

BAY PATH UNIVERSITY
Financial Statements
June 30, 2025
With Independent Auditor's Report

Bay Path University
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June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Bay Path University:

Report on Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Bay Path University, (the "University"), which comprise the consolidated statement of financial position as of June 30, 2025 and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the University as of June 30, 2025 and the consolidated 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") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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.

Responsibilities of Management

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 the consolidated 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 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 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 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 consolidated 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules presented on pages 20–21 and the financial responsibility supplemental schedule and disclosures on pages 22–24 are included for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated 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 December 12, 2025, on our consideration of the 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 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 University's internal control over financial reporting and compliance.

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

December 12, 2025

Bay Path University
Consolidated Statement of Financial Position
June 30, 2025

Assets

Cash and cash equivalents	\$ 13,583,516
Accounts and notes receivable, net	3,330,654
Contributions receivable	90,000
Employer retention credit receivable	6,244,608
Investments	105,657,163
Pledge receivable, net	1,601,878
Land, buildings, and equipment, net	27,825,967
Intangibles, net	3,012,500
Other assets	1,387,726
Right-of-use-assets - operating, net	2,407,491
Right-of-use-assets - financing, net	108,125
Total assets	<u>\$ 165,249,628</u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued liabilities	\$ 3,163,293
Deposits, deferred tuition and fees	9,537,819
Bonds payable, net	12,468,048
Other long-term liabilities	2,442,160
Grants refundable	30,351
Lease liability - operating	2,490,630
Lease liability - financing	117,508
Other liabilities	99,978
Total liabilities	<u>30,349,787</u>

Net assets

Without donor restrictions	92,075,193
With donor restrictions	<u>42,824,648</u>
Total net assets	<u>134,899,841</u>
Total liabilities and net assets	<u>\$ 165,249,628</u>

The Notes to the Consolidated Financial Statements are an integral part of this statement.

Bay Path University
Consolidated Statement of Activities
Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Consolidated Total
Operating revenues			
Tuition and fees	\$ 70,027,613	\$ -	\$ 70,027,613
Residence halls and dining services	2,620,631	-	2,620,631
Less: Scholarships and aid to students	(17,749,746)	-	(17,749,746)
Net student fees	54,898,498	-	54,898,498
Investment income used in operations	2,313,115	1,387,790	3,700,905
Federal and state grants	5,001,325	-	5,001,325
Contributions and grants of cash and financial assets	251,828	2,466,591	2,718,419
Interest and other income	3,460,699	-	3,460,699
Net assets released from restrictions	2,495,180	(2,495,180)	-
Total operating revenues	68,420,645	1,359,201	69,779,846
Operating expenses			
Academic instruction	24,553,166	-	24,553,166
Academic support	7,244,382	-	7,244,382
Student services	12,977,168	-	12,977,168
Auxiliary	2,675,568	-	2,675,568
Management and general	18,384,058	-	18,384,058
Fundraising	906,533	-	906,533
Total operating expenses	66,740,875	-	66,740,875
Change in net assets from operations	1,679,770	1,359,201	3,038,971
Nonoperating additions and deductions			
Return on long-term investments	6,318,624	3,372,002	9,690,626
Less: Utilized for operations	(2,313,115)	(1,387,790)	(3,700,905)
Net return on long-term investments	4,005,509	1,984,212	5,989,721
Net loss on disposition of land, buildings and equipment	(4,712)	-	(4,712)
Excess of assets acquired over liabilities assumed from contribution of Cambridge College, Inc. Education Business	4,531,135	9,978,667	14,509,802
Total nonoperating additions and deductions	\$ 8,531,932	11,962,879	20,494,811
Change in net assets	10,211,702	13,322,080	23,533,782
Net assets			
Beginning of year	81,863,491	29,502,568	111,366,059
End of year	\$ 92,075,193	\$ 42,824,648	\$ 134,899,841

The Notes to the Consolidated Financial Statements are an integral part of this statement.

Bay Path University
Consolidated Statement of Cash Flows
Year Ended June 30, 2025

Operating activities

Change in net assets	\$ 23,533,782
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Contribution of Cambridge College, Inc. Education Business, net of cash contributed	(13,934,159)
Depreciation	2,345,557
Amortization	1,046,736
Amortization of bond costs	4,675
Bad debts	1,339,862
Net (gain)/loss on disposition of land, building and equipment	4,712
Net (gain) on investments	(9,690,626)
Contributions restricted for long-term investment	(713,496)
Deferred bond cost	92,576
Changes in operating assets and liabilities:	
Receivables and other assets, net	(5,851,295)
Accounts payable and accrued liabilities	183,199
Grants refundable	(84,967)
Lease liabilities - operating	(310,422)
Deposits, deferred tuition and fees, and other liabilities	5,307,349
Net cash provided by operating activities	<u>3,273,483</u>

Investing activities

Additions to land, buildings and equipment	(1,781,543)
Purchases of investments	(60,528,704)
Proceeds from sale of investments	<u>66,246,687</u>
Net cash provided by investing activities	<u>3,936,440</u>

Financing activities

Contributions restricted for long-term investment	713,496
Principal payments on lease liabilities - financing	(24,761)
Principal payments on outstanding bonds	<u>(834,753)</u>
Net cash used in financing activities	<u>(146,018)</u>

Change in cash and cash equivalents 7,063,905

Cash and cash equivalents

Beginning of year	<u>6,519,612</u>
End of year	<u>\$ 13,583,517</u>

Supplemental data

Cash paid for interest	<u>\$ 419,923</u>
Non-cash recognition of operating leases	
Right-of-use assets	<u>\$ 2,823,948</u>
Lease liability	<u>\$ 2,823,948</u>

The Notes to the Consolidated Financial Statements are an integral part of this statement.

Bay Path University
Notes to the Consolidated Financial Statements
June 30, 2025

1. ORGANIZATION

Bay Path University (the "University") is a distinctive, progressive, professionally focused, four year and graduate university serving all learners.

The University enrolls traditional undergraduate women at its Longmeadow campus; women and men in Bay Path Online, which offers undergraduate online degrees; and women and men in masters and doctoral programs. On July 1, 2024, Cambridge College, Inc. contributed certain of its education business assets to the University (Note 20), expanding its reach to more than 4,500 students. United by a shared mission, both institutions are committed to delivering innovative, career-focused education to students of all backgrounds—including working adults and first-generation learners.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying the consolidated financial statements have been prepared utilizing the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"), which require the College to report information regarding its financial position and activities according to the following net asset classifications:

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.

Basis of Consolidation

The consolidated financial statements include the accounts of the University and its wholly owned subsidiary, BPU Acquisition LLC (formerly Cambridge College), following Bay Path's acquisition of Cambridge College on July 1, 2024. All significant intercompany balances and transactions have been eliminated in consolidation.

The acquisition was accounted for in accordance with GAAP under ASC 805, Business Combinations. Cambridge College's assets, liabilities, and operations have been included in Bay Path's consolidated financial statements beginning on the acquisition date.

Cambridge continues to operate under its existing programs during the integration period, with degrees awarded in its name until full consolidation is complete. Investments in entities where Bay Path has significant influence but not control are accounted for under the equity method.

Bay Path University
Notes to the Consolidated Financial Statements
June 30, 2025

Operations

The consolidated statement of activities reports 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.

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 consolidated statement 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.

Contract assets consist of student accounts receivable. The balance of student accounts receivable net of allowance at June 30, 2025, and July 1, 2024, was \$2,296,115 and \$1,027,465, respectively. Contract liabilities consist of deferred revenue. The balance of deferred revenue at June 30, 2025 and July 1, 2024, was \$9,537,819 and \$4,432,094, respectively.

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.

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.

Bay Path University
Notes to the Consolidated Financial Statements
June 30, 2025

Allowance for Credit Losses

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 and future economic conditions. As of June 30, 2025 management has established a provision for credit losses of \$3,019,751.

Balance, beginning of the period	\$ 2,358,087
Provisions	661,664
Recoveries	-
Write-offs, net of recoveries	-
Balance, end of the period	<u>\$ 3,019,751</u>

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. The allowance is intended to reduce pledges receivable to amounts expected to be collected. Management evaluates the adequacy of the allowance annually and adjusts it as necessary. Pledges deemed uncollectible are written off against the allowance. At June 30, 2025, the allowance for doubtful accounts related to pledge receivables was \$40,516.

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 consolidated statement 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.

Bay Path University
Notes to the Consolidated Financial Statements
June 30, 2025

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, 2025, the University had no plans or intentions to sell investments at amounts different than NAV.

As of June 30, 2025 the University had unfunded commitments for NAV investments totaling \$6,673,250.

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.

Intangible Assets

Intangible assets consist of trademarks, developed courseware and customer relationships with finite lives, which are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted net cash flows expected to be generated by the asset. If such assets are impaired, the impairment to be recognized is the amount by which the carrying amount of the asset exceeds its fair value. There was no impairment of intangible assets during the year ended June 30, 2025.

The University's trademarks, developed courseware, and customer relationship intangible assets have finite useful lives which are being amortized using the straight-line method over their estimated useful lives ranging from 1-20 years.

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 consolidated statement of activities.

Bay Path University
Notes to the Consolidated Financial Statements
June 30, 2025

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 consolidated statement of financial position. The University has 1 finance lease during fiscal year ended June 30, 2025.

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.

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. Finance lease assets are amortized on a straight-line basis over the shorter of the estimated useful lives of the assets or the lease term. The interest component of a finance lease is included in interest expense and recognized using the effective interest method over the lease term.

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 2019 forward are open for examination by the tax authorities. Any tax assessed upon examination would be recorded as expense in the consolidated statement of activities.

Advertising Costs

For the year ended June 30, 2025, advertising expense was \$3,964,960.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP 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 consolidated 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.

Bay Path University
Notes to the Consolidated Financial Statements
June 30, 2025

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 consolidated statements of financial position and activities.

3. ACCOUNTS AND NOTES RECEIVABLE, NET

The University's accounts and notes receivable as of June 30, 2025 consisted of:

Student accounts receivable	\$ 5,086,417
Perkins loan program notes receivable	815,831
Other accounts receivable	448,157
Less: Allowance for credit losses	<u>(3,019,751)</u>
Net accounts and notes receivable	<u>\$ 3,330,654</u>

4. EMPLOYER RETENTION CREDIT

The Coronavirus Aid, Relief, and Economic Security Act ("CARES" Act) includes a provision which allows the University to claim a credit against the employer portion of federal payroll taxes based upon certain criteria being met. Management believes that the University had met the criteria June 30, 2025. As of June 30, 2025, there is a receivable balance of \$6,244,608. The additional credit that was realized during fiscal year ending on June 30, 2025 is recognized as operating other income on the consolidated statement of activities in net assets without donor restrictions. The entire balance was received in July 2025.

5. PLEDGES RECEIVABLE, NET

The University's net pledges receivable at June 30, 2025 consisted of:

Amounts due in	
Less than one year	\$ 942,249
One to five years	<u>739,000</u>
	1,681,249
Less: Present value discount	(38,855)
Less: Allowance for uncollectible pledges	<u>(40,516)</u>
Net pledges receivable	<u>\$ 1,601,878</u>

Discount rates ranged from 0.25% to 4.87% at June 30, 2025.

6. 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.

Bay Path University
Notes to the Consolidated Financial Statements
June 30, 2025

The following table presents the University's fair value hierarchy for investments measured at fair value on a recurring basis as of June 30, 2025:

	Level 1	Level 2	Level 3	Measured at NAV	Total	Redemption or Liquidation	Days' Notice
Endowment investments							
Cash	\$ 44,657	\$ -	\$ -	\$ -	\$ 44,657	Daily	1
Total return assets							
Schwab Govt MM fund	182,143	-	-	-	182,143		
U.S. equities	11,171,376	-	-	-	11,171,376	Daily	1
International equities	12,619,504	-	-	-	12,619,504	Daily	1
Emerging market equities	5,104,919	-	-	-	5,104,919	Daily	1
Global equities	30	-	-	-	30	Daily	
Inflation hedges							
Real estate investment trust	5,835,755	-	-	-	5,835,755	Daily	1
Fixed income/deflation hedges	26,436,169	-	-	-	26,436,169	Daily	1
Multi asset funds	18,508,751	-	-	-	18,508,751	Liquid	N/A
Private equity ¹	-	-	-	392,506	392,506	Liquid	N/A
Hedge funds ²	-	-	-	8,969,255	8,969,255	Subject to lock-up	90
Endowment investments at fair value	<u>79,903,304</u>	<u>-</u>	<u>-</u>	<u>9,361,761</u>	<u>89,265,065</u>		
Other investments							
Short-term investments	15,339,939	-	-	-	15,339,939	Daily	1
Direct real estate	-	419,580	-	-	419,580		
Funds held or administered by others	<u>632,579</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>632,579</u>	N/A	N/A
Total other investments	<u>15,972,518</u>	<u>419,580</u>	<u>-</u>	<u>-</u>	<u>16,392,098</u>		
Total investments	<u>\$ 95,875,822</u>	<u>\$ 419,580</u>	<u>\$ -</u>	<u>\$ 9,361,761</u>	<u>\$ 105,657,163</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.

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. At June 30, 2025, the University had outstanding investment commitments to alternative investments of \$6,673,250 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, 2025.

7. 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 quasi-endowment represents the only board-designated net assets of the University. Because the designation is made by the board, it may be modified or removed at its discretion. 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.

Bay Path University
Notes to the Consolidated Financial Statements
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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.

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. At June 30, 2025, the University did not have any underwater endowment funds.

Endowment funds consisted of the following at June 30, 2025:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor restricted	\$ -	\$ 35,346,792	\$ 35,346,792
Quasi-endowment (Board designated)	<u>53,918,273</u>	<u>-</u>	<u>53,918,273</u>
Total	<u>\$ 53,918,273</u>	<u>\$ 35,346,792</u>	<u>\$ 89,265,065</u>

Changes in endowment funds for the fiscal years ended June 30, 2025 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
June 30, 2024	\$ 50,047,425	\$ 24,389,921	\$ 74,437,346
Investment return, net	6,261,010	3,488,834	9,749,844
Contributions	-	9,313,025	9,313,025
Distributions	-	699,956	699,956
Transfers	<u>(2,390,162)</u>	<u>(2,544,944)</u>	<u>(4,935,106)</u>
June 30, 2025	<u>\$ 53,918,273</u>	<u>\$ 35,346,792</u>	<u>\$ 89,265,065</u>

Bay Path University
Notes to the Consolidated Financial Statements
June 30, 2025

8. LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consisted of the following at June 30, 2025:

		Estimated Useful Lives (Years)
Land and improvements	\$ 6,042,206	-
Building and building improvements	54,170,513	10-50
Leasehold improvements	42,185	10
Furniture and equipment	13,830,260	5-10
Computer equipment and software	11,445,035	3
Motor vehicles	565,145	3
Construction in progress	<u>525,464</u>	-
	86,620,808	
Less: Accumulated depreciation	<u>(58,794,841)</u>	
	<u>\$ 27,825,967</u>	

Depreciation expense for the year ended June 30, 2025 totaled \$2,345,557.

The University's conditional asset retirement obligation as of June 30, 2025 totaled \$2,621,630. A portion of this, \$179,498 at June 30, 2025 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 expenses for the year ended June 30, 2025 totaled \$133,660.

9. INTANGIBLE ASSETS

Intangible assets consisted of the following on June 30, 2025:

Trademarks	\$ 850,000
Developed software	670,000
Customer relationships - students	1,100,000
Customer relationships - business to business	<u>1,000,000</u>
	3,620,000
Less: Accumulated amortization	<u>(607,500)</u>
	<u>\$ 3,012,500</u>

Intangible amortization expense for the year ended June 30, 2025, totaled \$607,500.

10. 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 2031 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.

Bay Path University
Notes to the Consolidated Financial Statements
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Because the rates implicit in the leases are generally not available, the University utilizes similarly secured borrowings available to the University 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, 2025:

	<u>Operating</u>	<u>Financing</u>	<u>Total</u>
Years ending June 30			
2026	\$ 603,689	\$ 38,939	\$ 642,628
2027	609,103	38,939	648,042
2028	616,389	38,939	655,328
2029	637,012	8,441	645,453
2030	258,453	-	258,453
Thereafter	<u>6,310</u>	<u>-</u>	<u>6,310</u>
	2,730,956	125,258	2,856,214
Less: Imputed interest	<u>(240,326)</u>	<u>(7,750)</u>	<u>(248,076)</u>
	<u>\$ 2,490,630</u>	<u>\$ 117,508</u>	<u>\$ 2,608,138</u>

Lease expense comprises the following for the years ended June 30, 2025:

Finance lease expense	
Amortization of right-of-use assets	\$ 34,145
Interest on lease liabilities	<u>5,736</u>
Total finance lease expense	39,881
Operating lease expense	393,559
Short-term lease expense	<u>51,413</u>
Total lease expense	<u>\$ 484,853</u>

The weighted average discount rate associated with operating leases as of June 30, 2025, is 4.27%, while the weighted-average remaining lease term of operating leases was 4.38 years.

The weighted average discount rate associated with financing leases as of June 30, 2025, is 4.51%, while the weighted-average remaining lease term of operating leases was 3.17 years.

Cash paid in the measurement of operating leases included cash flow from operating activities was \$335,183.

11. LINE OF CREDIT

As of June 30, 2025, 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* (7.5% on June 30, 2025). At June 30, 2025, there were no outstanding advances against the line of credit.

Bay Path University
Notes to the Consolidated Financial Statements
June 30, 2025

12. 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. The interest rate on the bonds is 3.15%. The bonds are collateralized by the mortgaged property, including its leases and rents. The last payment is due December 23, 2038.

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, 2025.

Deferred financing costs, net of amortization, were \$92,576 of June 30, 2025.

Future principal payments on the bonds as of June 30, 2025 are:

Years ending June 30	
2026	\$ 756,577
2027	781,098
2028	805,487
2029	832,517
2030	859,499
Thereafter	<u>8,525,446</u>
	12,560,624
Less: Deferred financing costs	<u>(92,576)</u>
Bonds payable, net	<u>\$ 12,468,048</u>

13. RETIREMENT 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. In fiscal year 2025, 6% contributions of each eligible plan participant's compensation were made for every pay period. Plan expense totaled \$1,317,150 for fiscal year 2025.

14. DEFERRED COMPENSATION

The University offers deferred compensation plans 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 plans, 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 the plans' assets was \$481,439 at June 30, 2025.

Bay Path University
Notes to the Consolidated Financial Statements
June 30, 2025

15. NET ASSETS WITH DONOR RESTRICTIONS

The University's net assets with donor restrictions were as follows:

Net assets with donor restrictions	
Restricted for the passage of time	\$ 435,023
Restricted for use	
Program expenses	6,541,804
Scholarships	16,409,888
Total	<u>23,386,715</u>
Restricted in perpetuity	
Scholarships	16,603,882
General University support	2,834,051
Total	<u>19,437,933</u>
Total net assets with donor restrictions	<u>\$ 42,824,648</u>

16. 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:

Time restriction met and purpose restrictions accomplished	
Student aid	\$ 1,845,202
Other activities	649,978
	<u>\$ 2,495,180</u>

17. FUNCTIONAL EXPENSES

The costs of providing the University's programs and other activities are summarized on a functional basis in the accompanying consolidated statement 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.

Following are the University's expenses for the year ended June 30, 2025 by natural classification:

	<u>Academic Instruction</u>	<u>Academic Support</u>	<u>Student Services</u>	<u>Auxiliary Enterprises</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 16,882,519	\$ 4,119,265	\$ 5,527,681	\$ 185,373	\$ 6,820,941	\$ 606,759	\$ 34,142,538
Employee benefits	2,682,128	790,486	1,132,032	20,769	1,458,620	124,650	6,208,685
Supplies, services, and other	3,563,943	2,105,686	5,978,582	2,170,333	8,583,595	175,124	22,577,263
Depreciation & amortization	1,105,000	228,945	338,873	299,093	1,415,707	-	3,387,618
Interest	<u>319,576</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,195</u>	<u>-</u>	<u>424,771</u>
	<u>\$ 24,553,166</u>	<u>\$ 7,244,382</u>	<u>\$ 12,977,168</u>	<u>\$ 2,675,568</u>	<u>\$ 18,384,058</u>	<u>\$ 906,533</u>	<u>\$ 66,740,875</u>

18. 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.

Bay Path University
Notes to the Consolidated Financial Statements
June 30, 2025

The University participates in several federal programs, which are subject to financial and compliance audits. The number 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 consolidated financial statements.

19. 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. The consolidated statement of cash flows identify the sources and uses of the University's cash and show positive cash generated by operations for the years ended June 30, 2025.

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 (\$52,351,739 at June 30, 2025).

As of June 30, 2025, the following financial assets could readily be made available within one year of the consolidated statement of financial position date to meet general expenditures.

Cash and equivalents	\$ 13,583,516
Accounts receivable	2,514,823
Employee retention credit	6,244,608
Pledges receivable, due within one year	942,249
	<u>\$ 23,285,196</u>

20. SUPPLEMENTAL CASH FLOWS DISCLOSURES

On July 1, 2024, Cambridge College, Inc. ("CC") contributed certain assets of its education business to Bay Path Acquisition, LLC ("BPU Acquisition"). As part of CC's contribution, BPU Acquisition assumed a portion of CC's trade accounts payable.

Bay Path University
Notes to the Consolidated Financial Statements
June 30, 2025

The following table summarizes the assets contributed and liabilities assumed.

Donor-restricted funds contribution receivable	\$ 90,000
Equipment	812,211
Intangibles	3,620,000
Prepays and other assets	251,313
Donor-restricted endowment funds investments	9,313,025
Trade accounts payable	<u>(152,390)</u>
	13,934,159
Donor-restricted funds cash	<u>575,643</u>
	<u>\$ 14,509,802</u>

During 2025, BPU Acquisition entered into certain real estate and equipment leases as follows:

Right-of-use-assets - operating	\$ 1,763,734
Lease liability - operating	\$ 1,763,734
Right-of-use asset - financing	\$ 142,269
Lease liability - financing	\$ 142,269

21. SUBSEQUENT EVENTS

The University evaluated subsequent events for potential recognition or disclosure through December 12, 2025, the date on which the financial statements were available for issue, and did not identify any events subsequent to June 30, 2025 requiring disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

Bay Path University
Consolidating Statement of Financial Position
June 30, 2025

	Bay Path University	BPU Acquisition, LLC	Eliminations	Consolidated Totals
Assets				
Cash and cash equivalents	\$ 9,056,961	\$ 4,526,555	\$ -	\$ 13,583,516
Accounts and notes receivable, net	3,661,726	1,493,629	(1,824,701)	3,330,654
Contributions receivable	-	90,000	-	90,000
Employer retention credit receivable	6,244,608	-	-	6,244,608
Investments	96,076,332	9,580,831	-	105,657,163
Pledge receivable, net	1,601,878	-	-	-
Land, buildings, and equipment, net	27,068,923	757,044	-	27,825,967
Intangibles, net	-	3,012,500	-	3,012,500
Other assets	1,130,713	257,013	-	1,387,726
Right-of-use-assets - operating, net	216,157	2,191,334	-	2,407,491
Right-of-use-assets - financing, net	-	108,125	-	108,125
Total assets	<u>\$ 145,057,298</u>	<u>\$ 22,017,031</u>	<u>\$ (1,824,701)</u>	<u>\$ 165,249,628</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued liabilities	\$ 2,598,754	\$ 2,389,240	\$ (1,824,701)	\$ 3,163,293
Deposits, deferred tuition and fees	5,275,383	4,262,436	-	9,537,819
Bonds payable, net	12,468,048	-	-	12,468,048
Other long-term liabilities	2,442,160	-	-	2,442,160
Grants refundable	30,351	-	-	30,351
Lease liability - operating	217,480	2,273,150	-	2,490,630
Lease liability - financing	-	117,508	-	117,508
Other liabilities	99,978	-	-	99,978
Total liabilities	<u>23,132,154</u>	<u>9,042,334</u>	<u>(1,824,701)</u>	<u>30,349,787</u>
Net asset				
Without donor restrictions	89,121,339	2,953,854	-	92,075,193
With donor restrictions	32,803,805	10,020,843	-	42,824,648
Total net assets	<u>121,925,144</u>	<u>12,974,697</u>	<u>-</u>	<u>134,899,841</u>
Total liabilities and net assets	<u>\$ 145,057,298</u>	<u>\$ 22,017,031</u>	<u>\$ (1,824,701)</u>	<u>\$ 165,249,628</u>

See Independent Auditor's Report.

Bay Path University
Consolidating Statement of Activities
Year Ended June 30, 2025

	Bay Path University	BPU Acquisition, LLC	Eliminations	Without Donor Restrictions	Bay Path University	BPU Acquisition, LLC	Eliminations	With Donor Restrictions	Consolidated Total
Operating revenues									
Tuition and fees	\$ 52,535,676	\$ 17,491,937	\$ -	\$ 70,027,613	\$ -	\$ -	\$ -	\$ -	\$ 70,027,613
Residence halls and dining services	2,620,631	-	-	2,620,631	-	-	-	-	2,620,631
Less: Scholarships and aid to students	<u>(14,240,470)</u>	<u>(3,509,276)</u>	<u>-</u>	<u>(17,749,746)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,749,746)</u>
Net student fees	40,915,837	13,982,661	-	54,898,498	-	-	-	-	54,898,498
Investment income used in operations	2,313,115	-	-	2,313,115	1,113,569	274,221	-	1,387,790	3,700,905
Federal and state grants	3,857,649	1,143,676	-	5,001,325	-	-	-	-	5,001,325
Contributions and grants of cash and financial assets	223,039	28,789	-	251,828	2,357,859	108,732	-	2,466,591	2,718,419
Interest and other income	4,269,892	65,088	(874,281)	3,460,699	-	-	-	-	3,460,699
Net assets released from restrictions	<u>1,791,749</u>	<u>703,431</u>	<u>-</u>	<u>2,495,180</u>	<u>(1,791,749)</u>	<u>(703,431)</u>	<u>-</u>	<u>(2,495,180)</u>	<u>-</u>
Total operating revenues	<u>53,371,281</u>	<u>15,923,645</u>	<u>(874,281)</u>	<u>68,420,645</u>	<u>1,679,679</u>	<u>(320,478)</u>	<u>-</u>	<u>1,359,201</u>	<u>69,779,846</u>
Operating expenses									
Academic instruction	20,015,537	4,537,629	-	24,553,166	-	-	-	-	24,553,166
Academic support	6,668,518	575,864	-	7,244,382	-	-	-	-	7,244,382
Student services	10,001,669	2,975,499	-	12,977,168	-	-	-	-	12,977,168
Auxiliary	2,675,568	-	-	2,675,568	-	-	-	-	2,675,568
Management and general	9,846,405	9,411,934	(874,281)	18,384,058	-	-	-	-	18,384,058
Fundraising	<u>906,533</u>	<u>-</u>	<u>-</u>	<u>906,533</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>906,533</u>
Total operating expenses	<u>50,114,230</u>	<u>17,500,926</u>	<u>(874,281)</u>	<u>66,740,875</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,740,875</u>
Change in net assets from operations	<u>3,257,051</u>	<u>(1,577,281)</u>	<u>-</u>	<u>1,679,770</u>	<u>1,679,679</u>	<u>(320,478)</u>	<u>-</u>	<u>1,359,201</u>	<u>3,038,971</u>
Nonoperating additions and deductions									
Return on long-term investments	6,318,624	-	-	6,318,624	2,735,127	636,875	-	3,372,002	9,690,626
Less: Utilized for operations	<u>(2,313,115)</u>	<u>-</u>	<u>-</u>	<u>(2,313,115)</u>	<u>(1,113,569)</u>	<u>(274,221)</u>	<u>-</u>	<u>(1,387,790)</u>	<u>(3,700,905)</u>
Net return on long-term investments	4,005,509	-	-	4,005,509	1,621,558	362,654	-	1,984,212	5,989,721
Net gain on disposition of land, buildings and equipment	<u>(4,712)</u>	<u>-</u>	<u>-</u>	<u>(4,712)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,712)</u>
Excess of assets acquired over liabilities assumed from contribution of Cambridge College, Inc. education business	<u>-</u>	<u>4,531,135</u>	<u>-</u>	<u>4,531,135</u>	<u>-</u>	<u>9,978,667</u>	<u>-</u>	<u>9,978,667</u>	<u>14,509,802</u>
Total nonoperating additions and deductions	<u>4,000,797</u>	<u>4,531,135</u>	<u>-</u>	<u>8,531,932</u>	<u>1,621,558</u>	<u>10,341,321</u>	<u>-</u>	<u>11,962,879</u>	<u>20,494,811</u>
Change in net assets	<u>7,257,848</u>	<u>2,953,854</u>	<u>-</u>	<u>10,211,702</u>	<u>3,301,237</u>	<u>10,020,843</u>	<u>-</u>	<u>13,322,080</u>	<u>23,533,782</u>
Net assets									
Beginning of year	<u>81,863,491</u>	<u>-</u>	<u>-</u>	<u>81,863,491</u>	<u>29,502,568</u>	<u>-</u>	<u>-</u>	<u>29,502,568</u>	<u>111,366,059</u>
End of year	<u>\$ 89,121,339</u>	<u>\$ 2,953,854</u>	<u>\$ -</u>	<u>\$ 92,075,193</u>	<u>\$ 32,803,805</u>	<u>\$ 10,020,843</u>	<u>\$ -</u>	<u>\$ 42,824,648</u>	<u>\$ 134,899,841</u>

See Independent Auditor's Report.

Bay Path University

Financial Responsibility Supplemental Schedule

Year Ended June 30, 2025

Primary Reserve Ratio:

1	Statement of Financial Position (SFP)		
2	SFP		
3			
4	Not applicable		
5			
6	SD Line 3d		
7	Not applicable		
8	SD Line 6a		
9	SD Line 5		
10			
11	Not applicable		
12	Not applicable		
13	Not applicable		
14	Not applicable		
15			
16	SD Line 8d		
17	Not applicable		
18	Not applicable		
19			
20	Not applicable		
21	Not applicable		
22			
23	SD Line 2a		
24	SD Line 2b		
25	Not applicable		
26	SD Line 1		
27	Statement of Activities (SOA)- Total Expense prior to Other Changes		
28	Not applicable		
29	Not applicable		
30	Not applicable		

Equity Ratio:

31	SFP		
32	SFP		
33	Not applicable		
34	Not applicable		
35			
36	Not applicable		
37	SFP		
38	Not applicable		
39	Not applicable		
40	Not applicable		
41	Not applicable		
42	Not applicable		

Net Income Ratio:

43	SOA		
44	SOA: Total Revenue, Gains and Other Support (Not including Investments)		
45	SOA: Investments, Net		

Expendable Net Assets:

Net assets without donor restrictions		\$ 92,075,193
Net assets with donor restrictions		42,824,648
Secured and Unsecured related party receivable - Total	-	
Unsecured related party receivables		-
Property, Plant and Equipment, net (includes Construction in progress) - Total	27,825,967	
Property, plant and equipment pre-implementation		26,044,424
Property, plant and equipment post- implementation with outstanding debt for original purchase		-
Property, plant and equipment post-implementation without outstanding debt for original purchase		1,781,543
Construction in progress		-
Lease right-of-use asset, net - Total	2,515,616	
Lease right-of-use, pre-implementation (grandfather of leases option not chosen)		-
Lease right-of-use asset, post-implementation		2,515,616
Intangible assets		3,012,500
Post-employment and pension liabilities		-
Long-term debt- for long term purposes - Total	12,468,048	
Long- term debt- for long term purpose pre-implementation		12,468,048
Long-term debt- for long term purposes post-implementation		-
Line of Credit for Construction in progress		-
Lease right-of-use asset liability - Total	2,608,138	
Pre-implementation right-of-use asset liability (grandfather of leases option not chosen)		-
Post-implementation right-of-use asset liability		2,608,138
	19,802,212	
Annuities, term endowment and life income with donor restrictions - Total		
Annuities with donor restrictions		63,034
Term Endowments with donor restrictions		19,739,178
Life income funds with donor restrictions		-
Net Assets with donor restrictions - restricted in perpetuity		19,437,934

Total Expenses without Donor Restrictions & Losses without Donor Restrictions:

Total expenses without donor restrictions- taken directly from Statement of Activities		66,740,876
Non-operating and Net Investment (loss)		-
Net Investment losses		-
Pension-related changes other than net periodic costs		-

Modified Net Assets:

Net assets without donor restrictions		92,075,193
Net assets with donor restrictions		42,824,648
Intangible Assets		3,012,500
Intangible Assets- Goodwill		-
Secured and unsecured related party receivables- Total	-	
Unsecured related party receivables		-

Modified Assets:

Total Assets		165,249,628
Lease right-of-use asset pre-implementation		-
Pre-implementation right-of-use asset liability		-
Intangible Assets		3,012,500
Secured and unsecured related part receivables	-	
Unsecured related party receivables		-

Change in Net Assets Without Donor Restrictions:

Change in net assets without donor restrictions		10,211,701
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Total Revenue without Donor Restrictions & Gains without Donor Restrictions

Total Revenues and Gains		66,107,530
Investments, net (operating and non-operating)		6,318,624

See Independent Auditor's Report.

Bay Path University **Financial Responsibility Supplemental Disclosures** **Year Ended June 30, 2025**

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	\$ 19,437,934
2	Other net assets with donor restrictions (not perpetually restricted):	
	a. Annuities with donor restrictions	63,034
	b. Term endowments	19,739,178
	c. Life income funds (trusts)	-
	d. Total annuities, term endowment and life income funds with donor restrictions	\$ 19,802,212

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, 2023 financial statement)	\$ 28,394,692
	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	(2,350,268)
	d. Balance pre-implementation property, plant and equipment, net	<u>26,044,424</u>
4	Debt financed post-implementation property, plant and equipment, net	
	Long-lived assets acquired with debt subsequent to June 30, 2023:	
	a. Equipment	-
	b. Land improvements	-
	c. Building	-
	d. Total property, plant and equipment, net acquired with debt exceeding 12 months	-
5	Construction in progress- acquired subsequent to June 30, 2023	-
6	Post-implementation property, plant and equipment, net, acquired without debt:	
	a. Long-lived assets acquired without use of debt subsequent to June 30, 2023	<u>1,781,543</u>
7	Total property, plant and equipment, net- June 30, 2024	<u>27,825,967</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, 2024)	\$ 13,194,018
	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	(725,970)
	d. Balance pre-implementation debt	<u>12,468,048</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>\$ 13,194,018</u>
12	Term of current year debt additions:	

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

See Independent Auditor's Report.

Bay Path University
Financial Responsibility Supplemental Disclosures
Year Ended June 30, 2025

Lease right-of-use assets and liabilities

13	Lease right-of-use assets	
	Right of use assets as of balance sheet date June 30, 2023	-
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	\$ 2,515,616
16	Lease right-of-use liability	
	Lease liabilities as of balance sheet dated June 20, 2023	-
17	Lease right-of-use liability- pre-implementation	
	Lease liabilities as of balance sheet dated June 20, 2023 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, 2023 excluding leases entered into on or after Dec 15, 2018	\$ 2,608,138

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

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 consolidated financial statements of Bay Path University (the "University"), which comprise the consolidated statement of financial position as of June 30, 2025, the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and we have issued our report thereon dated December 12, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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.

WithumSmith+Brown, PC

December 12, 2025