



**BALDWIN WALLACE UNIVERSITY**

Financial Statements and Supplementary Information

June 30, 2022 and 2021

(With Independent Auditors' Report Thereon)

# BALDWIN WALLACE UNIVERSITY

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**BALDWIN WALLACE UNIVERSITY**

University officials

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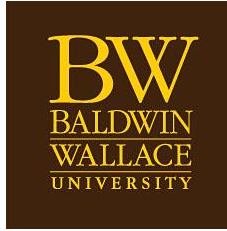
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Baldwin Wallace University  
Review of Operations  
As of June 30, 2022  
(Unaudited)

Founded in 1845 as Baldwin Institute, Baldwin Wallace University (BW) was one of the first colleges and universities in Ohio to admit students without regard to race or gender. Today, BW continues as an independent, coeducational institution, accredited by the Higher Learning Commission. The academic program is rooted in the liberal arts but includes a wide range of majors, minors, and other programs containing abundant opportunities for career exploration and application.

Undergraduate degrees offered 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.

BW offers graduate programs leading to the degrees of Master of Accountancy, Master of Arts in Education, Master of Business Administration, Master of Medical Science (Physician Assistant), Master of Public Health, and Master of Science (Speech Language Pathology and Exercise Physiology). BW also has certificate programs in a variety of specialties.

Baldwin Wallace University does not discriminate because of race, creed, age, disabilities, national origin, gender, gender orientation, or sexual orientation in admissions, programs, or administration.

The campus is in Berea, Ohio, a suburb southwest of Cleveland.

#### *COVID-19*

BW relaxed its COVID protocols throughout the year in accordance with federal guidelines. Expenditures directly related to the protocols totaled \$1,299,315. Of this amount, \$545,241 was capital spending, for computer hardware and software. The expense portion of \$754,074 was down sharply from the previous year's \$2.7 million. The University classified the expenses as institutional support. Federal government COVID relief grants covered these expenditures and also provided \$4,496,270 for student financial support.

#### *Enrollment and student revenue*

The 2021-2022 academic year opened with a total fall semester enrollment of 3,332. This total included 2,684 full-time undergraduate students, 152 part-time undergraduates, and 496 graduate students. The full-time-equivalent enrollment was 3,069, down 68 from the previous fall.

Billed tuition revenue totaled \$102,561,370. Offsetting this were financial aid grants awarded by Baldwin Wallace of \$56,378,939. Students also received direct federal and state grants amounting to \$6,310,001. BW administers these government grants. The combined grants were 61 percent of tuition billed. Additional forms of financial aid included Federal Direct Student Loans administered by the University and wages paid to students for campus jobs.

Baldwin Wallace University  
Review of Operations  
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Tuition revenue net of the University aid grants was \$46,182,431, down \$3,409,044 from the previous year. Billed tuition revenue increased \$0.9 million. but University financial aid grants were up \$4.3 million.

Auxiliary enterprise revenue was \$17,499,097, up \$290,840. The auxiliary enterprises are the residence and dining halls, bookstore, rental houses, and vending. Almost all of this revenue is from students.

*Expenses*

Expenses totaled \$103,606,772, up approximately \$7.4 million. Employee compensation of \$5.3 million accounted for the majority of the increase. Factors contributing to the compensation increase were a one-time salary and wage adjustment, partial restoration of a cut in the University's retirement plan contribution made during the pandemic, increased student employment, and an increase in the cost of the self-insured medical benefit.

*Contributions*

Contribution revenue for the year was \$12,210,685, up \$1.3 million from the previous year. New contributions and pledge payments for investment in endowment and plant were \$9.8 million. The amount for current program and financial aid was \$5.2 million. Pledge payments exceeded new pledges by \$2.8 million.

*Endowment and Similar Assets*

In a second straight year of volatile investment markets, the University's endowment and similar assets lost almost half of the previous year's gains. Their fair value at June 30, 2022 was \$181,874,606, down \$33,147,735 from June 30, 2021. Losses net of ordinary income were \$21,807,800. The distribution for current use made in accordance with the University's spending policy was \$8,839,394.

The fair value amount includes donor restricted endowments, funds functioning as endowment, gift annuities, remainder trusts, and beneficial interests in perpetual trusts. It excludes internal interest-bearing loans of endowment funds totaling \$7,129,855 made for specific purposes.

*Plant*

Plant spending totaled \$14.0 million. This included renovations and improvements to existing buildings and purchases of equipment and furnishings.

Before the beginning of the fall semester, the University completed the substantial renovation of a former office building purchased in 2019. The location is adjacent to the campus. Use of this building brings together the graduate level physician assistant program, the fifteen-month accelerated nursing program for persons who already have a bachelor degree, and the four-year undergraduate nursing program. The 22,000 square foot building contains classrooms, clinical labs, and conference space.

In October, BW began a makeover of North Hall, a residence hall. The refurbished building will feature the addition of an elevator to improve accessibility, individually controlled air conditioning, a large gathering space with a new kitchen on the first floor, a new multi-purpose room, and private shower, sink, and toilet areas in bathrooms. Work was still in progress at year end but scheduled to be complete and the building ready for use in the coming fall semester.

The University reserved a cluster of rooms in North Hall as a living-learning center for students majoring in mathematics, computer science, engineering, or physics. North Hall is adjacent to the recently completed Austin E. Knowlton Center, which houses those programs. Students in any academic program could apply for the remaining rooms.

Baldwin Wallace University  
Review of Operations  
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North Hall is located in a section of the campus designated a historic district. The University expects to cover part of the cost of the makeover by selling historic renovation tax credits.

*Net Assets*

Net assets at June 30, 2022 were \$317,192,489. Changes with a very volatile market over the two years ended June 30, 2022 and 2021 were a decrease of \$39,613,072 and an increase of \$42,435,934 respectively. The combined change for these two years was an increase of \$2,827,862.



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## Independent Auditors' Report

The Board of Trustees  
Baldwin Wallace University:

### *Opinion*

We have audited the financial statements of Baldwin Wallace University (the University), which comprise the statements of financial position as of June 30, 2022 and June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2022 and June 30, 2021, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

### *Basis for Opinion*

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

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

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

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

### *Auditors' Responsibilities for the Audit of the Financial Statements*

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



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Schedule of Financial Responsibility Data is presented for purposes of additional analysis as required by the US Department of Education, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*KPMG LLP*

Cleveland, Ohio  
November 23, 2022



**BALDWIN WALLACE UNIVERSITY**

Statements of Financial Position

June 30, 2022 and 2021

<b>Assets</b>	<b>2022</b>	<b>2021</b>
Operating assets:		
Cash and cash equivalents	\$ 1,399,754	1,513,963
Short term investments	221,380	721,286
Student accounts receivable, less allowances for doubtful receivables of \$139,000 and \$77,000, respectively	2,733,563	3,087,467
Receivables from the federal and state governments	514,594	2,571,525
Other receivables, less allowances for doubtful receivables of \$34,000	479,049	483,655
Inventory	1,663,121	1,505,854
Prepaid expenses	1,340,618	594,768
Right-of-use assets	2,552,206	1,788,182
Pledges receivable at present value, less allowances for doubtful pledges of \$200,000 and \$300,000, respectively	4,676,180	7,477,148
Student loan notes receivable, less allowances for doubtful loans of \$374,000	2,148,418	2,508,375
Total operating assets	<u>17,728,883</u>	<u>22,252,223</u>
Endowment and similar assets:		
Cash equivalents	3,452,646	3,271,088
Investments at fair value	160,962,603	191,554,217
Beneficial interest in perpetual trusts	17,459,357	20,197,036
Total endowment and similar assets	<u>181,874,606</u>	<u>215,022,341</u>
Property and equipment:		
Grounds	18,358,811	18,141,618
Educational and general buildings	191,725,924	185,074,422
Residence halls	67,768,328	67,384,731
Residences	2,908,285	3,025,890
Furniture and equipment	33,590,427	33,108,051
Construction in progress	5,900,749	1,964,730
	<u>320,252,524</u>	<u>308,699,442</u>
Accumulated depreciation	<u>(154,254,144)</u>	<u>(146,203,922)</u>
Net property and equipment	<u>165,998,380</u>	<u>162,495,520</u>
Total assets	<u>\$ 365,601,869</u>	<u>399,770,084</u>

**BALDWIN WALLACE UNIVERSITY**

Statements of Financial Position

June 30, 2022 and 2021

<b>Liabilities and Net Assets</b>	<b>2022</b>	<b>2021</b>
Liabilities:		
Accounts payable	\$ 3,139,488	2,178,144
Accrued expenses	4,183,310	2,950,714
Short-term bank loan	10,000,000	5,000,000
Deferred revenue and student deposits	2,217,288	1,901,810
Lease obligations	2,552,206	1,788,182
Other liabilities	2,323,905	2,583,121
Annuity obligations	3,337,392	3,974,134
U.S. Government advances for Perkins Loans to students	1,219,764	1,453,311
Long-term debt	<u>19,436,027</u>	<u>21,135,107</u>
Total liabilities	<u>48,409,380</u>	<u>42,964,523</u>
Net assets:		
Without donor restrictions:		
Functioning as endowment	3,699,705	5,077,672
Invested in plant and other operations	<u>108,865,419</u>	<u>117,680,342</u>
Total without donor restrictions	<u>112,565,124</u>	<u>122,758,014</u>
With donor restrictions:		
Expendable for-		
Program	4,682,089	4,845,226
Student financial aid grants	5,170,641	5,062,471
Plant	4,769,994	2,823,025
Invested in plant under construction	—	1,917,129
Future support	4,676,180	7,477,148
Student loans	1,544,549	1,093,088
Annuities and trusts	24,208,652	30,223,029
Functioning as endowment	3,196,217	4,208,278
Endowment	<u>156,379,043</u>	<u>176,398,153</u>
Total with donor restrictions	<u>204,627,365</u>	<u>234,047,547</u>
Total net assets	<u>317,192,489</u>	<u>356,805,561</u>
Total liabilities and net assets	<u>\$ <u>365,601,869</u></u>	<u>399,770,084</u>

See accompanying notes to financial statements.

**BALDWIN WALLACE UNIVERSITY**

Statements of Activities

Years ended June 30, 2022 and 2021

	<b>2022</b>	<b>2021</b>
Changes in net assets without donor restrictions:		
Revenue:		
Tuition and fees	\$ 46,182,431	49,591,475
Contributions	1,745,628	1,727,999
Investment income and gains distribution	1,638,469	1,544,016
Auxiliary enterprises	17,499,097	17,208,257
Other	1,115,999	267,308
Total revenue	68,181,624	70,339,055
Net assets released from restrictions:		
Program	9,607,917	13,747,194
Student financial aid grants	10,160,045	9,438,446
New building placed in service	—	24,146,827
Other plant	6,242,263	481,914
Total net assets released from restrictions	26,010,225	47,814,381
Total revenue and restrictions released	94,191,849	118,153,436
Expenses	(103,606,772)	(96,239,180)
Investment gains (losses) after distribution	(777,967)	658,953
Change in net assets without donor restrictions	(10,192,890)	22,573,209
Changes in net assets with donor restrictions:		
Revenue:		
Contributions	10,465,057	9,165,200
Investment income and gains distribution	7,200,925	6,147,568
Government grants, program and student financial aid	1,531,010	1,423,287
Government grants, COVID relief	5,783,241	12,179,604
Other	1,479,037	440,635
Total revenue	26,459,270	29,356,294
Net assets released from restrictions	(26,010,225)	(47,814,381)
Investment gains (losses) after distribution	(29,869,227)	38,320,812
Change in net assets with donor restrictions	(29,420,182)	19,862,725
Change in net assets	(39,613,072)	42,435,934
Net assets at beginning of year	356,805,561	314,369,627
Net assets at end of year	\$ 317,192,489	356,805,561

See accompanying notes to financial statements.

**BALDWIN WALLACE UNIVERSITY**

Statements of Functional Expenses

Years ended June 30, 2022 and 2021

	<u>Compensation</u>	<u>Operation and maintenance</u>	<u>Depreciation</u>	<u>Other</u>	<u>Total</u>
Year ended June 30, 2022:					
Instruction	\$ 33,807,134	5,459,732	5,444,060	1,625,082	46,336,008
Academic support	4,585,932	224,373	223,728	2,171,589	7,205,622
Library	554,757	448,745	447,457	420,883	1,871,842
Student services	5,793,949	448,745	447,457	2,019,660	8,709,811
Student activities	3,913,016	1,452,377	1,375,024	1,752,979	8,493,396
Institutional support	9,183,657	523,535	522,033	7,190,593	17,419,818
Auxiliary enterprises	4,585,009	2,777,689	2,550,963	3,656,614	13,570,275
Totals	\$ <u>62,423,454</u>	<u>11,335,196</u>	<u>11,010,722</u>	<u>18,837,400</u>	<u>103,606,772</u>
Salaries and wages	\$ 47,088,244	2,677,760	—	—	49,766,004
Benefits	15,335,210	1,060,436	—	—	16,395,646
Year ended June 30, 2021:					
Instruction	\$ 31,814,807	5,271,276	4,986,276	886,995	42,959,354
Academic support	4,130,528	302,970	207,761	1,793,178	6,434,437
Library	550,822	605,940	415,523	369,102	1,941,387
Student services	5,421,258	706,930	484,777	1,339,709	7,952,674
Student activities	3,529,172	1,601,485	1,330,017	1,013,768	7,474,442
Institutional support	8,302,303	706,930	484,777	8,358,427	17,852,437
Auxiliary enterprises	3,626,717	2,603,033	2,547,324	2,847,375	11,624,449
Totals	\$ <u>57,375,607</u>	<u>11,798,564</u>	<u>10,456,455</u>	<u>16,608,554</u>	<u>96,239,180</u>
Salaries and wages	\$ 43,763,386	2,578,690	—	—	46,342,076
Benefits	13,612,221	896,215	—	—	14,508,436

See accompanying notes to financial statements.

**BALDWIN WALLACE UNIVERSITY**

Statements of Cash Flows

Years ended June 30, 2022 and 2021

	<b>2022</b>	<b>2021</b>
Cash flows from operating activities:		
Change in net assets	\$ (39,613,072)	42,435,934
Adjustments to reconcile the change in net assets to net cash used by operating activities:		
Depreciation	11,010,722	10,456,455
(Gains) losses on sales of investments	21,807,800	(46,150,582)
Change in student accounts, government, and other receivables	2,415,441	(987,948)
Change in inventory and prepaid expenses	(903,117)	310,822
Change in accounts payable and accrued expenses	1,609,928	186,746
Change in deferred revenue, annuity obligations, government advances, and other liabilities	(814,027)	(9,017,963)
Equipment contributions and property (gains) losses	(102,459)	46,931
Contributions restricted for long-term investment	(9,849,616)	(7,888,437)
Other income restricted for long-term investment	(1,792,417)	(760,058)
Net cash used in operating activities	(16,230,817)	(11,368,100)
Cash flows from investing activities:		
Improvements and purchases of property and equipment	(13,975,556)	(19,119,558)
Sale of property	148,445	72,000
Purchases of endowment and similar investments	(32,240,539)	(27,096,733)
Sales of endowment and similar investments	43,580,474	36,224,148
Purchases of short term investments	(129)	(6,084)
Sales of short term investments	500,035	6,500,000
Repayment of student loans	359,957	500,294
Net cash used in investing activities	(1,627,313)	(2,925,933)
Cash flows from financing activities:		
Contributions restricted for long-term investment	12,650,584	10,069,915
Other income restricted for long-term investment	1,792,417	760,058
Proceeds from short-term bank loan	5,000,000	5,000,000
Long-term debt principal payments	(1,699,080)	(1,704,080)
Net cash provided by financing activities	17,743,921	14,125,893
Net change in cash and cash equivalents	(114,209)	(168,140)
Cash and cash equivalents at beginning of period	1,513,963	1,682,103
Cash and cash equivalents at end of period	\$ 1,399,754	1,513,963
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 908,219	886,364
Construction in progress in accounts payable	1,884,824	1,300,812

See accompanying notes to financial statements.

# BALDWIN WALLACE UNIVERSITY

## Notes to Financial Statements

June 30, 2022 and 2021

### (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, Master of Public Health, and Master of Science. The University also has certificate programs in a variety of specialties.

### (2) Summary of Significant Accounting Policies

#### (a) Basis of Accounting

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

The University prepares its 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.

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.

The University has reclassified the presentation of certain prior-year information to conform to current presentation.

## BALDWIN WALLACE UNIVERSITY

### Notes to Financial Statements

June 30, 2022 and 2021

#### **(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.

#### **(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, charitable gift annuities, and life income contracts for which the University is either the remainder beneficiary or both the trustee and remainder beneficiary.

Assets held in trust for which the University serves as trustee are included in investments on the statements of financial position. The fair value of these investments was \$11,132,681 at June 30, 2022 and \$14,242,903 at June 30, 2021. 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 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 statements of financial position. The investment balances of \$17,459,357 and \$20,197,036 at June 30, 2022 and 2021, respectively, are recorded at fair value. Changes in the value of the University's beneficial interest in these perpetual trusts are reflected within the statements of activities as a component of donor restricted endowment and similar investment income.

## BALDWIN WALLACE UNIVERSITY

### Notes to Financial Statements

June 30, 2022 and 2021

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

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

**(f) Student Loans Receivable**

Student loans receivable are reported net of reserves for doubtful loans of \$374,000 as of June 30, 2022 and 2021. The reserve is intended to provide for loans, both in repayment status and not yet in repayment status (borrowers still in school or in the grace period following graduation), that may not be collected.

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

Revenue and expenses related to academic terms conducted over two fiscal years, such as the summer session, are recognized over the two fiscal years. Amounts prepaid for future academic terms are included in deferred revenue and student deposits within the statements of financial position.

**(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, 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 initially and subsequently measured at the present value of the unpaid lease payments at the lease commencement date. The discount rate utilized for the fiscal years ended June 30, 2021 and 2022 was 2.76 percent. The ROU asset is subsequently measured throughout the lease term at the carrying amount of the lease obligation, plus (minus) any prepaid (accrued) lease payments. Lease expenses for lease payments are recognized on a straight-line basis over the lease term.

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.



## BALDWIN WALLACE UNIVERSITY

### Notes to Financial Statements

June 30, 2022 and 2021

#### **(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, 2022 and 2021.

#### **(k) Asset Retirement Obligations**

The University has recorded a liability for conditional asset retirement obligations in other liabilities on the statements of financial position of approximately \$1,700,000 and \$1,003,000 at June 30, 2022 and 2021, respectively. Related discount amortization and depreciation in the fiscal years ended June 30, 2022 and 2021 were approximately \$49,000 and \$61,000, respectively.

#### **(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 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, 2022 and 2021.

#### **(n) Cash and Cash Equivalents 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.

#### **(o) Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the disclosure of contingent assets

## BALDWIN WALLACE UNIVERSITY

### Notes to Financial Statements

June 30, 2022 and 2021

and liabilities and the reported amounts of revenue, expenses, gains, and losses during the reporting period. Actual results could differ from those estimates.

**(p) Auxiliary Enterprises**

The University recognizes revenue and expenses related to residence and dining halls, bookstores (outsourced), vending, and rental houses as auxiliary enterprises on the statements of activities.

**(q) 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.

**(r) 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.

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

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 student deposits to the extent services will be rendered in the following fiscal year.

**BALDWIN WALLACE UNIVERSITY**

Notes to Financial Statements

June 30, 2022 and 2021

The composition of revenue from academic programs was as follows for the years ended June 30, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
Undergraduate	\$ 94,224,021	93,471,213
Postgraduate and other	8,337,349	8,260,824
Total	102,561,370	101,732,037
Less:		
Financial aid grants provided to students	(56,378,939)	(52,140,562)
Net	\$ 46,182,431	49,591,475

Auxiliary enterprises revenue consists of the following for the years ended June 30, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
Residence and dining services	\$ 17,243,964	16,620,890
other	255,133	587,367
Total	\$ 17,499,097	17,208,257

**(3) Long-Term Debt**

The University had the following outstanding principal balances as of June 30, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
State of Ohio Educational Facility Revenue Bonds	\$ 7,785,000	8,930,000
Bank loan	11,651,027	12,205,107
Long-term debt	\$ 19,436,027	21,135,107

**(a) 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%.

The University used the proceeds from the bonds to pay the capital costs of certain major building renovations, and to repay State of Ohio Higher Educational Facility Revenue Bonds issued June 1, 2004.

**BALDWIN WALLACE UNIVERSITY**

Notes to Financial Statements

June 30, 2022 and 2021

Prepaid expenses at June 30, 2022 and 2021 include net issuance costs of \$64,915 and \$74,004, respectively. The University is amortizing the issuance costs over the life of the bonds using the effective interest method.

The annual principal payments required on the bonds for 2022 and thereafter are as follows:

Fiscal year ending June 30-	
2023	\$ 1,195,000
2024	1,240,000
2025	1,280,000
2026	170,000
2027	175,000
Thereafter	<u>3,725,000</u>
	\$ <u><u>7,785,000</u></u>

The University was in compliance with its covenants as of June 30, 2022 and 2021.

**(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%.

Fiscal year ending June 30:	
2023	\$ 554,080
2024	554,080
2025	554,080
2026	554,080
2027	554,080
Thereafter	<u>8,880,627</u>
	\$ <u><u>11,651,027</u></u>

## BALDWIN WALLACE UNIVERSITY

### Notes to Financial Statements

June 30, 2022 and 2021

#### (4) Investments

Endowment and similar assets include endowment funds, funds functioning as endowment, charitable gift annuities, charitable remainder trusts, and beneficial interests in outside trusts. At June 30, 2022 and 2021, these assets comprised the following:

	2022	2021
Cash equivalents	\$ 3,452,646	3,271,088
Common fund:		
Equity funds	86,126,816	110,460,817
Fixed income funds	35,889,979	41,930,279
Alternative funds, marketable	1,842,288	12,939,725
Alternative funds, nonmarketable	25,902,631	11,453,156
Equities and balanced and other mutual funds	10,212,879	14,311,236
Fixed income	968,450	394,833
Other	19,560	64,171
Beneficial interest in perpetual trusts	17,459,357	20,197,036
	\$ 181,874,606	215,022,341

#### (5) 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.

**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.

## BALDWIN WALLACE UNIVERSITY

### Notes to Financial Statements

June 30, 2022 and 2021

**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 3 financial instruments include asset retirement obligations.

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, 2022, the University has committed to make a total investment of \$27,100,000, of which \$14,421,424 has been invested, leaving \$12,678,576 of outstanding commitments. As of June 30, 2021, the University has committed to make a total investment of \$18,350,000, of which \$11,453,156 has been invested, leaving \$6,896,844 of outstanding commitments.

**BALDWIN WALLACE UNIVERSITY**

Notes to Financial Statements

June 30, 2022 and 2021

The following table presents assets that are measured at fair value on a recurring basis as of June 30, 2022:

	<b>Balance at June 30, 2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investments by fair value level:				
Cash and cash equivalents	\$ 1,399,754	1,399,754	—	—
Short-term investments	221,380	221,380	—	—
Cash equivalents, endowment and similar	3,452,646	3,452,646	—	—
Commonfund:				
Equity funds	86,126,816	86,126,816	—	—
Fixed income funds	35,889,979	35,889,979	—	—
Alternative funds, marketable	1,842,288	1,842,288	—	—
Equities and balances and other				
mutual funds	10,212,879	10,212,879	—	—
Fixed income	968,450	—	968,450	—
Other	19,560	—	19,560	—
Beneficial interest in perpetual trusts	17,459,357	—	—	17,459,357
Total assets by fair value level	<u>\$ 157,593,109</u>	<u>139,145,742</u>	<u>988,010</u>	<u>17,459,357</u>
Investments measured at the net asset value (NAV):				
Alternative funds, nonmarketable	<u>25,902,631</u>			
Total assets at fair value	<u>\$ 183,495,740</u>			

**BALDWIN WALLACE UNIVERSITY**

Notes to Financial Statements

June 30, 2022 and 2021

The following table presents assets that are measured at fair value on a recurring basis as of June 30, 2021:

	<b>Balance at June 30, 2021</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investments by fair value level:				
Cash and cash equivalents	\$ 1,513,963	1,513,963	—	—
Short-term investments	721,286	721,286	—	—
Cash equivalents, endowment and similar	3,271,088	3,271,088	—	—
Commonfund:				
Equity funds	110,460,817	110,460,817	—	—
Fixed income funds	41,930,279	41,930,279	—	—
Alternative funds, marketable	4,903,027	4,903,027	—	—
Equities and balanced and other mutual funds	14,311,236	14,311,236	—	—
Fixed income	394,833	—	394,833	—
Other	64,171	—	64,171	—
Beneficial interest in perpetual trusts	20,197,036	—	—	20,197,036
Total assets by fair value level	\$ <u>197,767,736</u>	<u>177,111,696</u>	<u>459,004</u>	<u>20,197,036</u>
Investments measured at the net asset value (NAV):				
Alternative funds, nonmarketable	<u>19,489,854</u>			
Total assets at fair value	\$ <u>217,257,590</u>			



**BALDWIN WALLACE UNIVERSITY**

Notes to Financial Statements

June 30, 2022 and 2021

There were no transfers between Level 1 and 2, or 3 investments for the fiscal years ended June 30, 2022 and 2021. 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, 2020	\$	15,903,477
Additions		—
Distributions		—
Income and realized gains		1,155,848
Payments		(805,485)
Unrealized gains		3,943,196
Balance at June 30, 2021		20,197,036
Additions		—
Distributions		—
Income and realized gains		1,097,095
Payments		(849,344)
Unrealized gains		(2,985,430)
Balance at June 30, 2022	\$	17,459,357

**(6) 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 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. These withdrawals include all ordinary investment income and the amount of accumulated gains required. The statements of activities for each of the net asset classes show these withdrawals as investment income and gains distribution.

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, 2022 and 2021.

**BALDWIN WALLACE UNIVERSITY**

Notes to Financial Statements

June 30, 2022 and 2021

The following table presents the changes in endowment net assets held by the University for the years ended June 30, 2022 and 2021:

	<b>Donor restricted endowment</b>	<b>Functioning as endowment</b>		
		<b>With donor restrictions</b>	<b>Without donor restrictions</b>	<b>Total</b>
Balances June 30, 2020	\$ 143,903,245	3,910,582	4,646,132	152,459,959
Investment income and gains	37,001,466	1,362,567	882,786	39,246,819
Contributions	2,684,484	15,446	—	2,699,930
Transfers and other	102,078	52,467	(2,413)	152,132
Distributions and expenses	<u>(7,293,120)</u>	<u>(1,132,784)</u>	<u>(448,833)</u>	<u>(8,874,737)</u>
Balances June 30, 2021	176,398,153	4,208,278	5,077,672	185,684,103
Investment income and gains	(14,759,613)	(450,683)	(551,451)	(15,761,747)
Contributions	2,472,011	11,633	—	2,483,644
Transfers and other	125,494	(41,301)	—	84,193
Distributions and expenses	<u>(7,857,002)</u>	<u>(531,710)</u>	<u>(826,516)</u>	<u>(9,215,228)</u>
Balances June 30, 2022	<u>\$ 156,379,043</u>	<u>3,196,217</u>	<u>3,699,705</u>	<u>163,274,965</u>

Members of the University Investment Committee develop 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.

The University believes that its policies and procedures comply with the provisions of the Uniform Prudent Management of Institutional Funds Act.

## BALDWIN WALLACE UNIVERSITY

### Notes to Financial Statements

June 30, 2022 and 2021

#### (7) 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 was 7% of the covered employees' regular salary before September 1, 2020. As of that date the Board of Trustees reduced it to 3% because of financial uncertainties resulting from the pandemic. They increased it to 5% effective January 1, 2022 and intend to return it to 7% as soon as possible. During the years ended June 30, 2022 and 2021, the University's contributions were approximately \$1,394,000 and \$1,248,000, respectively.

#### (8) Commitments and Contingencies

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 financial statements.

#### (9) Pledges Receivable

Pledges receivable totaling \$4,977,093 and \$7,989,482 at June 30, 2022 and 2021, 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.

Pledges received were discounted at a rate of 3%. Discounts of \$100,913 and \$212,334 were recorded at June 30, 2022 and 2021, respectively.

Gift pledges are expected to be realized as follows for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
In one year or less	\$ 4,475,378	4,352,843
Between one and five years	492,587	3,623,383
More than five years	<u>9,128</u>	<u>13,256</u>
	4,977,093	7,989,482
Less:		
Allowance for uncollectible pledges	(200,000)	(300,000)
Discount on pledges	<u>(100,913)</u>	<u>(212,334)</u>
Net pledges receivable	<u>\$ 4,676,180</u>	<u>7,477,148</u>

## BALDWIN WALLACE UNIVERSITY

### Notes to Financial Statements

June 30, 2022 and 2021

Conditional promises to give totaled approximately \$42,200,000 and \$43,800,000 as of June 30, 2022 and 2021, respectively. This amount consists of commitments contained in wills and insurance policies.

#### (10) Liquidity and Line of Credit

Operating assets available within one year of the financial position date for general expenditure, such as operating expenses, scheduled principal payments on debt, and capital constructions costs not financed with debt, were as follows:

Operating assets at June 30, 2022	\$	17,728,883
Less those unavailable for general expenditure within one year:		
Perkins student loans receivable		(1,849,105)
Inventory		(1,663,121)
Prepaid expenses		(1,340,618)
Leases of property and equipment		(2,552,206)
Pledges due beyond one year		(501,715)
Student loans (revolving funds)		<u>(299,313)</u>
Operating assets available to meet cash needs for general expenditure within one year	\$	<u><u>9,522,805</u></u>

To manage liquidity, the University has a \$15,000,000 line of credit for operating funds that bears interest at LIBOR plus 250 basis points and a \$5,000,000 line of credit for operating funds that bears interest at LIBOR plus 150 basis points. Borrowings outstanding were \$10,000,000 as of June 30, 2022 and \$5,000,000 as of June 30, 2021. The line of credit expires annually.

#### (11) Financial Responsibility Standards

The University participates in federal Title IV student financial assistance programs, which require it to meet standards of financial responsibility based on criteria determined by the U.S. Department of Education (ED), as set forth in 34 CFR 668.171. The criteria for private institutions include the annual calculation by ED of a financial responsibility composite score, as further outlined in 34 CFR 668.172, using audited financial statements submitted through ED's eZ-Audit system. The composite score has been and will continue to be based on three ratios: Primary Reserve, Equity, and Net Income. These ratios utilize the following financial data of the Institution, which are not otherwise presented in the financial statements or other notes to the financial statements, as of and for the year ended June 30, 2022:

**BALDWIN WALLACE UNIVERSITY**

Notes to Financial Statements

June 30, 2022 and 2021

<u>Required input per standards</u>	<u>Ratio(s) uses</u>	<u>Input amount</u>	<u>Related amount</u>
Property, plant and equipment, net	Primary reserve	\$ 160,097,631	
Construction in progress	Primary reserve	5,900,749	
Total property, plant and equipment, net			<u>\$ 165,998,380</u>
Lease right-of-use assets	Primary reserve	\$ 2,552,206	
Total lease right-of-use assets			<u>\$ 2,552,206</u>
Long-term debt – for long-term purposes	Primary reserve	\$ 19,436,027	
Line of credit for construction in progress	Primary reserve	—	
Total long-term debt			<u>\$ 19,436,027</u>
Liability related to lease right-of-use assets	Primary reserve & Equity	\$ 2,552,206	
Total liabilities related to lease right-of-use assets			<u>\$ 2,552,206</u>
Inputs directly from the statement of activities:			
Total operating revenue and other additions	Net income	\$ 68,181,624	
Less: investment return appropriated for spending	Net income	(1,638,469)	
Plus: gain on sale of fixed assets	Net income	<u>33,736</u>	
Total revenue and gains without donor restrictions	Net income	<u>\$ 66,576,891</u>	

**(12) Related Parties**

There are no related party transactions for the years ended June 30, 2022 and 2021.

**(13) Subsequent Events**

The University evaluated subsequent events applicable to the year ended June 30, 2022 through November 23, 2022, the date the financial statements are available to be issued. Other than the item disclosed below, there were no subsequent event matters identified for disclosure in the financial statements.

On October 26, 2022, the University marketed a State of Ohio Higher Educational Facility Revenue Bonds with a par value of \$9,970,000. The bonds closed on November 16, 2022. The University issued the bonds pursuant to a trust agreement between the Ohio Higher Educational Facility Commission and US Bank as trustee. The bonds were dated November 16, 2022, and they will mature December 1, 2052. The rate for the bonds is 5.75-6.0%. The University will use the proceed to renovate the Berea Townhouses student residents.

## BALDWIN WALLACE UNIVERSITY

## Supplementary Information

Years ended June 30, 2022, 2021, 2020, and 2019

(Unaudited)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Enrollment, fall semester (unaudited):				
Full-time undergraduate	\$ 2,684	2,712	2,820	2,923
Part-time undergraduate	152	149	174	223
Graduate	496	539	540	605
Total	<u>\$ 3,332</u>	<u>3,400</u>	<u>3,534</u>	<u>3,751</u>
Full-time-equivalent enrollment (unaudited)	\$ 3,069	3,137	3,233	3,383
Residence hall occupancy, fall (unaudited)	1,376	1,330	1,471	1,541
New day students, fall semester (unaudited):				
Applied	4,446	4,070	4,252	4,306
Accepted	3,518	2,870	3,005	3,099
Admitted	827	766	765	788
Fees charged per full-time student (unaudited):				
Tuition	\$ 35,366	34,504	33,530	32,586
Residence hall room (double)	6,076	5,842	5,678	5,518
Campus card (dining halls, bookstore)	6,348	6,104	5,932	5,764
	<u>\$ 47,790</u>	<u>46,450</u>	<u>45,140</u>	<u>43,868</u>
<b>In millions</b>				
Tuition and fee revenue billed	\$ 102.6	101.7	103.8	106.6
Student financial aid grants:				
Funds without donor restrictions	46.2	42.7	40.4	40.5
Funds with donor restrictions	10.2	9.4	7.7	6.6
Total university grant aid	<u>56.4</u>	<u>52.1</u>	<u>48.1</u>	<u>47.1</u>
Government aid grants to students administered by the University:				
Pell and other federal	4.2	4.3	4.7	5.1
Ohio Opportunity and other state	2.1	2.2	2.2	2.2
Total grant aid administered	<u>6.3</u>	<u>6.5</u>	<u>6.9</u>	<u>7.3</u>
Total grant aid	<u>\$ 62.7</u>	<u>58.6</u>	<u>55.0</u>	<u>54.4</u>
Grant aid percentage of tuition and fees billed	61 %	58 %	53 %	51 %

## BALDWIN WALLACE UNIVERSITY

## Supplementary Information

Years ended June 30, 2022, 2021, 2020, and 2019

(Unaudited)

In millions	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Activities summary:				
Tuition and fees	\$ 102.6	101.7	103.8	106.6
Less student financial aid grants	<u>56.4</u>	<u>52.1</u>	<u>48.0</u>	<u>47.1</u>
Net tuition and fees	46.2	49.6	55.8	59.5
Contributions:				
Available for current operations	5.2	5.2	4.9	5.7
For investment in plant and endowment	9.8	7.9	8.9	5.6
Change in pledges	(2.8)	(2.2)	5.7	(0.2)
Government grants:				—
Program and student financial aid	1.5	1.4	1.6	1.7
COVID relief	5.8	12.2	2.3	—
Endowment and similar investments:				
Income and gains distribution	8.8	7.7	7.5	7.2
Auxiliary enterprises:				
Residence and dining halls, bookstore, rental houses, vending	17.5	17.2	16.1	20.2
Other income	<u>2.6</u>	<u>0.7</u>	<u>1.0</u>	<u>2.0</u>
Totals	94.6	99.7	103.8	101.7
Expenses	<u>103.6</u>	<u>96.3</u>	<u>105.6</u>	<u>102.2</u>
Net revenue	(9.0)	3.4	(1.8)	(0.5)
Endowment and similar investment gains (losses) after distribution	(30.6)	39.0	(2.0)	3.4
Voluntary employee separation incentives	<u>—</u>	<u>—</u>	<u>(3.3)</u>	<u>—</u>
Increase (decrease) in net assets	(39.6)	42.4	(7.1)	2.9
Net assets at the beginning of the year	<u>356.8</u>	<u>314.4</u>	<u>321.5</u>	<u>318.5</u>
Net assets at the end of the year	<u>\$ 317.2</u>	<u>356.8</u>	<u>314.4</u>	<u>321.4</u>

## BALDWIN WALLACE UNIVERSITY

## Supplementary Schedule of Financial Responsibility Data

As of and for the year ended June 30, 2022

Required input per standards	Location in financial statements and notes	Summary amount	Detailed amount
Expendable net assets ratio inputs:			
Net assets without donor restrictions	Statement of financial position	\$ —	112,565,124
Net assets with donor restrictions	Statement of financial position	—	204,627,365
Long-term debt	Statement of financial position	19,436,027	—
Long-term debt, net: pre-implementation	Note 11	—	19,436,027
Long-term debt, net: post-implementation	Note 11	—	—
Net assets with donor restrictions: restricted in perpetuity	Note 6	—	156,379,043
Annuities with donor restrictions	Statement of financial position	—	3,337,392
Property, plant and equipment, net (includes construction in progress)	Statement of financial position	165,998,380	—
Property, plant and equipment, net: pre-implementation	Note 11	—	165,998,380
Property, plant and equipment, net: post-implementation	Note 11	—	—
Construction in progress	Note 11	—	5,900,749
Lease right-of-use asset	Note 11	—	2,552,206
Lease right-of-use liability	Note 11	—	2,552,206
Total expenses and losses without donor restrictions input:			
Total expenses and losses without donor restrictions	Consolidated statement of activities	104,384,739	—
Total expenses and losses without donor restrictions (expenses)	Consolidated statement of activities	—	103,606,772
Total expenses and losses without donor restrictions (investment losses)	Consolidated statement of activities	—	777,967
Equity ratio – modified net assets inputs:			
Net assets without donor restrictions	Statement of financial position	—	112,565,124
Net assets with donor restrictions	Statement of financial position	—	204,627,365
Modified assets inputs:			
Total assets	Statement of financial position	—	365,601,869
Net income ratio inputs:			
Net assets without donor restrictions	Statement of financial position	—	112,565,124
Total revenue and gains without donor restrictions	Note 11	—	66,576,891

See accompanying independent auditors' report.