

**BALDWIN WALLACE UNIVERSITY**

Consolidated Financial Statements

June 30, 2025 and 2024

(With Independent Auditors' Report Thereon)

**BALDWIN WALLACE UNIVERSITY**

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## Independent Auditor's Report

Board of Trustees  
Baldwin Wallace University  
Berea, Ohio

### ***Opinion***

We have audited the consolidated financial statements of Baldwin Wallace University and its subsidiaries (the University), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the University as of June 30, 2025, 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 Consolidated 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 Matter***

The 2024 consolidated financial statements, before they were restated for the matter discussed in Note 2, were audited by other auditors, and their report thereon, dated December 13, 2024, expressed an unmodified opinion. Our opinion is not modified with respect to this matter.

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

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

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

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 consolidated 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.

**Forvis Mazars, LLP**

**Fort Wayne, Indiana  
November 26, 2025**

**BALDWIN WALLACE UNIVERSITY**  
Consolidated Statements of Financial Position  
June 30, 2025 and 2024

| <b>Assets</b>   | <b>2025</b>    | <b>2024</b>    |
|---|----------------|----------------|
|   |                |                |
| Cash and cash equivalents, including restricted cash of<br>\$5,510,866 and \$4,299,019, respectively                  | \$ 10,403,863  | \$ 4,299,019   |
| Short term investments  | 223,270        | 222,874        |
| Student accounts receivable, less allowances for doubtful<br>receivables of \$1,732,000 and \$111,000, respectively   | 1,144,661      | 2,401,626      |
| Receivables from the federal and state governments  | 1,736,050      | 1,574,521      |
| Other receivables, less allowances for doubtful receivables of \$34,000   | 1,141,000      | 956,625        |
| Inventories   | 1,116,778      | 1,745,210      |
| Prepaid expenses  | 1,294,589      | 1,480,712      |
| Right-of-use assets - operating leases  | 1,691,883      | 2,058,992      |
| Pledges receivable at present value, less allowances for<br>doubtful pledges of \$620,000 and \$152,000, respectively | 3,248,910      | 1,885,859      |
| Student loan notes receivable, less allowances for doubtful<br>loans of \$374,000                                     | 744,270        | 925,346        |
| Total   | 22,745,274     | 17,550,784     |
| Endowment and similar assets:   |                |                |
| Cash equivalents  | 10,604,434     | 20,041,174     |
| Investments at fair value   | 129,152,725    | 125,824,062    |
| Beneficial interests in perpetual trusts  | 25,032,171     | 20,773,854     |
| Total endowment and similar assets  | 164,789,330    | 166,639,090    |
| Property and equipment:   |                |                |
| Grounds   | 18,941,823     | 18,941,823     |
| Educational and general buildings   | 199,346,802    | 198,787,909    |
| Residence halls   | 87,702,451     | 78,223,922     |
| Residences  | 2,448,565      | 2,865,760      |
| Furniture and equipment   | 24,888,202     | 26,781,768     |
| Construction in progress  | —              | 8,257,543      |
|   | 333,327,843    | 333,858,725    |
| Accumulated depreciation  | (173,710,706)  | (167,378,448)  |
| Net property and equipment  | 159,617,137    | 166,480,277    |
| Other assets:   |                |                |
| Cash in escrow  | 2,984,913      | 2,984,913      |
| Facility bonds project trust funds  | —              | 1,443,256      |
| Total other assets  | 2,984,913      | 4,428,169      |
| Total assets  | \$ 350,136,654 | \$ 355,098,320 |

See accompanying notes to consolidated financial statements.

**BALDWIN WALLACE UNIVERSITY**  
Consolidated Statements of Financial Position (Continued)  
June 30, 2025 and 2024

| <b>Liabilities and Net Assets</b>                           | <b>2025</b>           | <b>2024<br/>(Restated)</b> |
|---|-----------------------|----------------------------|
| <b>Liabilities:</b>   |                       |                            |
| Accounts payable  | \$ 2,180,723          | \$ 1,521,569               |
| Accrued expenses  | 4,866,597             | 4,458,730                  |
| Short-term bank loan  | —                     | 15,000,000                 |
| Deferred revenue and student deposits                       | 1,990,861             | 1,688,601                  |
| Lease obligations   | 1,691,883             | 2,058,992                  |
| Other liabilities   | 3,257,293             | 1,823,917                  |
| Annuity obligations   | 2,689,855             | 2,551,040                  |
| U.S. Government advances for Perkins Loans to students      | —                     | 117,126                    |
| Debt  | <u>24,028,787</u>     | <u>25,862,867</u>          |
| Total liabilities   | <u>40,705,999</u>     | <u>55,082,842</u>          |
| <b>Net assets:</b>  |                       |                            |
| Without donor restrictions:                                 |                       |                            |
| Functioning as endowment                                    | 17,406,348            | 18,922,866                 |
| Invested in plant   | <u>69,871,000</u>     | <u>77,153,809</u>          |
| Total without donor restrictions – controlling interest     | <u>87,277,348</u>     | <u>96,076,675</u>          |
| Invested in plant   | <u>757,430</u>        | <u>985,641</u>             |
| Total without donor restrictions – non-controlling interest | <u>757,430</u>        | <u>985,641</u>             |
| Total without donor restrictions                            | <u>88,034,778</u>     | <u>97,062,316</u>          |
| With donor restrictions:                                    |                       |                            |
| Expendable for-   |                       |                            |
| Program   | 7,687,212             | 5,339,040                  |
| Student financial aid grants                                | 5,840,305             | 6,254,079                  |
| Plant   | 4,453,229             | 4,865,981                  |
| Future support  | 3,248,910             | 1,885,859                  |
| Student loans   | 411,836               | 1,474,064                  |
| Annuities and remainder trusts                              | 7,270,748             | 7,745,602                  |
| Perpetual trusts  | 25,032,171            | 20,773,854                 |
| Functioning as endowment                                    | 2,877,488             | 3,161,018                  |
| Endowment   | <u>164,573,978</u>    | <u>151,453,665</u>         |
| Total with donor restrictions                               | <u>221,395,877</u>    | <u>202,953,162</u>         |
| Total net assets  | <u>309,430,655</u>    | <u>300,015,478</u>         |
| Total liabilities and net assets                            | <u>\$ 350,136,654</u> | <u>\$ 355,098,320</u>      |

See accompanying notes to consolidated financial statements.

**BALDWIN WALLACE UNIVERSITY**  
Consolidated Statements of Activities  
June 30, 2025 and 2024

|   | <b>2025</b>   | <b>2024</b>    |
|---|---------------|----------------|
| Changes in net assets without donor restrictions: |               |                |
| Revenue:  |               |                |
| Tuition and fees                                  | \$ 55,290,766 | \$ 54,153,991  |
| Contributions                                     | 3,978,190     | 2,947,178      |
| Investment income and gains distribution          | 1,302,990     | 1,573,005      |
| Auxiliary enterprises                             | 21,886,296    | 17,852,672     |
| Other   | 4,984,075     | 562,302        |
| Total revenue                                     | 87,442,317    | 77,089,148     |
| Net assets released from restrictions             | 13,825,255    | 14,712,927     |
| Total revenue and restrictions released           | 101,267,572   | 91,802,075     |
| Expenses  | (109,421,655) | (117,958,845)  |
| Undistributed investment (losses) gains           | (873,455)     | 209,689        |
| Change in net assets without donor restrictions   | (9,027,538)   | (25,947,081)   |
| Changes in net assets with donor restrictions:    |               |                |
| Revenue:  |               |                |
| Contributions                                     | 7,546,142     | 7,265,364      |
| Investment income and gains distribution          | 6,733,168     | 7,152,464      |
| Government grants                                 | 2,438,653     | 3,016,489      |
| Other   | 4,195,149     | 1,440,600      |
| Total revenue                                     | 20,913,112    | 18,874,917     |
| Net assets released from restrictions             | (13,825,255)  | (14,712,927)   |
| Undistributed investment gains                    | 11,354,858    | 14,680,607     |
| Change in net assets with donor restrictions      | 18,442,715    | 18,842,597     |
| Change in net assets                              | \$ 9,415,177  | \$ (7,104,484) |

See accompanying notes to consolidated financial statements.

**BALDWIN WALLACE UNIVERSITY**  
Consolidated Statements of Changes in Net Assets  
June 30, 2025 and 2024 (Restated)

|   | <u>Without donor<br/>restrictions<br/>controlling<br/>interest</u> | <u>Without donor<br/>restrictions<br/>noncontrolling<br/>interest</u> | <u>Without donor<br/>restrictions<br/>total<br/>net assets</u> | <u>With donor<br/>restrictions<br/>total<br/>net assets</u> | <u>Total</u>          |
|---|--|---|--|---|-----------------------|
| Net assets as of July 1, 2023           | \$ 98,496,806  | \$ 1,331,797  | \$ 99,828,603  | \$ 207,291,359  | \$ 307,119,962        |
| Restatement of net assets               | <u>23,180,794</u>  | <u>—</u>  | <u>23,180,794</u>  | <u>(23,180,794)</u>   | <u>—</u>              |
| Net assets as of July 1, 2023, restated | 121,677,600  | 1,331,797   | 123,009,397  | 184,110,565   | 307,119,962           |
| Change in net assets from activities    | <u>(25,600,925)</u>  | <u>(346,156)</u>  | <u>(25,947,081)</u>  | <u>18,842,597</u>   | <u>(7,104,484)</u>    |
| Net assets as of June 30, 2024          | 96,076,675   | 985,641   | 97,062,316   | 202,953,162   | 300,015,478           |
| Change in net assets from activities    | <u>(8,799,327)</u>   | <u>(228,211)</u>  | <u>(9,027,538)</u>   | <u>18,442,715</u>   | <u>9,415,177</u>      |
| Net assets as of June 30, 2025          | <u>\$ 87,277,348</u>   | <u>\$ 757,430</u>   | <u>\$ 88,034,778</u>   | <u>\$ 221,395,877</u>                                       | <u>\$ 309,430,655</u> |

See accompanying notes to consolidated financial statements.

**BALDWIN WALLACE UNIVERSITY**  
Consolidated Statements of Functional Expenses  
June 30, 2025 and 2024

| <b>2025</b>           | <b>Compensation</b>  | <b>Operation and<br/>maintenance</b> | <b>Depreciation</b>  | <b>Other</b>         | <b>Total</b>          |
|-----------------------|----------------------|--------------------------------------|----------------------|----------------------|-----------------------|
| Instruction           | \$ 32,282,937        | \$ 5,205,875                         | \$ 4,984,922         | \$ 2,455,176         | \$ 44,928,910         |
| Academic support      | 4,543,794            | 128,683                              | 224,810              | 2,094,721            | 6,992,008             |
| Library               | 554,461              | 395,456                              | 378,672              | 438,196              | 1,766,785             |
| Student services      | 5,531,721            | 437,164                              | 418,609              | 2,236,412            | 8,623,906             |
| Student activities    | 3,444,755            | 66,748                               | 1,390,837            | 3,449,225            | 8,351,565             |
| Institutional support | 7,883,788            | 481,198                              | 459,202              | 14,981,475           | 23,805,663            |
| Auxiliary enterprises | 4,357,058            | 299,849                              | 3,032,980            | 7,262,931            | 14,952,818            |
|                       | <u>\$ 58,598,514</u> | <u>\$ 7,014,973</u>                  | <u>\$ 10,890,032</u> | <u>\$ 32,918,136</u> | <u>\$ 109,421,655</u> |
|                       |                      |                                      |                      |                      |                       |
| <b>2024</b>           | <b>Compensation</b>  | <b>Operation and<br/>maintenance</b> | <b>Depreciation</b>  | <b>Other</b>         | <b>Total</b>          |
| Instruction           | \$ 36,701,017        | \$ 5,449,348                         | \$ 5,205,969         | \$ 2,951,463         | \$ 50,307,797         |
| Academic support      | 5,641,500            | 245,757                              | 234,781              | 3,030,602            | 9,152,640             |
| Library               | 558,480              | 413,950                              | 395,462              | 465,585              | 1,833,477             |
| Student services      | 6,751,552            | 457,606                              | 437,169              | 2,357,149            | 10,003,476            |
| Student activities    | 4,045,697            | 1,363,405                            | 1,390,487            | 1,981,801            | 8,781,390             |
| Institutional support | 11,312,593           | 501,986                              | 479,566              | 10,511,129           | 22,805,274            |
| Auxiliary enterprises | 4,716,379            | 2,744,617                            | 2,844,626            | 4,769,169            | 15,074,791            |
|                       | <u>\$ 69,727,218</u> | <u>\$ 11,176,669</u>                 | <u>\$ 10,988,060</u> | <u>\$ 26,066,898</u> | <u>\$ 117,958,845</u> |

See accompanying notes to consolidated financial statements.

**BALDWIN WALLACE UNIVERSITY**  
Consolidated Statements of Cash Flows  
June 30, 2025 and 2024

|   | <b>2025</b>   | <b>2024</b>    |
|---|---------------|----------------|
| Cash flows from operating activities:   |               |                |
| Change in net assets  | \$ 9,415,177  | \$ (7,104,484) |
| Adjustments to reconcile the change in net assets to net cash used in operating activities: |               |                |
| Depreciation  | 10,890,032    | 10,988,060     |
| Gains on sales of investments   | (17,634,570)  | (22,523,873)   |
| Escrow deposit  | —             | (2,984,913)    |
| Change in student, government, and other receivables  | 911,061       | (913,664)      |
| Change in inventory and prepaid expenses  | 814,555       | (267,541)      |
| Change in accounts payable and accrued expenses   | 1,720,008     | (368,024)      |
| Change in deferred revenue, annuity obligations, government advances, and other liabilities | 1,757,325     | 75,145         |
| Property and equipment gains  | (3,684,253)   | (150,471)      |
| Contributions restricted for long-term investment   | (3,759,238)   | (4,786,229)    |
| Other income restricted for long-term investment  | (1,989,198)   | (660,123)      |
| Net cash used in operating activities   | (1,559,101)   | (28,696,117)   |
| Cash flows from investing activities:   |               |                |
| Improvements and purchases of property and equipment  | (5,442,691)   | (11,901,120)   |
| Proceeds from sale of property and equipment  | 4,447,065     | 145,928        |
| Facility bonds project trust fund deposits  | (23,609)      | (312,972)      |
| Facility bonds project trust fund withdrawals   | 1,466,865     | 6,711,326      |
| Purchases of endowment and similar investments  | (58,954,703)  | (142,718,573)  |
| Sales of endowment and similar investments  | 78,439,033    | 175,033,075    |
| Purchases of short term investments   | (396)         | (664)          |
| Repayment of student loans  | 181,076       | 298,677        |
| Net cash provided by investing activities   | 20,112,640    | 27,255,677     |
| Cash flows from financing activities:   |               |                |
| Contributions restricted for long-term investment   | 2,396,187     | 6,364,780      |
| Other income restricted for long-term investment  | 1,989,198     | 660,123        |
| Payment of bank credit line loan  | (15,000,000)  | —              |
| Debt principal payments   | (1,834,080)   | (1,794,080)    |
| Net cash provided by (used in) financing activities   | (12,448,695)  | 5,230,823      |
| Net change in cash and cash equivalents   | 6,104,844     | 3,790,383      |
| Cash, cash equivalents and restricted cash at beginning of period                           | 4,299,019     | 508,636        |
| Cash, cash equivalents and restricted cash at end of period                                 | \$ 10,403,863 | \$ 4,299,019   |
| Supplemental disclosure of cash flow information:   |               |                |
| Cash paid for interest  | \$ 1,451,138  | 2,120,503      |
| Construction in progress in accounts payable  | 54,882        | 707,869        |

See accompanying notes to consolidated financial statements.

## BALDWIN WALLACE UNIVERSITY

### Notes to Consolidated Financial Statements

June 30, 2025 and 2024

#### **(1) Nature of Organization**

Baldwin Wallace University (the University), founded in 1845, is an independent, coeducational university in the liberal arts tradition, accredited by the Higher Learning Commission. Undergraduate degrees granted are the Bachelor of Arts, Bachelor of Fine Arts, Bachelor of Science, Bachelor of Science in Education, Bachelor of Music, Bachelor of Music Education, and Bachelor of Science in Nursing. Graduate degrees granted are Master of Accountancy, Master of Arts in Education, Master of Business Administration, Master of Medical Science, and Master of Science. The University also has certificate programs in a variety of specialties. The University's primary sources of revenue and support are tuition and fees, residence and dining fees, contributions and investment income.

The consolidated financial statements are comprised of the University's operations and three wholly-owned subsidiaries. These include: NC Housing Master Tenant, LLC, NC Housing, LLC and NC Managing Member LLC, which were each formed to hold title to and lease certain real property. These entities have a year-end of December 31.

All significant interorganizational accounts and transactions have been eliminated in consolidation.

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

##### **(a) Method of Accounting**

The University has prepared the accompanying consolidated financial statements on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

The University prepares its consolidated financial statements to focus on the organization as a whole and to present balances and transactions classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as either without donor restrictions or with donor restrictions.

Revenue is 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. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by donor stipulation. The University has primarily reported gains or losses on investments as net assets with donor restrictions as a result of such donor stipulations or law. Expirations of donor restrictions recognized on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as releases to net assets without donor restrictions.

## BALDWIN WALLACE UNIVERSITY

### Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Contributions, including private gifts, grants and pledges (unconditional promises to give), are recognized as revenue in the period received. Contributions of long-lived assets, or of cash or other assets to be used to acquire them, with donor stipulations concerning the use of such long-lived assets, are reported as revenue of net assets with donor restrictions. When the donor restriction expires, that is, when a stipulated time restriction or purpose restriction is met, net assets with donor restrictions are transferred to net assets without donor restrictions. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

Contributions of assets other than cash are recorded at their estimated fair value at the date of gift, except that contributions of works of art, historical treasures, and similar assets held as part of collections are not recognized or capitalized. Allowance is made for doubtful collection of contributions receivable based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors.

#### **(b) Investments**

Investments are reported at fair value. With respect to investment funds such as the University's investments managed by The Common Fund for Nonprofit Organizations (Commonfund), the estimated fair values are provided by external investment managers. Commonfund is an institutional investment manager serving higher education, health care, foundations, and other nonprofit institutions. These estimated fair values are reviewed and evaluated by the University management. Due to the inherent uncertainties of these estimates, these estimated fair values may differ from the values that would have been used had a ready market existed for such investments. Alternative investments are valued at fair value for marketable securities and net asset value (NAV) of the University's ownership interest in the partners' capital as a practical expedient for non-marketable securities.

Investment transactions are recorded on the trade date. Realized gains and losses on the sale of investments are calculated on the basis of the specific identification of securities sold. Investment custodial fees are classified as a reduction in investment income for financial reporting purposes.

The University maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated quarterly to the individual endowment accounts based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts.

#### **(c) Inventory**

Inventories, which consist of bookstore and other supplies, are valued at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method.

#### **(d) Annuities and Perpetual Trusts**

The University's split-interest agreements with donors consist of irrevocable charitable remainder trusts and charitable gift annuities for which the University is either the remainder beneficiary or both the trustee and remainder beneficiary.

## BALDWIN WALLACE UNIVERSITY

### Notes to Consolidated Financial Statements

June 30, 2025 and 2024

Assets held in trust for which the University serves as trustee are included in investments on the consolidated statements of financial position. The fair value of these investments was \$7,215,897 at June 30, 2025 and \$7,687,320 at June 30, 2024. In addition, the present value of the estimated future payments to be made to the donors and/or other beneficiaries is included as annuity obligations on the consolidated statements of financial position. The liabilities are adjusted during the term of the trusts for changes in the value of the assets, accretion of the discount, and other changes in the estimates of future amounts payable. Significant assumptions used in the calculation of the liability include:

- Assumed mortality rates based upon the 2012 Individual Annuity Reserving Mortality Table
- Assumed valuation interest rates range between 2.00% and 2.75%
- Assumed annuity payments made annually at the beginning of the year

Assets held in trust for which the University does not serve as trustee (i.e., perpetual trusts) are also included as assets on the consolidated statements of financial position. The investment balances of \$25,032,171 and \$20,773,854 at June 30, 2025 and 2024, respectively, are recorded at fair value. Changes in the value of the University's beneficial interest in these perpetual trusts are reflected within the consolidated statements of activities as a component of donor restricted endowment and similar investment income.

#### **(e) Government Advances for Student Loans**

The University receives government advances to fund student loans. These advances are recorded as a liability within the consolidated statements of financial position. Interest earned through loan repayments is reinvested into the program to fund additional loans.

#### **(f) Student Loans Receivable**

Notes receivable consist primarily of amounts due under the Federal Perkins Loan Program and are stated at their outstanding principal amounts, net of allowance for credit losses of \$374,000 at June 30, 2025 and 2024. The federal government guarantees all or a significant portion of loans issued under the Program. Loans are made based on demonstrated financial need and satisfaction of federal eligibility requirements. Principal and interest payments on loans generally do not commence until after the borrower graduates or otherwise ceases enrollment. The University provides an allowance for credit losses which is based on a review of outstanding loans, historical collection information, and existing economic conditions. Loans that are delinquent continue to accrue interest. Loans that are past due for at least one payment are considered delinquent. Delinquent loans are written off based on individual credit evaluations and specific circumstances of the borrower.

#### **(g) Deferred Revenue and Student Deposits**

Deferred revenue consists primarily of student tuition, housing and other fees received prior to the beginning of an academic term. Amounts prepaid for future academic terms are included in deferred revenue and student deposits within the consolidated statements of financial position.

**BALDWIN WALLACE UNIVERSITY**  
Notes to Consolidated Financial Statements  
June 30, 2025 and 2024

**(h) Property and Equipment**

Property and equipment are stated at historical cost. Amounts capitalized are depreciated over the estimated useful life of each class of depreciable asset. Depreciation is computed on the straight-line method. Estimated useful lives are as follows:

|   |          |
|---|----------|
| Buildings                                       | 50 years |
| Building additions and renovations              | 25 years |
| Computers, telephones, copiers,<br>and vehicles | 5 years  |
| Other equipment and furniture                   | 10 years |
| Pianos and other musical instruments            | 35 years |

**(i) Leases**

The University determines if an arrangement is or contains a lease at contract inception. The University recognizes a right-of-use (ROU) asset and a lease obligation at the lease commencement date.

For operating leases, the lease obligation is measured at the present value of the unpaid lease payments at the financial statement date. The discount rate utilized for the fiscal years ended June 30, 2025 and 2024 was 2.76 percent.

For finance leases, the lease obligation is initially measured in the same manner as operating leases and is subsequently measured at amortized cost using the effective-interest method. The ROU asset is subsequently amortized using the straight-line method from the lease commencement date to the earlier of the end of its useful life or lease term, unless the lease transfers ownership to the University or the University is reasonably certain to exercise an option to purchase the underlying asset. The University had no finance leases at June 30, 2025 and 2024.

**(j) Impairment of Long-Lived Assets**

The University evaluates the recoverability of long-lived assets and the related estimated remaining lives at each fiscal year end. The University records an impairment or change in useful life whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable or the useful life should be modified. No such impairment or change in estimated useful life was recorded in the fiscal years ended June 30, 2025 and 2024.

**(k) Asset Retirement Obligations**

The University has recorded a liability for conditional asset retirement obligations in other liabilities on the consolidated statements of financial position of approximately \$1,082,000 and \$1,022,000 at June 30, 2025 and 2024, respectively. Related discount amortization and depreciation were approximately \$60,000 and \$57,000 for the years ended June 30, 2025 and 2024, respectively.

**BALDWIN WALLACE UNIVERSITY**  
Notes to Consolidated Financial Statements  
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**(l) Prepaid Expenses**

Prepaid expenses consist of prepaid insurance, maintenance, and other costs associated with future periods.

**(m) Income Taxes**

The University has received a determination letter from the Internal Revenue Service indicating it is a tax-exempt organization as provided for in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes except for taxes pertaining to unrelated business income. No liability provision has been made for income taxes in the accompanying consolidated financial statements. Institutional support expense includes minor amounts representing estimated and final payments of the unrelated business income tax.

The University uses a more likely than not recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken. Tax provisions are evaluated for recognition, derecognition, and measurement using consistent criteria about the uncertainty in income tax assets and liabilities. Based on the University's evaluation, no provision for uncertain tax positions is required as of June 30, 2025 and 2024.

**(n) Cash and Cash Equivalents, Restricted cash and Short-Term Investments**

Cash equivalents consist of short-term highly liquid instruments purchased with an original maturity date of three months or less, except for cash equivalents of endowment and similar funds, which are treated as long term investments.

Short-term investments are reported at fair value and represent the University's operating cash and endowment and similar cash that has been invested in short-term investment funds, which have underlying investments that are not considered cash equivalents and are reported at fair value based on quoted market prices.

The University maintains restricted cash that is designated for a specific purpose and is not available for general operating use. The restricted cash consists of funds set aside for a capital project in accordance with donor restrictions.

At June 30, 2025, the University's cash accounts exceeded federally insured limits.

**(o) Use of Estimates**

The preparation of the consolidated 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 at the date of the consolidated financial statements and the disclosure of contingent assets and liabilities and the reported amounts of revenue, expenses, gains, and losses during the reporting period. Actual results could differ from those estimates.

## BALDWIN WALLACE UNIVERSITY

### Notes to Consolidated Financial Statements

June 30, 2025 and 2024

**(p) Student Financial Aid Grants**

Tuition and fees are reported net of student financial aid grants. A student financial aid grant represents the difference between the stated charge for tuition and fees and the amount that is billed to the student and/or third parties making payments on behalf of the student.

**(q) Functional Classification of Expense**

Expenses are presented by functional classification in accordance with the overall service mission of the University. Each functional classification displays all expenses related to the underlying operations by natural classification. The University allocates a portion of property and equipment operation and maintenance and depreciation expenses to functional areas based on square foot occupancy. Student activities include athletics, the student union, and the recreation and health centers.

**(r) Revenue from Contracts with Customers**

Tuition revenue, and revenue related to residence and dining halls is recognized over the term of the semester as the University provides services to students. Revenue is reported at the amount of consideration which the University expects to be entitled in exchange for providing tuition and auxiliary services. The University determines the transaction price based on standard charges for goods and services provided, reduced by discounts provided for scholarships and other price concessions provided to students. Auxiliary enterprises also includes bookstores (outsourced), vending, and rental houses as auxiliary enterprises on the Consolidated Statement of Activities.

Under Accounting Standards Codification (ASC) Topic 606, revenue from contracts with customers is recognized when control of the promised goods or services is transferred in an amount that reflects the consideration to which the University expects to be entitled in exchange for those goods or services (i.e., the transaction price).

Revenue from student education, residence, and dining services is reflected after reductions from institutional student aid and is recognized as the services are provided over the academic year, which generally aligns with the University's fiscal year. Aid in excess of a student's tuition and fees is reflected as a reduction of residence and dining charges. Disbursements made directly to students for living or other costs are reported as an expense. Payments for student services are generally received prior to the commencement of each academic term and are reported as deferred revenue to the extent services will be rendered in the following fiscal year. The University has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by payers (for example, students, governmental programs and others) that have different reimbursement methodologies, demographic and enrollment trends and other federal and state aid programs.

**BALDWIN WALLACE UNIVERSITY**  
Notes to Consolidated Financial Statements  
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The composition of revenue from academic programs was as follows for the years ended June 30:

|   | <u>2025</u>          | <u>2024</u>         |
|---|----------------------|---------------------|
| Tuition                                   | \$ 115,739,178       | 110,552,257         |
| Seminars and other                        | <u>2,221,620</u>     | <u>947,614</u>      |
| Total                                     | 117,960,798          | 111,499,871         |
| Less:                                     |                      |                     |
| Financial aid grants provided to students | <u>(62,670,032)</u>  | <u>(57,345,880)</u> |
| Net                                       | <u>\$ 55,290,766</u> | <u>54,153,991</u>   |

Auxiliary enterprises revenue consists of the following for the years ended June 30:

|                               | <u>2025</u>          | <u>2024</u>          |
|-------------------------------|----------------------|----------------------|
| Residence and dining services | \$ 21,656,146        | \$ 17,637,524        |
| Other auxiliary expenses      | <u>230,150</u>       | <u>215,148</u>       |
| Total                         | <u>\$ 21,886,296</u> | <u>\$ 17,852,672</u> |

**(s) Tax Credits**

Much of the campus is designated as a historic site. In fiscal year 2023, the University formed three limited liability companies (LLCs) to renovate a residence hall in order to obtain historic tax credits. To obtain benefit from the tax credits, the University formed the LLCs with a corporate investor. The corporate investor received federal income tax credits for the renovation of a historic property. It remitted to the University a share of those credits, \$2,644,064. The University's capital contribution to the venture was \$8,336,860 in fiscal year 2023. The non-controlling capital contribution was \$1,331,797 in fiscal year 2023. The consolidated financial statements included the tax credit payment in revenue without donor restrictions for the year ended June 30, 2023, and include the non-controlling equity in net assets as of June 30, 2025 and 2024.

**(t) Cash in Escrow**

During fiscal year 2024, the University began to maintain a \$2,984,913 escrow account held by a financial institution in connection with obtaining a letter of credit. This letter of credit was requested by the Department of Education and is assigned to its benefit.

**(u) Reclassifications**

Certain reclassifications have been made to the 2024 consolidated financial statements to conform to the 2025 financial statement presentation. These reclassifications had no effect on the change in net assets.

**BALDWIN WALLACE UNIVERSITY**  
Notes to Consolidated Financial Statements  
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**(3) Restatement**

The University's consolidated financial statements were restated due to certain balances that were previously classified as donor-restricted endowments in error. In the current year, the University reviewed the accounting for certain historical transactions that had previously been recorded within the University's donor-restricted endowment. It was determined that these transactions should have been recorded either as net assets without donor restrictions at inception, or first as donor-restricted net assets until the donor's intent had been met and then released. These balances were endowed in error, and therefore the initial gift, along with any accumulated earnings as applicable, were restated to net assets without donor restrictions. Net assets without donor restrictions were increased July 1, 2023 by \$23,180,794 and net assets with donor restrictions were reduced by \$23,180,794 on July 1, 2023.

**(4) Debt**

The University had the following outstanding principal balances as of June 30:

|  | <b>2025</b>   | <b>2024</b>   |
|--|---------------|---------------|
| Ohio Higher Educational Facility Revenue Bonds | \$ 14,040,000 | \$ 15,320,000 |
| Bank loan                                      | 9,988,787     | 10,542,867    |
| Long-term debt                                 | \$ 24,028,787 | \$ 25,862,867 |

**(a) Ohio Higher Education Facility Bonds**

On November 29, 2012, the University issued State of Ohio Higher Educational Facility Revenue Bonds with a par value of \$16,025,000. The University issued the bonds pursuant to a trust agreement between the Ohio Higher Educational Facility Commission and US Bank as trustee. The bonds are dated December 1, 2012, and they mature through 2042. Interest is payable semi-annually on each December 1 and June 1, at variable rates ranging from 0.6% to 4.0%.

On November 16, 2022, the University issued additional bonds with a par value of \$9,970,000 through a similar trust agreement. These bonds mature through December 1, 2053. The interest rates range from 5.75% to 6%. The University used the proceeds of these bonds to renovate a two-building apartment complex that provides housing for graduate students and non-traditional students. This work was complete at June 30, 2025. Project trust fund balances at June 30, 2024 were \$1,443,256. The consolidated financial statements include the trust funds in other assets.

Prepaid expenses on June 30, 2025 and 2024, include debt issuance costs, net of amortization, of \$312,829 and \$332,995, respectively. The University is amortizing the issuance costs over the life of the bonds using the effective interest method.

**BALDWIN WALLACE UNIVERSITY**  
Notes to Consolidated Financial Statements  
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The annual principal payments required on the two bond issues for 2026 and thereafter are as follows:

| Fiscal year ending June 30: |               |
|-----------------------------|---------------|
| 2026                        | \$ 310,000    |
| 2027                        | 325,000       |
| 2028                        | 340,000       |
| 2029                        | 355,000       |
| 2030                        | 370,000       |
| Thereafter                  | 12,340,000    |
|                             | \$ 14,040,000 |

For the years-ended June 30, 2025 and 2024, the University is not aware of any violations of these covenants.

**(b) Bank Loan**

During the year ended June 30, 2018, the University substantially financed the construction of a new residence hall with a variable rate bank loan. At completion in August 2018, the balance of the variable rate loan was \$13,775,000. The parties converted it to a fixed rate loan immediately after completion. The loan matures through 2043 and has an interest rate of 2.76%. The bank loan is callable by the lender within one year of the issuance of these financial statements. Management plans to either refinance or extend the loan before the callable effective date exercisable by the bank.

The annual principal payments required on the bank loan for 2026 and thereafter are as follows:

| Fiscal year ending June 30: |              |
|-----------------------------|--------------|
| 2026                        | \$ 554,080   |
| 2027                        | 554,080      |
| 2028                        | 554,080      |
| 2029                        | 554,080      |
| 2030                        | 554,080      |
| Thereafter                  | 7,218,387    |
|                             | \$ 9,988,787 |

**(c) Line of Credit**

During the year ended June 30, 2024, the University had a \$15,000,000 line of credit for operating funds that bore interest at BSBY plus 1.25 percent. Borrowing outstanding was \$15,000,000 as of June 30, 2025. During the year ended June 30, 2025, the University paid this line of credit in full.

**BALDWIN WALLACE UNIVERSITY**  
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**(5) Endowment and Similar Assets Investments**

Endowment and similar assets include endowment funds, funds functioning as endowment, charitable gift annuities, charitable remainder trusts, and beneficial interests in perpetual trusts. At June 30, 2025 and 2024, these assets comprised the following:

|   | <b>2025</b>    | <b>2024</b>    |
|---|----------------|----------------|
| Cash equivalents                        | \$ 10,604,434  | \$ 20,041,174  |
| Commonfund:                             |                |                |
| Equity funds                            | 63,358,934     | 64,721,088     |
| Fixed income funds                      | 29,997,446     | 26,639,636     |
| Alternative funds, marketable           | 6,242,011      | —              |
| Alternative funds, nonmarketable        | 20,691,589     | 25,672,268     |
| Commonfund subtotal                     | 120,289,980    | 117,032,992    |
| Equities                                | 5,693,906      | 5,506,310      |
| Fixed income                            | 1,049,258      | 831,348        |
| Balanced and other mutual funds         | 2,093,288      | 2,403,798      |
| Other                                   | 26,293         | 49,614         |
| Beneficial interest in perpetual trusts | 25,032,171     | 20,773,854     |
|   | \$ 164,789,330 | \$ 166,639,090 |

**(6) Fair Value Measurements**

The University has adopted the recognition and disclosure provisions prescribed in ASC 820, *Fair Value Measurement and Disclosures*, for financial assets. ASC 820 establishes a framework in generally accepted accounting principles for measuring fair value and expands disclosures about fair value measurements. ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and should be determined based on the assumptions that market participants would use in pricing the asset.

ASC 820 establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values. ASC 820 requires that assets carried at fair value be disclosed according to the following three levels:

**Level 1** – Unadjusted quoted prices in active markets for identical assets. Level 1 yields the highest priority to unadjusted quoted prices in active markets for identical assets. A quoted price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available.

## BALDWIN WALLACE UNIVERSITY

### Notes to Consolidated Financial Statements

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**Level 2** – Observable inputs other than quoted prices in Level 1. Inputs such as quoted prices for similar assets in active markets, quoted prices for identical or similar liabilities that are not active, or other inputs that are observable or can be corroborated by observable market data. Level 2 financial instruments include student accounts receivable, pledges receivable, student loan notes receivable and annuity obligations.

**Level 3** – Unobservable inputs that are significant to the valuation of assets and are supported by little or no market data. This includes discounted cash flow methodologies, pricing models, and similar techniques that use significant unobservable inputs.

Level 1 investments include cash and cash equivalents, short-term investments and Commonfund equity funds, fixed income funds and marketable alternative funds. These valuations are based on quoted prices from active stock exchanges for identical assets. Level 2 investments include fixed income securities, limited partnerships and other miscellaneous securities. The valuations of these securities are based on quoted prices from active stock exchanges for similar assets, quoted prices in inactive markets, or other observable market data such as matrix pricing and yield curves.

The University holds interests in various funds that are illiquid and do not allow for short-term redemption. Nonmarketable alternative funds are valued at their net asset value (NAV) as a practical expedient in determining fair value. These funds utilize a multi-manager approach, allocating assets to investment Sub-Advisors or investment funds managed by Sub-Advisors (Third Party Investment Funds). The strategies employed by the funds are primarily long-term or full market cycle approaches.

Level 3 investments include the University's portion of beneficial interests in several perpetual trusts held and administered by others in which the University is an income beneficiary. The primary input utilized in calculating the perpetual trusts' fair value is its net assets, which represents fair market valuation of certain equity, debt, and other instruments held by the perpetual trusts. In this manner, the perpetual trusts' valuation approximates fair market value. As the investments cannot be redeemed at the fair value, the University has classified these investments as Level 3 within the fair value hierarchy table.

The University has various alternative investments that have minimum capital commitments. As of June 30, 2025 the University has committed to make a total investment of \$24,100,000, of which \$20,738,464 has been invested, leaving \$3,361,536 of outstanding commitments.

**BALDWIN WALLACE UNIVERSITY**  
Notes to Consolidated Financial Statements  
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The following table presents assets that are measured at fair value on a recurring basis as of June 30, 2025:

|  | <u>June 30, 2025</u>  | <u>Level 1</u>        | <u>Level 2</u>   | <u>Level 3</u>    |
|--|-----------------------|-----------------------|------------------|-------------------|
| Cash and cash equivalents by fair value level      |                       |                       |                  |                   |
| Cash and cash equivalents                          | \$ 10,403,863         | 10,403,863            |                  |                   |
| Short-term investments                             | 223,270               | 223,270               |                  |                   |
| Investments by fair value level:                   |                       |                       |                  |                   |
| Cash equivalents, endowment and similar            | 10,604,434            | 10,604,434            | —                | —                 |
| Commonfund:  |                       |                       |                  |                   |
| Equity funds                                       | 63,358,934            | 63,358,934            | —                | —                 |
| Fixed income funds                                 | 29,997,446            | 29,997,446            | —                | —                 |
| Alternative funds, marketable                      | 6,242,011             | 6,242,011             | —                | —                 |
| Equities   | 5,693,906             | 5,693,906             | —                | —                 |
| Fixed income                                       | 1,049,258             | —                     | 1,049,258        | —                 |
| Balanced and other mutual funds                    | 2,093,288             | 2,093,288             | —                | —                 |
| Other  | 26,293                | —                     | 26,293           | —                 |
| Beneficial interest in perpetual trusts            | 25,032,171            | —                     | —                | 25,032,171        |
| Total investments by fair value level              | <u>144,097,741</u>    | <u>\$ 117,990,019</u> | <u>1,075,551</u> | <u>25,032,171</u> |
| Investments measured at the net asset value (NAV): |                       |                       |                  |                   |
| Alternative funds, nonmarketable                   | <u>20,691,589</u>     |                       |                  |                   |
| Total investments at fair value                    | <u>\$ 164,789,330</u> |                       |                  |                   |

**BALDWIN WALLACE UNIVERSITY**  
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The following table presents assets that are measured at fair value on a recurring basis as of June 30, 2024:

|  | <u>June 30, 2024</u>  | <u>Level 1</u>        | <u>Level 2</u> | <u>Level 3</u>    |
|--|-----------------------|-----------------------|----------------|-------------------|
| Cash and cash equivalents by fair value level      |                       |                       |                |                   |
| Cash and cash equivalents                          | \$ 4,299,019          | 4,299,019             |                |                   |
| Short-term investments                             | 222,874               | 222,874               |                |                   |
| Investments by fair value level:                   |                       |                       |                |                   |
| Cash equivalents, endowment and similar            | 20,041,174            | 20,041,174            | —              | —                 |
| Commonfund:  |                       |                       |                |                   |
| Equity funds                                       | 64,721,088            | 64,721,088            | —              | —                 |
| Fixed income funds                                 | 26,639,636            | 26,639,636            | —              | —                 |
| Alternative funds, marketable                      | —                     | —                     | —              | —                 |
| Equities   | 5,506,310             | 5,506,310             | —              | —                 |
| Fixed income                                       | 831,348               | —                     | 831,348        | —                 |
| Balanced and other mutual funds                    | 2,403,798             | 2,403,798             | —              | —                 |
| Other  | 49,614                | —                     | 49,614         | —                 |
| Beneficial interest in perpetual trusts            | 20,773,854            | —                     | —              | 20,773,854        |
| Total assets by fair value level                   | <u>140,966,822</u>    | <u>\$ 119,312,006</u> | <u>880,962</u> | <u>20,773,854</u> |
| Investments measured at the net asset value (NAV): |                       |                       |                |                   |
| Alternative funds, nonmarketable                   | <u>25,672,268</u>     |                       |                |                   |
| Total assets at fair value                         | <u>\$ 166,639,090</u> |                       |                |                   |

There were no transfers between Level 1, 2, or 3 investments for the fiscal years ended June 30, 2025 and 2024. Perpetual trusts utilize significant unobservable inputs determined by the external trustees in estimating fair value. The following table presents activity for assets classified as Level 3:

| <b>Fair value measurements using unobservable inputs (Level 3)</b> |    | <b>Beneficial interest in perpetual trusts</b> |
|--|----|--|
| Balance at June 30, 2023   | \$ | 18,137,846                                     |
| Additions  |    | —  |
| Income and realized gains  |    | 715,494  |
| Payments   |    | (914,621)                                      |
| Unrealized gains   |    | 2,835,135                                      |
| Balance at June 30, 2024   |    | 20,773,854                                     |
| Income and realized gains  |    | 5,490,030                                      |
| Payments   |    | (1,265,184)                                    |
| Unrealized gains   |    | 33,471   |
| Balance at June 30, 2025   | \$ | <u>25,032,171</u>                              |

**BALDWIN WALLACE UNIVERSITY**  
Notes to Consolidated Financial Statements  
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**(7) Endowment**

The University's endowment consists of approximately 500 individual funds. The donors of these funds have restricted the principal for investment. Some of those donors have also restricted the use of the income as to purpose. The University has designated other funds, usually resulting from major bequests or gifts, as funds functioning as endowment. Both net assets with and without donor restrictions include funds functioning as endowment.

The University's governing body has interpreted the State of Ohio Uniform Prudent Management of Institutional Funds Act (Ohio UPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowed funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions. In accordance with Ohio UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowed funds:

- Duration and preservation of the fund
- Purposes of the University and the fund
- General economic conditions
- Possible effect of inflation and deflation
- Expected total return from investment income and appreciation or depreciation of investments
- Other resources of the University
- Investment policies of the University

The University's current spending policy is to withdraw each year an amount not exceeding 5% of the average of the June 30 market values for the preceding three years. The consolidated statements of activities for each of the net asset classes show these withdrawals as investment income and gains distribution.

Cumulative withdrawals from the endowment totaling \$52,400,000 were made to cover recent deficits, debt payments, and capital expenditures. These withdrawals are characterized as loans from the endowment, which bear a stated interest rate. Repayment in full is due by November 1, 2028 and are not included in the annual 5% withdrawal.

The governing body of the University has interpreted Ohio UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the University considers a fund to be underwater if the fair value of the fund is less than the sum of:

- a) the original value of initial and subsequent gift amounts donated to the fund and
- b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

**BALDWIN WALLACE UNIVERSITY**  
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The University has interpreted Ohio UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

From time to time, the fair value of assets associated with individual endowment funds may fall below the level that the donor or legislation requires the University to maintain as a fund of perpetual duration. In accordance with U.S. generally accepted accounting principles, deficiencies of this nature would be reported in net assets with donor restrictions. There were no such deficiencies as of June 30, 2025 and 2024.

The following table presents the changes in endowment net assets held by the University for the years ended June 30, 2025 and 2024:

|                                  | <b>Donor<br/>restricted<br/>endowment</b> | <b>Functioning as endowment</b>    |                                       | <b>Total</b>          |
|----------------------------------|---|------------------------------------|---------------------------------------|-----------------------|
|                                  |   | <b>With donor<br/>restrictions</b> | <b>Without donor<br/>restrictions</b> |                       |
| Balances June 30, 2023, restated | \$ 140,447,388                            | \$ 1,245,466                       | \$ 19,768,277                         | \$ 161,461,131        |
| Investment income and gains      | 18,937,962                                | 295,958                            | (241,883)                             | 18,992,037            |
| Contributions                    | 3,336,633                                 | 11,050                             | —                                     | 3,347,683             |
| Transfers and other              | (3,577,618)                               | 1,722,146                          | (528,164)                             | (2,383,636)           |
| Distributions and expenses       | (7,690,700)                               | (113,602)                          | (75,364)                              | (7,879,666)           |
| <b>Balances June 30, 2024</b>    | <b>151,453,665</b>                        | <b>3,161,018</b>                   | <b>18,922,866</b>                     | <b>173,537,549</b>    |
| Investment income and gains      | 14,960,911                                | 410,199                            | (616,730)                             | 14,754,380            |
| Contributions                    | 2,948,891                                 | 12,600                             | —                                     | 2,961,491             |
| Transfers and other              | 2,203,777                                 | (577,969)                          | (853,247)                             | 772,561               |
| Distributions and expenses       | (6,993,266)                               | (128,360)                          | (46,541)                              | (7,168,167)           |
| <b>Balances June 30, 2025</b>    | <b>\$ 164,573,978</b>                     | <b>\$ 2,877,488</b>                | <b>\$ 17,406,348</b>                  | <b>\$ 184,857,814</b> |

Members of the University Investment Committee develop the investment policy, which is subject to approval by the Board of Trustees. They design the policy to be flexible and subject to revisions as the needs of the University may change. While the endowment is under the responsibility of the Board of Trustees, the Board has delegated authority for investment activities – including appointment, oversight, and evaluation of the Investment Manager – to the Investment Committee, whose members are appointed and serve at the pleasure of the Chairperson of the Board of Trustees. The members of the Investment Committee are all Trustees who volunteer their services on a pro bono basis.

The University's objective is to invest the endowment to seek an average total annual return that exceeds the spending rate plus inflation. The intent is to preserve over time the principal value of the assets as measured in inflation-adjusted terms. The relative objective is to seek competitive investment performance versus appropriate capital market measures. The comparative performance objective is to achieve a total rate of return that is above the median performance of a universe of similarly managed funds. The assets are managed on a total return basis.

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The University is not aware of any noncompliance with the provisions of the Uniform Prudent Management of Institutional Funds Act.

**(8) Retirement Plan**

The University participates in the Teachers Insurance and Annuity Association's defined contribution retirement plan. It covers substantially all regular full-time employees. The University's contribution rate was 7% effective January 1, 2023. During the years ended June 30, 2025 and 2024, the University's contributions were approximately \$1,700,000 and \$2,600,000, respectively.

**(9) Commitments, Concentrations and Contingencies**

***Government grants***

Supported funded by grants is recognized as the University meets the conditions prescribed by the grant agreement, performs the contracted services, or incurs outlays eligible for reimbursement under the grant agreements. Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as to their allowability in connection with the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. University management believes disallowances, if any, will not be material to the University's consolidated financial statements.

***Investment Risks and Uncertainties***

The University invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment amounts reported in the consolidated statements of financial position.

***Regulatory Activities and Title IV Funding***

The University is subject to various federal regulations and compliance requirements being a recipient of federal financial aid (Title IV funding) and donor restricted funds. This includes meeting certain standards based on criteria determined by state laws, the U.S. Department of Education and other regional accreditors as set forth in 34 CFR 668.171 and other state laws. As a result of these regulatory requirements, the University is subject to review, monitoring activities and action by the accreditors, Department of Education and other regulatory agencies that could impact the University.

**(10) Pledges Receivable**

Pledges receivable totaling \$3,921,830 and \$2,053,506 at June 30, 2025 and 2024, respectively, represent gross unconditional promises to give. All gift pledges are restricted as to use for various purposes, primarily for property and equipment or endowment. These promises are reported at the present value of estimated future cash flows.

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Pledges to be received were discounted at a rate of 3%.

Gift pledges are expected to be realized as follows for June 30:

|                                     | <b>2025</b>  | <b>2024</b>  |
|-------------------------------------|--------------|--------------|
| In one year or less                 | \$ 3,241,664 | \$ 1,953,056 |
| Between one and five years          | 665,666      | 96,700       |
| More than five years                | 14,500       | 3,750        |
|                                     | 3,921,830    | 2,053,506    |
| Less:                               |              |              |
| Allowance for uncollectible pledges | (620,000)    | (152,000)    |
| Discount on pledges                 | (52,920)     | (15,647)     |
| Net pledges receivable              | \$ 3,248,910 | \$ 1,885,859 |

Conditional promises to give totaled approximately \$38,900,000 as of June 30, 2025 and \$42,800,000 as of June 30, 2024. These amounts consist of commitments contained in wills and insurance policies.

**(11) Liquidity**

Operating assets available within one year of the financial position date for general expenditure were as follows:

|  | <b>2025</b>   |
|--|---------------|
| Cash and cash equivalents  | \$ 4,892,997  |
| Short term investments   | 223,270       |
| Accounts receivable  | 4,021,711     |
| Draw from endowment for operations                                 | 1,287,498     |
| Financial assets available for general expenditure within one year | \$ 10,425,476 |

The University's endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

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**(12) Related Party Transactions**

There are no significant related party transactions for the years ended June 30, 2025 and 2024.

**(13) Going Concern and Management's Plan**

These consolidated financial statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) assuming the University will continue as a going concern. For the years ended June 30, 2025, and 2024, the University incurred expenses in excess of revenues of approximately \$1,066,000 and \$22,000,000, respectively, and used cash for operating activities of approximately \$1,559,000 and \$29,000,000, respectively. The University's ability to continue as a going concern is dependent on reducing expenditures and increasing revenue through enrollment, fundraising, and other ancillary sources.

In February 2025, the University re-engaged an external higher education consulting firm to review the results of cost reduction measures identified in the restructuring plan approved by the Board of Trustees in January 2024, summarize peer benchmarking, and provide recommendations on revenue improvements, additional cost reductions, and potential transformation strategies. The review concluded that:

- The plan identified a maximum of \$18.7 million in cost reduction opportunities, of which \$17.8 million has been achieved (\$15.5 million in personnel expenses and \$2.3 million in non-personnel expenses).
- Further cost reductions of approximately \$2.5 million to \$5 million could be achieved through a hiring freeze, downsizing the campus footprint, and reducing adjunct and faculty reassignment costs.
- Fundraising ranks in the third quartile among peer institutions, with additional staffing required to support growth.
- Transformation strategies, such as shifting toward a more career-oriented model, may provide additional operational improvements.

The University has taken the following actions:

- Engage a global space planning and design firm to analyze campus space and provide recommendations to optimize utilization, reduce costs, and improve operational efficiency (scheduled for completion in April 2026).
- Hired a new Director of Alumni Engagement and budgeted additional fundraising staff for FY26.
- Finalized and presented a comprehensive Transformation Action Plan to the Board of Trustees in October 2025, outlining strategic priorities for student success and financial sustainability and optimization of the University's academic portfolio.

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Based on these initiatives, management has assessed the University's ability to continue as a going concern. Considering ongoing cost-saving measures, increased fundraising efforts, the implementation of the Transformation Action Plan, and the availability of unrestricted endowment funds, management expects the University will have sufficient resources to continue operations for at least one year from the date these consolidated financial statements are available for issuance.

**(14) Subsequent Events**

The University evaluated subsequent events applicable to the year ended June 30, 2025 through November 26, 2025, the date the consolidated financial statements were issued.

On November 14, 2025, the Board of Trustees approved a conditional resolution to effectuate the process of writing-off \$20,000,000 of the University's outstanding endowment loans which represent funds that were previously withdrawn without prior authorization of the Board of Trustees (see Note 7). In addition, the Board of Trustees approved a retroactive reduction of the interest rate applicable to the endowment loans from 5% to 1%. The resolution further provides that the Board of Trustees will review the terms of the University's endowment loans on an annual basis. Both resolutions are conditioned upon notice being given to the Ohio Attorney General's office. Subject to the conditions and actions set out in the resolutions, the impact of these resolutions will result in a reduction of approximately \$22,300,000 in the donor-restricted endowment net assets and a corresponding increase to net assets without donor restrictions.