



**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**

(A Component Unit of the State of New Jersey)

Basic Financial Statements, Management's Discussion and Analysis,
Required Supplementary Information and Schedule of Expenditures
of State of New Jersey Awards

June 30, 2025

(With Independent Auditors' Reports Thereon)

**THOMAS EDISON STATE UNIVERSITY AND ITS
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(A Component Unit of the State of New Jersey)

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Independent Auditors' Report

The Board of Trustees
Thomas Edison State University and its
Affiliate the New Jersey State Library:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of Thomas Edison State University and its Affiliate the New Jersey State Library (the Organization), a component unit of the State of New Jersey, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements for the years then ended as listed in the table of contents.

In our opinion, based on our audits and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the Organization, as of June 30, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

We did not audit the financial statements of Thomas Edison State University Foundation, Inc. (the Foundation), which represents 100% of the total assets and total revenues of the discretely presented component unit as of and for the years ended June 30, 2025 and 2024. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Foundation, are based solely on the reports of the other auditors.

Basis for Opinions

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 Organization 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 opinions. The financial statements of Thomas Edison State University Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

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 the Organization'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 opinions. 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 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 financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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, schedules of employer contributions, schedules of proportionate share of the net pension liability, and schedule of proportionate share of the total OPEB liability 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.



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2025 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control over financial reporting and compliance.

KPMG LLP

Short Hills, New Jersey
December 12, 2025

**THOMAS EDISON STATE UNIVERSITY AND ITS
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(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis

June 30, 2025 and 2024

(Unaudited)

The Introduction

This section of Thomas Edison State University (formerly Thomas Edison State College) and its Affiliate the New Jersey State Library's (the Organization) financial statements presents our discussion and analysis of the Organization's financial performance during the fiscal years that ended on June 30, 2025 and 2024, with certain 2023 amounts presented for comparative purposes. Since this discussion and analysis is designed to focus on current activities, it should be read in conjunction with the Organization's basic financial statements, which follow. The financial statements for the Thomas Edison State University Foundation (Foundation) are presented discretely. The Foundation was formed to aid the University in obtaining private funds to meet the needs of the University.

Organization

Thomas Edison State College was founded by the New Jersey Board of Higher Education in 1972 as an institution that provides flexible and accessible, high quality college opportunities primarily for adults. The College received University status during fiscal year 2016 and was renamed Thomas Edison State University (the University). The University is accredited by the Middle States Association of Colleges and Schools. The New Jersey State Library (the Library) was established by the State of New Jersey (the State) to provide lifelong learning and educational services, through the use of a State library, to the citizens of the State of New Jersey. The Library has existed as part of the State since 1796 and maintains approximately 2.5 million volumes of books and historical documents. Included in the Library is the Talking Book & Braille Center (formerly known as the Library for the Blind and Handicapped). Public Law 2001, Chapter 137 was signed into law effective July 2, 2001, making the Library an affiliate of the University. As a result, the financial reporting entity was formed known as the Organization under the control of the University's Board of Trustees.

Using this Annual Financial Report

The financial statements presented in this report focus on the financial position, the changes in financial position and cash flows of the Organization as a whole. The statements of net position focuses on total assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The statements of revenues, expenses, and changes in net position focuses on the revenues earned during the year and the costs of Organization activities. The statements of cash flows focuses on cash inflows and outflows summarized by operating, noncapital financing, capital financing and related investing activities.

Financial Highlights

The Organization's net position has increased to \$49,448,781 at June 30, 2025 from \$43,932,595 at June 30, 2024, and increased from \$36,615,620 at June 30, 2023. In fiscal year 2025, the Organization's net position increase of \$5,516,186 which was primarily due to recognizing pension benefit in accordance with Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) of \$2,697,684 and an increase in the Federal grants and contracts of \$11,364,131, which were partially offset by an increase in grants to libraries of \$9,544,519. In fiscal year 2024, the Organization's net position increase of \$7,316,975 which was primarily due to recognizing pension benefit in accordance with GASB 68 of \$4,231,403 and an increase in the State of New Jersey appropriations of \$2,802,428.

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The Organization recorded on its financial statements the state paid revenue and expenses for other post-employment benefits for fiscal year 2025, 2024 and 2023. The State has communicated that the associated unfunded liability, deferred inflows of resources and deferred outflows of resources are the responsibility of the State and therefore, are not reported on the Organization's financial statements in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). The Organization recorded on its financial statements the net pension liability and related pension amounts as determined by the State of New Jersey, Division of Pensions and Benefits. The State has communicated that the GASB 68 pension liability allocations do not impact State laws or past funding arrangements that have been established annually in the State budget. The State has historically made and has communicated it will continue to make direct payments on behalf of the Organization to the Public Employees Retirement System (PERS) plan.

Operating revenues for the year ended June 30, 2025, increased to \$70,574,191 from \$57,409,616 in 2024, which increased from \$56,935,882 in 2023. The fiscal year 2025 increase was primarily due to an increase of \$11,364,131 in Federal grants and contracts and an increase of \$1,735,114 in student tuition and fees. The increase in fiscal year 2024 was primarily due to an increase of \$1,058,018 in State of New Jersey grants and contracts, which was partially offset by decreased student tuition and fees.

Net nonoperating revenues for the year ended June 30, 2025, decreased to \$45,944,241 from \$ 46,538,211 in fiscal year 2024, primarily due to decreased New Jersey appropriations of \$909,853, decreased State paid fringe benefits of \$1,175,042, which was partially offset by a decrease in the benefit provided by the State for State paid other postemployment benefits of \$979,262 and increased private gifts of \$427,152. The decrease in fringe benefits was related to a lower fringe benefit rate. Net nonoperating revenues for the year ended June 30, 2024 increased to \$46,538,211 from \$40,039,439 in fiscal year 2023, primarily due to an increase of \$2,802,428 in state appropriations, an increase of \$3,345,345 in State paid fringe benefits, an increase in investment income of \$834,416, which were partially offset by a decrease of \$702,597 in State of New Jersey paid other postemployment benefits. The increase in fringe benefits was related to a higher fringe benefit rate.

Statements of Net Position

The statement of net position presents the financial position of the Organization at the end of the fiscal year and includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Organization, as well as the net position of the Organization by category. The assets and liabilities are divided into current and noncurrent.

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

GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following net position categories: Net investment in capital assets, restricted, and unrestricted.

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Net investment in capital assets consists of capital assets, including leases and subscription-based information technology arrangements (SBITAs), net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position consists of nonexpendable and expendable net position. Nonexpendable net position is subject to externally imposed stipulations that must be maintained permanently by the Organization. Expendable net position is subject to externally imposed stipulations that can be fulfilled by actions of the Organization pursuant to the stipulations or that expire by the passage of time.

Unrestricted net position is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management to the board of trustees. Substantially all unrestricted net position is designated for academic programs and initiatives and capital programs.

Condensed Statements of Net Position as of June 30, 2025, 2024 and 2023

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Current assets	\$ 52,487,628	53,725,526	41,508,802
Capital assets, net	53,051,393	56,432,145	58,175,870
Other assets	<u>14,429,579</u>	<u>14,221,102</u>	<u>13,657,703</u>
Total assets	119,968,600	124,378,773	113,342,375
Deferred outflows of resources	<u>6,573,980</u>	<u>8,213,740</u>	<u>8,343,500</u>
Total assets and deferred outflows of resources	<u>126,542,580</u>	<u>132,592,513</u>	<u>121,685,875</u>
Current liabilities	15,785,027	22,264,671	13,296,193
Noncurrent liabilities	<u>56,717,985</u>	<u>59,021,311</u>	<u>59,076,899</u>
Total liabilities	72,503,012	81,285,982	72,373,092
Deferred inflows of resources	<u>4,590,787</u>	<u>7,373,936</u>	<u>12,697,163</u>
Total liabilities and deferred inflows of resources	<u>77,093,799</u>	<u>88,659,918</u>	<u>85,070,255</u>
Net position:			
Net investment in capital assets	57,722,810	59,297,710	60,343,297
Restricted	4,045,981	4,002,969	3,963,540
Unrestricted	<u>(12,320,010)</u>	<u>(19,368,084)</u>	<u>(27,691,217)</u>
Net position, end of year	<u>\$ 49,448,781</u>	<u>43,932,595</u>	<u>36,615,620</u>

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Net Position, End of Year

The Organization's net position at June 30, 2025 increased \$5,516,186 or 13% from fiscal year 2024 to \$49,448,781. The Organization's net position at June 30, 2024 increased \$7,316,975 or 20% from fiscal year 2023 to \$43,932,595. The increase in fiscal year 2025 was primarily due to the recognition of a pension benefit of \$2,697,684, increase student revenue of \$1,735,114, and a \$427,152 increase in private gifts. The increase in fiscal year 2024 was primarily due to the recognition of a pension benefit of \$4,231,403, and increased State appropriations of \$2,802,428.

The Organization's total assets decreased to \$119,968,600 at June 30, 2025 from \$124,378,773 at June 30, 2024, which increased from \$113,342,375 at June 30, 2023. The fiscal year 2025 decrease of \$4,410,173 or 4% was primarily due to decreased cash of \$7,406,039, decreased capital assets of \$3,380,752, and decreased receivables of \$944,076, which was partially offset by increased investments of \$7,812,156. The fiscal year 2024 increase of \$11,036,398 or 10% was primarily due to increased cash of \$11,634,424 and increased federal accounts receivable of \$1,402,640, which was partially offset by decreased net capital assets of \$1,743,725.

The Organization's total deferred outflows of resources decreased \$1,639,760 or 20% from fiscal year 2024 to \$6,573,980 (University share \$3,020,719 and Library share \$3,553,261). The Organization's total deferred inflows of resources decreased \$2,783,149 or 38% from fiscal year 2024 to \$4,590,787 (University share \$3,767,365 and Library share \$823,422). The deferred outflows and inflows of resources are related to pensions which include changes in assumptions, changes in proportion, net differences between projected and actual investment earnings on pension plan assets and fiscal year 2024 contributions subsequent to the measurement date made by the State of New Jersey to the pension plan on behalf of the Organization of \$4,290,403 (University share \$2,119,103 and Library share \$2,171,300).

The Organization's total deferred outflows of resources decreased \$129,760 or 2% from fiscal year 2023 to \$8,213,740 (University share \$3,875,414 and Library share \$4,338,326). The Organization's total deferred inflows of resources decreased \$5,323,227 or 42% from fiscal year 2023 to \$7,373,936 (University share \$5,324,793 and Library share \$2,049,143). The deferred outflows and inflows of resources are related to pensions which include changes in assumptions, changes in proportion, net differences between projected and actual investment earnings on pension plan assets and fiscal year 2023 contributions subsequent to the measurement date made by the State of New Jersey to the pension plan on behalf of the Organization of \$4,540,814 (University share \$2,323,157 and Library share \$2,217,657).

The Organization's total liabilities decreased \$8,782,970 or 11% to \$72,503,012 in fiscal year 2025. The fiscal year 2025 decrease was primarily due to an decrease of \$6,634,911 in unearned grants and contracts, and a decrease of \$1,805,852 in long-term debt, and a decrease of \$1,789,106 in net pension liability, which was partially offset by an increase of \$1,108,550 in accounts payable and accrued expenses. The Organization's total liabilities increased \$8,912,890 or 12% to \$81,285,982 in fiscal year 2024. The fiscal year 2024 increase

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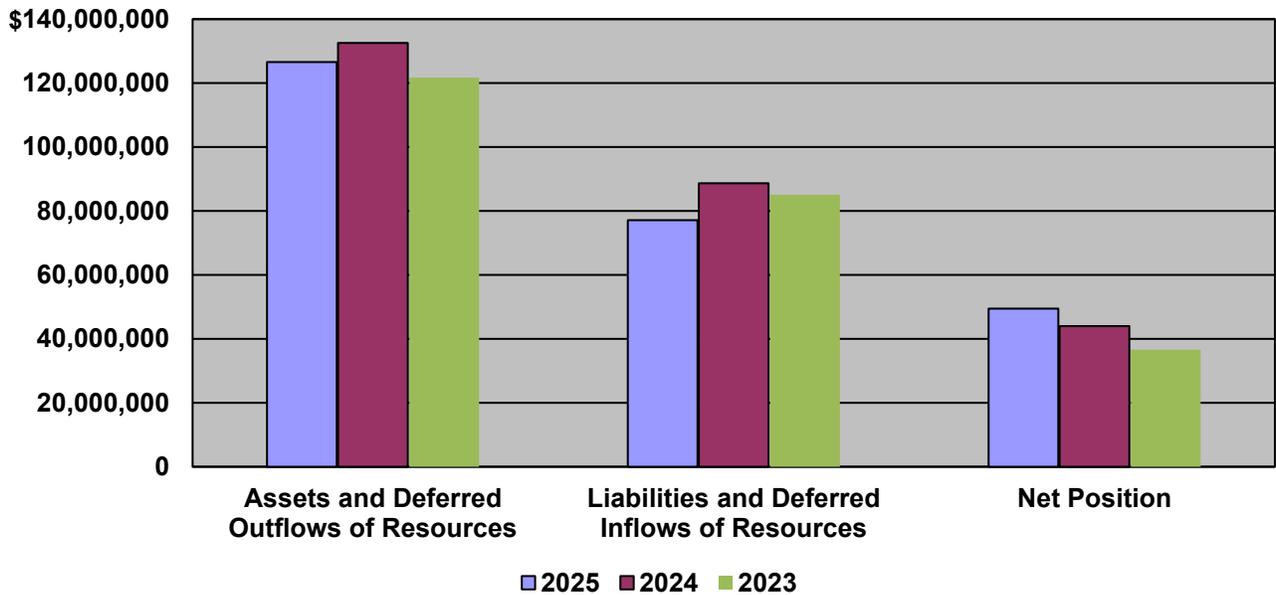
Management's Discussion and Analysis

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(Unaudited)

was primarily due to an increase of \$8,523,367 in unearned grants and contracts, and an increase of \$690,596 in net pension liability, which was partially offset by a decrease of \$742,692 in long-term debt.

Statements of Net Position



Statements of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position presents the Organization's results of operations and other nonoperating and capital related activities recognized. The purpose of the statement is to present the revenues received by the Organization both operating and nonoperating, expenses paid by the Organization, operating and nonoperating, and any other changes to net position. A condensed summary of the

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Organization's revenues, expenses, and changes in net position for the years ended June 30, 2025, 2024 and 2023 follows:

**Condensed Statements of Revenues, Expenses and Changes in Net Position for the years ended
June 30, 2025, 2024 and 2023**

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Operating revenues:			
Student tuition and fees, net of scholarships	\$ 35,976,924	34,241,810	34,507,504
Federal grants and contracts	22,064,286	10,700,155	10,848,439
State of New Jersey grants and contracts	12,017,911	11,658,471	10,600,453
Subtotal operating grants	34,082,197	22,358,626	21,448,892
Other	515,070	809,180	979,486
Total operating revenues	70,574,191	57,409,616	56,935,882
Operating expenses	111,105,519	97,530,659	92,019,105
Operating loss	(40,531,328)	(40,121,043)	(35,083,223)
Nonoperating revenues (expenses):			
State of New Jersey funding, including OPEB	42,947,051	44,052,684	38,607,508
Other nonoperating revenues, net	3,107,295	2,500,704	1,500,315
Loss on disposal of equipment	(110,105)	(15,177)	(68,384)
Net non-operating revenues	45,944,241	46,538,211	40,039,439
State of New Jersey capital grants	103,273	899,807	—
Increase in net position	5,516,186	7,316,975	4,956,216
Net position beginning of year	43,932,595	36,615,620	31,659,404
Net position end of year	\$ 49,448,781	43,932,595	36,615,620

Operating Revenues

Operating revenues are defined as those revenues received by an institution for providing goods and services directly to the students, New Jersey state libraries, and the constituencies of the Organization.

During the year ended June 30, 2025, the Organization generated \$70,574,191 in operating revenues. The sources of these revenues were: tuition and fees, net of scholarships of \$35,976,924; governmental grants and

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contracts of \$34,082,197; and other operating revenues of \$515,070. The University's share of operating revenues was \$46,058,707 and the Library's share of operating revenues was \$24,515,484.

- Student tuition and fees increased \$1,735,114 or 5% in fiscal year 2025 due to an increase in accelerated nursing students and an undergraduate tuition increase of 2%. Tuition was not changed for graduate programs. The total number of students served decreased by 2%. There was a \$1,802,631 increase in accelerated nursing revenue in fiscal year 2025. Student tuition and fees decreased \$265,694 or 1% in fiscal year 2024 due to an 4% decrease in the number of students served which was partially offset by a tuition increase of 2%.
- The increase in State of New Jersey grants and contracts of \$359,440 or 3% in fiscal year 2025 was primarily due to an increase of \$311,900 in the State of New Jersey Tuition Aid Grant which is need-based financial aid. The increase of \$1,058,018 or 10% in fiscal year 2024 was primarily due to an increase of \$226,516 in GO-TESU State need-based aid for part-time students, and \$126,771 in Garden State Guarantee grants which was funded by the Higher Education Student Assistance Authority, a new grant from the New Jersey Attorney General for \$267,346, and an increase in Network Aid of \$309,471.
- The increase in Federal grants and contracts of \$11,364,131 or 106% in fiscal year 2025 was primarily due to \$8,788,331 in Coronavirus Capital Projects Fund revenue and \$1,436,633 in Coronavirus State Fiscal Recovery Fund revenue. Both new Library grants were funded with American Rescue Plan funds. The decrease in Federal grants and contracts of \$148,284 or 1% in fiscal year 2024 was due to timing.

	2025		2024		2023	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
Operating revenues:						
Student tuition and fees (net of scholarship allowances of approximately \$6,034,000, \$3,947,000, and \$3,403,000, respectively)	\$ 35,976,924	51 %	\$ 34,241,810	60 %	\$ 34,507,504	60 %
Federal grants and contracts	22,064,286	31	10,700,155	19	10,848,439	19
State of New Jersey grants and contracts	<u>12,017,911</u>	17	<u>11,658,471</u>	20	<u>10,600,453</u>	20
Subtotal grants	<u>34,082,197</u>		<u>22,358,626</u>		<u>21,448,892</u>	
Other sources:						
Federal indirect cost recovery	260,795	1	235,832	—	356,829	—
Other operating revenue	<u>254,275</u>	—	<u>573,348</u>	1	<u>622,657</u>	1
Subtotal other sources	<u>515,070</u>		<u>809,180</u>		<u>979,486</u>	
Total operating revenues	<u>\$ 70,574,191</u>	<u>100 %</u>	<u>\$ 57,409,616</u>	<u>100 %</u>	<u>\$ 56,935,882</u>	<u>100 %</u>

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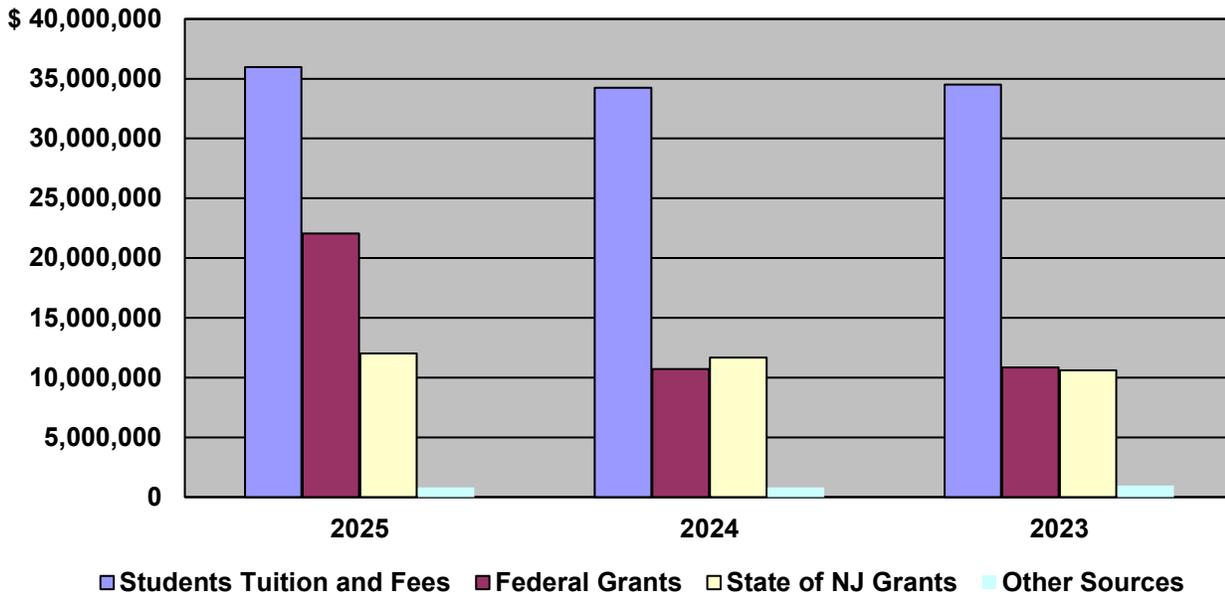
(A Component Unit of the State of New Jersey)

Management's Discussion and Analysis

June 30, 2025 and 2024

(Unaudited)

Operating Revenues



Operating Expenses

Operating expenses are defined as those expenses paid by an institution to acquire or produce goods and services in return for the operating revenues, and to carry out the mission of the institution. For the year ended June 30, 2025, the Organization incurred total operating expenses of \$111,105,519, which were \$40,531,328 more than the operating revenues of \$70,574,191. The University's operating expenses share was \$78,045,555 and the Library's operating expenses share was \$33,059,964. The University's net operating loss share was \$31,986,848 and the Library's net operating loss share was \$8,544,480. The Organization's operating expenses increased \$13,574,860 or 14% from fiscal years 2024 to 2025. The increase is primarily due to increased grants to libraries, increased scholarships and by recognizing a decreased other post-employment benefit (OPEB) benefit.

- The increase in academic support expenses of \$419,565 or 2% in fiscal year 2025 is primarily due to a decreased pension benefit of \$108,644, decreased OPEB benefit of \$113,737, a \$450,000 legal settlement, which was partially offset by a decrease of \$186,170 in consulting costs. The increase in academic support expenses of \$661,708 or 3% in fiscal year 2024 is primarily due to an increase in fringe benefit expense of \$821,993 and decreased pension benefit of \$123,459, which was partially offset by an increase of OPEB benefit of \$86,903 and \$171,310 in increased course creation costs shifted to grants.
- The increase in student services expenses of \$325,343 or 5% in fiscal year 2025 is primarily due to an increase in salary expense of \$134,405, and decreased pension benefit of \$188,286, and a decrease of

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\$192,261 in OPEB benefit, which were partially offset by a decrease in fringe benefit expense of \$190,139. The increase in student services expenses of \$695,468 or 11% in fiscal year 2024 is primarily due to an increase in salary expense of \$140,132, state paid fringe benefit expense of \$472,019 and decreased pension benefit of \$234,607, which was partially offset by an increase of \$128,623 in OPEB benefit.

- Public services expenses increased \$727,464 or 13% in fiscal year 2025, primarily due to a decrease in pension benefit of \$143,296, decreased OPEB benefit of \$44,242, increase of \$242,962 in Capital Projects Fund (CPF) grant expenses and an increase of \$77,346 in Information Literacy grant expenses. The CPF and the Information Literacy grants both kicked off in fiscal year 2024 and had a full year worth of expenses in fiscal year 2025. Public services expenses increased \$662,746 or 13% in fiscal year 2024, primarily due to an increase in salary expense of \$329,469, state paid fringe benefit expense of \$298,140 and decreased pension benefit of \$79,674, which was partially offset by an increase of \$74,020 in OPEB benefit.
- General institutional expenses increased \$79,246 or 1% and increased \$1,048,415 or 9% over the previous year in fiscal years 2025 and 2024, respectively. The increase in fiscal year 2025 is primarily due to a decreased pension benefit of \$94,912, a decrease of \$108,849 in OPEB benefit, an increase of \$221,351 in New Jersey National Guard waivers, which were partially offset by a decrease in bad debt expense of \$359,545. The increase in fiscal year 2024 was primarily due to the increase in fringe benefit expense of \$417,459, \$66,220 in bad debt expense and decreased pension benefit of \$186,027.
- General administration expenses increased \$1,133,061 or 5% and \$1,476,192 or 7% in fiscal year 2025 and 2024, respectively. The increase in fiscal year 2025 was primarily due to the decreases in pension benefit of \$528,081, a decrease of \$376,358 in OPEB benefit and increase in salary expense of \$235,413. The increase in fiscal year 2024 was primarily due to increases in salary expense of \$245,861, fringe benefit expense of \$1,055,338, non-capital information technology equipment of \$260,258, and decreased pension benefit of \$246,082, which were partially offset by an increase of \$307,427 in OPEB benefit. The increase in non-capital information technology equipment was due to the University matching share of a grant.
- Other sponsored programs expenses decreased \$1,009,622 or 55% and increased \$463,522 or 34% in fiscal year 2025 and 2024, respectively. The decrease in fiscal year 2025 was primarily due to multiple grants that were mostly completed during fiscal year 2024. These grants include \$127,583 in reduced spending from the State of New Jersey 'Some College, No Degree' initiative, \$362,064 in reduced spending from Thomas Edison State University Foundation appropriated grants, \$259,955 reduced spending from the Equipment Leasing Fund grant, and \$200,797 in reduced spending from the Opportunities Meets Innovation Challenge grant. The increase in fiscal year 2024 was due to a concerted effort to increase grant funding.
- Scholarships increased \$1,396,541 or 41% and increased \$409,507 or 14% in fiscal year 2025 and 2024, respectively. The increase in fiscal year 2025 was due to an increase in Pell grants of \$1,475,883. The increase in fiscal year 2024 was due to an increase in Pell grants of \$647,145 and increase in GO-TESU grants of \$226,519, which were partially offset by a decrease of \$147,518 in Foundation scholarships.
- State of New Jersey Library expenses increased \$461,366 or 8% and increased \$1,316,218 or 31% in fiscal year 2025 and 2024, respectively. The increase in fiscal year 2025 was primarily due to decreased

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pension benefit of \$316,798 and decreased OPEB benefit of \$81,681. The increase in fiscal year 2024 was primarily due to decreased pension benefit of \$801,407, and increased fringe benefit expense of \$383,232.

- Talking Book & Braille Center increased \$191,790 or 11% and increased \$243,786 or 17% in fiscal year 2025 and 2024, respectively. The increase in fiscal year 2025 was primarily due to decreased pension benefit of \$121,449, decreased OPEB benefit of \$31,454, and increased in salary of \$75,219. The increase in fiscal year 2024 was primarily due to increased fringe benefit expense of \$81,738 and decreased pension benefit of \$147,746.
- Grants to libraries increased \$9,544,519 or 139% and decreased \$1,256,015 or 15% in fiscal year 2025 and 2024, respectively. The increase in fiscal year 2025 was primarily due to the disbursement of \$8,319,134 in CPF grants to subrecipients which began in fiscal year 2025. The increase in fiscal year 2024 was primarily due to fully spending down federal American Rescue Plan Act (ARPA) grant funds in fiscal year 2023. The Library disbursed \$1,606,999 in ARPA grants to local libraries during fiscal year 2023.

	2025		2024		2023	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
Operating expenses:						
Academic support	\$ 24,446,862	21 %	\$ 24,027,297	25 %	\$ 23,365,589	25 %
Student services	7,418,300	7	7,092,957	7	6,397,489	7
Public services	6,312,395	6	5,584,931	6	4,922,185	5
General institutional	12,769,559	12	12,690,313	13	11,641,898	13
Operations and maintenance	2,151,783	2	1,969,917	2	2,116,158	2
General administration	22,992,832	21	21,859,771	22	20,383,579	22
Other sponsored programs	812,620	1	1,822,242	2	1,358,720	2
Scholarships	4,829,413	4	3,432,872	3	3,023,365	3
State of New Jersey Library	6,028,779	5	5,567,413	6	4,251,195	5
Talking Book and Braille Center	1,882,722	2	1,690,932	2	1,447,146	2
Grants to libraries	16,419,564	15	6,875,045	7	8,131,060	9
Collections and exhibits	1,263,657	1	1,249,208	1	1,310,369	1
Depreciation and amortization	3,777,033	3	3,667,761	4	3,670,352	4
Total operating expenses	\$ 111,105,519	100 %	\$ 97,530,659	100 %	\$ 92,019,105	100 %

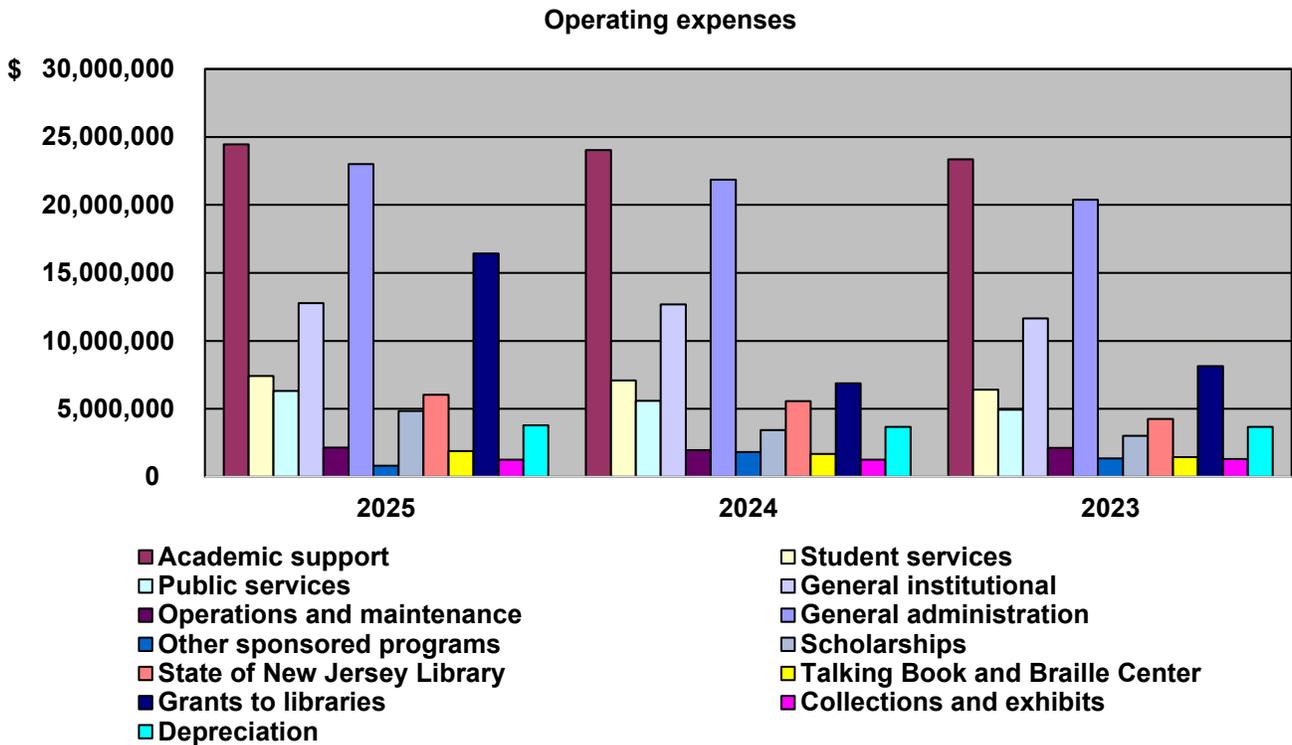
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Nonoperating Revenues

Nonoperating revenues are defined as those revenues received for which goods and services are not provided in return for the revenues.

During the fiscal year 2025, the Organization generated \$45,944,241 in net nonoperating revenues. The components of the nonoperating revenues were primarily direct and indirect State of New Jersey appropriations of \$42,947,051, contributed U.S. Postal Service of \$169,460, private gifts of \$1,063,697, and investment income of \$1,945,856. The University's net nonoperating revenue share was \$36,249,048 and the Library's nonoperating revenue share was \$9,695,193.

- The decrease of State of New Jersey appropriations of \$909,853 or 5% in fiscal year 2025 was due to a reduction of \$500,000 in New Jersey National Guard waiver reimbursement and the elimination of the \$3,000,000 legislative appropriation, which were partially offset by an increase in outcomes-based funding of \$2,440,000 for the University and an increase of \$150,147 for the Library. The increase of State of New Jersey appropriations of \$2,802,428 or 16% in fiscal year 2024 was due to a legislative appropriation increase of \$3,000,000 and increased outcomes-based funding of \$752,000 for the University and decrease of \$949,572 for the Library.

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- The decrease in State of New Jersey paid fringe benefits of \$1,175,042 or 4% in fiscal year 2025 was primarily due to the negotiated fringe benefit rate decreased from 77.15% in fiscal year 2024 to 71.45% in fiscal year 2025 that was partially offset by increased salary expense. The increase in State of New Jersey paid fringe benefits of \$3,345,345 or 14% in fiscal year 2024 was primarily due to the negotiated fringe benefit rate increased from 68.45% in fiscal year 2023 to 77.15% in fiscal year 2024.
- The State of New Jersey paid other postemployment benefits decreased by \$979,262 or 36% in fiscal year 2025 and increased by \$702,597 or 35% in fiscal year 2024. The amount to record is provided by the State of New Jersey and represents the organization's prorated share of the total (benefit) expense.
- Private gifts increased by \$427,152 or 67% and increased by \$187,404 or 42% in fiscal years 2025 and 2024, respectively. The increase in fiscal year 2025 was related to \$412,126 increased funding from the Thomas Edison State University Foundation (TESUF). The increase in fiscal year 2024 was related to \$169,015 increased funding from the TESUF.
- Investment income increased by \$148,272 and by \$834,416 in fiscal year 2025 and 2024, respectively. The increase in fiscal year 2025 was primarily due to market fluctuations and interest earned on higher investment balances. The increase in fiscal year 2024 was due to market fluctuations and higher interest rates.

	2025		2024		2023	
	Total	Percentage of total	Total	Percentage of total	Total	Percentage of total
Nonoperating revenues:						
State of New Jersey appropriations	19,100,555	42	20,010,408	43	17,207,980	43
State of New Jersey paid fringe benefits	25,579,687	56	26,754,729	58	23,409,384	58
State of New Jersey paid other post employment benefits	<u>(1,733,191)</u>	(4)	<u>(2,712,453)</u>	(6)	<u>(2,009,856)</u>	(5)
Subtotal State of New Jersey	42,947,051		44,052,684		38,607,508	
Contributed U.S. Postal Service	169,460	—	163,172	—	178,963	—
Private gifts – restricted	1,063,697	2	636,545	1	449,141	1
Investment income	<u>1,945,856</u>	<u>4</u>	<u>1,797,584</u>	<u>4</u>	<u>963,168</u>	<u>3</u>
Nonoperating revenues	<u>\$ 46,126,064</u>	<u>100 %</u>	<u>\$ 46,649,985</u>	<u>100 %</u>	<u>\$ 40,198,780</u>	<u>100 %</u>

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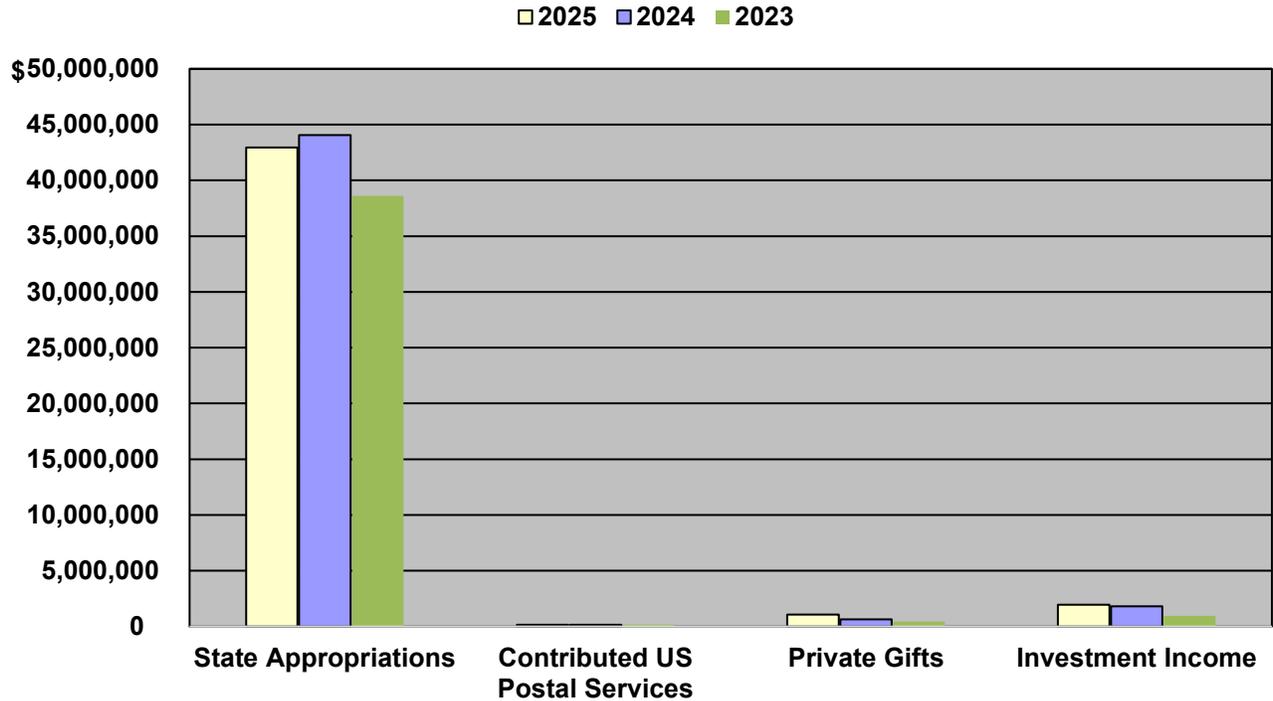
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Nonoperating Revenues



Capital Assets and Debt Activities

At June 30, 2025, the Organization's capital assets, including rare books, artwork, and historical documents, amounted to \$59,182,040, net of accumulated depreciation and amortization of \$47,364,069. The amount invested in capital assets, net of related debt of \$1,459,230, was \$57,722,810. Depreciation and amortization charges totaled \$3,777,033 for the current fiscal year. The \$1,574,900 decrease of net investment in capital assets was due to capital additions of \$506,386, principal paid on outstanding debt of \$2,545,748, less new debt, including lease and SBITA related debt of \$739,896, and depreciation and amortization of \$3,777,033 and net capital retirements of \$110,105. At June 30, 2024, the Organization's capital assets, including rare books, artwork, and historical documents, amounted to \$62,562,792, net of accumulated depreciation and amortization of \$45,197,140. The amount invested in capital assets, net of related debt of \$3,265,082, was \$59,297,710. Depreciation and amortization charges totaled \$3,667,761 for the current fiscal year. The \$1,045,587 decrease of net investment in capital assets was due to capital additions of \$1,939,213, principal paid on outstanding debt of \$2,231,638, less new debt, including lease and SBITA related debt of \$1,533,500, and depreciation and amortization of \$3,667,761 and net capital retirements of \$15,177.

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Interest on indebtedness was \$71,718 in fiscal year 2025 as compared to \$96,597 in fiscal year 2024, a decrease of \$24,879 or 26%. Interest on indebtedness was \$96,597 in fiscal year 2024 as compared to \$90,957 in fiscal year 2023, The decrease was due to decreasing amount of outstanding debt.

Tax-Exempt and Lease Financing

During fiscal year 2025, the State of New Jersey issued bonds to refinance debt that was originally issued during fiscal year 2014 as part of grant funding from the Higher Education Capital Improvement Fund Act. The original grant funding to the University was used for the renovations to 102 – 104 West State Street to house its Center for Learning Technology. The original grant award was for \$1,397,000 with the Organization's share of the bond debt service of \$662,932. The remaining balance of \$275,640 as of fiscal year 2024 was refinanced during fiscal year 2025. The new bond debt service schedule has a ten-year term. The payment schedule includes eighteen semi-annual interest payments totaling \$58,483, and nine annual principal payments totaling \$237,708. The interest rate is 5% for the full term. As of June 30, 2025, the Organization owes \$237,708.

During fiscal year 2025, the State of New Jersey issued bonds to refinance debt that was originally issued during fiscal year 2014 as part of grant funding from the Higher Education Capital Improvement Fund Act. The original grant funding to the University was used for the renovations to the Kelsey/Townhouse complex. The original grant award was for \$1,913,000 with the Organization's share of the bond debt service of \$907,839. The remaining balance of \$377,467 as of fiscal year 2024 was refinanced during fiscal year 2025. The new bond debt service schedule has a ten-year term. The payment schedule includes eighteen semi-annual interest payments totaling \$80,088, and nine annual principal payments totaling \$325,523. The interest rate is 5% for the full term. As of June 30, 2025, the Organization owes \$325,523.

During fiscal year 2024, the State of New Jersey issued bonds to fund the New Jersey Equipment Leasing Fund grant award made to the University. The University is responsible for one quarter of each debt service payment that will be reimbursed to the State. The payment schedule has a six-year term. The University was awarded \$1,485,060 for networking and other technology equipment. The Organization share of the debt is \$355,778 with an interest rate of 5.000%.

During fiscal year 2018, the State issued bonds to fund a New Jersey Capital Improvement Fund grant award made to the University. The University is responsible for one third of each debt service payment that will be reimbursed to the State. The payment schedule has a twenty-year term. The University was awarded \$170,000 for alterations and renovations to the entryway of the Kelsey/Townhouse Complex. The Organization share of the debt is \$55,399 with interest rates ranging from 3.000% to 2.486%. The project was completed during fiscal year 2018.

In October 2014, the Organization entered into a tax-exempt lease financing agreement with PNC Bank to partially fund the construction of the Glen Cairn Hall. The total debt issued was \$7,000,000. The payment schedule has a ten-year term with an interest rate of 2.486%. The Organization made the final debt payment during fiscal year 2025.

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During fiscal year 2014, the State of New Jersey issued bonds to fund the New Jersey Equipment Leasing Fund grant award made to the University. The University is responsible for one quarter of each debt service payment that will be reimbursed to the State. The payment schedule has a ten-year term. The University was awarded \$585,000 for nursing simulation laboratory equipment. The Organization share of the debt is \$127,318 with an interest rate of 5.000%. The Organization made the final debt payment during fiscal year 2023.

The Organization's net investment in capital assets at June 30, 2025, 2024 and 2023 were:

	2025	2024	2023
Net investment in capital assets:			
Depreciable assets:			
Buildings and improvements	\$ 47,357,554	48,995,852	50,661,693
Equipment and vehicles, including leases and subscription IT right-to-use assets	2,351,844	3,987,177	3,872,648
Furniture and fixtures	889,315	996,436	1,188,849
Subtotal	50,598,713	53,979,465	55,723,190
Nondepreciable assets:			
Land	2,452,680	2,452,680	2,452,680
Rare books, artwork, and historical documents	6,130,647	6,130,647	6,130,647
Subtotal	8,583,327	8,583,327	8,583,327
Total capital assets	59,182,040	62,562,792	64,306,517
Less related long-term debt, including lease and subscription IT liabilities	(1,459,230)	(3,265,082)	(3,963,220)
Net investment in capital assets	\$ 57,722,810	59,297,710	60,343,297

Economic Outlook

With net position of \$49,448,781, the Organization's financial position remains positive. A major challenge to the Organization has been the University's enrollment. The University had 10,750 enrollments in fiscal year 2025. This was 2% below the prior year. However, new enrollments increased by 3%. In addition, student tuition and fees increased by 3%. The increase was due to undergraduate tuition increase of 2%, increased enrollments in higher cost programs and decreased enrollments in the lower tuition per student programs. Another challenge is maintaining State support. The University expects increased State support through the formula-based outcomes-based allocations. The University appropriation was lower in fiscal year 2026 by \$162,000 due to decreased outcomes-based funding of \$662,000, which was partially offset by the restoration of \$500,000 for New Jersey National Guard waiver reimbursements.

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Statements of Net Position

Business-Type Activities – Organization Only

June 30, 2025 and 2024

	Assets	2025	2024
Current assets:			
Cash (note 2)		\$ 13,280,454	20,686,493
Investments (notes 2 and 4)		32,643,651	25,039,972
Receivables:			
Students, less allowance for doubtful accounts of \$1,442,613 in 2025 and \$1,198,746 in 2024		3,936,694	3,649,652
State of New Jersey		1,418,146	1,126,709
Federal		518,185	2,163,531
Other receivables		259,143	136,352
Total receivables		6,132,168	7,076,244
Prepaid expenses and other assets		431,355	922,817
Total current assets		<u>52,487,628</u>	<u>53,725,526</u>
Noncurrent assets:			
Investments (notes 2 and 4)		4,297,055	3,930,193
Restricted investments (notes 2 and 4)		2,816,218	3,036,966
Trustee held investments – restricted (notes 3 and 4)		1,185,659	1,123,296
Rare books, artwork, and historical documents		6,130,647	6,130,647
Capital assets, net (notes 5 and 9)		53,051,393	56,432,145
Total noncurrent assets		<u>67,480,972</u>	<u>70,653,247</u>
Total assets		<u>119,968,600</u>	<u>124,378,773</u>
Deferred Outflows of Resources			
Deferred outflows of resources:			
Pensions related (note 9)		6,573,980	8,213,740
Total assets and deferred outflows of resources		<u>126,542,580</u>	<u>132,592,513</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued expenses (notes 6 and 7)		8,429,523	7,320,973
Unearned tuition and fees		3,982,372	3,467,276
Unearned grants and contracts		2,811,813	9,446,724
Deposits held in custody for others		4,192	196,421
Long-term debt – current portion (note 8 and 9)		557,127	1,833,277
Total current liabilities		<u>15,785,027</u>	<u>22,264,671</u>
Noncurrent liabilities:			
Compensated absences – noncurrent portion (note 7)		603,892	588,410
Long-term debt (note 8 and 9)		902,103	1,431,805
Net pension liability (notes 7 and 10)		55,211,990	57,001,096
Total noncurrent liabilities		<u>56,717,985</u>	<u>59,021,311</u>
Total liabilities		<u>72,503,012</u>	<u>81,285,982</u>
Deferred Inflows of Resources			
Deferred inflows of resources:			
Pensions related (note 10)		4,590,787	7,373,936
Total liabilities and deferred inflows of resources		<u>77,093,799</u>	<u>88,659,918</u>
Net Position			
Net investment in capital assets		57,722,810	59,297,710
Restricted for:			
Nonexpendable:			
Aid to local libraries		416,073	416,073
Library for the Blind and Handicapped		333,642	333,642
Expendable:			
Aid to local libraries		1,926,786	1,702,629
Library for the Blind and Handicapped		374,205	342,156
Public policy		995,275	1,208,469
Unrestricted		<u>(12,320,010)</u>	<u>(19,368,084)</u>
Total net position		<u>\$ 49,448,781</u>	<u>43,932,595</u>

See accompanying notes to financial statements.

THOMAS EDISON STATE UNIVERSITY FOUNDATION, INC.
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Statements of Financial Position

June 30, 2025 and 2024

Assets	2025	2024
Cash	\$ 61,412	86,181
Investments	14,872,978	13,654,309
Contributions and grants receivable	258,255	249,705
Other assets	<u>72,751</u>	<u>71,317</u>
Total assets	<u>\$ 15,265,396</u>	<u>14,061,512</u>
Liabilities and Net Assets		
Liabilities:		
Contributions and grants payable	\$ 398,516	337,013
Accrued liabilities	<u>72,378</u>	<u>65,644</u>
Total liabilities	<u>470,894</u>	<u>402,657</u>
Net assets:		
Without donor restrictions	7,047,828	6,525,969
With donor restrictions	<u>7,746,674</u>	<u>7,132,886</u>
Total net assets	<u>14,794,502</u>	<u>13,658,855</u>
Total liabilities and net assets	<u>\$ 15,265,396</u>	<u>14,061,512</u>

See accompanying notes to financial statements.

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Statements of Revenues, Expenses, and Changes in Net Position

Business-Type Activities – Organization Only

Years ended June 30, 2025 and 2024

	2025	2024
Operating revenues:		
Student tuition and fees (net of scholarship allowances of approximately \$5,254,000 in 2025 and \$3,947,000 in 2024)	\$ 35,976,924	34,241,810
Federal grants and contracts	22,064,286	10,700,155
Federal indirect cost recovery	260,795	235,832
State of New Jersey grants and contracts	12,017,911	11,658,471
Other operating revenues	254,275	573,348
Total operating revenues	70,574,191	57,409,616
Operating expenses:		
Academic support	24,446,862	24,027,297
Student services	7,418,300	7,092,957
Public services	6,312,395	5,584,931
General institutional	12,769,559	12,690,313
Operations and maintenance	2,151,783	1,969,917
General administration	22,992,832	21,859,771
Other sponsored programs	812,620	1,822,242
Scholarships	4,829,413	3,432,872
State of New Jersey Library	6,028,779	5,567,413
Talking Book and Braille Center	1,882,722	1,690,932
Grants to libraries	16,419,564	6,875,045
Collections and exhibits	1,263,657	1,249,208
Depreciation and amortization	3,777,033	3,667,761
Total operating expenses	111,105,519	97,530,659
Operating loss	(40,531,328)	(40,121,043)
Nonoperating revenues (expenses):		
State of New Jersey appropriations	19,100,555	20,010,408
State of New Jersey paid fringe benefits	25,579,687	26,754,729
State of New Jersey paid other postemployment benefits (note 9)	(1,733,191)	(2,712,453)
Contributed U.S. Postal Service	169,460	163,172
Private gifts – restricted	1,063,697	636,545
Investment income	1,945,856	1,797,584
Interest on indebtedness	(71,718)	(96,597)
Loss on disposal of equipment	(110,105)	(15,177)
Net nonoperating revenues	45,944,241	46,538,211
Increase in before other revenues	5,412,913	6,417,168
State of New Jersey capital grants	103,273	899,807
Increase in net position	5,516,186	7,316,975
Net position as of beginning of year	43,932,595	36,615,620
Net position as of end of year	\$ 49,448,781	43,932,595

See accompanying notes to financial statements.

THOMAS EDISON STATE UNIVERSITY FOUNDATION, INC.
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Statement of Activities

Year ended June 30, 2025

	Without donor restrictions	With donor restrictions	Total
Support and revenues:			
Contributions and grants	\$ 76,001	699,035	775,036
Special events:			
Revenues	89,592	—	89,592
In-kind contributions	5,355	—	5,355
Less costs of direct benefits to donors	(94,947)	—	(94,947)
Special events, net	—	—	—
Donated personnel	387,548	—	387,548
Investment return, net	743,823	840,480	1,584,303
Net assets released from restrictions	925,727	(925,727)	—
Total support and revenues	2,133,099	613,788	2,746,887
Expenses:			
Program expenses	1,465,833	—	1,465,833
Management and general	46,464	—	46,464
Fundraising	98,943	—	98,943
Total expenses	1,611,240	—	1,611,240
Change in net assets	521,859	613,788	1,135,647
Net assets, beginning of year	6,525,969	7,132,886	13,658,855
Net assets, end of year	\$ 7,047,828	7,746,674	14,794,502

See accompanying notes to financial statements.

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Statement of Activities

Year ended June 30, 2024

	Without donor restrictions	With donor restrictions	Total
Support and revenues:			
Contributions and grants	\$ 103,890	679,721	783,611
Special events:			
Revenues	129,465	—	129,465
In-kind contributions	4,385	—	4,385
Less costs of direct benefits to donors	(94,322)	—	(94,322)
Special events, net	39,528	—	39,528
Donated personnel	380,795	—	380,795
Investment return, net	871,486	1,009,688	1,881,174
Net assets released from restrictions	688,842	(688,842)	—
Total support and revenues	2,084,541	1,000,567	3,085,108
Expenses:			
Program expenses	988,431	—	988,431
Management and general	39,727	—	39,727
Fundraising	88,493	—	88,493
Total expenses	1,116,651	—	1,116,651
Change in net assets	967,890	1,000,567	1,968,457
Net assets, beginning of year	5,558,079	6,132,319	11,690,398
Net assets, end of year	\$ 6,525,969	7,132,886	13,658,855

See accompanying notes to financial statements.

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Statements of Cash Flows

Business-Type Activities – Organization Only

Years ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Student tuition and fees	\$ 41,459,878	38,604,199
Grants, contracts, and other revenues	24,597,463	25,587,510
Payments for salaries	(38,553,737)	(37,201,975)
Payments for fringe benefits	(1,315,349)	(1,652,693)
Payments for materials and supplies	(1,664,916)	(1,631,836)
Payments for services	(22,075,456)	(23,078,414)
Payments for maintenance	(2,339,912)	(2,180,071)
Payments to students	(7,439,254)	(5,075,778)
Payments for grants and contracts	(11,790,338)	(2,264,555)
Payments for noncapital improvements	(144,582)	(675,779)
Net cash used by operating activities	(19,266,203)	(9,569,392)
Cash flows from noncapital financing activities:		
State of New Jersey appropriations	19,100,555	20,010,408
Private gifts – restricted	1,072,216	624,769
Agency receipts	28,353	428,911
Agency disbursements	(220,582)	(446,833)
Net cash provided by noncapital financing activities	19,980,542	20,617,255
Cash flows from capital financing activities:		
Proceeds from issuance of capital debt	595,554	278,277
State of New Jersey capital grants	103,273	899,807
Purchases of capital assets	(319,714)	(711,184)
Net deposits with trustee	17,086	8,581
Principal paid on capital debt	(2,545,749)	(2,231,637)
Interest paid on capital debt	(87,442)	(72,783)
Net cash used by capital financing activities	(2,236,992)	(1,828,939)
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	1,857,981	35,062,261
Purchases of investments	(8,348,520)	(34,287,029)
Interest on investments	607,153	1,640,268
Net cash (used by) provided by investing activities	(5,883,386)	2,415,500
Net (decrease) increase in cash	(7,406,039)	11,634,424
Cash as of beginning of the year	20,686,493	9,052,069
Cash as of end of the year	\$ 13,280,454	20,686,493

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Statements of Cash Flows

Business-Type Activities – Organization Only

Years ended June 30, 2025 and 2024

	2025	2024
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (40,531,328)	(40,121,043)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation and amortization expense	3,777,033	3,667,761
Noncash transactions	24,018,273	24,210,615
Change in assets and liabilities:		
Receivables	944,076	(1,662,119)
Prepaid expenses and other assets	491,462	(24,684)
Accounts payable and accrued expenses	1,278,820	119,751
Deposits held in custody of others	(192,229)	(17,922)
Unearned tuition and fees	515,096	237,753
Unearned grants and contracts	(6,634,911)	8,523,367
Net pension liability and related deferred amounts	(2,932,495)	(4,502,871)
Net cash used by operating activities	\$ (19,266,203)	(9,569,392)
Noncash transactions:		
State of New Jersey paid fringe benefits	\$ 25,579,687	26,754,729
State of New Jersey paid other postemployment benefits	(1,733,191)	(2,712,453)
Contributed U.S. Postal Service	169,460	163,172
Contributed services	2,317	5,167
Student waivers expense	(5,254,213)	(3,947,284)
Student tuition and fees	5,254,213	3,947,284
State of New Jersey paid grants to local libraries expense	(4,629,240)	(4,629,240)
State of New Jersey paid grants to local libraries revenue	4,629,240	4,629,240
	\$ 24,018,273	24,210,615

See accompanying notes to financial statements.

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June 30, 2025 and 2024

(1) Organization and Summary of Significant Accounting Policies

Organization

(a) Thomas Edison State University (formerly Thomas Edison State College)

Thomas Edison State College was founded by the New Jersey Board of Higher Education in 1972 as an undergraduate institution which provides flexible and accessible, high-quality college opportunities primarily for adults. In December 2015, the New Jersey Secretary of Education granted university status to the College and the College's Board of Trustees approved a resolution authorizing the institution to change its name to Thomas Edison State University (the University). The University was developed within two guiding assumptions: (1) many adults acquire college-level knowledge through work, leisure, and formal and informal training activities and (2) college credit should be awarded for the demonstration of college-level knowledge, regardless of the source of that knowledge.

The mission statement of Thomas Edison State University charges the University with providing distinctive undergraduate and graduate education for self-directed adults through flexible, high-quality collegiate learning and assessment opportunities. The University was founded for the purpose of providing diverse and alternative methods of achieving a collegiate education of the highest quality for mature adults.

The University is accredited by the Middle States Association of Colleges and Schools. Enrollment for 2025 was 10,750 students and 2024 was 10,924. Since the University was founded, 77,224 associate, baccalaureate, masters, and doctoral degrees in eighteen degree programs have been awarded. The University's offices are in Trenton, New Jersey.

(b) The New Jersey State Library

The New Jersey State Library (the Library) was established by the State of New Jersey (the State) to provide lifelong learning and educational services, through the use of a State library, to the citizens of the State. This is accomplished by enabling citizens of the State and other libraries within the State, to have access to a national network of publications as well as the collection of books and historical documents at the Library, including a priceless Jerseyana collection. The Library also ensures that affiliated libraries within the State are provided Federal and State funds needed to administer library operations and update collections of books and records. The Library has existed as part of the State since 1796 and maintains approximately 2.5 million volumes of books, electronic equivalents, and historical documents.

(c) The Organization

The University and the State recognize that the mission of the Library complements and enhances the mission of the University. Therefore, to ensure the efficient and effective delivery of library and related services to the citizens of the State, Public Law 2001, Chapter 137 was signed into law effective July 2, 2001, making the Library an affiliate of the University. This statute makes permanent the conditions of Executive Order 002-1996 under which the University and the Library have been operating since July 1996. As a result, the financial reporting entity was formed known as Thomas Edison State

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University and its Affiliate the New Jersey State Library (the Organization) under control of the University's Board of Trustees.

The Organization is recognized as a public institution by the State. Under the law, the Organization is an instrumentality of the State with a high degree of autonomy. However, under Government Accounting Standards Board Statement (GASB) No. 14, *The Financial Reporting Entity*, the Organization is considered a component unit of the State for financial reporting purposes. Accordingly, the Organization's financial statements are included in the State's Annual Comprehensive Financial Report.

Summary of Significant Accounting Policies

(a) Basis of Presentation

The accounting policies of the Organization conform to U.S. generally accepted accounting principles as applicable to colleges and universities. The Organization's reports are based on all applicable GASB pronouncements.

GASB Statement No. 35, *Basic Financial Statements and – Management's Discussion and Analysis – for Public Colleges and Universities*, establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following net position categories:

- *Net investment in capital assets*: Capital assets, including leases and subscription-based information technology arrangements (SBITAs), net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- *Restricted*:
 - Nonexpendable* – Net position subject to externally imposed stipulations that must be maintained permanently by the Organization.
 - Expendable* – Net position whose use by the Organization is subject to externally imposed stipulations that can be fulfilled by actions of the Organization pursuant to the stipulations or that expire by the passage of time.
- *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 Trustees. Substantially all unrestricted net position is designated for academic programs and initiatives and capital programs.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Organization's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

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(b) Measurement Focus and Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting using the economic resources measurement focus. The Organization 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.

(c) Investments

Investments in money market funds and certificates of deposit are measured at amortized cost. All other investments are reflected at fair value. Purchases and sales of investments are accounted for on a trade-date basis. Investment income is recorded on an accrual basis. Realized and unrealized gains and losses are reported in investment income.

(d) Rare Books, Artwork, and Historical Documents

The Organization capitalizes rare books, artwork, collections, and historical documents of \$5,000 or greater at fair value at the date of donation. These items are held for public exhibition, education, or research in furtherance of public service, rather than financial gain, protected, kept unencumbered, cared for, and preserved. They are considered inexhaustible and are not depreciated.

(e) Capital Assets

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. The capitalization threshold is \$5,000 and above for all furniture, equipment and vehicles, and building improvements. Donated capital assets are recorded at acquisition value at the date of donation. Capital assets of the Organization are depreciated using the straight-line method over the following useful lives.

	<u>Useful lives</u>
Buildings	50 years
Building improvements	10–40 years
Data processing equipment	5 years
Furniture and fixtures	15 years
General equipment	10 years
Land improvements	10–50 years
Software	7 years
Vehicles	5 years

The Organization does not capitalize the existing collections of the Library, including books and microfiche, except for rare books, artwork, and historical documents, as they have a short estimated useful life. Included in the accompanying financial statements as an expense are accessions of approximately \$1,264,000 and \$1,249,000 in 2025 and 2024, respectively.

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(f) Net Pension Liability and Related Pension Amounts

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information about PERS, please refer to the State of New Jersey, Division of Pensions and Benefits' Annual Report, which can be found at

<https://www.nj.gov/treasury/pensions/documents/financial/gasb/gasb68-pers25.pdf>. Additional information regarding pensions is discussed in note 10.

(g) Postemployment Benefits Other than Pensions

The Organization follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75), which replaced previous standards of accounting and financial reporting for retirement plans for postemployment benefits other than pensions (OPEB) that are provided to the employees of state and local governmental employers through OPEB plans that are administered either through trusts or equivalent arrangements or not administered through trusts that meet certain specified criteria. The effect of adoption of GASB 75 resulted in recording the Organization's proportionate share of OPEB revenue and expenses that the State is legally obligated for benefit payments on behalf of the Organization. The Organization recognized non-operating revenue and operating expenses related to the support provided by the State of New Jersey. The State is legally obligated for benefit payments on behalf of the Organization. No net liability is required to be included in the Organization's financial statements.

(h) Leases and Software Subscriptions

The University is a lessee for noncancellable leases of real estate and equipment from external parties. The University also has multiple SBITAs with external parties. For leases and SBITAs with a maximum possible term of 12 months or less at commencement, the University recognizes expense based on the provisions of the lease contract. For all other leases and SBITAs (i.e., those that are not short-term), the University recognizes a right of use asset and liability as discussed in note 9.

At lease and SBITA commencement, the University initially measures the liability at the present value of payments expected to be made during the term. Subsequently, the liability is reduced by the principal portion of the payment made. The asset is measured as the initial amount of the liability, adjusted for payments made at or before the commencement date, plus certain initial direct costs. Subsequently, the asset is amortized on a straight-line basis over the shorter of the lease term or its useful life. The University recognizes interest expense on the liability using the effective interest method based on the discount rate determined at commencement.

A key estimate is how the University determines the discount rate it uses to calculate the present value of the expected lease or SBITA payments to be made. The University uses its estimated incremental borrowing rate as the discount rate for leases. The University does not have any leases or SBITAs that

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the lessor has provided their implicit interest rate. The University does not have any leases or SBITAs subject to a residual value guarantee.

(i) Student Tuition and Fees

Student tuition and fees are presented net of scholarships applied to student accounts, while other payments made directly to students are presented as scholarship expenses and are recognized in the period incurred. Student tuition and fees collected in advance of the fiscal year are recorded as unearned tuition and fees in the accompanying statements of net position.

(j) State of New Jersey and Federal Grants and Contracts

State of New Jersey and Federal grants and contracts revenues are recognized as the related expenses are incurred. Amounts received from grants and contracts, which have not yet been earned under the terms of the agreement, are recorded as unearned grants and contracts in the accompanying statements of net position.

(k) State of New Jersey Paid Fringe Benefits

The State of New Jersey pays for the fringe benefits for certain employees of the Organization. Fringe benefits paid by the State of \$25,579,687 and \$26,754,729 in 2025 and 2024, respectively, have been included in the accompanying financial statements as revenues and expenses.

(l) Contributed U.S. Postal Service

As a service to the blind citizens of the State, the U.S. Postal Service provides certain delivery services for the Talking Book and Braille Center at no cost to the Library. The estimated value of such services, based upon the amount of packages delivered, is approximately \$169,500 and \$163,000 for the years ended June 30, 2025 and 2024, respectively. Such contributed services have been included in the accompanying financial statements as revenues and expenses.

(m) Classification of Revenue

The Organization's policy for defining operating activities in the statements of revenues, expenses, and changes in net position are those that serve the Organization's principal purpose and generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Examples include (1) student tuition and fees, net of scholarship allowances, and (2) most Federal, State, and private grants and contracts. Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as operating appropriations from the State, contributed U.S. Postal Service, private gifts, and investment income.

(n) Financial Dependency

The Organization receives a substantial amount of support from Federal and State sources. A significant reduction in the level of this support, if this were to occur, may have adverse effects on the Organization's programs and activities.

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(o) Income Taxes

The Organization's income is excluded from Federal income taxes under Internal Revenue Code Section 115.

(p) 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 disclosure 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.

(q) Adoption of new accounting principles

In June 2022, GASB issued Statement No. 101, *Compensated Absences* (GASB 101). This statement updates accounting and financial reporting requirements for compensated absences and associated salary-related payments to better align the recognition and measurement guidance under a unified model which results in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. The adoption of GASB 101 did not impact the Organization's financial statements.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures* (GASB 102). This statement addresses disclosing information regarding certain concentrations or constraints and related events that may have a substantial impact. The adoption of GASB 102 did not impact the Organization's financial statements. The Organization receives forty-eight percent of its revenue from the State of New Jersey in the form of appropriations, State paid fringe benefits and grant and contracts. Federal sources, including Title IV, military tuition assistance, and veteran's benefits represent thirty-six percent of tuition and fees.

(2) Cash and Investments

(a) Cash

Cash consisted of the following demand deposits in a financial institution as of June 30, 2025 and 2024:

	Carrying amount	Bank balances
2025:		
University	\$ 1,791,107	2,242,467
Library	11,489,347	11,526,786
Total deposits	\$ 13,280,454	13,769,253

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	Carrying amount	Bank balances
2024:		
University	\$ 4,923,910	5,465,801
Library	15,762,583	15,999,240
Total deposits	\$ 20,686,493	21,465,041

Bank balances in excess of FDIC insured amounts totaling \$13,519,253 in 2025 and \$21,032,880 in 2024 are collateralized in accordance with Chapter 64 of Title 18A of New Jersey Statutes.

(b) Investments

The Organization has an investment policy which establishes guidelines for permissible investments. The investment policy for the Organization is based on a disciplined, consistent, and diversified approach. The Organization may be invested in instruments such as, but not limited to, obligations of the United States government; certificates of deposit; domestic investment grade commercial paper; money market funds; domestic fixed income investments; and equities. Fixed income and equity investments may be part of an exchange traded fund.

Investments consist of the following as of June 30, 2025 and 2024:

	2025		
	University	Library	Total
State of New Jersey Cash Management Fund	\$ 31,424,095	503,100	31,927,195
Money market accounts	50,451	2,127,117	2,177,568
Equities and equity exchange traded funds (ETFs)	706,983	958,488	1,665,471
Fixed income ETFs	3,348,902	637,788	3,986,690
Total	\$ 35,530,431	4,226,493	39,756,924

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	2024		
	University	Library	Total
State of New Jersey Cash Management Fund	\$ 24,201,305	480,450	24,681,755
Money market accounts	53,706	2,054,329	2,108,035
Equities and equity exchange traded funds (ETFs)	769,439	863,042	1,632,481
Fixed income ETFs	3,012,909	571,951	3,584,860
Total	\$ 28,037,359	3,969,772	32,007,131

The Organization's investments are subject to various risks. Among these risks are credit risk and interest rate risk. Each one of these risks is discussed in more detail below.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Individual debt instruments are measured by nationally recognized statistical rating agencies such as Moody's Investors Service, Inc. (Moody's). The Organization's ETF mutual funds are comprised of many securities and therefore are not rated overall as a fund by the major rating agencies.

The following table summarizes the Organization's fixed income investments as of June 30, 2025 and 2024:

	2025		2024	
	Rating	Fair value	Rating	Fair value
University:				
Fixed income ETFs	Not Rated	\$ 3,348,902	Not Rated	\$ 3,012,909
Library:				
Fixed income ETFs	Not Rated	\$ 637,788	Not Rated	\$ 571,951

The Organization participates in the State of New Jersey Cash Management Fund wherein amounts, also contributed by other State entities, are combined into a large-scale investment program. The State of New Jersey Cash Management Fund and money market funds are unrated.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a debt investment. The Organization does not have a written policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

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The following tables summarize the maturities of the Organization's fixed income investments as of June 30, 2025 and 2024:

		2025			
		Maturities in years			
	Fair value	Less than 1	1-5	6-10	11-15
University:					
State of New Jersey Cash					
Management Fund	\$ 31,424,095	31,424,095	—	—	—
Money market accounts	50,451	50,451	—	—	—
Fixed income ETFs	3,348,902	—	—	3,348,902	—
Library:					
State of New Jersey Cash					
Management Fund	503,100	503,100	—	—	—
Money market accounts	2,127,117	2,127,117	—	—	—
Fixed income ETFs	637,788	—	—	637,788	—
	\$ 38,091,453	34,104,763	—	3,986,690	—

		2024			
		Maturities in years			
	Fair value	Less than 1	1-5	6-10	11-15
University:					
State of New Jersey Cash					
Management Fund	\$ 24,201,305	24,201,305	—	—	—
Money market accounts	53,706	53,706	—	—	—
Fixed income ETFs	3,012,909	—	—	3,012,909	—
Library:					
State of New Jersey Cash					
Management Fund	480,450	480,450	—	—	—
Money market accounts	2,054,329	2,054,329	—	—	—
Fixed income ETFs	571,951	—	—	571,951	—
	\$ 30,374,650	26,789,790	—	3,584,860	—

State of New Jersey Cash Management Funds, money market accounts, fixed income ETFs are included in the above tables using their average weighted maturity.

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(3) Trustee Held Investments – Restricted

Trustee held investments include restricted funds held for Library specific purposes by third party trustees. Trustee held investments consist of the following as of June 30, 2025 and 2024:

	2025	2024
State of New Jersey Cash Management Fund	\$ 702,770	670,722
Money market accounts	3,952	4,013
Alternative assets ETFs	70,724	67,362
Fixed income ETFs	91,857	86,111
Equity ETFs	316,356	295,088
Total	\$ 1,185,659	1,123,296

The Organization’s trustee held investments – restricted are subject to various risks. Among these risks are credit risk and interest rate risk. Each one of these risks is discussed in more detail below.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Organization’s investment policy requires that the overall average quality rating of the portfolio’s domestic fixed income holdings will be at least “A,” as rated by the Standard and Poor’s or Moody’s rating agency.

The Organization participates in the State of New Jersey Cash Management Fund wherein amounts are also contributed by other State entities are combined into a large-scale investment program. The State of New Jersey Cash Management Fund, alternative assets ETFs, fixed income ETFs held by trustees and money market funds are unrated.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Organization does not have a written policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate fluctuations.

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The following table summarizes the maturities of the Organization’s trustee held investments – restricted as of June 30, 2025 and 2024:

2025				
Maturities in years				
Fair value	Less than 1	1-5	6-10	
Library:				
State of New Jersey Cash				
Management Fund	\$ 702,770	702,770	—	—
Money market accounts	3,952	3,952	—	—
Fixed income ETFs	91,857	—	—	91,857
	\$ 798,579	706,722	—	91,857

2024				
Maturities in years				
Fair value	Less than 1	1-5	6-10	
Library:				
State of New Jersey Cash				
Management Fund	\$ 670,722	670,722	—	—
Money market accounts	4,013	4,013	—	—
Fixed income ETFs	86,111	—	21,905	64,206
	\$ 760,846	674,735	21,905	64,206

(4) Fair Value Measurement

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 financial statement measurement date. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 – unadjusted quoted or published prices for identical assets or liabilities in active markets that a government can access at the measurement date;
- Level 2 – quoted or published prices other than those included within Level 1 and other inputs that are observable for an asset or liability, either directly or indirectly; and
- Level 3 – unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3. When the fair value of an asset or a liability is measured using inputs from more than one level of the fair value

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hierarchy, the measurement is considered to be based on the lowest priority level that is significant to the entire measurement.

While the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following is a description of the valuation methodologies used for instruments measured at fair value:

- Equity securities – The fair value of equity securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers.
- Exchange traded funds – The fair value of ETFs are based on the quoted or published market price on an active market as of the measurement date.
- State of New Jersey Cash Management Fund – The fair value of the State of New Jersey cash management fund is based on a compilation of primarily observable market information or broker quotes in a non-active market.
- Money market accounts and certificates of deposit – These investments are measured at amortized cost and have been excluded from fair value leveling.

The Organization’s investments as of June 30, 2025 are summarized in the following table by their fair value hierarchy:

	2025 Investments			
	Total	Level 1	Level 2	Level 3
Investments measured at fair value:				
Equities and equity ETFs	\$ 1,655,471	1,655,471	—	—
Fixed income ETFs	3,986,690	3,986,690	—	—
Subtotal	5,642,161	\$ 5,642,161	—	—
Investments measured at amortized cost:				
Money market accounts	2,177,568			
Subtotal	2,177,568			
Local Government Investment Pool:				
State of New Jersey Cash Management Fund	31,927,195			
Total investments	\$ 39,746,924			

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	2025 Trustee held investments			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments measured at fair value:				
Alternative asset ETFs	\$ 70,724	70,724	—	—
Fixed income ETFs	91,857	91,857	—	—
Equity ETFs	<u>316,356</u>	<u>316,356</u>	<u>—</u>	<u>—</u>
Subtotal	<u>478,937</u>	<u>\$ 478,937</u>	<u>—</u>	<u>—</u>
Investments measured at amortized cost:				
Money market accounts	<u>3,952</u>			
Subtotal	3,952			
Local Government Investment Pool:				
State of New Jersey Cash Management Fund	<u>702,770</u>			
Total investments	<u>\$ 1,185,659</u>			

The Organization's investments as of June 30, 2024 are summarized in the following table by their fair value hierarchy:

	2024 Investments			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments measured at fair value:				
Equities and equity ETFs	\$ 1,632,481	1,632,481	—	—
Fixed income ETFs	<u>3,584,860</u>	<u>3,584,860</u>	<u>—</u>	<u>—</u>
Subtotal	<u>5,217,341</u>	<u>\$ 5,217,341</u>	<u>—</u>	<u>—</u>
Investments measured at amortized cost:				
Money market accounts	<u>2,108,035</u>			
Subtotal	2,108,035			
Local Government Investment Pool:				
State of New Jersey Cash Management Fund	<u>24,681,755</u>			
Total investments	<u>\$ 32,007,131</u>			

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	2024 Trustee held investments			
	Total	Level 1	Level 2	Level 3
Investments measured at fair value:				
Alternative asset ETFs	\$ 67,362	67,362	—	—
Fixed income ETFs	86,111	86,111	—	—
Equity ETFs	295,088	295,088	—	—
Subtotal	448,561	\$ 448,561	—	—
Investments measured at amortized cost:				
Money market accounts	4,013			
Subtotal	4,013			
Local Government Investment Pool:				
State of New Jersey Cash Management Fund	670,722			
Total investments	\$ 1,123,296			

(5) Capital Assets, Net

The Organization's principal locations are in buildings, some of which are owned by the State and are dedicated for use by the Organization. Although legal title for buildings owned by the State rests with the State, the Organization has been given, through legislation, exclusive use of the buildings and has included

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the cost of capital assets in the accompanying statements of net position. For the years ended June 30, 2025 and 2024, capital assets and accumulated depreciation activity was as follows:

	2025			
	<u>Beginning balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending balance</u>
Depreciable assets:				
Buildings and improvements	\$ 64,841,235	111,367	124,204	64,828,398
Equipment and vehicles	3,079,020	118,101	509,221	2,687,900
Furniture and fixtures	3,374,199	18,810	—	3,393,009
University subtotal	<u>71,294,454</u>	<u>248,278</u>	<u>633,425</u>	<u>70,909,307</u>
Buildings and improvements	19,994,821	—	—	19,994,821
Equipment and vehicles	1,925,707	81,443	45,699	1,961,451
Furniture and fixtures	257,621	—	—	257,621
Library subtotal	<u>22,178,149</u>	<u>81,443</u>	<u>45,699</u>	<u>22,213,893</u>
Total depreciable assets	<u>93,472,603</u>	<u>329,721</u>	<u>679,124</u>	<u>93,123,200</u>
Less accumulated depreciation:				
Buildings and improvements	19,600,969	1,474,989	71,073	21,004,885
Equipment and vehicles	2,089,972	272,822	452,246	1,910,548
Furniture and fixtures	2,508,518	157,103	—	2,665,621
University subtotal	<u>24,199,459</u>	<u>1,904,914</u>	<u>523,319</u>	<u>25,581,054</u>
Buildings and improvements	16,239,235	221,545	—	16,460,780
Equipment and vehicles	1,159,742	266,159	—	1,425,901
Furniture and fixtures	126,866	14,528	45,700	95,694
Library subtotal	<u>17,525,843</u>	<u>502,232</u>	<u>45,700</u>	<u>17,982,375</u>
Total accumulated depreciation	<u>41,725,302</u>	<u>2,407,146</u>	<u>569,019</u>	<u>43,563,429</u>
Total depreciable assets, net	<u>51,747,301</u>	<u>(2,077,425)</u>	<u>110,105</u>	<u>49,559,771</u>
Nondepreciable assets:				
University land	1,363,088	—	—	1,363,088
Library land	1,089,592	—	—	1,089,592
Total nondepreciable assets	<u>2,452,680</u>	<u>—</u>	<u>—</u>	<u>2,452,680</u>
Total capital assets, net excluding leases	<u>\$ 54,199,981</u>	<u>(2,077,425)</u>	<u>110,105</u>	<u>52,012,451</u>
University lease and subscription IT right-to-use assets, net				972,132
Library lease and subscription IT right-to-use assets, net				<u>66,810</u>
Total capital assets, net				<u>\$ 53,051,393</u>

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		2024			
		<u>Beginning balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending balance</u>
Depreciable assets:					
Buildings and improvements	\$	64,806,833	34,402	—	64,841,235
Equipment and vehicles		2,881,383	593,853	396,216	3,079,020
Furniture and fixtures		3,374,199	—	—	3,374,199
University subtotal		<u>71,062,415</u>	<u>628,255</u>	<u>396,216</u>	<u>71,294,454</u>
Buildings and improvements		19,994,821	—	—	19,994,821
Equipment and vehicles		1,951,085	133,236	158,614	1,925,707
Furniture and fixtures		257,621	—	—	257,621
Library subtotal		<u>22,203,527</u>	<u>133,236</u>	<u>158,614</u>	<u>22,178,149</u>
Total depreciable assets		<u>93,265,942</u>	<u>761,491</u>	<u>554,830</u>	<u>93,472,603</u>
Less accumulated depreciation:					
Buildings and improvements	\$	18,122,648	1,478,321	—	19,600,969
Equipment and vehicles		2,213,007	259,418	382,453	2,089,972
Furniture and fixtures		2,330,633	177,885	—	2,508,518
University subtotal		<u>22,666,288</u>	<u>1,915,624</u>	<u>382,453</u>	<u>24,199,459</u>
Buildings and improvements		16,017,313	221,922	—	16,239,235
Equipment and vehicles		1,031,106	285,836	157,200	1,159,742
Furniture and fixtures		112,338	14,528	—	126,866
Library subtotal		<u>17,160,757</u>	<u>522,286</u>	<u>157,200</u>	<u>17,525,843</u>
Total accumulated depreciation		<u>39,827,045</u>	<u>2,437,910</u>	<u>539,653</u>	<u>41,725,302</u>
Total depreciable assets, net		<u>53,438,897</u>	<u>(1,676,419)</u>	<u>15,177</u>	<u>51,747,301</u>
Nondepreciable assets:					
University land		1,363,088	—	—	1,363,088
Library land		1,089,592	—	—	1,089,592
Total nondepreciable assets		<u>2,452,680</u>	<u>—</u>	<u>—</u>	<u>2,452,680</u>
Total capital assets, net excluding leases	\$	<u>55,891,577</u>	<u>(1,676,419)</u>	<u>15,177</u>	<u>54,199,981</u>
University lease and subscription IT right-to-use assets, net					2,150,867
Library lease and subscription IT right-to-use assets, net					<u>81,297</u>
Total capital assets, net				\$	<u>56,432,145</u>

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(6) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following as of June 30, 2025 and 2024:

		2025			2024
		University	Library	Total	Total
Vendors	\$	3,086,085	187,643	3,273,728	3,218,778
Accrued salaries and benefits		1,648,340	325,062	1,973,402	1,618,680
Compensated absences		1,888,006	289,652	2,177,658	2,152,383
Other accrued expenses		752,008	252,727	1,004,735	331,132
Total	\$	7,374,439	1,055,084	8,429,523	7,320,973

(7) Noncurrent Liabilities

For the years ended June 30, 2025 and 2024, current compensated absences and noncurrent liabilities activity, other than long-term debt, was as follows:

		2025				
		Beginning balance	Additions	Reductions	Ending balance	Current portion
Compensated absences:						
University	\$	2,267,689	88,750	—	2,356,439	1,888,006
Library		473,104	—	47,993	425,111	289,652
Total compensated absences		2,740,793	88,750	47,993	2,781,550	2,177,658
Net pension liability:						
University		30,192,213	—	1,554,884	28,637,329	—
Library		26,808,883	—	234,222	26,574,661	—
Total net pension liability		57,001,096	—	1,789,106	55,211,990	—
Total	\$	59,741,889	88,750	1,837,099	57,993,540	2,177,658

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	2024				
	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Current portion</u>
Compensated absences:					
University	\$ 2,154,715	112,974	—	2,267,689	1,844,805
Library	574,693	—	101,589	473,104	307,578
Total compensated absences	<u>2,729,408</u>	<u>112,974</u>	<u>101,589</u>	<u>2,740,793</u>	<u>2,152,383</u>
Net pension liability:					
University	29,762,951	429,262	—	30,192,213	—
Library	26,547,549	261,334	—	26,808,883	—
Total net pension liability	<u>56,310,500</u>	<u>690,596</u>	<u>—</u>	<u>57,001,096</u>	<u>—</u>
Total	<u>\$ 59,039,908</u>	<u>803,570</u>	<u>101,589</u>	<u>59,741,889</u>	<u>2,152,383</u>

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(8) Long-Term Debt

For the years ended June 30, 2025 and 2024, long-term debt activity was as follows:

	2025			Ending balance	Current portion
	Beginning balance	Additions	Reductions		
Long-term debt:					
University:					
Capital Improvement Fund:					
102-104 W State St, Series 2014-A	\$ 275,640	—	275,640	—	—
Capital Improvement Fund (refinance):					
102-104 W State St, Series 2014-A	—	237,708	—	237,708	22,546
Capital Improvement Fund:					
Kelsey/Townhouse Series, 2014-A	377,467	—	377,467	—	—
Capital Improvement Fund (refinance):					
Kelsey/Townhouse Series 2024	—	325,523	—	325,523	30,874
PNC Bank:					
Nursing Center	410,000	—	410,000	—	—
Capital Improvement Fund:					
Kelsey Entryway	42,087	—	2,386	39,701	2,486
Equipment Leasing Fund:					
Computing Equipment	355,778	—	52,137	303,641	54,811
Total excluding leases and subscription IT liabilities	<u>\$ 1,460,972</u>	<u>563,231</u>	<u>1,117,630</u>	906,573	110,717
University lease and subscription IT liabilities				551,374	445,389
Library lease liabilities				<u>1,283</u>	<u>1,021</u>
Total long-term debt				<u>\$ 1,459,230</u>	<u>557,127</u>

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	2024				
	Beginning balance	Additions	Reductions	Ending balance	Current portion
Long-term debt:					
University:					
Capital Improvement Fund:					
102-104 W State St, Series 2014-A	\$ 296,705	—	21,065	275,640	22,147
Capital Improvement Fund:					
Kelsey/Townhouse Series, 2014-A	406,314	—	28,847	377,467	30,328
PNC Bank:					
Nursing Center	1,170,000	—	760,000	410,000	410,000
Capital Improvement Fund:					
Kelsey Entryway	44,370	—	2,283	42,087	2,388
Equipment Leasing Fund:					
Computing Equipment	—	355,778	—	355,778	52,137
Total excluding leases and subscription IT liabilities	\$ <u>1,917,389</u>	<u>355,778</u>	<u>812,195</u>	1,460,972	517,000
University lease and subscription IT liabilities				1,801,854	1,315,304
Library lease liabilities				<u>2,256</u>	<u>973</u>
Total long-term debt				\$ <u>3,265,082</u>	<u>1,833,277</u>

In March 2014, the Organization received grant funding as part of the Higher Education Capital Improvement Fund Act in which BNY Mellon Bank is Custodian, the New Jersey Educational Facilities Authority is the grantor, and the Organization is the grantee. The grant funding of \$1,397,000 to the University was used for the renovations to 102 – 104 West State Street to house its new Center for Learning Technology. The Organization's share of the bond debt service is \$662,932. The bond debt service payment schedule has a twenty year term. There are twenty interest-only payments totaling \$118,131 and nineteen principal plus interest payments totaling \$544,801 with interest rates ranging from 3.500% to 5.000%. In December 2024, this debt was refinanced and therefore is no longer outstanding as of June 30, 2025. As of June 30, 2024, the Organization owes \$275,640.

In December 2024, the Organization received grant funding as part of the Higher Education Capital Improvement Fund when the New Jersey Educational Facilities Authority issued Revenue Refunding Bonds, Higher Education Capital Improvement Fund Issue, Series 2024-A bonds. This refinance transaction was arranged through the New Jersey Educational Facilities Authority in which BNY Mellon Bank is Custodian, the New Jersey Educational Facilities Authority is the grantor, and the Organization is the grantee. This grant funding to the University is to be used to continue renovations to 102 – 104 West State Street for the Center for Learning Technology. The bond debt service schedule has a ten year term. The payment schedule includes eighteen semi-annual interest payments totaling \$58,483, and nine annual principal payments totaling \$237,708. The interest rate is 5% for the full term. As of June 30, 2025, the Organization owes \$237,708.

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In March 2014, the Organization received grant funding as part of the Higher Education Capital Improvement Fund Act in which BNY Mellon Bank is Custodian, the New Jersey Educational Facilities Authority is the grantor, and the Organization is the grantee. The grant funding of \$1,913,000 to the University was used for capital improvements and renovations to the Kelsey/Townhouse Complex. The Organization's share of the bond debt service is \$907,836. The bond debt service payment schedule has a twenty-year term. There are twenty interest-only payments totaling \$161,772 and nineteen principal plus interest payments totaling \$593,360 with interest rates ranging from 3.500% to 5.00%. In December 2024, this debt was refinanced and is no longer outstanding as of June 30, 2025. As of June 30, 2024, the Organization owes \$377,467.

In December 2024, the Organization received grant funding as part of the Higher Education Capital Improvement Fund when the New Jersey Educational Facilities Authority issued Revenue Refunding Bonds, Higher Education Capital Improvement Fund Issue, Series 2024-A bonds. This refinance transaction was arranged through the New Jersey Educational Facilities Authority in which BNY Mellon Bank is Custodian, the New Jersey Educational Facilities Authority is the grantor, and the Organization is the grantee. This grant funding to the University is to be used to continue renovations to the Kelsey/Townhouse Complex. The bond debt service schedule has a ten year term. The payment schedule includes eighteen semi-annual interest payments totaling \$80,088, and nine annual principal payments totaling \$325,523. The interest rate is 5% for the full term. As of June 30, 2025, the Organization owes \$325,523.

In October 2014, the Organization entered a tax exempt lease financing arrangement in which PNC Bank is the lessor, the New Jersey Educational Facilities Authority is the lessee, and the Organization is the sublessee. The lease financing of \$7,000,000 was to assist the University in covering costs associated with the construction of the Nursing Education Center in Trenton, NJ. The bond debt service payment schedule has a ten-year term. There are 121 monthly loan payments of principal plus interest at 2.486%. As of June 30, 2025, the leasing funds were fully repaid.

In December 2016, the Organization received grant funding as part of the Higher Education Capital Improvement Fund Act in which BNY Mellon Bank is Custodian, the New Jersey Educational Facilities Authority is the grantor, and the Organization is the grantee. The grant funding of \$170,000 to the University was used for alterations and renovations to the entryway of the Kelsey/Townhouse Complex. The Organization's share of the bond debt service is \$55,399. The bond debt service payment schedule has a twenty-year term. There are nineteen interest-only payments totaling \$15,786 and twenty principal plus interest payments totaling \$73,100 with interest rates ranging from 3.000% to 5.500%. As of June 30, 2025 and 2024, the Organization owes \$39,701 and \$42,087, respectively.

In October 2023, the Organization received grant funding as part of the Higher Education Equipment Leasing Fund Act in which BNY Mellon Bank is Custodian, the New Jersey Educational Facilities Authority is the grantor, and the Organization is the grantee. The funding of \$1,485,060 to the University is being used for purchasing computing equipment. The Organization's share of the bond debt service is \$355,778. The bond debt service payment schedule has a six year term. There are six interest-only payments totaling \$30,746 and six principal plus interest payments totaling \$388,204 with an interest rate of 5.000%. As of June 30, 2025 and 2024, the Organization owes \$303,641 and \$355,778, respectively.

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The following is a schedule, by year, of future minimum payments under long-term debt, excluding leases and subscription IT liabilities, as of June 30, 2025:

	Principal	Interest
Year ending June 30:		
2026	\$ 110,717	42,597
2027	116,352	36,945
2028	122,286	31,004
2029	128,550	24,738
2030	128,506	18,297
2031–2035	291,703	33,203
2036–2040	8,459	428
Total	\$ 906,573	187,212

(9) Leases (Lessee) and Similar Subscription-Based Information Technology Arrangements

The Organization is a lessee for various noncancellable leases of buildings and equipment. The Organization also has noncancellable subscription arrangements for the right-to-use various information technology software (subscription IT arrangements).

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A summary of lease and subscription IT asset activity during the year ended June 30, 2025 is as follows:

	2025			
	Beginning balance	Additions	Deductions	Ending balance
Equipment lease assets:	\$ 230,199	—	—	230,199
Less accumulated amortization	90,158	49,685	—	139,843
University subtotal	140,041	(49,685)	—	90,356
Equipment lease assets:	2,956	—	—	2,956
Less accumulated amortization	739	985	—	1,724
Library subtotal	2,217	(985)	—	1,232
Total lease assets, net	142,258	(50,670)	—	91,588
Subscription IT assets:	5,376,267	152,192	1,041,085	4,487,374
Less accumulated amortization	3,365,441	1,281,242	1,041,085	3,605,598
University subtotal	2,010,826	(1,129,050)	—	881,776
Subscription IT assets:	94,580	24,473	—	119,053
Less accumulated amortization	15,500	37,975	—	53,475
Library subtotal	79,080	(13,502)	—	65,578
Total subscription IT assets, net	2,089,906	(1,142,552)	—	947,354
Total lease and subscription IT right-to-use assets, net	\$ 2,232,164	(1,193,222)	—	1,038,942

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A summary of lease and subscription IT right-to-use asset activity during the year ended June 30, 2024 is as follows:

	2024			
	Beginning balance	Additions	Deductions	Ending balance
Equipment lease assets:	\$ 211,124	19,075	—	230,199
Less accumulated amortization	44,182	45,976	—	90,158
University subtotal	166,942	(26,901)	—	140,041
Equipment lease assets:	—	2,956	—	2,956
Less accumulated amortization	—	739	—	739
Library subtotal	—	2,217	—	2,217
Total lease assets, net	166,942	(24,684)	—	142,258
Subscription IT assets:	4,403,453	1,061,111	88,297	5,376,267
Less accumulated amortization	2,286,102	1,167,636	88,297	3,365,441
University subtotal	2,117,351	(106,525)	—	2,010,826
Subscription IT assets:	—	94,580	—	94,580
Less accumulated amortization	—	15,500	—	15,500
Library subtotal	—	79,080	—	79,080
Total subscription IT assets, net	2,117,351	(27,445)	—	2,089,906
Total lease and subscription IT right-to-use assets, net	\$ 2,284,293	(52,129)	—	2,232,164

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Lease and Subscription IT Liabilities

A summary of changes in the related lease and subscription IT liabilities during the year ended June 30, 2025 is as follows:

		2025			
		Beginning balance	Additions	Deductions	Ending balance
Lease liabilities	\$	144,211	—	49,601	94,610
Subscription IT liabilities		1,657,643	152,192	1,353,071	456,764
University subtotal		1,801,854	152,192	1,402,672	551,374
Lease liabilities		2,256	—	973	1,283
Subscription IT liabilities		—	24,473	24,473	—
Library subtotal		2,256	24,473	25,446	1,283
Total	\$	1,804,110	176,665	1,428,118	552,657

A summary of changes in the related lease and subscription IT liabilities during the year ended June 30, 2024 is as follows:

		2024			
		Beginning balance	Additions	Deductions	Ending balance
Lease liabilities	\$	169,655	19,075	44,519	144,211
Subscription IT liabilities		1,876,176	1,061,111	1,279,644	1,657,643
University subtotal		2,045,831	1,080,186	1,324,163	1,801,854
Lease liabilities		—	2,956	700	2,256
Subscription IT liabilities		—	94,580	94,580	—
Library subtotal		—	97,536	95,280	2,256
Total	\$	2,045,831	1,177,722	1,419,443	1,804,110

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Future annual lease payments are as follows:

	Principal	Interest
Years ending June 30:		
2026	\$ 446,410	9,399
2027	106,247	1,951
	\$ 552,657	11,350

(10) Retirement Plans

The Organization participates in two major retirement plans, administered by the State of New Jersey, Division of Pensions and Benefits (the Division), for its employees – Public Employees’ Retirement System (PERS) and the Alternate Benefit Program (ABP), which presently makes contributions to Teachers Insurance and Annuity Association (TIAA-CREF), AXA Equitable, Corbridge Financial (formerly VALIC), Empower (formerly MassMutual), Voya, and MetLife. PERS is a cost sharing, multiple-employer defined benefit pension plan. The ABP alternatives are defined contribution plans that are administered by a separate Board of Trustees. The Organization is charged pension costs through a fringe benefit charge assessed by the State, which is included within the state paid fringe benefits in the accompanying financial statements.

A publicly available annual report of the State of New Jersey, Division of Pensions and Benefits, which includes financial statements, required supplementary information, and detailed information about the PERS’s and ABP’s fiduciary net position, can be obtained at <https://www.nj.gov/treasury/pensions/gasb-notices.shtml> or by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

Effective July 1, 2010, the Organization established two supplemental retirement plans – Supplemental Alternate Benefit Plan and Supplemental Retirement Plan for the benefit of its eligible employees. The objective of the plans is to help provide for additional security on retirement, by means of employer contributions supplemental to those under the Alternate Benefit Program for the Supplemental Alternate Benefit Plan and supplemental to those under the Alternate Benefit Program and the Supplemental Alternate Benefit Plan for the Supplemental Retirement Plan.

(a) Defined Benefit Pension Plan

(i) Plan Description

The State of New Jersey, Public Employees’ Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pension and Benefits (the Division). For additional information about PERS, please refer to the Division’s annual audited financial statements which can be found at <https://www.nj.gov/treasury/pensions/gasb-notices.shtml>.

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The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 before age 62 with 25 or more years of service credit and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

PERS members were required to contribute 7.5% of their annual covered salary for the years ended June 30, 2025 and 2024. The State makes employer contributions on behalf of the Organization. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. The State's contribution for the Organization was \$4,290,403 and \$4,540,816 for 2025 and 2024, respectively.

(ii) *Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources*

The Organization's respective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense for PERS are calculated by the Division. At June 30, 2025 and 2024, the Organization reported a liability of \$55,211,990 and \$57,001,096, respectively, for its proportionate share of the net pension liability.

The total pension liability used to calculate the net pension liability at June 30, 2025 was determined by an actuarial valuation as of July 1, 2023 and rolled forward to the measurement date of June 30, 2024.

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The total pension liability used to calculate the net pension liability at June 30, 2024 was determined by an actuarial valuation as of July 1, 2022 and rolled forward to the measurement date of June 30, 2023.

The June 30, 2024 and 2023 PERS net pension liability was recorded in the statement of net position as of June 30, 2025 and June 30, 2024, respectively. The Organization's proportionate share of the respective net pension liability for the fiscal year was based on the actual contributions made by the State on behalf of the University relative to the total contributions of participating employers of the State Group for the respective fiscal years. Below is a summary of PERS information for June 30, 2024 and 2023:

	2024		
	University	Library	Total
Proportionate share of net pension liability	\$ 28,637,329	26,574,661	55,211,990
Allocation percentage – State Group	0.1291701602 %	0.1198663893 %	0.2490365495 %
Allocation percentage – Total Plan*	0.0798305153 %	0.0740805429 %	0.1539110582 %
Pension expense (benefit) for the year ended	\$ 15,355	1,577,370	1,592,725

* Allocation percentage calculated as the Organization's respective net pension liability as a percentage of the total plan's net pension liability.

	2023		
	University	Library	Total
Proportionate share of net pension liability	\$ 30,192,213	26,808,883	57,001,096
Allocation percentage – State Group	0.1344382812 %	0.1193731706 %	0.2538114518 %
Allocation percentage – Total Plan*	0.0814584931 %	0.0723302797 %	0.1537887728 %
Pension expense (benefit) for the year ended	\$ (538,898)	848,310	309,412

* Allocation percentage calculated as the Organization's respective net pension liability as a percentage of the total plan's net pension liability.

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The Organization reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30:

	2025		Total
	University	Library	
Deferred outflows of resources:			
Differences between actual and expected experience	\$ 566,512	525,706	1,092,218
Changes of assumptions	15,600	14,476	30,076
Net differences between projected and actual investment earnings on pension plan investments	94,321	87,526	181,847
Changes in proportionate share Contributions subsequent to the measurement date	225,183	754,253	979,436
	<u>2,119,103</u>	<u>2,171,300</u>	<u>4,290,403</u>
	<u>\$ 3,020,719</u>	<u>3,553,261</u>	<u>6,573,980</u>
Deferred inflows of resources:			
Differences between actual and expected experience	\$ 57,518	53,376	110,894
Changes in assumptions	152,007	141,059	293,066
Changes in proportionate share	3,557,840	628,987	4,186,827
	<u>3,767,365</u>	<u>823,422</u>	<u>4,590,787</u>

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	2024		
	<u>University</u>	<u>Library</u>	<u>Total</u>
Deferred outflows of resources:			
Differences between actual and expected experience	\$ 669,423	594,408	1,263,831
Changes of assumptions	30,604	27,174	57,778
Net differences between projected and actual investment earnings on pension plan investments	461,803	410,054	871,857
Changes in proportionate share Contributions subsequent to the measurement date	390,427	1,089,033	1,479,460
	<u>2,323,157</u>	<u>2,217,657</u>	<u>4,540,814</u>
	<u>\$ 3,875,414</u>	<u>4,338,326</u>	<u>8,213,740</u>
Deferred inflows of resources:			
Differences between actual and expected experience	\$ 89,862	79,792	169,654
Changes in assumptions	866,604	769,492	1,636,096
Changes in proportionate share	4,368,327	1,199,859	5,568,186
	<u>5,324,793</u>	<u>2,049,143</u>	<u>7,373,936</u>

\$4,290,403 reported as deferred outflows of resources at June 30, 2025 related to pensions resulting from contributions made on behalf of the Organization by the State subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2025 will be recognized in pension expense as follows:

	<u>University</u>	<u>Library</u>	<u>Total</u>
Years ending:			
2026	(1,830,358)	(179,759)	(2,010,117)
2027	(667,183)	580,091	(87,092)
2028	(129,961)	126,257	(3,704)
2029	(223,907)	26,354	(197,553)
2030	(14,340)	5,596	(8,744)
	<u>(2,865,749)</u>	<u>558,539</u>	<u>(2,307,210)</u>

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(iii) Actuarial Assumptions

The total pension liability as of June 30, 2025 is measured as of June 30, 2024 (based on the July 1, 2023 actuarial valuation rolled forward to June 30, 2024) and the total pension liability as of June 30, 2024 is measured as of June 30, 2023 (based on the July 1, 2022 actuarial valuation rolled forward to June 30, 2023). The total pension liability as of June 30, 2025 and June 30, 2024 was determined using the following actuarial assumptions:

	2024	2023
Inflation rate:		
Price	2.75 %	2.75 %
Wage	3.25 %	3.25 %
Salary increases:	2.75%-6.55% based on years service	2.75%-6.55% based on years service
Investment rate of return	7.00 %	7.00 %
Discount rate	7.00 %	7.00 %

2024

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

2023

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future

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improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

(iv) *Long-Term Expected Rate of Return*

The long-term expected rate of return on pension plan investments 7.00% at June 30, 2024 and 2023 is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term rate of return was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PER's target asset allocation as of June 30, 2024 and 2023 are summarized in the following table:

Asset class	PERS 2024		PERS 2023	
	Target allocation	Long-term expected real rate of return	Target allocation	Long-term expected real rate of return
U.S. equity	28.00%	8.63%	28.00%	8.98%
Non-US developed markets equity	12.75	8.85	12.75	9.22
International small cap equity	1.25	8.85	1.25	9.22
Emerging markets equity	5.50	10.66	5.50	11.13
Private equity	13.00	12.40	13.00	12.50
Real estate	8.00	10.95	8.00	8.58
Real assets	3.00	8.20	3.00	8.40
High yield	4.50	6.74	4.50	6.97
Private credit	8.00	8.90	8.00	9.20
Investment grade credit	7.00	5.37	7.00	5.19
Cash equivalents	2.00	3.57	2.00	3.31
U.S. Treasuries	4.00	3.57	4.00	3.31
Risk mitigation strategies	3.00	7.10	3.00	6.21
	100%		100%	

(v) *Discount Rate*

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that conditions from plan

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members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer, and 100% of actuarily determined contributors for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefits of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine total pension liability.

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that conditions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer, and 100% of actuarily determined contributors for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefits of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine total pension liability.

(vi) *Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the collective net pension liability for participating PERS employers as of June 30, 2024 and 2023 calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

		2024		
		At 1% decrease (6.00%)	At current discount rate (7.00%)	At 1% increase (8.00%)
	University	\$ 32,854,919	28,637,329	25,055,986
	Library	30,488,470	26,574,661	23,251,272
	Total	\$ 63,343,389	55,211,990	48,307,258
		2023		
		At 1% decrease (6.00%)	At current discount rate (7.00%)	At 1% increase (8.00%)
	University	\$ 34,523,443	30,192,213	26,515,235
	Library	30,654,757	26,808,883	23,543,947
	Total	\$ 65,178,200	57,001,096	50,059,182

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(b) Defined Contribution Benefit Plans

(i) Alternate Benefit Program

ABP provides the choice of six investment carriers all of which are privately operated defined contribution retirement plans. The Organization assumes no liability for ABP members other than payment of contributions. ABP provides retirement and death benefits for or on behalf of these full-time professional employees and faculty members electing to participate in this optional retirement program. Participation eligibility, as well as contributory and noncontributory requirements, are established by the State of New Jersey Retirement and Social Security Law. Benefits are determined by the amount of individual accumulations and the retirement income option selected. All benefits vest after the completion of one year of service. Individually owned annuity contracts that provide for full ownership of retirement and survivor benefits are purchased at the time of vesting. Participating Organization employees are required to contribute 5% of salary and may contribute a voluntary additional contribution up to the maximum Federal statutory limit, on a pretax basis. Employer contributions are 8%. During the years ended June 30, 2025 and 2024, ABP received employer and employee contributions as follows:

	2025			2024
	University	Library	Total	Total
Employer contributions	\$ 1,949,684	60,284	2,009,968	1,924,677
Employee contributions	1,218,553	37,678	1,256,231	1,202,923
Basis for contributions:				
Participating employee salaries	24,371,054	753,552	25,124,606	24,058,460

Employer contributions to ABP are paid by the State and are reflected in the accompanying financial statements as the State paid fringe benefits revenue and as expenses. The maximum compensation to be considered for employer retirement contributions is \$175,000 per New Jersey state law Chapter 31,P.L. 2018, Chapter 14 effective July 1, 2018. The Organization created the Supplemental Alternate Benefit Program to fund the 8% employer match above the compensation limit. These contributions are funded by the Organization.

(ii) Supplemental Alternate Benefit Program

The Plan is administered by the Organization. TIAA CREF is the privately operated investment carrier for this defined contribution retirement plan. All contributions are made by the Organization with Non-State funds. The plan is intended to qualify as a governmental plan that is a tax sheltered annuity plan under Section 403(b) of the Internal Revenue Code of 1986, as amended. It is also intended that the Plan be exempt from the Employee Retiree Income Security Act of 1974, as amended, pursuant to Department of Labor regulations Section 2510.3 2(f). Each employee whose compensation exceeds the State limit on contributions for the ABP in a given year shall be eligible to participate in the plan and have employer contributions made on their behalf. The Organization will contribute 8% of the employee's compensation in excess of the State limit on compensation.

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The accumulated base salary limit during fiscal year 2025 was \$175,000. There were no employee contributions during fiscal year 2025 or 2024. The employer contributions made during fiscal year 2025 and 2024 were \$60,831 and \$54,320, respectively.

(iii) Supplemental Retirement Program

The Plan is administered by the Organization. TIAA-CREF is the privately operated investment carrier for this defined contribution retirement plan. All contributions are made by the Organization with Non-State funds. The plan is intended to qualify as a governmental plan that is a tax-sheltered annuity plan under Section 403(b) of the Internal Revenue Code of 1986, as amended. It is also intended that the Plan be exempt from the Employee Retiree Income Security Act of 1974, as amended, pursuant to Department of Labor regulations Section 2510.3-2(f). The Organization may contribute to the plan, on behalf of participants who are employees of the employer during the plan year and are eligible to share in the employer contributions for such plan year, as determined by the Compensation Committee and approved by the Board of Trustees. There were no employee contributions during fiscal year 2025 or 2024. The employer contributions made during fiscal year 2025 and 2024 were \$22,710 and \$22,175, respectively.

(c) Postemployment Benefits Other than Pensions

The Organization's retirees participate in the State Health Benefit State Retired Employees Plan (the Plan).

Plan description, including benefits provided – The Plan is a single-employer defined benefit other postemployment benefit (OPEB) plan, which provides medical, prescription drug, and Medicare Part B reimbursements to retirees and their covered dependents. Although the Plan is a single-employer plan, it is treated as a cost-sharing multiple employer plan for standalone reporting purposes.

In accordance N.J.S.A. 52:14-17.32, the State of New Jersey (the State) is required to pay the premiums and periodic charges for OPEB of State employees who retire with 25 years or more of credited service, or on a disability pension, from one or more of the following pension plans: the Public Employees' Retirement System (PERS) or, the Alternate Benefit Program (ABP). In addition, Chapter 302, P.L. 1966 provides that for purposes of this Plan, the University's employees retain any and all rights to the health benefits in the Plan, even though the University is considered autonomous from the State, therefore, its employees are classified as State employees. As such, the State is legally obligated for the benefit payments on behalf of the retirees of the University; therefore, the Plan meets the definition of a special funding situation as defined in *GASB Statement No. 75, Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions* (GASB Statement No. 75).

Retirees who are not eligible for employer-paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents. Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage, who have less than 20 years of creditable service on June 28, 2011, will be required to pay a percentage of the cost of their healthcare coverage in retirement provided they retire with 25 years or more of pension service credit.

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The percentage of the premium for which the retiree will be responsible for will be determined based on the retiree's annual retirement benefit and level of coverage.

The Plan is administered on a pay-as-you-go-basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions* (GASB Statement No. 75).

(i) *Total OPEB Liability and OPEB (Benefit) Expense*

As of June 30, 2025 and 2024, the State recorded a liability of \$72,882,365 and \$67,789,635 respectively, which represents the portion of the State's total proportionate share of the collective total OPEB liability that is associated with the Organization (the Organization's share). The Organization's share was based on the ratio of its members to the total members of the Plan. At June 30, 2025 and 2024, the Organization's share was 1.156946% and 1.224992%, and 0.303580% and 0.322938% of the special funding situation and of the Plan, respectively.

For the years ended June 30, 2025 and 2024, the Organization recognized an OPEB benefit of \$1,733,191 and \$2,712,453 respectively. As the State is legally obligated for benefit payments on behalf of the Organization, the Organization recognized nonoperating revenue equal to the support provided by the State.

Actuarial assumptions and other inputs – The State's OPEB liability associated with the Organization at June 30, 2025 was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to the measurement date of June 30, 2024. The State's liability associated with the Organization at June 30, 2024 was determined by an actuarial valuation as of June 30, 2022,

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which was rolled forward to the measurement date of June 30, 2023. These valuations used the following assumptions, applied to all periods in the measurement:

	<u>2024</u>	<u>2023</u>
Inflation	N/A	N/A
Discount rate	3.93	3.65
Salary increases:		
PERS through	All Future Years 2.75-6.55% based on years of service	All Future Years 2.75-6.55% based on years of service
PERS thereafter	Not Applicable	Not Applicable
ABP through	All Future Years 2.75-4.25% based on years of service	All Future Years 2.75-4.25% based on years of service
ABP thereafter	Not Applicable	Not Applicable

For the July 1, 2023 and June 30, 2022 actuarial valuations, preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (ABP) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational improvement projections from the central year using Scale MP-2021. Future disability mortality was based on the Pub-2010 “Teachers” (ABP), and “General” (PERS) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Current disabled retiree mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using scale MP-2021.

Certain actuarial assumptions used in the July 1, 2023 valuations are based on the results of actuarial experience studies of the State of New Jersey’s defined benefit plans, including PERS (July 1, 2018 through June 30, 2021) and ABP (using the experience of the Teacher’s Pension and Annuity Fund – July 1, 2018 through June 30, 2021).

Certain actuarial assumptions used in the June 30, 2022 valuations are based on the results of actuarial experience studies of the State of New Jersey’s defined benefit plans, including PERS (July 1, 2018 through June 30, 2021) and ABP (using the experience of the Teacher’s Pension and Annuity Fund – July 1, 2018 through June 30, 2021).

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Health Care Trend Assumptions – The July 1, 2023 valuations use a trend rate of 7.50% which decreases to a 4.5% long-term trend rate after nine years for pre-Medicare medical benefits. For PPO, the trend is initially 3.06% in fiscal year 2025, increasing to 21.39% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO, the trend is initially 2.65% in fiscal year 2025, increasing to 24.11% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend is 12.25% and decreases to a 4.50% long-term trend rate after nine years.

The June 30, 2022 valuations use a trend rate of 6.50% which decreases to a 4.5% long-term trend rate after nine years for pre-Medicare medical benefits. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2024 through 2025 are reflected. For PPO, the trend is initially 7.50% in fiscal year 2025, increasing to 15.93% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO, the trend is initially 7.89% in fiscal year 2025, increasing to 17.83% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend is 9.50% and decreases to a 4.50% long-term trend rate after seven years.

Discount Rate – The discount rate for June 30, 2024 and 2023 was 3.93% and 3.65%, respectively. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

(11) Commitments

Payments for accumulated sick leave balances are made to retiring employees upon regular retirement. The payment is based on 50% of the employee's sick leave accumulation, at the pay rate in effect at the time of retirement up to a maximum of \$15,000. Employees separating from University service prior to retirement are not entitled to payments for accumulated sick leave balances. Since Federal and State funds comprise approximately 99% of the total revenues of the Library, and through developing a memorandum of understanding between the University and the State with respect to the Library, accrued sick time will be funded by the State for Library employees.

The University and Library paid \$30,000 and \$45,795 respectively, in 2025 for accumulated sick leave balances. In 2024, the University and Library paid \$103,050 and \$53,663, respectively. The University and Library have accrued amounts of \$468,433 and \$135,459; and \$422,883 and \$165,527, respectively, as of June 30, 2025 and 2024, for anticipated future payments to employees who are planning to retire in the foreseeable future and are eligible for payment of a portion of their accumulated sick time. These amounts are reported as compensated absences – noncurrent in the schedule of net position. The University and Library also have accrued Vacation Payable balances of \$1,888,006 and \$289,652 respectively, as of June 30, 2025. The University and Library have accrued Vacation Payable balance of \$1,844,805 and \$307,578 respectively, as of June 30, 2024. Up to one year of unused employee vacation may be carried over, but must be used within 12 months. All carry over vacation not used after 12 months is forfeited. These amounts are reported within accounts payable and accrued expenses in the schedule of net position. A receivable from the State for \$135,459 and \$165,527, respectively, has been recorded as of June 30, 2025 and 2024 in the accompanying statements of net position for Library sick accrual

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reimbursable from the State. At the current time, it is uncertain whether the policy followed by the State regarding unused sick time reimbursement during fiscal year 2025 will continue into fiscal year 2026 and beyond. If the State did not provide reimbursement to the University for these amounts in the future, the University would still be liable for the payments to these employees.

(12) Discretely Presented Component Unit

Thomas Edison State University Foundation, Inc. (the Foundation) is a legally separate, tax-exempt component unit of the Organization. The Foundation has received a determination letter from the Internal Revenue Service concluding that it is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation acts primarily as a fundraising entity to supplement the resources that are available to the University and Library in support of its programs. The Board of Directors of the Foundation, which consists of at least five and no more than thirty persons, is self-perpetuating and consists of qualified persons elected by majority vote of the Board of Directors of the Foundation. Although the University does not control the timing or amount of receipts from the Foundation, the resources, or income thereon, the Foundation holds and invests are used exclusively for the benefit, support, and promotion of the University for its educational activities. Because these resources held by the Foundation can only be used by, or for the benefit of the University and Library, the Foundation is considered a component unit of the Organization and is discretely presented in the Organization's financial statements.

The Foundation expensed \$1,062,470 and \$604,664 for the years ended June 30, 2025 and 2024, respectively, to the Organization for restricted purposes. Complete financial statements for the Foundation can be obtained from the Controller's Office at 111 West State Street, Trenton, NJ 08608.

The Foundation is a private not-for-profit Organization that reports under Financial Accounting Standards Board (FASB) accounting standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the Organization's financial reporting entity for these differences

**THOMAS EDISON STATE UNIVERSITY AND ITS
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June 30, 2025 and 2024

(13) Risk Management

The Organization is exposed to various risks of loss. The Organization purchased and funds property and casualty insurances through a joint insurance program with nine of the State of New Jersey Public Colleges and Universities. The Organization's risk management program involves insurance for all property risk and certain liability risk in the joint insurance program and all remaining liability risk and employee benefit exposures are self-funded programs maintained and administered by the State of New Jersey (including tort liability, auto liability, trustees and officers liability, workers' compensation, unemployment, temporary and long term disability, unemployment liability, life insurance and employee retirement programs).

All-Risk Property Insurance provides coverage for buildings, plant, equipment, and business interruption to the extent that losses exceed \$100,000 per occurrence with a maximum limit of liability in an occurrence of \$2,000,000,000. Commercial Crime Insurance coverage provides limits of liability of: \$5,000,000 for Employee Theft, Computer Fraud, and Funds Transfer Fraud Coverages, subject to \$150,000 retention; \$500,000 limits of liability for Premises, In Transit, Forgery, Money Orders and Counterfeit Currency Fraud, and Credit Card, subject to \$50,000 retention; and; \$50,000 limit of liability for Social Engineering Fraud Coverage, subject to \$150,000 retention. Student Blanket Professional and General Liability Insurance provides coverage for students in curriculum-based practicums/internships with a limit of liability of \$2,000,000 each occurrence, \$4,000,000 in the aggregate. Executive Auto Liability Insurance provides coverage for two executive vehicles, with a limit of liability of \$1,000,000 and a \$1,000 deductible applying to collision & comprehensive coverage. A fine arts insurance policy was added in fiscal year 21 for artwork with a limit of \$4,000,000. Cyber liability insurance provides coverage for certain types of exposures related to cyber threats, with primary limits of liability of \$5,000,000, subject to a \$75,000 retention.

As an instrumentality of the State of New Jersey the liability of Thomas Edison State University is subject to all of the provisions of the New Jersey Tort Claims Act (NJSA 59:1 1 et seq.), the New Jersey Contractual Liability Act (NJSA 59:13 1 et seq.) and the availability of appropriations. The Tort Claims Act also creates a fund and provides for payment of claims under the Act against the State of New Jersey or against its employees for which the State of New Jersey is obligated to indemnify against tort claims, which arise out of the performance of their duties.

All insurance policies are renewed on an annual basis. All the State of New Jersey self-funded programs are statutory with an annual appropriation provided by the legislature. There have been no settlements in excess of insurance coverage in the past five years. There have been no changes to fiscal year 2025 property insurance over fiscal year 2024 coverage levels.

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Required Supplementary Information (Unaudited)
Schedules of Employer Contributions

**State of New Jersey Public Employees' Retirement System
Thomas Edison State University**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 2,119,103	2,323,157	2,322,731	2,294,325	1,764,687	1,527,293	1,322,073	1,078,012	807,305	527,950
Contributions in relation to the contractually required contribution	<u>2,119,103</u>	<u>2,323,157</u>	<u>2,322,731</u>	<u>2,294,325</u>	<u>1,764,687</u>	<u>1,527,293</u>	<u>1,322,073</u>	<u>1,078,012</u>	<u>807,305</u>	<u>527,950</u>
Contribution deficiency (excess)	\$ —	—	—	—	—	—	—	—	—	—
Organization employee covered—payroll	\$ 6,128,364	5,895,874	5,911,435	6,043,755	6,709,265	6,492,369	6,971,915	7,109,582	7,481,975	7,349,168
Contributions as a percentage of employee covered payroll	34.58 %	39.40 %	39.29 %	37.96 %	26.30 %	23.52 %	18.96 %	15.16 %	10.79 %	7.18 %

New Jersey State Library

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 2,171,300	2,217,657	2,129,020	2,115,672	1,408,513	1,199,297	1,027,121	831,781	626,220	444,325
Contributions in relation to the contractually required contribution	<u>2,171,300</u>	<u>2,217,657</u>	<u>2,129,020</u>	<u>2,115,672</u>	<u>1,408,513</u>	<u>1,199,297</u>	<u>1,027,121</u>	<u>831,781</u>	<u>626,220</u>	<u>444,325</u>
Contribution deficiency (excess)	\$ —	—	—	—	—	—	—	—	—	—
Organization employee covered—payroll	\$ 5,828,132	5,469,005	5,422,091	5,487,027	5,141,500	5,290,815	5,403,489	5,229,833	5,454,972	5,313,407
Contributions as a percentage of employee covered payroll	37.26 %	40.55 %	39.27 %	38.56 %	27.39 %	22.67 %	19.01 %	15.90 %	11.48 %	8.36 %

Total

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 4,290,403	4,540,814	4,451,751	4,409,997	3,173,200	2,726,590	2,349,194	1,909,793	1,433,525	972,275
Contributions in relation to the contractually required contribution	<u>4,290,403</u>	<u>4,540,814</u>	<u>4,451,751</u>	<u>4,409,997</u>	<u>3,173,200</u>	<u>2,726,590</u>	<u>2,349,194</u>	<u>1,909,793</u>	<u>1,433,525</u>	<u>972,275</u>
Contribution deficiency (excess)	\$ —	—	—	—	—	—	—	—	—	—
Organization employee covered—payroll	\$ 11,956,496	11,364,879	11,333,526	11,530,782	11,850,765	11,783,184	12,375,404	12,339,415	12,936,947	12,662,575
Contributions as a percentage of employee covered payroll	35.88 %	39.95 %	39.28 %	38.25 %	26.78 %	23.14 %	18.98 %	15.48 %	11.08 %	7.68 %

See accompanying independent auditors' report.

**THOMAS EDISON STATE UNIVERSITY AND ITS
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(A Component Unit of the State of New Jersey)

Required Supplementary Information (Unaudited)

Schedules of Proportionate Share of the Net Pension Liability

State of New Jersey Public Employees' Retirement System Thomas Edison State University										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Organization proportion of the net pension liability – State Group	0.129 %	0.134 %	0.133 %	0.148 %	0.167 %	0.165 %	0.168 %	0.173 %	0.162 %	0.146 %
Organization proportion of the net pension liability – Total Plan	0.080	0.082	0.079	0.095	0.096	0.092	0.092	0.090	0.081	0.075
Organization proportionate share of the net pension liability	\$ 28,637,329	30,192,213	29,762,951	31,970,878	37,161,992	38,040,875	39,906,414	44,250,453	47,406,184	34,608,556
Organization employee covered–payroll	5,895,874	5,911,435	6,043,755	6,709,265	6,492,369	6,971,915	7,109,582	7,481,975	7,349,168	7,555,305
Organization proportionate share of the net pension liability as a percentage of the employee covered-payroll	485.72 %	510.74 %	492.46 %	476.52 %	572.39 %	545.63 %	561.30 %	591.43 %	634.94 %	458.07 %
Plan fiduciary net position as a percentage of the total pension liability	51.27	47.82	46.41	51.52	42.90	42.04	40.45	36.78	31.20	38.21
New Jersey State Library										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Organization proportion of the net pension liability – State Group	0.120 %	0.119 %	0.119 %	0.113 %	0.124 %	0.122 %	0.123 %	0.126 %	0.123 %	0.123 %
Organization proportion of the net pension liability – Total Plan	0.074	0.072	0.071	0.073	0.071	0.068	0.067	0.066	0.061	0.063
Organization proportionate share of the net pension liability	\$ 26,574,661	26,808,883	26,547,549	24,500,195	27,601,249	28,015,774	29,181,858	32,425,786	36,129,572	29,126,717
Organization employee covered–payroll	5,469,005	5,422,091	5,487,027	5,141,500	5,290,815	5,403,489	5,229,833	5,454,972	5,313,407	5,592,606
Organization proportionate share of the net pension liability as a percentage of the employee covered-payroll	485.91 %	494.44 %	483.82 %	476.52 %	521.68 %	518.48 %	557.99 %	594.43 %	662.32 %	520.81 %
Plan fiduciary net position as a percentage of the total pension liability	51.27	47.82	46.41	51.52	42.90	42.04	40.45	36.78	31.20	38.21
Total										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Organization proportion of the net pension liability – State Group	0.249 %	0.253 %	0.252 %	0.261 %	0.291 %	0.287 %	0.291 %	0.299 %	0.285 %	0.269 %
Organization proportion of the net pension liability – Total Plan	0.154	0.154	0.150	0.168	0.168	0.160	0.159	0.156	0.142	0.138
Organization proportionate share of the net pension liability	\$ 55,211,990	57,001,096	56,310,500	56,471,073	64,763,241	66,056,649	69,088,272	76,676,239	83,535,756	63,735,273
Organization employee covered–payroll	11,364,879	11,333,526	11,530,782	11,850,765	11,783,184	12,375,404	12,339,415	12,936,947	12,662,575	13,147,911
Organization proportionate share of the net pension liability as a percentage of the employee covered-payroll	485.81 %	502.94 %	488.35 %	476.52 %	549.62 %	533.77 %	559.90 %	592.70 %	646.49 %	484.76 %
Plan fiduciary net position as a percentage of the total pension liability	51.27	47.82	46.41	51.52	42.90	42.04	40.45	36.78	31.20	38.21

Notes to Required Supplementary Information

Changes in benefit terms – There were no significant changes in benefits for any of the actuarial valuations used to determine required contributions.

Changes in assumptions – There were no significant changes in assumptions except for the annual change in the discount rate and the change in the long-term rate of return as follows:

PERS

For 2024, the discount rate remained at 7.00% and the long-term rate of return remained at 7.00%. The mortality tables were based on Pub-2010 with improvement scale MP-2021.

For 2023, the discount rate remained at 7.00% and the long-term rate of return remained at 7.00%. The mortality tables were based on Pub-2010 with improvement scale MP-2021.

For 2022, the discount rate remained at 7.00% and the long-term rate of return remained at 7.00%. The mortality tables were based on Pub-2010 with improvement scale MP-2021.

For 2021, the discount rate remained at 7.00% and the long-term rate of return remained at 7.00%. The mortality tables were based on Pub-2010 with improvement scale MP-2021.

For 2020, the discount rate changed to 7.00% and the long-term rate of return remained at 7.00%. The mortality tables were based on Pub-2010 with improvement scale MP-2020.

For 2019, the discount rate changed to 6.28% and the long-term rate of return remained at 7.00%. The mortality tables utilized changed from RP 2006 in 2018 to Pub-2010 with improvement scale MP-2019.

For 2018, the discount rate changed to 5.66% and the long-term rate of return remained at 7.00%.

For 2017, the discount rate changed to 5.00% and the long-term rate of return changed to 7.00%.

For 2016, the discount rate changed to 3.98% and the long-term rate of return changed to 7.65% from 7.90%.

See accompanying independent auditors' report.

**THOMAS EDISON STATE UNIVERSITY AND ITS
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Required Supplementary Information (Unaudited)

Schedule of Proportionate Share of the Total OPEB Liability

	Total							
	2025	2024	2023	2022	2021	2020	2019	2018
Organization proportion of the collective total OPEB liability	— %	— %	— %	— %	— %	— %	— %	— %
Organization proportionate share of the collective total OPEB liability	—	—	—	—	—	—	—	—
State's proportionate share of the total OPEB liability associated with the Organization	\$ 72,882,365	67,789,635	69,340,772	82,446,961	90,409,045	58,339,465	77,203,200	92,565,771
Total OPEB Liability	<u>\$ 72,882,365</u>	<u>67,789,635</u>	<u>69,340,772</u>	<u>82,446,961</u>	<u>90,409,045</u>	<u>58,339,465</u>	<u>77,203,200</u>	<u>92,565,771</u>
Organization employee covered—payroll	\$ 30,801,219	32,131,076	32,695,595	31,510,962	30,699,447	31,918,154	32,984,372	29,528,781
Organization proportionate share of the collective total OPEB liability as a percentage of the employee covered-payroll	— %	— %	— %	— %	— %	— %	— %	— %

Information provided for Required Supplementary Information will be provided for ten (10) years, as the information becomes available in subsequent years

Notes to Required Supplementary Information

For the State Health Benefit State Retired Employees Plan, there are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions*.

Changes in assumptions – There were no significant changes in assumptions except for the annual change in the discount rate.

For 2025, the discount rate changed to 3.93% from 3.65%. The mortality tables utilized Pub-2010 and Scale MP-2021.

For 2024, the discount rate changed to 3.65% from 3.54%. The mortality tables utilized Pub-2010 and Scale MP-2021.

For 2023, the discount rate changed to 3.54% from 2.16%. The mortality tables utilized Pub-2010 and Scale MP-2021.

For 2022, the discount rate changed to 2.16% from 2.21%. The mortality tables utilized Pub-2010 and Scale MP-2021.

For 2021, the discount rate changed to 2.21% from 3.50%. The mortality tables utilized Pub-2010 and Scale MP-2020.

For 2020, the discount rate changed to 3.50% from 3.87%. The mortality tables utilized changed from RP-2006 in 2018 to Pub-2010 in 2019.

For 2019, the discount rate changed to 3.87% from 3.58%

See accompanying independent auditors' report.

**THOMAS EDISON STATE UNIVERSITY AND ITS AFFILIATE
THE NEW JERSEY STATE LIBRARY**

Schedule of Expenditures of State of New Jersey Awards

For the Year Ended June 30, 2025

State of New Jersey grantor/program title	Program period	Grant account number	Award amount	Current year expenditures	Passed through to Subrecipients
N.J. Department of State:					
Higher Education Student Assistance Authority:					
Student Financial Assistance Cluster:					
Tuition Aid Grants	7/1/24-6/30/25	25-100-074-2405-007	\$ 629,551	\$ 629,551	\$ —
New Jersey Student Tuition Assistance Reward Scholarship II program (STARS)	7/1/24-6/30/25	25-100-074-2405-313	6,250	6,250	—
Tuition Assistance, Thomas Edison State University Students (GO-TESU)	7/1/24-6/30/25	25-100-074-2405-343	1,075,878	1,075,878	—
Garden State Guarantee	7/1/24-6/30/25	25-100-074-2405-345	151,490	151,490	—
Total Student Financial Assistance Cluster				<u>1,863,169</u>	<u>—</u>
State of New Jersey Appropriations:					
Grants-in-Aid Appropriations to Senior Public Colleges and Universities:					
Thomas Edison State University	7/1/24-6/30/25	25-100-074-2440-001	13,220,000	13,220,000	—
The New Jersey State Library – Library Services	7/1/24-6/30/25	25-100-074-2541-001	5,127,556	5,127,556	—
The New Jersey State Library – Supplies and Extended Services	7/1/24-6/30/25	25-100-074-2541-032	725,000	725,000	—
The New Jersey State Library – Library Construction Bond Act	7/1/24-6/30/25	25-587-074-2541-003	335,650	27,999	—
Total State of New Jersey Appropriations				<u>19,100,555</u>	<u>—</u>
Per Capita Library Aid:	7/1/24-6/30/25	25-495-074-2541-001	4,676,000	4,676,000	4,629,240
Library Network Aid:					
2024-25	Commencing 7/1/24	25-100-074-2541-012	4,499,000	4,177,886	2,000,659
2023-24	Commencing 7/1/23	24-100-074-2541-012	4,299,000	16,831	8,500
Total Library Network Aid				<u>4,194,717</u>	<u>2,009,159</u>
Interdepartmental Accounts:					
State Paid Fringe Benefits Other Than FICA:					
Thomas Edison State University	7/1/24-6/30/25	25-100-074-2440-001	19,713,190	19,713,190	—
The New Jersey State Library	7/1/24-6/30/25	25-100-074-2541-001	3,311,619	3,311,619	—
Total State Paid Fringe Benefits Other Than FICA				<u>23,024,809</u>	<u>—</u>
FICA – State Colleges and Universities Reimbursement Program:					
Thomas Edison State University	7/1/24-6/30/25	25-100-074-2440-001	2,181,537	2,181,537	—
The New Jersey State Library	7/1/24-6/30/25	25-100-074-2541-001	373,341	373,341	—
Total FICA – State Colleges and Universities Reimbursement Program				<u>2,554,878</u>	<u>—</u>
N.J. Department of Labor and Workforce Development:					
NJ PLACE Program					
Apprenticeship Degree Initiative	6/1/21-11/30/24	22-100-062-4545-384	849,000	82,488	—
	5/1/25-04/30/28	25-780-062-4545-003	5,000,000	58,860	—
N.J. Office of the Secretary of Higher Education:					
Some College, No Degree Institutional Grants (FY24)					
Some College, No Degree Institutional Grants (FY25)	12/1/23-9/30/24	24-100-074-2400-082	149,977	16,807	—
New Jersey Equipment Leasing Fund (ELF)	11/1/24-9/30/25	25-100-074-2400-083	74,944	74,944	—
	4/27/23-9/30/25	25-100-082-2155-036	1,485,060	102,599	—
N.J. Department of Education:					
Passed through the Hillside Public Schools District					
New Jersey Innovation Dual Enrollment Pilot Grant	12/2/23-12/31/24	24-100-034-5063-363	3,352	3,352	—
N.J. Department of Environmental Protection:					
MOU for Library Onsite Services at 432 E. State Street (DEP)					
	7/1/24-6/30/25	25-100-042-4800	295,400	262,593	—
N.J. Department of Human Services:					
MOU for Commission for the Blind and Visually Impaired Grant (CBVI)					
	7/1/24-6/30/25	25-100-054-7560	477,060	382,832	—
N.J. Department of Transportation:					
MOU for Library Services (DOT)					
	1/1/25-12/31/25	25-100-078-6000	45,070	26,905	—
N.J. Department of Law and Public Safety:					
MOU for Library Services (AG's Office)					
	7/1/24-6/30/25	25-100-066-1010	372,475	310,508	—
Total expenditures of State of New Jersey awards				<u>\$ 56,736,016</u>	<u>\$ 6,638,399</u>

See accompanying notes to schedule of expenditures of State of New Jersey awards.

**THOMAS EDISON STATE UNIVERSITY AND ITS
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(A Component Unit of the State of New Jersey)

Notes to Schedule of Expenditures of State of New Jersey Awards
Year ended June 30, 2025

(1) Basis of Presentation

The accompanying schedule of expenditures of State of New Jersey awards (the Schedule) includes the State of New Jersey award activity of Thomas Edison State University and its Affiliate the New Jersey State Library (the Organization) and is presented on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of New Jersey Office of Management and Budget Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the 2025 basic financial statements.

(2) Indirect Cost Rate

The Organization has elected not to use the 10-percent de minimis indirect cost rate.



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**Independent Auditors' 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***

The Board of Trustees
Thomas Edison State University and its
Affiliate the New Jersey State Library:

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 financial statements of the business-type activities and the discretely presented component unit of Thomas Edison State University and its affiliate the New Jersey State Library (the Organization), a component unit of the State of New Jersey, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated December 12, 2025. Our report also includes a reference to other auditors who audited the financial statements of Thomas Edison State University Foundation, Inc. The financial statements of Thomas Edison State University Foundation, Inc. were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Thomas Edison State University Foundation, Inc.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the



financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Short Hills, New Jersey
December 12, 2025



KPMG LLP
Suite 4000
150 John F. Kennedy Parkway
Short Hills, NJ 07078-2702

Independent Auditors' Report on Compliance for Each Major State of New Jersey Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of State of New Jersey Awards Required by New Jersey OMB Circular 15-08

The Board of Trustees
Thomas Edison State University and its Affiliate
the New Jersey State Library:

Report on Compliance for Each Major State of New Jersey Program

Opinion on Each Major State of New Jersey Program

We have audited Thomas Edison State University and its Affiliate the New Jersey State Library's (the Organization) compliance with the types of compliance requirements identified as subject to audit in the New Jersey Office of Management and Budget (New Jersey OMB) *State Grant Compliance Supplement* that could have a direct and material effect on each of the Organization's major State of New Jersey programs for the year ended June 30, 2025. The Organization's major State of New Jersey programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State of New Jersey programs for the year ended June 30, 2025.

Basis for Opinion on Each Major State of New Jersey 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; and the audit requirements of New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* (New Jersey OMB Circular 15-08). Our responsibilities under those standards and New Jersey OMB Circular 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 Organization 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 State of New Jersey program. Our audit does not provide a legal determination of the Organization'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 Organization's State of New Jersey 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 Organization'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*, and New Jersey OMB Circular 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 Organization's compliance with the requirements of each major State of New Jersey program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and New Jersey OMB Circular 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 Organization'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 Organization'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 New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 State of New Jersey program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State of New Jersey program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State of New Jersey program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies 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.

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

Report on Schedule of Expenditures of State of New Jersey Awards Required by New Jersey OMB Circular 15-08

We have audited the basic financial statements of the Organization as of and for the years ended June 30, 2025 and 2024, and have issued our report thereon dated December 12, 2025, which contained unmodified opinions on those basic financial statements. Our audits were conducted for the purpose of forming opinions on the basic financial statements as a whole. The accompanying schedule of expenditures of State of New Jersey awards for the year ended June 30, 2025, is presented for purposes of additional analysis as required by New Jersey OMB Circular 15-08 and is not a required part of the 2025 basic 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 2025 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2025 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2025 basic financial statements or to the 2025 basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of State of New Jersey awards is fairly stated in all material respects in relation to the 2025 basic financial statements as a whole.

KPMG LLP

Short Hills, New Jersey
February 17, 2026

**THOMAS EDISON STATE UNIVERSITY AND ITS
AFFILIATE THE NEW JERSEY STATE LIBRARY**
(A Component Unit of the State of New Jersey)

Schedule of Findings and Questioned Costs

Year ended June 30, 2025

(1) Summary of Auditors' Results

- a. Type of report issued on whether the financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified opinions were issued on the business-type activities and the discretely presented component unit of Thomas Edison State University and its Affiliate the New Jersey State Library, a component unit of the State of New Jersey, as of and for the year ended June 30, 2025.**
- b. Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:
 - Material weaknesses: **No**
 - Significant deficiencies: **None Reported**
- c. Noncompliance material to the financial statements: **No**
- d. Internal control deficiencies over major programs disclosed by the audit:
 - Material weaknesses: **No**
 - Significant deficiencies: **None reported**
- e. Type of report issued on compliance for major State of New Jersey programs: **Unmodified**
- f. Audit findings that are required to be reported in accordance with New Jersey OMB Circular 15-08: **None reported**
- g. Major programs
 - State Appropriations
 - Student Financial Assistance Cluster
- h. Dollar threshold used to distinguish between Type A and Type B programs: **\$1,702,080**
- i. Auditee qualified as a low-risk auditee: **Yes**

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None.

(3) Findings and Questioned Costs Relating to State of New Jersey Awards

None.