



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

Basic Financial Statements and
Management's Discussion and Analysis

June 30, 2024 and 2023

(With Independent Auditors' Report Thereon)

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

Table of Contents

	Page
Independent Auditors' Report	1
Management's Discussion and Analysis (Unaudited)	3
Basic Financial Statements:	
Statements of Net Position as of June 30, 2024 and 2023	8
Statements of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2024 and 2023	9
Statements of Cash Flows for the years ended June 30, 2024 and 2023	10
Notes to the Financial Statements	11



KPMG LLP
Suite 4000
150 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 the Rowan Global, Inc. (RGI), a component unit of Rowan University, as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise RGI's basic financial statements for the years then ended, respectively, 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, 2024 and 2023, and the changes in its financial position and its cash flows for the years then ended, respectively, in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits 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 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 1(b)(v) to the financial statements, in 2024, RGI adopted Governmental Accounting Standards Boards (GASB) Statement No. 100, Accounting Changes and Error Corrections. Our opinions are not modified with respect to this matter.

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

U.S. generally accepted accounting principles require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

KPMG LLP

Short Hills, New Jersey
November 26, 2024

Management's Discussion and Analysis (Unaudited)

Introduction

This section of Rowan Global Inc.'s (RGI) financial statements presents our discussion and analysis of RGI's financial performance as of and for the fiscal years ended June 30, 2024 and 2023 and certain comparative information as of and for the period ended June 30, 2022. Since this discussion and analysis is designed to focus on current activities, it should be read in conjunction with RGI's basic financial statements, which follow this section.

In fiscal year 2024, RGI, through Rowan Educational Management Services, Inc, acquired the remaining 50% equity interest in Rowan Educational Services, LLC, making it a 100% wholly owned component unit. As a result of this transaction, RES activities are presented within RGI financial statements for fiscal year 2024 and presented as a 50% joint venture investment in fiscal year 2023.

Basic Financial Statements

RGI's basic financial statements include three financial statements: statements of net position; statements of revenues, expenses and changes in net position; and statements of cash flows, which have been prepared in accordance with U.S. generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). These statements present RGI's operations and focus on its assets, liabilities, revenues, expenses and cash flows on an entity-wide basis. The basic financial statements also include notes to the financial statements.

Statements of Net Position

The statements of net position present the assets, liabilities, and net position of RGI as of the end of the fiscal year. The statements of net position is a point in time financial statement. The purpose of the statements of net position is to present to the readers of the financial statements a fiscal snapshot of RGI. The statements of net position present end-of-the-year data concerning assets (current and noncurrent), liabilities (current and noncurrent), and net position (assets minus liabilities).

Net position is one indicator of the current financial condition of RGI and the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year.

From the data presented, readers of the statements of net position are able to determine the assets available to continue the operations of RGI. They are also able to determine how much RGI owes vendors, investors and lending institutions. Finally, the statements of net position provide a picture of the net position and its availability for expenditures by RGI.

Net position of RGI is comprised of unrestricted net position. Unrestricted net position is available to RGI for any lawful purpose of RGI.

Management's Discussion and Analysis (Unaudited)

A condensed summary of RGI's assets, liabilities, and net position as of June 30, 2024, 2023, and 2022 is as follows:

Condensed Statements of Net Position (in thousands)			
	2024*	2023	2022
Current assets	\$ 2,778	\$ 3,639	\$ 4,818
Noncurrent assets	—	461	—
Total assets	2,778	4,100	4,818
Current liabilities	1,826	586	155
Noncurrent liabilities	3,967	4,432	4,888
Total liabilities	5,793	5,018	5,043
Net position:			
Unrestricted	(3,015)	(918)	(225)
Total net position	\$ (3,015)	\$ (918)	\$ (225)

*Fiscal year 2024 presented with Rowan Educational Services, LLC (RES) as a wholly owned component unit. RES is reported in fiscal year 2023 as a 50% owned joint venture.

Current assets consist of cash and receivables and other assets. Noncurrent assets consist of investment in joint venture. Current liabilities consist of accounts payable and accrued expenses, accrued interest payable, and the current portion of long-term debt. Noncurrent liabilities consist of long-term debt, net of current portion.

Fiscal Year 2024 Compared to Fiscal Year 2023

The decrease of \$861 thousand in current assets is primarily attributable to a decrease of \$917 thousand in cash predominantly as a result of funding the operations of RES. The decrease of \$461 thousand in noncurrent assets is attributable to RES being wholly owned in 2024, formerly RES was a 50% owned joint venture.

The increase of \$1,240 thousand in current liabilities is primarily due an increase of \$1,165 thousand in accounts payable and accrued expenses resulting from an RES settlement to take 100% ownership and an increase of \$50 thousand in the current portion of long-term debt. As a result of RGI and Rowan University negotiations related to the debt, certain principal amounts were deferred until negotiations concluded.

The decrease in noncurrent liabilities is due to the amortization of the promissory loan with Rowan University.

Total net position decreased \$2,097 thousand.

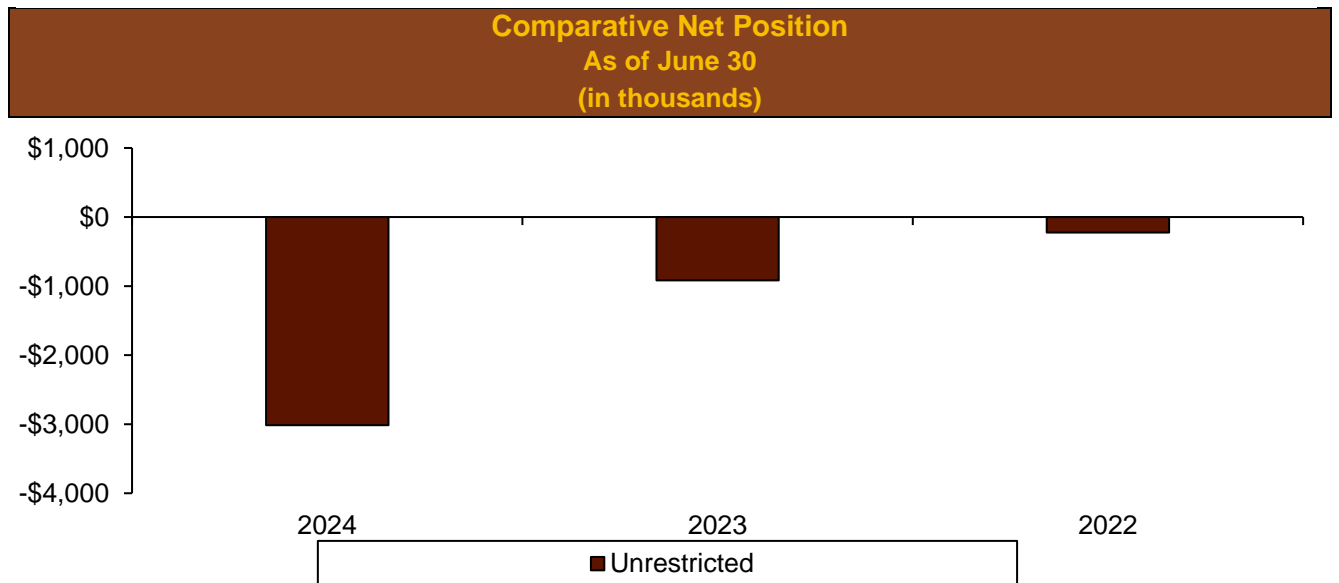
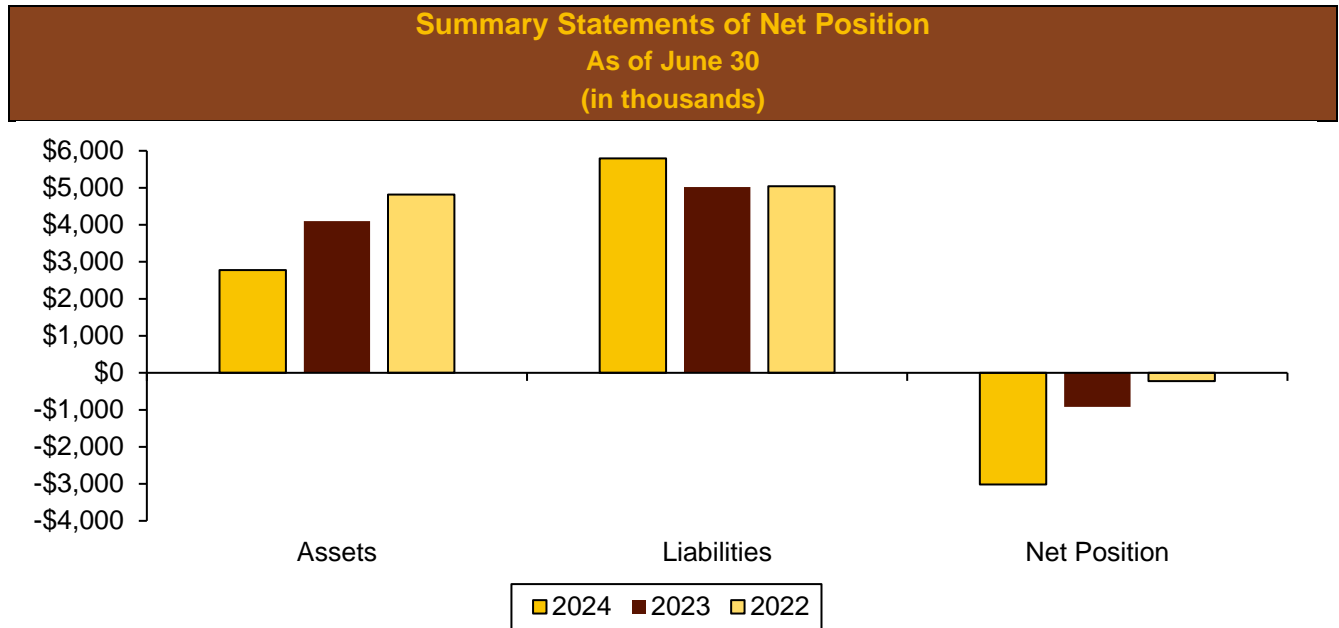
Fiscal Year 2023 Compared to Fiscal Year 2022

The decrease of \$1,179 thousand in current assets is primarily attributable to a decrease of \$1,173 thousand in cash predominantly as a result of funding Rowan Education Management Services (REMS), a new corporation wholly owned by RGI. The increase of \$461 thousand in noncurrent assets is attributable to the investment in joint venture made by REMS.

The increase of \$431 thousand in current liabilities is due an increase of \$455 thousand in the current portion of long-term debt offset by a decrease of \$18 thousand in accrued interest payable and a decrease of \$6 thousand in accounts payable and accrued expenses. As a result of RGI and Rowan University entering negotiations related to the debt, the principal payments were deferred until negotiations conclude.

Management's Discussion and Analysis (Unaudited)

The decrease in noncurrent liabilities is due to the amortization of the promissory loan with Rowan University. Total net position decreased \$693 thousand.



Management's Discussion and Analysis (Unaudited)

Statements of Revenues, Expenses, and Changes in Net Position

Changes in total net position as presented on the statements of net position are based on the activity presented in the statements of revenues, expenses, and changes in net position. The purpose of the statement is to present the revenues received by RGI, both operating and nonoperating, and the expenses paid by RGI, both operating and nonoperating, and any other revenues, expenses, gains, and losses received or spent by RGI.

Generally speaking, operating revenues are recognized for providing goods and services to the various customers and constituents of RGI. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of RGI. Nonoperating revenues and expenses are revenues and expenses recognized for which goods and services are not provided, for example, interest and dividend income, other income and interest expense. The statements of revenues, expenses, and changes in net position present RGI's results of operations.

A summary of RGI's revenues, expenses, and changes in net position for the years ended June 30, 2024, 2023, and period ended June 30, 2022 is as follows:

Statements of Revenue, Expenses, and Changes in Net Position			
(in thousands)			
	2024*	2023	2022
Operating revenues:			
Services revenue	\$ 1,276	\$ —	\$ —
Total operating revenues	1,276	—	—
Operating expenses:			
Salaries and benefits	1,627	—	—
Materials and supplies	1	1	1
Professional and other services	2,889	140	198
Total operating expenses	4,517	141	199
Operating loss	(3,241)	(141)	(199)
Nonoperating revenues (expenses):			
Interest and dividends	147	94	1
Loss on investment in joint venture	—	(538)	—
Gain on acquisition	650	—	—
Interest on long-term debt	(101)	(108)	(27)
Net nonoperating revenues (expenses)	696	(552)	(26)
Decrease in net position	(2,545)	(693)	(225)
Net position as of beginning of year / period (as restated)	(470)	(225)	—
Net position as of end of year / period	\$ (3,015)	\$ (918)	\$ (225)

*Fiscal year 2024 presented with RES as a wholly owned component unit. RES is reported in fiscal year 2023 as a 50% owned joint venture. Fiscal year 2024 beginning net position has been restated to reflect the impact of the reporting change.

Management's Discussion and Analysis (Unaudited)

Fiscal Year 2024 Compared to Fiscal Period 2023

The increase in services revenue of \$1,276 thousand is attributable to the now wholly owned nature of RES. The increase in operating expenses of \$4,376 thousand is primarily the result of an increase in professional and other services of \$2,749 thousand and salaries and benefits of \$1,627 thousand attributable to the now wholly owned nature of RES.

The increase in nonoperating revenues of \$1,248 thousand is primarily the result of the gain on acquisition of RES of \$650 thousand as a result of service contributions during fiscal year 2024 and the decrease in loss on investment in joint venture of \$538 thousand.

Fiscal Year 2023 Compared to Fiscal Year 2022

The decrease in operating expenses of \$58 thousand is primarily attributable to a decrease in professional and other services.

The increase in nonoperating expenses (net) of \$526 thousand is due to an increase in loss on joint venture investments of \$538 thousand and an increase in interest expense of \$81 thousand, offset by an increase in interest and dividends revenue of \$93 thousand.

Debt Activity

As of June 30, 2024 and 2023, RGI had \$4,585 thousand and \$5,000 thousand, respectively, in outstanding long-term debt.

There were no significant transactions related to long-term debt that occurred during fiscal year 2024 and 2023.

Future Outlook

RGI is developing a plan of action to execute its mission of expanding the educational outreach and capabilities of institutions of higher education, with a particular focus in online education.

ROWAN GLOBAL INC.

(A Component Unit of Rowan University)

Statements of Net Position

June 30, 2024 and 2023

Assets	2024	2023
Current assets:		
Cash (note 2)	\$ 2,722,459	3,639,122
Receivables and other assets	55,168	—
Total current assets	<u>2,777,627</u>	<u>3,639,122</u>
Noncurrent assets:		
Investment in joint venture (note 5)	—	461,475
Total noncurrent assets	<u>—</u>	<u>461,475</u>
Total assets	<u>2,777,627</u>	<u>4,100,597</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses (note 3)	1,175,110	9,725
Accrued interest payable (note 4)	32,556	8,988
Long-term debt – current portion (note 4)	618,167	567,684
Total current liabilities	<u>1,825,833</u>	<u>586,397</u>
Noncurrent liabilities:		
Long-term debt – net of current portion (note 4)	3,967,030	4,432,316
Total noncurrent liabilities	<u>3,967,030</u>	<u>4,432,316</u>
Total liabilities	<u>5,792,863</u>	<u>5,018,713</u>
Net Position		
Unrestricted	<u>(3,015,236)</u>	<u>(918,116)</u>
Total net position	<u>\$ (3,015,236)</u>	<u>(918,116)</u>

See accompanying notes to the financial statements.

ROWAN GLOBAL INC.

(A Component Unit of Rowan University)

Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating revenues		
Services revenue	\$ 1,276,237	—
Total operating revenues	<u>1,276,237</u>	<u>—</u>
Operating expenses:		
Salaries and benefits	1,626,712	—
Materials and supplies	1,038	147
Professional and other services	2,889,634	140,890
Total operating expenses	<u>4,517,384</u>	<u>141,037</u>
Operating loss	<u>(3,241,147)</u>	<u>(141,037)</u>
Nonoperating revenues (expenses):		
Interest and dividends	146,758	93,631
Loss on investment in joint venture (note 5)	—	(538,525)
Gain on acquisition	650,000	—
Interest on long-term debt	(100,943)	(107,648)
Total nonoperating revenues (expenses), net	<u>695,815</u>	<u>(552,542)</u>
Change in net position	(2,545,332)	(693,579)
Net position as of beginning of year	(918,116)	(224,537)
Adjustment to beginning net position, change to financial reporting entity (note 1(a)(i))	<u>448,212</u>	<u>—</u>
Net position as of end of year	\$ <u><u>(3,015,236)</u></u>	<u><u>(918,116)</u></u>

See accompanying notes to the financial statements.

ROWAN GLOBAL INC.

(A Component Unit of Rowan University)

Statements of Cash Flows

Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Services revenue	\$ 1,276,237	—
Payments to suppliers	<u>(2,257,167)</u>	<u>(140,900)</u>
Cash used by operating activities	<u>(980,930)</u>	<u>(140,900)</u>
Cash flows from noncapital financing activities:		
Proceeds from promissory loan with Rowan University	(414,803)	—
Interest paid on debt	<u>(77,375)</u>	<u>(125,623)</u>
Net cash used by noncapital financing activities	<u>(492,178)</u>	<u>(125,623)</u>
Cash flows from investing activities:		
Investment in joint venture	—	(1,000,000)
Cash from acquisition	409,687	—
Interest and dividends	<u>146,758</u>	<u>93,631</u>
Net cash provided by (used by) investing activities	<u>556,445</u>	<u>(906,369)</u>
Net decrease in cash	(916,663)	(1,172,892)
Cash as of beginning of year	<u>3,639,122</u>	<u>4,812,014</u>
Cash as of end of year	<u>\$ 2,722,459</u>	<u>3,639,122</u>
Reconciliation of operating loss to cash used for operating activities:		
Operating loss	\$ (3,241,147)	(141,037)
Adjustments to reconcile operating loss to cash used by operating activities:		
Changes in operating assets and liabilities:		
Receivables and other assets	(55,168)	5,860
Services contributions	1,150,000	—
Accounts payable and accrued expenses	<u>1,165,385</u>	<u>(5,723)</u>
Net cash used by operating activities	<u>\$ (980,930)</u>	<u>(140,900)</u>
Noncash transaction:		
Unrealized loss on joint venture investment	\$ —	(538,525)
Services contributions	1,150,000	—

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.

On November 15, 2022, RGI established a new joint venture, Rowan Education Services, LLC (RES). On November 17, 2022, RGI established a new corporation, Rowan Education Management Services (REMS). Both new entities will support the mission of RGI. The purpose of REMS is to directly enhance the ability of RGI to provide/procure services through its investment in RES.

(i) Financial Reporting Organization

During the fiscal year 2024, RGI executed a settlement agreement to take 100% ownership in RES resulting in it becoming a wholly owned blended component unit. Therefore, there has been an adjustment to the beginning net position of fiscal year 2024 in the amount of \$448,212 to reflect the inclusion of RES in the financial statements as of the beginning of fiscal year 2024. The effect of the change to the financial reporting entity is shown below.

Changes to or within the Financial Reporting Entity			
	2024 Beginning net position	Changes within the financial reporting entity	2024 Beginning net position as restated
RGI Net Position as reported in the Statement of Net Position	\$ (918,116)	448,212	(469,904)
Blended component units:			
REMS	50	—	50
RES	—	448,212	448,212
	\$ 50	448,212	448,262

In fiscal year 2023, RES was reflected in the basic financial statements as a 50% owned joint venture.

(b) Summary of Significant Accounting Policies

(i) Basis of Presentation

The accounting policies of RGI conform to U.S. generally accepted accounting principles (GAAP). 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) *Use of Estimates*

The preparation of financial statements in conformity with GAAP 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.

(v) *New Accounting Standard Adopted*

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62* (GASB 100). This statement improves accounting and financial reporting for accounting changes and error corrections to provide more understandable, reliable, and comparable information for making decisions or assessing accountability. GASB 100 defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity. Under this Statement, accounting changes would require restatement of reported periods as well as additional note disclosure. The requirements of this standard are effective for periods beginning after June 15, 2023 (fiscal year 2024). RGI adopted GASB 100 effective July 1, 2023.

(vi) *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.

(2) Deposits

Custodial credit risk associated with RGI’s cash includes uninsured and uncollateralized deposits that exceed FDIC insurance coverage limits. RGI’s bank deposits as of June 30, 2024 and 2023 were partially insured by Federal Depository Insurance in the amount of \$350,826 and \$250,049 in 2024 and 2023, respectively. RGI’s bank deposits as of June 30, 2024 and 2023 were \$2,722,459 and \$3,639,073, respectively, leaving uninsured and uncollateralized balances of \$2,371,633 and \$3,389,024.

(3) Accounts Payable and Accrued Expenses

RGI accounts payable and accrued expenses consisted of amounts due to vendors totaling \$1,175,110 and \$9,725 for June 30, 2024 and 2023, respectively. Of these amounts, \$165,629 and \$8,245 were due to Rowan University.

(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 continued for one year with principal paid, beginning in April 2023, over the following ten years of the agreement.

RGI's interest payable was \$32,556 and \$8,988 as of June 30, 2024 and 2023, respectively.

Aggregate principal and interest repayments, using fixed interest rates in effect as of June 30, 2024, required during the next five fiscal years and in five year increments thereafter are as follows as of June 30, 2024:

Long Term Debt Principle and Interest Repayments				
	Interest rate	Principal amount	Interest amount	Total amount
Year ending June 30:				
2025	2.157%	\$ 618,167	123,579	741,746
2026	2.157%	475,423	80,887	556,310
2027	2.157%	485,779	70,530	556,309
2028	2.157%	496,362	59,948	556,310
2029	2.157%	507,175	49,135	556,310
2030–2033	2.157%	2,002,291	83,870	2,086,161
		<u>\$ 4,585,197</u>	<u>467,949</u>	<u>5,053,146</u>

Changes in long-term liabilities for the year ended June 30, 2024 are as follows:

2024					
Long-term Liabilities Rollforward					
	Beginning balance	Additions	Reductions	Ending balance	Due within One Year
Rowan University	\$ 5,000,000	—	414,803	4,585,197	618,167
Total long-term liabilities	<u>\$ 5,000,000</u>	<u>—</u>	<u>414,803</u>	<u>4,585,197</u>	<u>618,167</u>

Changes in long-term obligations for the year ended June 30, 2023 are as follows:

2023					
Long-term Liabilities Rollforward					
	Beginning balance	Additions	Reductions	Ending balance	Due within One Year
Rowan University	\$ 5,000,000	—	—	5,000,000	567,684
Total long-term liabilities	<u>\$ 5,000,000</u>	<u>—</u>	<u>—</u>	<u>5,000,000</u>	<u>567,684</u>

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 entered into negotiations with Rowan University related to the debt. During fiscal year 2024, Rowan University deferred payment requirements. RGI is not in default as of June 30, 2024.

RGI does not have any open lines of credit.

(5) Joint Venture

In fiscal year 2024, RGI, through REMS, acquired the remaining 50% equity interest in RES. As a result of this transaction, there is no joint venture activity in fiscal year 2024 and RES activities are presented within RGI financial statements. The total loss resulting from RES activities in fiscal year 2024 is \$2,081,146. Prior to the acquisition, service contributions of \$1,150,000 were expensed.

In fiscal year 2023, RGI, through REMS, held a 50% equity interest in the joint venture RES. The other 50% was held by Cygnus Marketing Communications, Inc. (Cygnus). RGI held general management control over RES while Cygnus holds general operational control. RGI was subject to a maximum capital contribution of \$5,000,000 of which \$1,000,000 had been contributed and matched by Cygnus through contributed services and software. During fiscal year 2023, the total loss recorded by RES was \$1,077,050.

(6) Blended Operating Component Unit – Rowan Educational Services, LLC

(1) Rowan Educational Services, LLC – Condensed Statement of Net Position

Condensed Statement of Net Position	
	2024
Current assets	\$ 144,387
Total assets	144,387
Current liabilities	15,846
Total liabilities	15,846
Net position:	
Unrestricted	128,541
Total net position	\$ 128,541

(2) *Rowan Educational Services, LLC – Condensed Statement of Revenue, Expenses, and Changes in Net Position*

Statement of Revenue, Expenses, and Changes in Net Position	
	2024
Operating revenues:	
Services revenue	\$ 1,276,237
Total operating revenues	1,276,237
Operating expenses:	
Salaries and benefits	1,626,712
Materials and supplies	953
Professional and other services	1,729,718
Total operating expenses	3,357,383
Operating loss	(2,081,146)
Equity Contributions	1,300,000
Decrease in net position	(781,146)
Net position as of beginning of year	909,687
Net position as of end of year	\$ 128,541

(3) *Rowan Educational Services, LLC – Condensed Statement of Cash Flows*

Statement of Revenue, Expenses, and Changes in Net Position	
	2024
Cash flows from operating activities	
Services revenue	\$ 1,276,237
Payments to suppliers	(2,235,147)
Net cash used by operating activities	(958,910)
Cash flows from noncapital financing activities:	
Equity contributions	650,000
Net cash provided by noncapital financing activities	650,000
Net decrease in cash	(308,910)
Cash as of beginning of year	409,687
Cash as of end of year	\$ 100,777
Noncash transaction:	
Service contributions	\$ 1,150,000

(7) Subsequent Events

RGI has made the determination that it will dissolve RES and REMS. The dissolution has not yet occurred but is anticipated to occur during calendar year 2024.