | 326,350 | 326,350 |
| Total Student Financial Assistance Cluster | | | 3,364,533 | 3,364,533 |
| Office of the Secretary of Higher Education | | | | |
| Student Mental Health and Wellness Support for NJ College Students | N/A | July 1, 2023 to December 31, 2026 | 102,864 | 102,864 |
| Hunger-Free Campus Grant | N/A | July 1, 2023 to June 30, 2024 | 41,730 | 41,730 |
| Other State Expenditures | | | 144,594 | 144,594 |
| New Jersey Commission on Higher Education | | | | |
| Supplementary Education Program Grants: Educational Opportunity Fund - Article IV | 100-074-2401-002 | July 1, 2023 to June 30, 2024 | 246,822 | 246,822 |
| Aid to Independent Colleges and Universities | 100-082-2155-001 | July 1, 2023 to June 30, 2024 | 717,259 | 717,259 |
| Total Other State Expenditures | | | 964,081 | 964,081 |
| Total Expenditures of State Financial Assistance | | | $ 4,473,208 | $ 4,473,208 |

**Centenary University and Subsidiary**

Notes to Schedule of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2024

## 1. Basis of Presentation

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance (the "Schedules") have been prepared to present a summary of those activities of the University which have been financed by the Federal and State of New Jersey governments for the fiscal year ended June 30, 2024. For both Federal and State of New Jersey expenditures included on the Schedules, disbursements are recognized on the accrual basis for awards made to students and allowable expenses of running such programs.

## 2. Relationship to Basic Consolidated Financial Statements

The information in these schedules is presented in accordance with the 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 the State of New Jersey, Department of Treasury, Office of Management and Budget Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* ("New Jersey OMB Circular Letter 15-08"). Therefore, some amounts presented in the Schedules may differ from amounts presented in, or used in, the preparation of the University's basic consolidated financial statements.

## 3. Federal Direct Student Loans (CFDA Number 84.268)

The University is responsible for the performance of certain administrative duties with respect to the Federal Direct Student Loans program and, accordingly, these loans are not included in the University's basic financial statements. It is not practical to determine the balance of loans outstanding from students of the University under this program as of June 30, 2024.

## 4. Indirect Cost Rate

The University has not elected to use the 10 percent de-minimis indirect cost rate allowed under the Uniform Guidance.

* * * * *

# Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

## Independent Auditors' Report

**Board of Trustees**
**Centenary University and Subsidiary**

We have audited, in accordance with the 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, the consolidated financial statements of Centenary University and Subsidiary (the "University"), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 17, 2026.

## Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the University'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 University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University'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 entity'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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a significant deficiency.

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.

PKF O'CONNOR DAVIES, LLP
300 Tice Boulevard, Suite 315, Woodcliff Lake, NJ 07677 I Tel: 201.712.9800 I Fax: 201.712.0988 I www.pkfod.com

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's consolidated 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 consolidated 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Woodcliff Lake, New Jersey
April 17, 2026

**Report on Compliance for Each Major Federal and State Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and the New Jersey OMB Circular Letter 15-08**

**Independent Auditors' Report**

**Board of Trustees**
**Centenary University and Subsidiary**

## Report on Compliance for Each Major Federal and State Program

### *Opinion on Each Major Federal and State Program*

We have audited Centenary University and Subsidiary's (the "University") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and *New Jersey State Grant Compliance Supplement* that could have a direct and material effect on each of the University's major federal and state programs for the year ended June 30, 2024. The University's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University 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 programs for the year ended June 30, 2024.

### *Basis for Opinion on Each Major Federal and State Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 New Jersey OMB Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards, the Uniform Guidance and the New Jersey OMB Circular Letter 15-08, are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with 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 program. Our audit does not provide a legal determination of the University'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 University's federal and state programs.

***Auditors' 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 University'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 GAAS, *Government Auditing Standards*, the Uniform Guidance and the New Jersey OMB Circular Letter 15-08 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 University's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* the Uniform Guidance and the New Jersey OMB Circular Letter 15-08, 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 University'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 the University's 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 the New Jersey OMB Circular Letter 15-08, but not for the purpose of expressing an opinion on the effectiveness of the University'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.

**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 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 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 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 Auditors' Responsibilities for the Audit of Compliance section above was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

**Report on Schedules of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and the New Jersey OMB Circular Letter 15-08**

We have audited the consolidated financial statements of the University as of and for the year ended June 30, 2024, and have issued our report thereon dated April 17, 2026, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Uniform Guidance and the New Jersey OMB Circular Letter 15-08 and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

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 the New Jersey OMB Circular Letter 15-08. Accordingly, this report is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Woodcliff Lake, New Jersey
April 17, 2026

**Centenary University and Subsidiary**

Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Section I - Summary of Auditors' Results

***Financial Statements***

| | |
|---|---|
| Type of auditors' report issued on whether the consolidated financial statements audited were prepared in accordance with U.S. GAAP: | Unmodified |
| Internal control over financial reporting: | |
| • Material weakness(es) identified? | ___ Yes _X_ No |
| • Significant deficiency(ies) identified? | _X_ Yes ___ No |
| Noncompliance material to consolidated financial statements noted? | ___ Yes _X_ No |

***Federal Awards***

| | |
|---|---|
| Internal control over major federal programs: | |
| • Material weakness(es) identified? | ___ Yes _X_ No |
| • Significant deficiency(ies) identified? | ___ Yes _X_ None reported |
| Type of auditors' report issued on compliance for major federal programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | ___ Yes _X_ No |

Identification of major federal programs:

| Federal Assistance Listing Numbers: | Name of Federal Program or Cluster: |
|---|---|
| | *Student Financial Assistance Cluster:* |
| 84.007 | Federal Supplemental Educational Opportunity Grant Program (FSEOG) |
| 84.033 | Federal Work-Study Program |
| 84.063 | Federal Pell Grant Program |
| 84.268 | Federal Direct Student Loans |

| | |
|---|---|
| Dollar threshold used to distinguish between Type A and Type B programs: | $750,000 |
| Auditee qualified as low-risk auditee? | ___ Yes _X_ No |

**Centenary University and Subsidiary**

Schedule of Findings and Questioned Costs *(continued)*
Year Ended June 30, 2024

Section I - Summary of Auditors' Results *(continued)*

***State Financial Assistance***

Internal control over major state programs:

- Material weakness(es) identified? ___ Yes _X_ No
- Significant deficiency(ies) identified? ___ Yes _X_ None reported

Type of auditors' report issued on compliance for major state programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with New Jersey OMB Circular Letter 15-08? ___ Yes _X_ No

Identification of major state programs:

| State Grant Award or Account Number: | Name of State Program or Cluster: |
|---|---|
| | *Student Financial Assistance Cluster*: |
| 100-074-2405-007 | Tuition Aid Grant Program |
| 100-074-2405-313 | New Jersey Student Tuition Assistance Reward Scholarship II (NJ STARS II) Program |
| 100-074-2401-001 | Opportunity Program Grants: Educational Opportunity Fund – Article III |
| *Not available* | NJ BEST Scholarship |

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee? ___ Yes _X_ No

Section II – Schedule of Financial Statement Findings

**2024-001 General Ledger Reconciliations – Significant Deficiency**

**Criteria:** Generally accepted accounting principles require that account reconciliations, including bank and investment accounts, be performed in a timely manner and that supporting documentation be readily available to ensure the accuracy and completeness of the general ledger and financial reporting.

**Condition:** During the course of the audit, the University was delayed in providing account reconciliations needed to perform our audit procedures at year-end.

**Cause:** Bank and investment statements for the University's various accounts were not reconciled to the general ledger on a timely basis.

**Effect:** Financial reports could be misleading.

**Questioned Costs:** None.

**Repeat Finding**: No.

**Recommendation:** The University should implement internal control procedures to ensure all account reconciliations are performed on a monthly basis to ensure all accounts are properly recorded and reconciled with the general ledger at year end.

**Views of Responsible Officials:** See corrective action plan attached.

Section III - Schedule of Federal Awards and State Financial Assistance Findings and Questioned Costs

During our audit, we did not note material instances of noncompliance and none of the costs reported in the Schedules of Expenditures of Federal Awards and State Financial Assistance are questioned or recommended to be disallowed.

CENTENARY®
UNIVERSITY

**APPENDIX A**

**To:** PKF O'Connor Davies LLP, U.S. Department of Education

**From:** Centenary University and Subsidiary
Andrew Cobb, Chief Financial Officer (CFO)

**Date:** April 17, 2026

**Subject:** Centenary University and Subsidiary - Corrective Action Plan for the Year Ending June 30, 2024

**2024-001 General Ledger Reconciliations**

**Criteria:** Generally accepted accounting principles require that account reconciliations, including bank and investment accounts, be performed in a timely manner and that supporting documentation be readily available to ensure the accuracy and completeness of the general ledger and financial reporting.

**Condition:** During the course of the audit, the University was delayed in providing account reconciliations needed to perform our audit procedures at year-end.

**Cause:** Bank and investment statements for the University's various accounts were not reconciled to the general ledger on a timely basis.

**Effect:** Financial reports could be misleading.

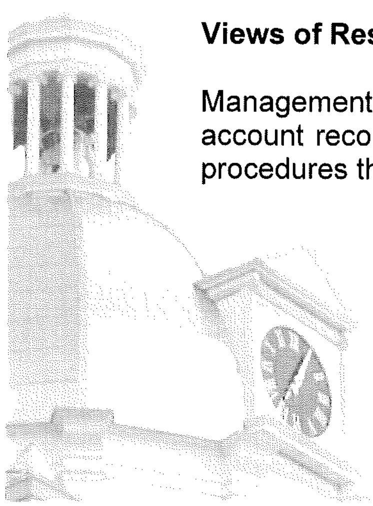
**Questioned Costs:** None.

**Repeat Finding**: No.

**Recommendation:** The University should implement internal control procedures to ensure all account reconciliations are performed on a monthly basis to ensure all accounts are properly recorded and reconciled with the general ledger at year end.

**Views of Responsible Officials:**

Management acknowledges the finding regarding delays in the completion of general ledger account reconciliations and agrees with the recommendation to implement internal control procedures that ensure all reconciliations are performed on a timely monthly basis.



Office of the President
400 Jefferson Street | Hackettstown | NJ 07840 CentenaryUniversity.edu

The delays identified during the audit period were primarily the result of significant turnover within the University's Finance Department, including vacancies in both the Chief Financial Officer and Controller roles during fiscal year 2024 and into fiscal year 2025. This turnover disrupted continuity, institutional knowledge, and supervisory capacity within the accounting function.

**Views of Responsible Officials *(continued):***

To maintain continuity of operations and meet statutory and reporting obligations during this transition, the University relied on external consultants and interim accounting resources to support transaction processing, financial reporting, and year-end close activities. While these measures allowed core operations to continue, the use of short-term contractors without long-term ownership of the reconciliation process contributed to delays in completing account reconciliations on a consistent monthly basis.

**Stabilization of Finance Leadership**
The University has since taken steps to stabilize and strengthen the Finance Department. Andrew Cobb was appointed Chief Financial Officer effective January 5, 2026, bringing extensive experience in financial management, internal controls, and audit oversight. Peter Burchett was appointed Finance Director effective February 11, 2026, providing dedicated leadership over the accounting and close process, including responsibility for general ledger integrity and reconciliations.

Together, the CFO and Finance Director provide experienced leadership focused on restoring stability, consistency, discipline, and cadence to the accounting and financial reporting process.

**Corrective Actions Implemented and In Progress**
Under the current leadership structure, management has focused on re-establishing foundational accounting processes and rebuilding internal capacity. Management acknowledges that, due to prior turnover and the time required to stabilize staffing and processes, general ledger reconciliations for portions of fiscal year 2025 are behind schedule. However, progress is being made toward bringing reconciliations current.

Corrective actions implemented or actively underway include re-establishment of a formal monthly close framework with defined close milestones; prioritization of high-risk and high-impact balance-sheet accounts; assignment of clear ownership and accountability for reconciliations; reduced reliance on interim contractors; and development of standardized reconciliation templates and documentation practices.

**Expected Outcome**
Management believes these actions will result in timely completion of monthly general ledger reconciliations, improved accuracy and reliability of financial reporting, and strengthened internal controls over the accounting process. With permanent Finance leadership now in place and corrective actions underway, management expects this finding to be fully remediated and does not anticipate recurrence.

Andrew Cobb, Chief Financial Officer (CFO)