

BAY PATH UNIVERSITY

Financial Statements

June 30, 2023 & 2022

with Independent Auditor's Report thereon



BAY PATH UNIVERSITY
Financial Statements
And Supplementary Information
June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Bay Path University:

Opinion

We have audited the accompanying financial statements of Bay Path University, (the "University"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of a Matter

As described in Note 2, Bay Path University adopted Accounting Standards Codification ("ASC") Topic 842, *Leases*, as of July 1, 2022. Prior period amounts have not been adjusted and continue to be reported in accordance with the University's historic accounting under ASC Topic 840. Our opinion is not modified with respect to this matter.

Other Matter

The financial statements and related notes of the University as of and for the year ended June 30, 2022, were audited by O'Connor & Drew, P.C., who joined with WithumSmith+Brown, PC on January 1, 2023, and expressed an unmodified opinion on those statements dated November 4, 2022.

Responsibilities of Management

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.


We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The financial responsibility supplemental schedule and disclosures on pages 25-27 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2023, on our consideration of Bay Path University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Bay Path University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bay Path University's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads 'Withum Smith & Brown, PC'.

November 2, 2023

BAY PATH UNIVERSITY
Statements of Financial Position
June 30, 2023 and 2022

Assets

	<u>2023</u>	<u>2022</u>
Assets:		
Cash and cash equivalents	\$ 8,623,943	\$ 12,682,264
Accounts and notes receivable	2,905,831	2,116,515
Investments	84,772,937	75,719,158
Land, buildings and equipment, net of accumulated depreciation	29,394,849	30,571,474
Other assets	1,004,747	961,794
Right-of-use-assets-operating, net	130,604	-
Pledge receivable	52,842	356,641
	<hr/>	<hr/>
Total Assets	<u><u>\$ 126,885,753</u></u>	<u><u>\$ 122,407,846</u></u>

Liabilities and Net Assets

Liabilities:		
Accounts payable and accrued liabilities	\$ 2,485,676	\$ 3,312,366
Deposits, deferred tuition and fees	4,280,041	3,244,159
Bonds payable	13,895,827	14,594,757
Other long-term liabilities	2,215,113	2,120,447
Grants refundable	182,564	271,185
Lease liability - operating	130,604	-
Other liabilities	114,192	106,990
	<hr/>	<hr/>
Total liabilities	<u>23,304,017</u>	<u>23,649,904</u>
Net assets:		
Without donor restrictions	76,256,498	73,021,772
With donor restrictions	27,325,238	25,736,170
	<hr/>	<hr/>
Total net assets	<u>103,581,736</u>	<u>98,757,942</u>
	<hr/>	<hr/>
Total Liabilities and Net Assets	<u><u>\$ 126,885,753</u></u>	<u><u>\$ 122,407,846</u></u>

The accompanying notes are an integral part of the financial statements.

BAY PATH UNIVERSITY
Statement of Activities
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues:			
Tuition and fees	\$ 51,669,133	\$ -	\$ 51,669,133
Residence halls and dining services	2,604,680	-	2,604,680
Less scholarships and aid to students	(12,632,822)	-	(12,632,822)
Net student fees	41,640,991	-	41,640,991
Investment income used in operations	1,644,840	797,053	2,441,893
Federal and state grants	3,550,364	-	3,550,364
Contributions and grants of cash and financial assets	251,402	1,602,843	1,854,245
Interest and other income	938,080	-	938,080
Net assets released from restrictions	1,991,899	(1,991,899)	-
Total operating revenues	50,017,576	407,997	50,425,573
Operating expenses:			
Academic instruction	20,987,602	-	20,987,602
Academic support	7,162,106	-	7,162,106
Student services	10,020,716	-	10,020,716
Auxiliary	2,564,580	-	2,564,580
Management and general	8,698,226	-	8,698,226
Total operating expenses	49,433,230	-	49,433,230
Change in net assets from operations	584,346	407,997	992,343
Nonoperating additions and deductions:			
Return on long-term investments	4,056,318	1,978,124	6,034,442
Less: utilized for operations	\$ (1,644,840)	\$ (797,053)	\$ (2,441,893)
Net return on long term investments	2,411,478	1,181,071	3,592,549
Net gain on disposition of land, buildings and equipment	238,902	-	238,902
Change in net assets	3,234,726	1,589,068	4,823,794
Net assets, beginning of year	73,021,772	25,736,170	98,757,942
Net assets, end of year	\$ 76,256,498	\$ 27,325,238	\$ 103,581,736

The accompanying notes are an integral part of the financial statements

BAY PATH UNIVERSITY
Statement of Activities
For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues:			
Tuition and fees	\$ 52,876,801	\$ -	\$ 52,876,801
Residence halls and dining services	2,595,001	-	2,595,001
Less scholarships and aid to students	(15,230,850)	-	(15,230,850)
Net student fees	40,240,952	-	40,240,952
Investment return used in operations	1,778,168	424,428	2,202,596
Federal and state grants	7,379,296	-	7,379,296
Contributions and grants of cash and financial assets	206,000	1,772,126	1,978,126
Interest and other income	748,446	45,900	794,346
Net assets released from restrictions	1,696,532	(1,696,532)	-
Total operating revenues	52,049,394	545,922	52,595,316
Operating expenses:			
Academic instruction	20,726,295	-	20,726,295
Academic support	7,483,941	-	7,483,941
Student services	10,477,227	-	10,477,227
Auxiliary	2,377,938	-	2,377,938
Management and general	8,661,465	-	8,661,465
Total operating expenses	49,726,866	-	49,726,866
Change in net assets from operations	2,322,528	545,922	2,868,450
Nonoperating additions and deductions:			
Return on long-term investments	(4,995,732)	(5,171,654)	(10,167,386)
Less: utilized for operations	(1,778,168)	(424,428)	(2,202,596)
Net return on long term investments	(6,773,900)	(5,596,082)	(12,369,982)
Net loss on disposition of land, buildings and equipment	(719,974)	-	(719,974)
Change in net assets	(5,171,346)	(5,050,160)	(10,221,506)
Net assets, beginning of year	78,193,118	30,786,330	108,979,448
Net assets, end of year	\$ 73,021,772	\$ 25,736,170	\$ 98,757,942

The accompanying notes are an integral part of the financial statements.

BAY PATH UNIVERSITY
Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 4,823,794	\$ (10,221,506)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,233,101	2,480,440
Amortization	58,067	5,757
Bad debts	132,931	26,241
Net (gain) loss on disposition of property	(238,902)	719,974
Net (gain) loss on investments	(4,240,718)	10,146,700
Contributions restricted for long-term investment	(467,600)	(229,363)
Changes in operating assets and liabilities:		
Receivables and other assets	(661,401)	3,640,659
Accounts payable and accrued liabilities	(826,690)	(695,126)
Grants refundable	(88,621)	(143,731)
Lease liability - operating	(51,760)	-
Deposits, deferred tuition and fees, and other liabilities	1,043,084	(4,450,941)
Net cash provided by operating activities	1,715,285	1,279,104
Cash flows from investing activities:		
Additions to land, buildings and equipment	(1,002,919)	(577,214)
Purchases of investments	(50,268,947)	(23,129,175)
Proceeds from disposal of property	280,011	74,083
Proceeds from sale of investments	45,455,886	22,787,515
Net cash applied to investing activities	(5,535,969)	(844,791)
Cash flows from financing activities:		
Contributions restricted for long-term investment	467,600	229,363
Refinancing fees	(17,600)	-
Principal payments on outstanding bonds	(687,637)	(662,817)
Net cash applied to financing activities	(237,637)	(433,454)
(Decrease) increase in cash and cash equivalents	(4,058,321)	859
Cash and cash equivalents at beginning of year	12,682,264	12,681,405
Cash and cash equivalents at end of year	\$ 8,623,943	\$ 12,682,264
Supplemental data:		
Cash paid for interest	\$ 459,480	\$ 488,336
Non-cash initial recognition of operating leases		
Right-of-use-assets	\$ 182,364	\$ -
Lease liability	\$ 182,364	\$ -

The accompanying notes are an integral part of the financial statements.

BAY PATH UNIVERSITY
Notes to Financial Statements
June 30, 2023 and 2022

Note 1 - Organization

Bay Path University (the "University") is a distinctive, progressive, professionally focused, four-year and graduate university for undergraduate women and co-educational graduate students.

A pioneer in innovative undergraduate programs for women and professional graduate degrees for men and women, Bay Path University, through its focus on leadership, communication, and technology, educates students to become confident and resourceful contributors to our increasingly interdependent world.

Students are challenged to accept the responsibilities and to experience the rewards of leadership through their education at Bay Path University. Opportunities to build and strengthen technological, analytical, and oral and written communication skills are thoroughly integrated into the curriculum. Students apply and expand their knowledge through internships, field placements, or focused projects in a wide variety of settings.

The University, which values and promotes diversity, respects the needs, views, and rights of others. A dedicated community of faculty and staff fosters the social and personal as well as the intellectual development of all students.

Note 2 - Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the University as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature that may or will be met, either by the passage of time or the events specified by the donor. Other donor-imposed restrictions are perpetual in nature, whereby the donor stipulates that resources be maintained in perpetuity. Net assets with donor restrictions include contributions restricted by donors for specific purposes or to be spent in future periods as well as contributions by donors to be maintained in perpetuity as the University's permanently restricted endowment funds.

Net assets without donor restrictions – Net assets available for general use and not subject to donor restrictions. The Board of Trustees (the "Board") has designated certain net assets without donor restrictions to be invested for long term purposes as unrestricted quasi endowment funds. Such funds can be undesignated by the Board. Net assets without donor restrictions include the University's quasi endowment funds, its net investment in plant, funds for facilities, student loans and accumulated undesignated funds.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

(b) Operations

The statements of activities report the changes in net assets from operating and non-operating activities. Operating revenues consist of revenues attributable to the University's undergraduate and graduate programs, investment return utilized for operations, and contributions from bequests without donor restrictions or for the acquisition of capital assets. Investment return in excess of the University's spending policy is reported as non-operating revenue.

(c) Revenue Recognition

Tuition, fees, residence hall, dining, and other auxiliary services are recognized as revenues over time as earned over the University's academic calendar, based upon its established rates, net of financial aid and scholarships.

Contributions which are conditioned on a barrier or stipulation as to use are recognized as revenues when the condition is met.

Contributions for which the condition has been met as well as unconditional contributions are recognized as revenues without donor restrictions, or as revenues with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions with donor restrictions that are met in the reporting period in which the contribution was received are recognized as revenues without donor restrictions.

Contributed property and equipment are recorded at fair value at the date of donation.

Student deposits and advance payments for tuition, room and board related to the next fiscal year are recognized as contract liabilities. The accounts receivable and deferred revenues and student deposits balances as of July 1, 2021 totaled \$2,473,155 and \$3,229,727, respectively.

(d) Cash and Cash Equivalents

The University considers investments with maturities of three months or less at the date of purchase to be cash and cash equivalents unless such investments are part of the University's long-term investments pool.

Cash and cash equivalents awaiting investment as part of the long-term investments pool are reported as part of the University's investments.

The University may maintain cash and cash equivalent deposits in excess of federally insured limits at certain financial institutions. The University monitors the financial condition of banking institutions that are utilized in order to keep this potential risk to a minimum. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the University's financial condition, results of operations, and cash flows.

(e) Loans Receivable

Loans receivable consist primarily of loans granted under the Federal Perkins Loan Program (“Perkins”). The Federal Government provided a portion of the funds to support this program and student loan repayments funded from such funds are refundable to the Federal Government upon ending of the University’s participation in the program. The amount refundable to the Federal Government is recorded as grants refundable.

(f) Allowance for Doubtful Accounts

Accounts and notes receivable are recorded at amounts that the University expects to realize.

Provisions for losses on receivables are determined on the basis of loss experience, known and inherent risks, and current economic conditions.

(g) Investments and Fair Value Hierarchy

Investments are recorded at fair value. Net appreciation or depreciation in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation or depreciation on those investments, is recognized in the statements of activities. Realized gains and losses on the sale of investments are recorded on the trade date using the specific identification method.

Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. Financial instruments are measured and reported at fair value. Investments are classified in one of the following hierarchy categories based on the lowest level input that is significant to the fair value measurement in its entirety:

- Level 1 inputs are quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities.
- Level 2 inputs are quoted prices for markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly.
- Level 3 inputs are unobservable inputs that are used when little or no market data is available.

The fair values of publicly traded fixed income and equity securities are based on quoted market prices.

The fair values of real estate held for investment purposes are based on appraisals.

The fair values for certain private equity investments held through limited partnerships and alternative investments are estimated by the respective external investment managers if market values are not readily ascertainable. These valuations necessarily involve assumptions that are reviewed by the University. Because the investments in private equity investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ significantly from the value that would have been used had a market for such investments existed.

The University's interests in alternative investment funds are generally reported utilizing the fund's net asset value or its equivalent ("NAV") as reported by the fund's investment manager, as a practical expedient for determining the fair value of the investment. In cases where NAV is used as a practical expedient, these investments are redeemable either at NAV under the original terms of the subscription agreements and operations of the underlying funds, or at the discretion of the investment manager when the underlying investments are sold. However, it is possible that the redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements.

Due to the nature and illiquidity of the investments held by these funds, changes in market conditions and the economic environment may significantly impact the value of the funds and, consequently, the fair value of the University's interests in the funds. Additionally, although certain investments may be sold in a secondary market transaction, subject to meeting certain requirements of the governing documents of the funds, the secondary market is not active and individual transactions are not necessarily observable. It is therefore reasonably possible that if the University were to sell its interest in a fund in the secondary market, the sale could occur at an amount different than the reported value, and the difference could be material. As of June 30, 2023 and 2022, the University had no plans or intentions to sell investments at amounts different than NAV. As of June 30, 2023 and 2022, the University had no unfunded commitments for NAV investments.

(h) Land, Buildings and Equipment

Land, buildings, and equipment are recorded at cost when the estimated useful life is over one year at the date of acquisition and when such amounts exceed a management established capitalization threshold. Additions, renewals, and betterments are capitalized unless it is a relatively minor amount. Expenditures for repairs and maintenance are charged to expense as incurred. Property, plant and equipment are depreciated using the straight-line method over their respective estimated useful lives which range from 5 to 50 years.

(i) Asset Retirement Obligations

The University recognizes a liability for the legal obligation associated with asset retirements in the period in which the obligation is incurred. The liability is adjusted for changes in the estimated timing and cost to settle the obligation. Upon settlement of the obligation, the difference between the cost to settle the asset retirement obligation and the recorded liability is recognized as a gain or loss in the statements of activities.

(j) Leases

The University categorizes leases with contractual terms longer than twelve months as either operating or finance. Finance leases are generally those leases that allow the University to substantially utilize or pay for the entire asset over its estimated life. All other leases are categorized as operating leases. Leases with contractual terms of 12 months or less are not recorded on the statements of financial position. The University had no finance leases during 2023.

Lease liabilities are recognized at the present value of the fixed lease payments using a discount rate based on similarly secured borrowings available to the University. Right of use assets are recognized based on the initial present value of the fixed lease payments plus any direct costs from executing the leases. Lease assets are tested for impairment in the same manner as long-lived assets used in operations.

BAY PATH UNIVERSITY
Notes to Financial Statements
June 30, 2023 and 2022

Options to extend lease terms, terminate leases before the contractual expiration date, or purchase the leased assets, are evaluated for their likelihood of exercise. If it is reasonably certain that the option will be exercised, the option is considered in determining the classification and measurement of the lease.

Costs associated with operating lease assets are recognized on a straight-line basis within operating expenses over the term of the lease. Right-of-use assets are amortized on a straight-line basis over the shorter of the estimated useful lives of the assets or the lease term.

(k) Income Taxes

The University is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code. As a not-for-profit entity exempt from income taxes, the University may, however, be subject to tax on unrelated business income.

Tax positions taken or expected to be taken in the course of preparing the University's tax returns, including the position that the University qualifies as a tax-exempt organization, are required to be evaluated to determine whether the tax positions are more likely than not to be upheld under regulatory review. The University has assessed its tax-exempt status, its tax filings, and related tax positions and determined that there are no uncertain tax positions.

The University's tax filings from 2020 through 2023 are open for examination by the tax authorities. Any tax assessed upon examination would be recorded as expense in the statements of activities.

(l) Advertising Costs

Advertising costs are expensed as incurred.

(m) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results may differ from the estimates. The University's significant estimates include the valuation of its investments and the recoverability of its long-lived assets.

(n) Risks and Uncertainties

The University invests in investment securities which may be exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risk factors in the near term could materially affect the amounts reported in the statements of financial position and activities.

BAY PATH UNIVERSITY
Notes to Financial Statements
June 30, 2023 and 2022

(o) Adoption of New Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (“FASB”) issued an Accounting Standards Update (“ASU”) amending the accounting for leases. The University adopted the new standard effective July 1, 2022, using the modified retrospective approach. Comparative prior periods were not adjusted upon adoption, as the University utilized the practical expedient available under the guidance. Further, the University elected to implement the package of practical expedients, whereby the University did not (i) reassess existing contracts for embedded leases, (ii) reassess existing lease agreements for finance or operating classification, or (iii) reassess existing lease agreements in consideration of initial direct costs.

Upon adoption, the University recognized \$182,364 in right-of-use (“ROU”) assets related to its lease property. Corresponding lease liabilities of \$182,364 were also recognized. There was no cumulative effective of applying the new standard and accordingly there was no adjustment to net assets upon adoption.

Note 3 - Accounts and Notes Receivable, net

The University’s accounts and notes receivable at June 30, 2023 and 2022 consisted of:

	2023	2022
Student accounts receivable	\$ 3,800,005	\$ 3,295,859
Perkins loan program notes receivable	1,763,123	1,869,980
Other accounts receivable	625,946	157,328
Less allowance for doubtful accounts	<u>(3,283,243)</u>	<u>(3,206,652)</u>
Net accounts and notes receivable	<u>\$ 2,905,831</u>	<u>\$ 2,116,515</u>

Note 4 - Pledges Receivable, net

The University’s net pledges receivable at June 30, 2023 and 2022 consisted of:

	2023	2022
Amounts due in:		
Less than one year	\$ 62,100	\$ 322,400
One to five years	<u>32,250</u>	<u>77,667</u>
	94,350	400,067
Less:		
Present value discount	(992)	(2,910)
Allowance on uncollectible pledges	<u>(40,516)</u>	<u>(40,516)</u>
Net pledges receivable	<u>\$ 52,842</u>	<u>\$ 356,641</u>

Discount rates ranged from .25% to 2.99% at June 30, 2023 and 0.16% to 3.10% at June 30, 2022.

BAY PATH UNIVERSITY
Notes to Financial Statements
June 30, 2023 and 2022

Note 5 - Investments and Fair Value

For the majority of its investments, the University maintains a pooled investment fund (the “fund”). The investment objective of the fund is to invest its assets in a prudent manner which maximizes investment return while minimizing the volatility in changes to the fair value of its investments.

The University’s investments also include amounts received from donors who have established charitable gift annuities with the University, whereby the donated assets are invested and payments are made to the donor and/or other beneficiaries in accordance with the agreements.

The following table presents the University’s fair value hierarchy for investments measured at fair value on a recurring basis as of June 30, 2023 and 2022:

	June 30, 2023					Redemption or liquidation
	Level 1	Level 2	Level 3	Measured at NAV	Total	
Endowment investments:						
Cash	\$ 52,116	\$ -	\$ -	\$ -	\$ 52,116	Daily
Total return assets:						
Schwab Govt MM fund	3,596	-	-	-	3,596	
U.S. equities	27,914,263	-	-	-	27,914,263	Daily
International equities	6,163,977	-	-	-	6,163,977	Daily
Emerging market equities	5,556,879	-	-	-	5,556,879	Daily
Global equities	1,278,781	-	-	-	1,278,781	Daily
Inflation hedges:						
Real estate investment trusts	4,542,175	-	-	-	4,542,175	Daily
Fixed income/deflation hedges	14,889,944	-	-	-	14,889,944	Daily
Private equity ¹	-	-	-	191,052	191,052	Liquid
Hedge funds ²	-	-	-	6,727,986	6,727,986	Subject to lock-up
Endowment investments at fair value	<u>60,401,731</u>	<u>-</u>	<u>-</u>	<u>6,919,038</u>	<u>67,320,769</u>	
Other investments:						
Short-term investments	15,631,832	-	-	-	15,631,832	Daily
Direct real estate	-	-	1,124,437	-	1,124,437	
Funds held or administered by others	<u>-</u>	<u>-</u>	<u>695,899</u>	<u>-</u>	<u>695,899</u>	N/A
Total other investments	<u>15,631,832</u>	<u>-</u>	<u>1,820,336</u>	<u>-</u>	<u>17,452,168</u>	
Total investments	<u>\$ 76,033,563</u>	<u>\$ -</u>	<u>\$ 1,820,336</u>	<u>\$ 6,919,038</u>	<u>\$ 84,772,937</u>	

1. The private equity funds have initial terms of 10 years. The funds are expected to liquidate in 1-2.5 years.

2. The University’s hedge fund investments are restricted from redemption based on rolling lock-up periods.

BAY PATH UNIVERSITY
Notes to Financial Statements
June 30, 2023 and 2022

	June 30, 2022					Redemption or liquidation
	Level 1	Level 2	Level 3	Measured at NAV	Total	
Endowment investments:						
Cash	\$ 59,108	\$ -	\$ -	\$ -	\$ 59,108	Daily
Total return assets:						
U.S. equities	23,779,263	-	-	-	23,779,263	Daily
International equities	5,520,576	-	-	-	5,520,576	Daily
Emerging market equities	4,306,294	-	-	-	4,306,294	Daily
Global equities	888,753	-	-	-	888,753	Daily
Inflation hedges:						
Real estate investment trusts	5,010,292	-	-	-	5,010,292	Daily
Fixed income/deflation hedges	11,079,699	-	-	-	11,079,699	Daily
Private equity ¹	-	-	-	6,769,179	6,769,179	Liquid
Hedge funds ²	-	-	-	6,084,547	6,084,547	Subject to lock-up
Endowment investments at fair value	<u>50,643,985</u>	<u>-</u>	<u>-</u>	<u>12,853,726</u>	<u>63,497,711</u>	
Other investments:						
Short-term investments	10,369,244	-	-	-	10,369,244	Daily
Direct real estate	-	-	1,147,578	-	1,147,578	
Funds held or administered by others	<u>-</u>	<u>-</u>	<u>704,625</u>	<u>-</u>	<u>704,625</u>	N/A
Total other investments	<u>10,369,244</u>	<u>-</u>	<u>1,852,203</u>	<u>-</u>	<u>12,221,447</u>	
Total investments	<u>\$ 61,013,229</u>	<u>\$ -</u>	<u>\$ 1,852,203</u>	<u>\$ 12,853,726</u>	<u>\$ 75,719,158</u>	

^{1.} The private equity funds have initial terms of 10 years. The funds are expected to liquidate in 2-3.5 years.

^{2.} The University's hedge fund investments are restricted from redemption based on rolling lock-up periods.

The University recognizes transfers between levels at the end of the reporting period as if the transfer occurred on the last day of the reporting period.

BAY PATH UNIVERSITY
Notes to Financial Statements
June 30, 2023 and 2022

The activity for the fiscal years ended June 30, 2023 and 2022 for investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) is presented in the following tables:

	2023			2022		
	Direct real estate	Funds held or administered by others	Total	Direct real estate	Funds held or administered by others	Total
Beginning value	\$ 1,147,578	\$ 704,625	\$ 1,852,203	\$ 782,618	\$ 798,190	\$ 1,580,808
Acquisitions	-	64,824	64,824	-	(44,080)	(44,080)
Dispositions	-	(86,032)	(86,032)	-	(18,227)	(18,227)
Investment income	-	3,770	3,770	-	7,184	7,184
Unrealized (losses) gains	(23,141)	8,712	(14,429)	364,960	(38,442)	326,518
Ending value	<u>\$ 1,124,437</u>	<u>\$ 695,899</u>	<u>\$ 1,820,336</u>	<u>\$ 1,147,578</u>	<u>\$ 704,625</u>	<u>\$ 1,852,203</u>

At June 30, 2023, the University had outstanding investment commitments to alternative investments of \$23,750 which will be paid in one or more installments and in amounts and on the dates specified by the general partner extending through the year ending June 30, 2024.

Note 6 - Endowment Funds

The University's endowment consists of approximately 150 individual endowment funds established for a number of different purposes. The funds include donor-restricted funds as well as quasi endowment funds designated by the Board to be invested for long term purposes. The goal of the endowment funds' investments is to generate a total return that preserves the long-term real purchasing power of the endowment funds while providing a relatively predictable and increasing revenue stream to be used for donor-specified or Board-designated purposes that support the mission of the University.

The University employs a spending policy which, absent any explicit donor stipulations to the contrary, allows for a total return (dividends, interest, realized and unrealized appreciation) spending amount that ranges between 3%-6% of a twelve-quarter moving average fair value of the endowment funds' investments. The spending policy complies with the Massachusetts Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). Certain donor-restricted endowment funds limit the amount of total return that can be spent to the fund's proportionate share of dividends and interest.

UPMIFA allows, subject to a donor's gift instrument, an institution to appropriate for expenditure or accumulate as much of a donor-restricted endowment fund as the institution determines is prudent for the uses, benefits, purposes and duration for which the fund is established. The University has chosen to require the preservation of gifts of donor-restricted endowment funds absent explicit donor stipulations to the contrary. Accordingly, the University classifies as donor-restricted net assets held in perpetuity (a) the original value of donor-restricted gifts to the University's permanent endowment, (b) the original value of subsequent donor-restricted gifts to the University's permanent endowment, and (c) accumulations to those donor-restricted funds that limit the amount of total return that can be spent by the University.

BAY PATH UNIVERSITY
Notes to Financial Statements
June 30, 2023 and 2022

The University classifies total return earned on donor-restricted endowment funds as donor-restricted net assets until the University appropriates a portion of a fund's total return pursuant to its spending policy at which time such portion is reclassified from donor-restricted net assets to net assets without donor restrictions.

From time to time, the fair value of a donor-restricted endowment fund may, due to unfavorable market fluctuations, fall below the amount that the donor requires to be maintained in perpetuity. The decline, commonly referred to as an "underwater" fund, is reported as a loss within donor-restricted net assets. The Board has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. As of June 30, 2023 and 2022, the University did not have "underwater" endowment funds.

Endowment funds consisted of the following at June 30, 2023 and 2022:

2023			
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted	\$ -	\$ 22,369,379	\$ 22,369,379
Quasi (board designated)	44,951,113	-	44,951,113
Total	<u>\$ 44,951,113</u>	<u>\$ 22,369,379</u>	<u>\$ 67,320,492</u>

2022			
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted	\$ -	\$ 20,766,949	\$ 20,766,949
Quasi (board designated)	42,730,762	-	42,730,762
Total	<u>\$ 42,730,762</u>	<u>\$ 20,766,949</u>	<u>\$ 63,497,711</u>

BAY PATH UNIVERSITY
Notes to Financial Statements
June 30, 2023 and 2022

Changes in endowment funds for the fiscal years ended June 30, 2023 and 2022 were as follows:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2022	\$ 42,730,762	\$ 20,766,949	\$ 63,497,711
Investment return, net	1,686,510	1,691,151	3,377,661
Contributions	-	445,120	445,120
Distributions	533,841	(533,841)	-
Transfers	-	-	-
June 30, 2023	<u>\$ 44,951,113</u>	<u>\$ 22,369,379</u>	<u>\$ 67,320,492</u>

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2021	\$ 46,180,235	\$ 27,941,646	\$ 74,121,881
Investment return, net	(3,794,666)	(7,074,263)	(10,868,929)
Contributions	-	244,759	244,759
Distributions	330,990	(330,990)	-
Transfers	14,203	(14,203)	-
June 30, 2022	<u>\$ 42,730,762</u>	<u>\$ 20,766,949</u>	<u>\$ 63,497,711</u>

Note 7 - Land, Buildings and Equipment

Land, buildings and equipment consisted of the following at June 30, 2023 and 2022:

	2023	2022	Estimated useful lives
Land and improvements	\$ 6,209,643	\$ 6,260,055	-
Building and building improvements	53,463,665	53,185,119	10 to 50 years
Leasehold improvements	42,185	42,185	10 years
Furniture and equipment	13,563,383	13,350,505	5 to 10 years
Computer equipment and software	12,910,855	12,630,171	3 years
Motor vehicles	509,893	370,716	3 years
Construction in progress	20,673	20,673	-
	<u>86,720,297</u>	<u>85,859,424</u>	
Less accumulated depreciation	<u>(57,325,448)</u>	<u>(55,287,950)</u>	
	<u>\$ 29,394,849</u>	<u>\$ 30,571,474</u>	

BAY PATH UNIVERSITY
Notes to Financial Statements
June 30, 2023 and 2022

Depreciation expense for the years ended June 30, 2023 and 2022 totaled \$2,127,350 and \$2,379,121, respectively.

The University's conditional asset retirement obligations as of June 30, 2023 and 2022 totaled \$2,701,063 and \$2,583,255, respectively. A portion of these obligations, \$ 485,977 at June 30, 2023 and \$462,835 at June 30, 2022, was reflected as a reduction in the fair value of investments since the University holds certain parcels of real estate in its long-term investment pool. Accretion expense for the years ended June 30, 2023 and 2022 totaled \$105,751 and \$100,972, respectively.

Note 8 - Leases

The University leases many of its copiers, printers, and other office equipment for various terms under long-term, non-cancelable operating lease agreements. The leases expire at various dates through 2027 and provide for renewal options. The renewal options have not been included in the lease liability calculation, since it is not reasonably certain that they will be exercised, based on general uncertainties that come with the passage of time.

Because the rates implicit in the leases are generally not available, the University utilizes the risk-free rate as the discount rate.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities as of June 30, 2023:

	<u>Amount</u>
Years ending June 30:	
2024	\$ 59,262
2025	59,262
2026	17,744
2027	629
	<u>136,897</u>
Less: Imputed interest	(6,293)
	<u>\$ 130,604</u>

Operating lease expense for the year ended June 30, 2023 was \$58,352. Short-term lease expense for the year ended June 30, 2023 was \$45,702.

The weighted average discount rate associated with operating leases as of June 30, 2023, is 4.44%, while the weighted-average remaining lease term of operating leases was 2.29 years.

Cash paid in the measurement of operating leases included cash flow from operating activities was \$51,760.

Note 9 - Line of Credit

As of June 30, 2023 and 2022, the University had available a \$5,000,000 revolving line of credit from a bank at an interest rate calculated at 0.25% points less than the highest prime rate as published in the *Wall Street Journal* (8.25% and 4.75% at June 30, 2023 and 2022, respectively). At June 30, 2023 and 2022, there were no outstanding advances against the line of credit.

BAY PATH UNIVERSITY
Notes to Financial Statements
June 30, 2023 and 2022

Note 10 - Bonds Payable, net

In 2013, the University borrowed \$19,500,000 in the form of Massachusetts Development Finance Agency ("MDFA") Revenue Bonds. The bonds are payable in equal installments of principal and interest over 25 years. The interest rate on the bonds is fixed at 3.2% for the first ten years, after which it is revised for the next ten years and then for the final five years to a rate equal to the greater of 3.2% or a formula based on the then applicable Federal Home Loan Bank of Boston amortizing rate. The bonds are collateralized by the mortgaged property, including its leases and rents.

In July 2022, the University restructured the interest rate and the holders changed from three entities to two for the MDFA bonds. The interest rate was changed to 3.15%.

The bonds require the University to maintain certain covenants, including a minimum debt service coverage ratio. The University was in compliance with its covenants for the years ended June 30, 2023 and 2022.

Deferred financing costs, net of amortization, were \$106,291 and \$94,998 as of June 30, 2023 and 2022, respectively.

Future principal payments on the bonds as of June 30, 2023 are:

	<u>Amount</u>
Years ending June 30:	
2024	\$ 708,666
2025	732,827
2026	756,578
2027	781,098
2028	805,487
Thereafter	<u>10,217,462</u>
	<u>\$ 14,002,118</u>

Note 11 - Pension Plan

The University provides a defined contribution retirement plan for most faculty, staff, and administrators. The plan's investments are held and administered by the Teachers Insurance and Annuity Association ("TIAA"). Eligible employees may contribute a percentage of their annual compensation, subject to Internal Revenue Code restrictions. On July 1, 2020 the University suspended its contribution to the plan. A 6% contribution of each eligible plan participant's compensation for the fiscal year 2022 was made in January 2022 and August 2022. A 6% contribution of each eligible plan participant's compensation for the first 6 months of fiscal year 2023 was made in January of 2023. For the second half of fiscal year 2023, contributions were made for every pay period on each eligible plan participant's compensation. Plan expense totaled \$1,059,890 and \$985,785 for fiscal years 2023 and 2022, respectively.

BAY PATH UNIVERSITY
Notes to Financial Statements
June 30, 2023 and 2022

Note 12 - Deferred Compensation

The University offers a deferred compensation plan for Executive Staff of the University which allows an eligible participant to elect to defer a portion of their annual compensation for payment in future periods. Under the plan, deferred wages are payable at the participant's election at a date certain or at termination of the participant's employment with the University. The fair value of plan's assets, which are invested in a separate account, were \$508,396 and \$537,832 at June 30, 2023 and 2022, respectively.

Note 13 - Net Assets With Donor Restrictions

The University's net assets with donor restrictions were as follows at June 30,:

	2023	2022
Net assets with donor restrictions:		
Restricted for the passage of time	\$ 133,923	\$ 45,002
Restricted for use:		
Program expenses	2,852,888	2,751,839
Scholarships	9,685,439	8,990,602
Total	<u>12,672,250</u>	<u>11,787,443</u>
Restricted in perpetuity:		
Scholarships	13,036,081	12,502,887
General University support	1,616,907	1,445,840
Total	<u>14,652,988</u>	<u>13,948,727</u>
Total net assets with donor restrictions	<u><u>\$ 27,325,238</u></u>	<u><u>\$ 25,736,170</u></u>

Note 14 - Net Assets Released from Restrictions

Net assets with donor restrictions were released from donor restriction by incurring expenses satisfying the restricted purpose specified by the donor. The net assets released from restriction related to the following:

	2023	2022
Time restriction met and purpose restrictions accomplished:		
Student aid	\$ 838,241	\$ 633,391
Other activities	1,153,658	1,063,141
	<u><u>\$ 1,991,899</u></u>	<u><u>\$ 1,696,532</u></u>

BAY PATH UNIVERSITY
Notes to Financial Statements
June 30, 2023 and 2022

Note 15 - Functional Expenses

The costs of providing the University's programs and other activities are summarized on a functional basis in the accompanying statements of activities. These costs include direct as well as indirect costs, including operation and maintenance of plant assets, interest and depreciation, which have been allocated on a consistent basis among the program and supporting services benefited.

Fundraising expense for the years ended June 30, 2023 and 2022 totaled \$799,097 and \$910,844, respectively. The majority of these fundraising expenses are classified as management and general expenses in the statements of activities.

Following are the University's expenses for the years ended June 30, 2023 and 2022 by natural classification:

For the Year Ended June 30, 2023

	Instruction	Academic Support	Student Services	Auxiliary Enterprises	Institutional Support	Total
Salaries and wages	\$ 14,371,458	\$ 3,265,236	\$ 3,496,891	\$ 195,787	\$ 4,772,737	\$ 26,102,110
Employee benefits	2,484,429	659,487	704,567	26,060	774,810	4,649,352
Supplies, services, and other	2,765,825	2,991,849	5,408,559	2,025,112	2,792,098	15,983,443
Depreciation	998,757	245,534	410,699	317,621	260,490	2,233,101
Interest	367,133	-	-	-	98,091	465,224
Total	\$ 20,987,602	\$ 7,162,106	\$ 10,020,716	\$ 2,564,580	\$ 8,698,226	\$ 49,433,230

For the Year Ended June 30, 2022

	Instruction	Academic Support	Student Services	Auxiliary Enterprises	Institutional Support	Total
Salaries and wages	\$ 14,196,595	\$ 3,555,409	\$ 3,457,568	\$ 310,349	\$ 4,544,004	\$ 26,063,925
Employee benefits	2,469,153	697,265	647,327	47,761	811,872	4,673,378
Supplies, services, and other	2,480,676	2,983,224	5,966,420	1,789,094	2,796,027	16,015,441
Depreciation	1,189,532	248,043	405,912	230,734	406,220	2,480,441
Interest	390,339	-	-	-	103,342	493,681
Total	\$ 20,726,295	\$ 7,483,941	\$ 10,477,227	\$ 2,377,938	\$ 8,661,465	\$ 49,726,866

Note 16 - Pandemic Impact

In response to the pandemic, the Federal government provided Higher Education Emergency Relief Funds ("HEERF") to the University under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA"), and American Rescue Plan Act ("ARPA"). The HEERF funds consisted of the student aid portion and institutional portion, and each Act required a minimum amount to be spent on student aid. The student aid portion is required to be distributed to students as emergency grants for their expenses related to the disruption of campus operations due to the coronavirus. The institutional portion can be used to cover any costs associated with significant changes to the delivery of instruction due to the coronavirus. Unless an extension is approved by the Department of Education, the student aid award and the institutional award must be spent by June 30, 2023.

As of June 30, 2022, the University has expended its entire CARES, CRRSAA and ARPA awards. For the year ended June 30, 2022, the University expended \$2,708,621 for emergency grants to students and \$2,173,056 for institutional costs from the HEERF.

BAY PATH UNIVERSITY
Notes to Financial Statements
June 30, 2023 and 2022

Additionally, the University received an additional \$208,347 for the year ended June 30, 2022, respectively, under the Strengthening Institutions Program provision of the CARES Act.

On March 13, 2020, the President declared the COVID-19 pandemic of sufficient severity and magnitude to warrant an emergency declaration pursuant to section 501 (b) of the Stafford Act. In accordance with section 502 of the Stafford Act, eligible emergency protective measures taken to respond to the COVID-19 emergency at the direction or guidance of public health officials could be reimbursed under Category B of the agency's Public Assistance program through the Federal Emergency Management Agency ("FEMA"). Under the declaration, certain private non-profit organizations were declared eligible to apply for the available funding.

The University applied, and was approved for, a total of \$394,857 in reimbursable expenses incurred during the pandemic, and recorded the funds as Federal grant revenue for the year ending June 30, 2023.

Note 17 - Commitments, Contingencies and Uncertainties

The University participates in the Massachusetts U-Plan Prepaid Tuition Program. This program allows participants to pay in advance (against a bond) for future tuition at the cost of tuition at the time of the bond purchase increased by CPI plus 2%. The potential cost associated with this program cannot be determined as it is contingent on future tuition increases and the bond purchasers who attend the University.

The University participates in a number of federal programs, which are subject to financial and compliance audits. The amount of expenditures that may be disallowed by the granting agencies cannot be determined at this time, although the University does not expect these amounts, if any, to be material to the financial statements.

Note 18 - Liquidity and Availability

The University regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The University has various sources of liquidity at its disposal, including cash and equivalents, marketable securities, and a line of credit.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the University considers all expenditures related to its ongoing activities of teaching, research and public service as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to the financial assets available to meet general expenditures over the next 12 months, the University operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statements of cash flows which identifies the sources and uses of the University's cash and shows positive cash generated by operations for the years ended June 30, 2023 and 2022.

BAY PATH UNIVERSITY
Notes to Financial Statements
June 30, 2023 and 2022

The University's endowment consists of donor-restricted endowment and board-designated quasi endowment funds. Income from donor-restricted endowments that is restricted for specific purposes is not available for general expenditure. The University's board-designated quasi endowment is subject to an annual spending rate of 4%. Although the University does not intend to spend from this board-designated endowment (other than amounts appropriated per the Board's annual spending rate approval), these amounts could be made available if necessary (\$44,951,113 at June 30, 2023).

As of June 30, 2023, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures.

	<u>2023</u>	<u>2022</u>
Cash and equivalents	\$ 8,623,943	\$ 12,682,264
Accounts receivable	1,888,232	875,074
Pledges receivable, due within one year	<u>62,100</u>	<u>332,400</u>
	<u><u>\$ 10,574,275</u></u>	<u><u>\$ 13,879,738</u></u>

Note 19 - Subsequent Events

The University evaluated subsequent events for potential recognition or disclosure through November 2, 2023, the date on which the financial statements were available for issue, and did not identify any events subsequent to June 30, 2023 requiring disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

BAY PATH UNIVERSITY
Financial Responsibility Supplemental Schedule
Year Ended June 30, 2023

Primary Reserve Ratio:			
		Expendable Net Assets:	
1	Statement of Financial Position (SFP)	Net assets without donor restrictions	76,256,498
2	SFP	Net assets with donor restrictions	27,325,238
3		Secured and Unsecured related party receivable - Total	-
4	Not applicable	Unsecured related party receivables	-
5		Property, Plant and Equipment, net (includes Construction in progress) - Total	29,394,849
6	SD Line 3d	Property, plant and equipment pre-implementation	26,781,517
7	Not applicable	Property, plant and equipment post- implementation with outstanding debt for original purchase	-
8	SD Line 6a	Property, plant and equipment post-implementation without outstanding debt for original purchase	2,613,332
9	SD Line 5	Construction in progress	-
10		Lease right-of-use asset, net - Total	130,604
11	Not applicable	Lease right-of-use, pre-implementation (grandfather of leases option not chosen)	-
12	Not applicable	Lease right-of-use asset, post-implementation	130,604
13	Not applicable	Intangible assets	-
14	Not applicable	Post-employment and pension liabilities	-
15		Long-term debt- for long term purposes - Total	13,895,827
16	SD Line 8d	Long- term debt- for long term purpose pre-implementation	13,895,827
17	Not applicable	Long-term debt- for long term purposes post-implementation	-
18	Not applicable	Line of Credit for Construction in progress	-
19		Lease right-of-use asset liability - Total	130,604
20	Not applicable	Pre-implementation right-of-use asset liability (grandfather of leases option not chosen)	-
21	Not applicable	Post-implementation right-of-use asset liability	130,604
22		Annuities, term endowment and life income with donor restrictions - Total	9,852,677
23	SD Line 2a	Annuities with donor restrictions	73,313
24	SD Line 2b	Term Endowments with donor restrictions	9,779,364
25	Not applicable	Life income funds with donor restrictions	-
26	SD Line 1	Net Assets with donor restrictions - restricted in perpetuity	14,652,988
		Total Expenses without Donor Restrictions & Losses without Donor Restrictions:	
	Statement of Activities (SOA)- Total Expense prior to Other Changes	Total expenses without donor restrictions- taken directly from Statement of Activities	49,433,231
28	Not applicable	Non-operating and Net Investment (loss)	-
29	Not applicable	Net Investment losses	-
30	Not applicable	Pension-related changes other than net periodic costs	-
Equity Ratio:			
		Modified Net Assets:	
31	SFP	Net assets without donor restrictions	76,256,498
32	SFP	Net assets with donor restrictions	27,325,238
33	Not applicable	Intangible Assets	-
34	Not applicable	Intangible Assets- Goodwill	-
35		Secured and unsecured related party receivables- Total	-
36	Not applicable	Unsecured related party receivables	-
		Modified Assets:	
37	SFP	Total Assets	126,885,753
38	Not applicable	Lease right-of-use asset pre-implementation	-
39	Not applicable	Pre-implementation right-of-use asset liability	-
40	Not applicable	Intangible Assets	-
41	Not applicable	Secured and unsecured related part receivables	-
42	Not applicable	Unsecured related party receivables	-
Net Income Ratio:			
		Change in Net Assets Without Donor Restrictions:	
43	SOA	Change in net assets without donor restrictions	3,234,725
		Total Revenue without Donor Restrictions & Gains without Donor Restrictions	
44	SOA: Total Revenue, Gains and Other Support (Not including Investments)	Total Revenues and Gains	48,372,736
45	SOA: Investments, Net	Investments, net (operating and non-operating)	4,056,318

See Independent Auditor's Report.

BAY PATH UNIVERSITY
Supplemental Disclosures - U.S. Department of Education
Year Ended June 30, 2023

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

Net Assets

1 Net assets with donor restrictions: restricted in perpetuity	\$ 14,652,988
2 Other net assets with donor restrictions (not perpetually restricted):	
a. Annuities with donor restrictions	73,313
b. Term Endowments	9,779,364
c. Life income funds (trusts)	-
d. Total annuities, term endowment and life income funds with donor restrictions	<u>\$ 9,852,677</u>

Property, Plant and Equipment, net

3 Pre-implementation property, plant and equipment, net (PP&E, net)	
a. Ending balance of last financial statements submitted to the Department of Education (June 30, 2022 financial statement)	\$ 30,571,474
b. Reclassify capital lease assets previously included in PP&E, net prior to the implementation of ASU 2016-02 leases standards	-
c. Less subsequent depreciation and disposals	<u>(3,789,957)</u>
d. Balance Pre-implementation property, plant and equipment, net	<u>26,781,517</u>
4 Debt Financed Post-Implementation property, plant and equipment, net	
Long-lived assets acquired with debt subsequent to June 30, 2022:	
a. Equipment	-
b. Land Improvements	-
c. Building	<u>-</u>
d. Total Property, plant and equipment, net acquired with debt exceeding 12 months	-
5 Construction in progress- acquired subsequent to June 30, 2022	-
6 Post-implementation property, plant and equipment, net, acquired without debt:	
a. Long-lived assets acquired without use of debt subsequent to June 30, 2022	<u>2,613,332</u>
7 Total Property, Plant and Equipment, net- June 30, 2023	<u>\$ 29,394,849</u>

Debt to be excluded from expendable net assets

8 Pre-implementation debt:	
a. Ending balance of last financial statement submitted to the Department of Education (June 30, 2023)	\$ 14,594,757
b. Reclassify capital leases previously included in long-term debt prior to the implementation of ASU 2016-02 leases standards.	-
c. Less subsequent debt repayments	<u>(698,930)</u>
d. Balance pre-implementation debt	<u>13,895,827</u>
9 Allowable post-implementation debt used for capitalized long-lived assets:	
a. Equipment- all capitalized	-
b. Land Improvements	-
c. Buildings	-
10 Construction in progress (CIP) financed with short term debt	-
11 Long-term debt not for the purchase of property, plant and equipment or liability greater than assets value	<u>-</u>
	<u>\$ 13,895,827</u>

See Independent Auditor's Report.

BAY PATH UNIVERSITY
Supplemental Disclosures - U.S. Department of Education
Year Ended June 30, 2023

12 Term of current year debt additions:

	Issue Date	Maturity Date	Nature of Capitalized Amounts	Amount Capitalized
a.				

Lease right-of-use assets and liabilities

13 Lease right-of-use assets				
Right of use assets as of balance sheet date June 30, 2022				\$ -
14 Lease right-of-use assets- Pre-implementation				
Right of use assets as of balance sheet date June 20, 2022 excluding leases entered into before Dec 15, 2018 (grandfather option of leases not chosen)				\$ -
15 Lease right-of-use assets- Post-Implementation				
Right of use assets as of balance sheet date June 20, 2022 excluding leases entered into on or after Dec 15, 2018				\$ 130,604
16 Lease right-of-use liability				
Lease liabilities as of balance sheet dated June 20, 2022				\$ -
17 Lease right-of-use liability- Pre-implementation				
Lease liabilities as of balance sheet dated June 20, 2022 excluding leases entered into before Dec 15, 2018 (grandfathering leases not chosen)				\$ -
18 Lease right-of-use liability- Post-implementation				
Lease liability as of balance sheet dated June 20, 2022 excluding leases entered into on or after Dec 15, 2018				\$ 130,604

Unsecured related party receivables

19 Secured and unsecured related party receivables	\$ -
20 Unsecured related party receivables	\$ -

See Independent Auditor's Report.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

INDEPENDENT AUDITOR'S 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

To the Board of Trustees of
Bay Path University:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the financial statements of Bay Path University (the "University"), which comprise the statement of financial position as of June 30, 2023, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and we have issued our report thereon dated November 2, 2023.

Report on Internal Control Over Financial Reporting

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

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

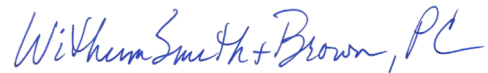
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

A handwritten signature in blue ink that reads 'Withum Smith & Brown, PC'. The signature is written in a cursive, flowing style.

November 2, 2023