



ROWAN GLOBAL INC.
(A Component Unit of Rowan University)

Basic Financial Statements

Period from July 9, 2021 (inception) to June 30, 2022

(With Independent Auditors' Report Thereon)

ROWAN GLOBAL INC.
(A Component Unit of Rowan University)

Table of Contents

	Page
Independent Auditors' Report	1
Basic Financial Statements:	
Statement of Net Position	3
Statement of Revenues, Expenses, and Changes in Net Position	4
Statement of Cash Flows	5
Notes to the Financial Statements	6



KPMG LLP
New Jersey Headquarters
51 John F. Kennedy Parkway
Short Hills, NJ 07078-2702

Independent Auditors' Report

The Board of Directors
Rowan Global, Inc.

Opinion

We have audited the financial statements of Rowan Global, Inc. (RGI), a component unit of Rowan University, as of June 30, 2022, and for the period from July 9, 2021 (inception) through June 30, 2022, and the related notes to the financial statements, which collectively comprise RGI's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of RGI as of June 30, 2022, and the changes in its financial position and its cash flows for the period from July 9, 2021 (inception) to June 30, 2022 in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 RGI and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about RGI's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 will always detect a material misstatement when



it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of RGI's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about RGI'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.

Required Supplementary Information

Management has omitted management's discussion and analysis that U.S. generally accepted accounting principles require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

KPMG LLP

Short Hills, New Jersey
December 9, 2022

Rowan Global Inc.
(A Component Unit of Rowan University)
Statement of Net Position
June 30, 2022

	Assets	<u>2022</u>
Current assets:		
Cash (note 2)		\$ 4,812,014
Receivables and other assets		<u>5,860</u>
Total current assets		<u>4,817,874</u>
Total assets		<u>4,817,874</u>
	Liabilities	
Current liabilities:		
Accounts payable and accrued expenses (note 3)		15,448
Accrued interest payable		26,963
Long-term debt – current portion (note 4)		<u>112,317</u>
Total current liabilities		<u>154,728</u>
Noncurrent liabilities:		
Long-term debt (note 4)		<u>4,887,683</u>
Total noncurrent liabilities		<u>4,887,683</u>
Total liabilities		<u>5,042,411</u>
	Net Position	
Unrestricted		<u>(224,537)</u>
Total net position		<u>\$ <u>(224,537)</u></u>

See accompanying notes to the financial statements.

Rowan Global Inc.
(A Component Unit of Rowan University)
Statement of Revenues, Expenses, and Changes in Net Position
For the period from July 9, 2021 (inception) to June 30, 2022

	2022
Operating revenues:	
Total operating revenues	\$ —
Operating expenses:	
Materials and supplies	161
Professional and other services	198,443
Total operating expenses	198,604
Operating loss	(198,604)
Nonoperating revenues (expenses):	
Interest and dividends	1,030
Interest on long-term debt	(26,963)
Net nonoperating expenses	(25,933)
Decrease in net position	(224,537)
Net position as of beginning of period	—
Net position as of end of period	\$ (224,537)

See accompanying notes to the financial statements.

Rowan Global Inc.
(A Component Unit of Rowan University)
Statement of Cash Flows
For the period from July 9, 2021 (inception) to June 30, 2022

	2022
Cash flows from operating activities:	
Payments to suppliers	\$ (189,016)
Cash flows from noncapital financing activities:	
Proceeds from promissory loan with Rowan University	5,000,000
Cash flows from investing activities:	
Interest and dividends	1,030
Net increase in cash	4,812,014
Cash as of beginning of the period	—
Cash as of end of the period	\$ 4,812,014
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (198,604)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Changes in assets and liabilities:	
Receivables and other assets	(5,860)
Accounts payable and accrued expenses	15,448
Net cash used by operating activities	\$ (189,016)

See accompanying notes to the financial statements.

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

Rowan Global Inc. (RGI) was incorporated in the State of Delaware on July 9, 2021. RGI was established to expand the educational reach and capabilities of accredited higher education institutions. The members of the Board of Directors of RGI are appointed by the Board of Trustees of the University. RGI is a component unit of the University. RGI is an organization described under Section 501(c)(3) of the Internal Revenue Code and therefore exempt from Federal income taxes under Section 501(a) of the Code.

(b) Summary of Significant Accounting Policies

(i) Basis of Presentation

The accounting policies of RGI conform to U.S. generally accepted accounting principles. RGI reports are based on applicable Governmental Accounting Standards Board (GASB) pronouncements.

RGI reports its net position in the following category:

- *Unrestricted:* Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Directors.

(ii) Measurement Focus and Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting utilizing the economic resources measurement focus. RGI reports as a business-type activity, as defined by GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

(iii) Classification of Revenue and Expenses

RGI’s policy for defining operating activities in the statements of revenues, expenses, and changes in net position are those that serve RGI’s principal purpose and generally result from exchange transactions. Examples would include services income and expenses related to acquiring or producing goods and services provided in return for the operating revenue. Nonoperating activities have the characteristics of nonexchange transactions, such as transfers from the University, interest and dividend income, other income and interest expense.

(iv) Accounting Pronouncements Applicable to RGI, Issued but Not Yet Effective

RGI has evaluated issued pronouncements not yet effective and determined they will not have a material impact. RGI will continue to evaluate all pronouncements as they are issued to determine applicability.

(v) *Use of Estimates*

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

(2) Deposits

Custodial credit risk associated with RGI's cash and cash equivalents includes uninsured and uncollateralized deposits that exceed FDIC insurance coverage limits. RGI's bank deposits as of June 30, 2022 were partially insured by Federal Depository Insurance in the amount of \$250,000 in 2022. RGI's bank deposits as of June 30, 2022 were \$4,814,310, leaving uninsured and uncollateralized balances of \$4,564,310.

(3) Accounts Payable and Accrued Expenses

RGI accounts payable and accrued expenses consisted of amounts due to vendors totaling \$15,448 at June 30, 2022.

(4) Long-Term Debt

In fiscal year 2022, RGI entered into a \$5,000,000 promissory loan agreement with Rowan University to be repaid over 11 years at an annual interest rate of 2.157%, to provide initial funding for RGI to begin operations. Under the terms of the agreement, in April 2022 interest only payments began and will continue for one year with principal to be paid, beginning in April 2023, over the following ten years of the agreement.

Aggregate principal and interest repayments, using fixed interest rates in effect as of June 30, 2022, required during the next five fiscal years and in five year increments thereafter are as follows as of June 30, 2022:

Long Term Debt Principle and Interest Repayments				
	Interest rate	Principal amount	Interest amount	Total amount
Year ending June 30:				
2023	2.157%	\$ 112,317	107,648	219,965
2024	2.157%	451,084	100,943	552,027
2025	2.157%	465,189	91,023	556,212
2026	2.157%	475,323	80,887	556,210
2027	2.157%	485,677	70,530	556,207
2028–2032	2.157%	2,591,777	189,227	2,781,004
2033–2034	2.157%	418,633	3,725	422,358
		\$ 5,000,000	643,983	5,643,983

Changes in long-term obligations for the period ended June 30, 2022 are as follows:

2022					
Long-term Obligations Rollforward					
	Beginning balance	Additions	Reductions	Ending balance	Due within One Year
Rowan University	\$ —	5,000,000	—	5,000,000	112,317
Total long-term liabilities	\$ —	5,000,000	—	5,000,000	112,317

RGI's agreement with the University includes a listing of events of default that could result in finance-related consequences, such as acceleration clauses. RGI was not in default as of June 30, 2022.

RGI does not have any open lines of credit.

(5) Subsequent Events

RGI evaluated events subsequent to June 30, 2022 and through December 9, 2022, the date of which the financial statements were issued.

On November 15, 2022, RGI established a new partnership, Rowan Education Services, LLC. On November 17, 2022, RGI established a new corporation, Rowan Education Management Services. Both new entities will support the mission of RGI.