Fitchburg State University

Board of Trustees Meeting

Fitchburg State University Board of Trustees Meeting

Published on October 12, 2022 at 1:45 PM EDT

Date and Time
Tuesday October 18, 2022 at 10:00 AM EDT

Location
Presidents' Hall, Mazzaferro Center, 291 Highland Ave., Fitchburg, MA 01420

Notice of a meeting of the Fitchburg State University Board of Trustees on Tuesday, October 18, 2022 at 10:00 a.m.

The meeting will take place in Presidents' Hall, Mazzaferro Center, 291 Highland Ave., Fitchburg, MA 01420

Agenda

	Purpose	Presenter	Time
I. Opening Items			**10:00 AM**
Opening Items			
A. Record Attendance and Guests			
B. Call the Meeting to Order		Deborah Phillips	
C. Public Comments			3 m
D. Approve Minutes from the September 13, 2022 meeting - VOTE (08-22/23)	Approve Minutes		1 m
II. Finance and Administration			**10:04 AM**
A. Presentation by the auditors	Discuss		15 m
B. FY2022 Audit - VOTE (9-22/23)	Vote		2 m

	Purpose	Presenter	Time
III. Notifications			**10:21 AM**
A. Personnel Actions (N02-22/23)	FYI		1 m
IV. Student Trustee Report			**10:22 AM**
A. Allison Turner will provide the Student Trustee report.	FYI		5 m
V. Chair's Report			**10:27 AM**
A. Debbie Phillips will provide the Chair's report.	FYI		1 m
B. Information Request Policy	Discuss		5 m
VI. President's Report			**10:33 AM**
A. COVID Update	FYI		5 m
B. NECHE	FYI		3 m
C. Enrollment Management Update			5 m
D. Open House update	FYI		5 m
E. Homecoming			3 m
F. News Articles	FYI		1 m
VII. Closing Items			**10:55 AM**
A. Adjourn Meeting	Vote		1 m

Coversheet

Approve Minutes from the September 13, 2022 meeting - VOTE (08-22/23)

Section: I. Opening Items
Item: D. Approve Minutes from the September 13, 2022 meeting - VOTE (08-22/23)
Purpose: Approve Minutes
Submitted by:
Related Material: Minutes for Board of Trustees Meeting on September 13, 2022 VOTE Minutes.pdf

Fitchburg State University

Minutes

Board of Trustees Meeting

Date and Time
Tuesday September 13, 2022 at 8:15 AM

Location
Presidents' Hall, Mazzaferro Center, 291 Highland Ave., Fitchburg, MA 01420

Notice of a meeting of the Fitchburg State University Board of Trustees on Tuesday, September 13, 2022 at 8:15 a.m. in Presidents' Hall, Mazzaferro Center, 291 Highland Ave., Fitchburg, MA 01420

Trustees Present
A. Turner, C. Stimpson, D. Phillips, D. Tiernan, E. Gregoire, K. Spinelli, L. Barrieau, M. Fiorentino, Jr. (remote)

Trustees Absent
J. Flanagan

Ex Officio Members Present
R. Lapidus

Non Voting Members Present
R. Lapidus

Guests Present
A, Tourigny, F. Barricelli, G. Doiron, G. Doiron, J. Bry, J. Murdoch, J. Wolfman, L. Bayless, M. Bruun, P. Marshall, P., McCafferty, R, Dinda, R. Toomey, S, Swartz, S. Levine

I. Opening Items

A.

Record Attendance and Guests

B. Call the Meeting to Order

D. Phillips called a meeting of the board of trustees of Fitchburg State University to order on Tuesday Sep 13, 2022 at 8:21 AM.

C. Public Comments

There were none.

D. Approve Minutes from the May 3, 2022 Meeting - VOTE (01-22/23)

L. Barrieau made a motion to approve the minutes from Board of Trustees Meeting on 05-03-22.
D. Tiernan seconded the motion.
The board **VOTED** to approve the motion.

Roll Call

D. Tiernan	Aye
L. Barrieau	Aye
E. Gregoire	Aye
D. Phillips	Aye
K. Spinelli	Aye
M. Fiorentino, Jr.	Aye
J. Flanagan	Absent
C. Stimpson	Absent
A. Turner	Aye

II. President's Assessment and Goals

A. President's Goal Performance 2021-2022 Academic Year

The President welcomed the Board to the first meeting of the academic year. He next introduced Vice President of Academic Affairs and Provost, Dr. Patricia Marshall who began her tenure in July.

He highlighted a few of his accomplishments from the last year. He indicated that the University community had weathered another year of COVID. Overall positivity rates were low last year. The financial audit was clean with no concerns expressed by the auditors. He also noted that there was significant money in the grant pipeline. He highlighted the work being done on cyber security and protection and stated that two factor authentication had been implemented. The academic plan was approved which is a subset of the strategic plan. Another institution was added to our early college consortium. He also noted, with pride, the new “Tomorrow’s Educators Scholarship Program.” This is a pilot program for students interested in education. The program provides financial assistance to students who earn a teaching degree and in return agree to teach in the local school system. It is designed to create increased diversity within the ranks of K-12 teachers. A recent financial allocation in the budget passed by legislators will be provided to the DHE to support state-wide efforts for this program. This program supports the equity agenda, an initiative the new commissioner has stated will continue to be a priority. On September 22, the President and others will attend a meeting with the NECHE Commissioners. After that meeting, the President will receive the official decision regarding accreditation. He stated that our NECHE report was quite good. The University continues to work on enrollment and capital projects. Supply chain issues have slowed some of the work in Thompson and Miller. We have a HVAC problem in Hammond that will most likely conclude in November. A mobile chiller for the building needed to be ordered until the main chiller is repaired. He informed the Board of his efforts around community building. He informed the group that he had been elected to the NCAA President's Council which is the highest Division 3 policy and governance group.

Trustee Stimpson arrived at 8:31.

D. Tiernan asked about the status on the Theater Block.

The President responded that it's now in the silent phase of philanthropy work. He noted that the state has not been funding new construction.

B. Accept the President's Goal Assessment for AY2021-2022 - VOTE (02-22/23)

K. Spinelli made a motion to accept the performance appraisal summary of the president by the Chair for AY2021-AY2022 in accordance with the guidelines set forth by the Commissioner of the Board of Higher Education. And It is requested that the Board of Trustees recommend to the Commissioner of the Board of Higher Education the maximum allowable compensation adjustment.
C. Stimpson seconded the motion.
The board **VOTED** to approve the motion.

Roll Call

K. Spinelli	Aye
E. Gregoire	Aye
J. Flanagan	Absent
C. Stimpson	Aye
L. Barrieau	Aye
A. Turner	Aye
D. Tiernan	Aye
D. Phillips	Aye
M. Fiorentino, Jr.	Aye

C. President's Goals AY2022-2023

The President stated that the key activity for this next year is going to revolve around enrollment management and marketing in an effort to grow future enrollment. Focus on retention will also be a priority as the pandemic has impacted this area. Additionally more aggressive efforts will be made in support of increased residence occupancy. As enrollment continues to decline, a review of all aspects of the university will be undertaken to fully understand how to best match resources to the most essential needs of the University and its students. He noted that undergraduate day school enrollment was down. It is still unclear as to the extent to which enrollment can be regained. Enrollment patterns are not consistent with what has been experienced in prior years. Nationally, students within the Black and Latino communities have been slower to return to higher education. The community colleges are experiencing significant declines in enrollment across the state which is negatively impacting transfer numbers. Our graduate enrollments are slightly up and our international on-campus enrollment is significantly up.

A discussion ensued.

D. Accept the President's Goals for AY2022-2023 - VOTE (03-22/23)

L. Barrieau made a motion to accept the President's goal for AY2022-2023.
D. Tiernan seconded the motion.
The board **VOTED** to approve the motion.

Roll Call

L. Barrieau	Aye
D. Phillips	Aye
E. Gregoire	Aye
C. Stimpson	Aye
D. Tiernan	Aye
K. Spinelli	Aye
J. Flanagan	Absent
A. Turner	Aye
M. Fiorentino, Jr.	No

III. Notifications

A. Personnel Actions (N01-22/23)

The personnel actions were submitted for informational purposes.

E. Gregoire inquired if the salary adjustments are consistent with the collective bargaining agreements. M. Fiorentino asked if the salary increases were performance based or job responsibilities that lead to those changes.

The President responded generally speaking, yes to both questions. The President highlighted the process and challenges associated with replacing those that retired or resigned and equally the challenges associated with retaining good employees.

A discussion ensued.

IV. Student Trustee Report

A. Allison Turner will provide the Student Trustee Report

A. Turner provided the student report. She informed the board of her major and clubs and organizations she is associated with. She explained her intentions for this year and would like to schedule events with the Trustees to bridge the gap between the Board and students. She looks forward to working on the Board this year.

V. Chair's Report

A. Debbie Phillips will provide the Chair's Report.

The Chair welcomed everyone to the start of the academic year and those who support the institution. She expressed her appreciation to the faculty, staff, and students who have weathered these hard times over the past couple of years.

The Chair took a moment to express her appreciation to everyone and suggested that we all take a breath and recognize where others are given these stressful times post pandemic. She asked everyone to be flexible and bring empathy to the table when dealing with each other. She reflected on her own COVID experience. She reiterated that everyone at Fitchburg State is here to help and support students.

B.

Committee Assignments

The Committee assignments were distributed and discussed. D. Phillips stated if anyone had any questions or input to please let her know. She next asked L. Barrieau to be the chair of the self-evaluation committee. Also, she is almost ready to present a draft of recommended changes to the By-Laws.

C. Board Retreat date - June 6,7 or 8, 2023

It was agreed that the best date for the Board Retreat is June 6, 2023 but, all were asked to please hold June 7 & 8 until the date is finalized.

The Chair and President asked if there were particular topics that the board was interested in reviewing in greater depth. If so, please let them know.

D. Board Giving

Board giving was discussed. There are many grants and programs that the University applies for and the degree of board participation, in the form of giving, is often a question. D. Phillips stated that it is not how much one gives, but rather that you participate in some way. All are encouraged to give annually and that any amount is greatly appreciated.

E. Conflict of Interest

The annual Conflict of Interest form will be circulated for completion electronically.

VI. President's Report

A. Opening of the university

The President informed the Board of the fall semester opening. He stated that things went smoothly and that the traditional activities took place. He noted that the incoming class is very enthusiastic about being on campus. They are coming out to events and students are participating in the activities offered in large numbers. Similarly, he noted that the faculty are excited about coming back to the classroom. Most classes are in person with about 12 percent being fully online.

He next discussed the Faculty Excellence event and thanked Trustees Barrieau and Gregoire for attending. The 5th ROC Graduation took place. The 5th ROC was the largest graduating class to date with many students already having employment contracts. The President stated that the University continues to have strong support from the MPTC. The annual Rock the Block event was held with strong attendance and serves to create early semester student engagement with the broader campus community.

The President talked about the incoming class. There are approximately 2600 undergraduate day students this fall with approximately 700 being new. The campus is down about 200 undergraduate day students from what was initially budgeted. The honors student population is also showing positive growth. A brief explanation was provided regarding day and evening undergraduate students. On the graduate side, overall registrations are up about 150 from last year. The accelerated graduate program registrations are slightly down, but the in-person graduate registrations are slightly up. The international student population is significantly up.

The new recruiting season has started. The University has elected to enroll in the Common App program which has its strengths and weaknesses. It is expected that this will result in a larger application pool this coming year. However, the University focus will be on yield. The Enrollment Management team has 430+ high school visits scheduled or in the process of being scheduled. High Schools are once again accepting visitors in person. Recruiters will be spending more time in Southern New Hampshire and more time with transfer students this year. Additionally, more emphasis will be focused on community based organizations (CBO's).

There was a discussion on retention and thoughts on why students are not returning.

B. COVID

The President provided an update on COVID protocols. We are a mask optional campus.

C. NECHE Update

The President will meet with the NECHE Board on Sept. 22 for a final review. We should receive formal notification of accreditation status a couple of weeks after the review.

D. Approval of Bachelor of Arts and Bachelor of Science in Digital Media Innovation

The formal approval notification was presented.

E. Housing

The President noted that housing occupancy is at approximately 55%. This has implications for the budget. The target housing percentage relative to budget was 66%. Students that enrolled for housing were offered rooms as premium singles which many students opted for. The University is currently reviewing the possibility to collaborate with MOC in an effort to convert Herlihy Hall into a day care center. He also discussed various properties that have been purchased and that two of them were scheduled to be demolished and there is an intention to sell another.

F. Game on Fitchburg

Game On Fitchburg is a large athletic facility that the President described in detail. The facility anticipates about 3 million guests this year. The University will be advertising at the venue and will be represented in high visibility locations. The Game On Fitchburg contract provides an exclusivity clause allowing only one higher education institution the right to advertise at any point in time.

There was a discussion.

G. Main Street Properties

The President reported on the new window advertising at the Professional Development Center designed to highlight the University and to add vibrancy on Main Street. He also mentioned the theater and its continued progress as a multi-phased project. He reminded the Board of the game design studio and ideaLab already operational in the space. He also talked briefly about the Fidelity Bank Building currently being leased as studio space for artists. Additionally the four store fronts on the block will soon be available for occupancy. One has already been selected and will become a restaurant and another a gallery for the campus community to display and sell work. It is hoped the other two spaces will be leased to small minority or woman owned businesses.

During general discussion, M. Fiorentino suggested that it would be good idea to incorporate enrollment strategies going forward. He mentioned how helpful the information provided was when presented at the retreat. He suggested through the committee structure or at a full boarding. D. Phillips said we have planned to do that and will put that on the top of the list.

H. Informational Articles

The items were submitted for informational purposes.

VII. Executive Session

A. Executive Session - VOTE (04-22/23)

E. Gregoire made a motion to enter into executive session in accordance with MGL c. 30A, Section 21 (a)(1) to discuss the reputation, character, physical condition or mental health, rather than professional competence, of an individual in relation to the sabbatical leave provision within the terms of Article XV, Section C of the MSCA and BHE collective bargaining agreement. (other information withheld under MGL c. 214, Section 1B right to privacy) The Board will return to open session.
L. Barrieau seconded the motion.
The board **VOTED** to approve the motion.

Roll Call

M. Fiorentino, Jr.	Aye
D. Phillips	Aye
J. Flanagan	Absent
K. Spinelli	Aye
D. Tiernan	Aye
L. Barrieau	Aye
A. Turner	Aye
C. Stimpson	Aye
E. Gregoire	Aye

Open session reconvened at 9:51 a.m.

VIII. Executive Session discussion

A. VOTE(5-22/23)

L. Barrieau made a motion to excuse a faculty member from the requirements of Article XV, Section C of the MSCA and BHE collective bargaining agreement relative to the completion of service following a sabbatical and approves the request.
E. Gregoire seconded the motion.
The board **VOTED** to approve the motion.

Roll Call

M. Fiorentino, Jr.	Aye
E. Gregoire	Aye
L. Barrieau	Aye
J. Flanagan	Absent
C. Stimpson	Aye
K. Spinelli	Aye
D. Phillips	Aye
A. Turner	Aye
D. Tiernan	Aye

IX. Closing Items

A. Adjourn Meeting

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 9:53 AM.

Respectfully Submitted,
D. Tiernan

Fitchburg State University
REQUEST FOR BOARD ACTION

TO: Board of Trustees	DATE: October 18, 2022
FROM: The President	REQUEST NUMBER: 08-22/23
SUBJECT: September 13, 2022 Board Meeting minutes	

It is requested that the Fitchburg State University Board of Trustees vote to approve the minutes from the September 13, 2022 Board Meeting.

Coversheet

Presentation by the auditors

Section: II. Finance and Administration
Item: A. Presentation by the auditors
Purpose: Discuss
Submitted by:
Related Material:
Attachment C FSU Foundation FY22 Draft Governance letter.pdf
Attachment E FSU Supporting Org FY22 Draft Governance Letter.pdf
Attachment A FSU - FY22 Draft Governance Letter.pdf
Attachment F FSU Foundation Supporting Org FY22 Draft FS.pdf
Attachment D Fitchburg State Foundation FY22- Draft FS.pdf
Attachment H FSU Executive Summary 2022.pdf
Attachment B Fitchburg State University FY22 Draft Financials.pdf
Attachment G FSU FY22 No Management Letter Acknowledgment Letter.pdf
Attachment I Executive Summary Foundation 2022.pdf
Attachment J Executive Summary Foundation Supporting Org June 2022.pdf
Attachment K Fitchburg State University - Final2021Long form.pdf
Attachment L FSU - MOSFA 2021 Final.pdf

Attachment C

Fitchburg State University Foundation

FY22 Draft Governance Letter

BOLLUS LYNCH
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

October ___, 2022

The Board of Directors
Fitchburg State University Foundation, Inc.
Fitchburg, Massachusetts

This letter is to inform the Board of Directors of Fitchburg State University Foundation, Inc. and FSU Foundation Supporting Organization, Inc. (collectively the "Organization") about significant matters related to the conduct of our audit of the consolidated financial statements as of and for the year ended June 30, 2022, so that it can appropriately discharge its oversight responsibility and we comply with our professional responsibilities.

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibility with Regard to the Financial Statement Audit

Our responsibility under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States have been described to you in our arrangement letter dated June 20, 2022. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated June 22, 2022 regarding the planned scope and timing of our audit and identified significant risks.

Significant Accounting Practices, Including Policies, Estimates and Disclosures

In our meeting with you, we will discuss our views about the qualitative aspects of the Organization's significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures. The following is a list of the matters that will be discussed, including the significant estimates, which you may wish to monitor for your oversight responsibilities of the financial reporting process:

- *Financial Statement Disclosures* - We will discuss with you items as they relate to the neutrality, consistency, and clarity of the disclosures in the financial statements.

- *Adoption of, or Change in, Accounting Policies* - Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Organization. During the year ended June 30, 2022, the Organization adopted the Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Asset*s. The purpose of the ASU 2020-07 is to clarify the presentation and disclosure of contributed nonfinancial assets with an intention to provide the reader of the financial statements a clearer understanding of what type of nonfinancial assets were received and how they are used and recognized by the Organization.

- *Alternative Treatments within Generally Accepted Accounting Principles Discussed with Management* - We did not discuss with management any alternative treatments within generally accepted accounting principles for accounting policies and practices during the current audit period.

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The Board of Directors
Fitchburg State University Foundation, Inc.

October ___, 2022

Significant Accounting Practices, Including Policies, Estimates and Disclosures (continued)

- *Significant or Unusual Transactions* - We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

- *Management's Judgments and Accounting Estimates* - Accounting estimates are an integral part of preparing financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us that they used all the relevant facts available to them at the time to make the best judgments about accounting estimates, and we considered this information in the scope of our audit. Estimates significant to the financial statements include the discounts and allowances related to accounts receivable and contributions receivable, contributions for services rendered from Fitchburg State University, and accumulated depreciation allowances. The Board of Directors may wish to monitor throughout the year the process used to compute and record these accounting estimates.

Audit Adjustments and Uncorrected Misstatements

There were no audit adjustments made to the original trial balances presented to us to begin our audit of the Organization.

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters related to the Organization.

Other Information in Documents Containing Audited Financial Statements

We are not aware of any other documents that contain the audited financial statements. If such documents were to be published, we would have a responsibility to determine that such financial information was not materially inconsistent with the audited statements of the Organization.

Management Representations

A management representation letter has been drafted and will be presented to management for signature. A copy of the executed letter will be available upon request when signed.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to Fitchburg State University Foundation, Inc. and FSU Foundation Supporting Organization, Inc.

This report is intended solely for the information and use of the Board of Directors and management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Attachment E

FSU Foundation Supporting Org.

FY22 Draft Governance Letter

BOLLUS LYNCH
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

October ___, 2022

The Board of Directors
FSU Foundation Supporting Organization, Inc.
Fitchburg, Massachusetts

This letter is to inform the Board of Directors of FSU Foundation Supporting Organization, Inc. (the "Organization") about significant matters related to the conduct of our audit of the financial statements as of and for the year ended June 30, 2022, so that it can appropriately discharge its oversight responsibility and we comply with our professional responsibilities.

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibility with Regard to the Financial Statement Audit

Our responsibility under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States have been described to you in our arrangement letter dated June 20, 2022. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated June 22, 2022 regarding the planned scope and timing of our audit and identified significant risks.

Significant Accounting Practices, Including Policies, Estimates and Disclosures

In our meeting with you, we will discuss our views about the qualitative aspects of the Organization's significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures. The following is a list of the matters that will be discussed, including the significant estimates, which you may wish to monitor for your oversight responsibilities of the financial reporting process:

- *Financial Statement Disclosures* - We will discuss with you items as they relate to the neutrality, consistency, and clarity of the disclosures in the financial statements.

- *Adoption of, or Change in, Accounting Policies* - Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Organization. During the year ended June 30, 2022, the Organization adopted the Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Asset*s. The purpose of the ASU 2020-07 is to clarify the presentation and disclosure of contributed nonfinancial assets with an intention to provide the reader of the financial statements a clearer understanding of what type of nonfinancial assets were received and how they are used and recognized by the Organization.

- *Alternative Treatments within Generally Accepted Accounting Principles Discussed with Management* - We did not discuss with management any alternative treatments within generally accepted accounting principles for accounting policies and practices during the current audit period.

The Board of Directors
Fitchburg State University Foundation, Inc.

October ___, 2022

Significant Accounting Practices, Including Policies, Estimates and Disclosures (continued)

- *Significant or Unusual Transactions* - We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

- *Management's Judgments and Accounting Estimates* - Accounting estimates are an integral part of preparing financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management has informed us that they used all the relevant facts available to them at the time to make the best judgments about accounting estimates, and we considered this information in the scope of our audit. Estimates significant to the financial statements include contributions for services rendered from Fitchburg State University, and accumulated depreciation allowances. The Board of Directors may wish to monitor throughout the year the process used to compute and record these accounting estimates.

Audit Adjustments and Uncorrected Misstatements

There were no audit adjustments made to the original trial balances presented to us to begin our audit of the Organization.

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters related to the Organization.

Other Information in Documents Containing Audited Financial Statements

We are not aware of any other documents that contain the audited financial statements. If such documents were to be published, we would have a responsibility to determine that such financial information was not materially inconsistent with the audited statements of the Organization.

Management Representations

A management representation letter has been drafted and will be presented to management for signature. A copy of the executed letter will be available upon request when signed.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to FSU Foundation Supporting Organization, Inc.

This report is intended solely for the information and use of the Board of Directors and management, and is not intended to be, and should not be, used by anyone other than these specified parties.

Attachment A

FSU-FY22 Draft Governance Letter

CohnReznick

Report Date

To the Board of Trustees
Fitchburg State University

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of Fitchburg State University (the "University") (a department of the Commonwealth of Massachusetts) for the year ended June 30, 2022, which collectively comprise Fitchburg State University's basic financial statements, and have issued our report thereon dated Report Date. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards,* and Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated June 30, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Fitchburg State University are described in Note 1 to the financial statements.

During the fiscal year ended June 30, 2022, Fitchburg State University adopted Governmental Accounting Standards (GASB) No. 87, *Leases* which resulted in a prior period adjustment to record net right to use asset of $4,424,387 and an adjustment to net position of $4,424,387 as of June 30, 2021 as disclosed in Note 28 and additional disclosures as required by the new standard as disclosed in Note 13 and required supplementary information.

We noted no transactions entered into by the University during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the University's financial statements was:

> Management's estimate of the allowance for doubtful collections of accounts receivable is based principally on its historical experience and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements were:

> The disclosures of cash and cash equivalents and investments in Note 2 to the financial statements.

CohnReznick

The disclosures of pension and OPEB in Note 21 and 22 to the financial statements.

The disclosures of the interagency payables in Note 12 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated **Report Date**.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the University's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the University's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, pension benefit schedules and OPEB benefit schedules which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we

CohnReznick

obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI. We were engaged to report on the residence hall and residence hall damage fund activity, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Trustees and management of Fitchburg State University and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

CohnReznick LLP

Attachment F

FSU Foundation Supporting Org

FY22 Draft FS

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

AND

INDEPENDENT AUDITOR'S REPORT

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

TABLE OF CONTENTS

BOLLUS LYNCH
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
FSU Foundation Supporting Organization, Inc.

Opinion

We have audited the financial statements of FSU Foundation Supporting Organization, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year 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 Organization as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

Other Matter

The financial statements of the Organization as of and for the year ended June 30, 2021, were audited by other auditors, whose report dated November 10, 2021, expressed an unmodified opinion on those financial statements.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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Bolluslynch.com

INDEPENDENT AUDITOR'S REPORT
(Continued)

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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Worcester, Massachusetts
__________, 2022

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

	2022	2021
Assets		
Cash and cash equivalents	$ 97,079	$ 217,474
Due from affiliate	2,838	-
Deposit	10,000	-
Prepaid expenses and other assets	64,845	126,582
Property and equipment, net of accumulated depreciation	6,666,823	6,781,506
Total assets	$ 6,841,585	$ 7,125,562
Liabilities and Net Assets		
Liabilities		
Accounts payable, trade	$ 19,864	$ 4,269
Due to affiliates	-	14,359
Agency fund	31,080	31,080
Accrued interest payable	6,183	6,923
Note payable - bank	432,326	453,794
First mortgage notes payable	3,759,244	3,590,174
Environmental remediation liability	198,784	536,901
Deferred revenue	-	30,000
Total current liabilities	4,447,481	4,667,500
Net assets		
Without donor restrictions	2,394,104	2,458,062
Total net assets	2,394,104	2,458,062
Total liabilities and net assets	$ 6,841,585	$ 7,125,562

See accompanying independent auditor's report and notes to financial statements.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Revenue and support		
Program revenues		
Rental income	$ 188,496	$ 187,968
Residence hall income	-	95,326
License fee income	450,848	356,337
Contributed nonfinancial assets and services	12,068	719,697
Other income		
Other income	107,136	-
Interest income	466	501
Total revenue and support	759,014	1,359,829
Expenses and losses		
Program services	776,575	1,017,042
Management and general	46,397	27,735
Total expenses	822,972	1,044,777
Losses on transfers and sale of land and buildings	-	587,581
Change in net assets	(63,958)	(272,529)
Net assets, beginning of year	2,458,062	2,730,591
Net assets, end of year	$ 2,394,104	$ 2,458,062

See accompanying independent auditor's report and notes to financial statements.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	Program Services	Management and General	Fundraising	Totals 2022
Affiliate personnel costs	$ -	$ 12,069	$ -	$ 12,069
Insurance	113,581	-	-	113,581
Rent	37,588	-	-	37,588
Professional services	-	20,912	-	20,912
Landscaping	9,835	-	-	9,835
Other costs	400	13,416	-	13,816
Real estate and other taxes	2,693	-	-	2,693
Depreciation	174,194	-	-	174,194
Repairs and maintenance	273,176	-	-	273,176
Interest	165,108	-	-	165,108
	$ 776,575	$ 46,397	$ -	$ 822,972

See accompanying independent auditor's report and notes to financial statements.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Program Services	Management and General	Fundraising	Total
Affiliate personnel costs	$ -	$ 10,197	$ -	$ 10,197
Insurance	110,706	-	-	110,706
Rent	36,941	-	-	36,941
Professional services	-	10,200	-	10,200
Landscaping	11,662	-	-	11,662
Other costs	1,400	7,338	-	8,738
Utilities	22,601	-	-	22,601
Real estate and other taxes	8,250	-	-	8,250
Depreciation	163,178	-	-	163,178
Repairs and maintenance	18,545	-	-	18,545
Interest	178,063	-	-	178,063
Environmental costs	465,696	-	-	465,696
	$ 1,017,042	$ 27,735	$ -	$ 1,044,777

See accompanying independent auditor's report and notes to financial statements.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ (63,958)	$ (272,529)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Losses on transfers and sale of land and buildings	-	587,581
Depreciation	174,194	163,178
Amortization of debt issuance costs	-	14,813
Donation of propety and equipment	-	(709,500)
Decrease (increase) in operating assets:		
Due from affiliate	(2,838)	24,445
Deposits received	(10,000)	-
Prepaid expenses and other assets	61,737	8,595
Increase (decrease) in operating liabilities:		
Accounts payable, trade	86,800	28,015
Due to affiliate	(14,359)	(1,835)
Environmental liability	(338,117)	436,901
Accrued interest payable	(740)	1,202
Deferred revenue	(30,000)	-
Net cash provided by (used in) operating activities	(137,281)	280,866
Cash flows from investing activities:		
Payments for property and equipment	(130,716)	(564,466)
Net cash used in investing activities	(130,716)	(564,466)
Cash flows from financing activities:		
Proceeds of first mortgage notes payable	126,724	1,538,000
Payments on first mortgage notes payable	(188,700)	(921,995)
Payments on note payable - bank	(21,468)	(20,891)
Payments on bank line of credit	-	(250,000)
Payments of deferred financing costs	(18,954)	(20,507)
Advances from affiliates	250,000	250,000
Payments on advances from affiliates	-	(250,000)
Net cash provided by financing activities	147,602	324,607
Net change in cash and cash equivalents	(120,395)	41,007
Cash and cash equivalents, beginning of year	217,474	176,467
Cash and cash equivalents, end of year	$ 97,079	$ 217,474

See accompanying independent auditor's report and notes to financial statements.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS

1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

FSU Foundation Supporting Organization, Inc. (the "Organization") was organized on October 29, 1999 to be a supporting organization operated, supervised and controlled for the exclusive benefit of Fitchburg State University Foundation, Inc. (the "Foundation") and all of its educational and charitable activities. As of June 30, 2022, the Organization's sole program activity has been to acquire, hold, operate and lease real estate and related improvements for the benefit of the Foundation and Fitchburg State University (the "University").

Accounting pronouncements adopted

During the year ended June 30, 2022, the Organization adopted FASB Accounting Standards Update 2020-07: Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This standard requires the disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities from contributions of cash and other financial assets, as well as certain additional disclosures regarding the nature of these contributions. This change has no effect on net assets as previously reported..

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Method of accounting

The financial statements of the Organization have been prepared on the accrual basis, whereby income is recorded when earned and expenses recorded when incurred in the appropriate accounting period.

Basis of presentation

The financial statements of the Organization are presented in accordance with guidance issued by the Financial Accounting Standards Board ("FASB") for the presentation of financial statements of not-for-profit entities. Under this guidance, the Organization is required to report information regarding its financial position and activities according to two classes of net assets based on the existence or absence of donor-imposed restrictions. The two categories are differentiated as follows:

Without donor restrictions

Net assets without donor restrictions represent funds available for support of the Organization's functions and operations that are not externally restricted for identified purposes by donors. Net assets without donor restrictions include resources that the governing board may use for any designated purposes and resources whose use is limited by agreement between the Foundation and outside party other than a donor.

With donor restrictions

Net assets with donor restrictions are those whose use by the Organization has been limited by donors to a specific period or purpose. Donor imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions, or when the stipulated time has passed. Other donor restrictions are perpetual in nature, whereby the donor stipulates the funds be maintained in perpetuity.

As of June 30, 2022 and 2021, the Organization's net assets are not subject to donor-imposed restrictions; accordingly, all of the net assets are accounted for as net assets without donor restrictions.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Unconditional promises to give are reported at net realizable value if at the time the promise is made, collection is expected to be received in one year or less. Unconditional promises to give that are expected to be collected in more than one year are reported at fair value using present value techniques and a discount rate determined by management of the Organization. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are recognized only when the conditions on which they depend are substantially met. Contributions in the form of property and equipment and other assets are recorded at fair value on the date the donation is received.

Contributions received are recorded as contributions with donor restrictions or contributions without donor restrictions, depending on the existence and/or nature of any donor restrictions.

All contributions are considered to be without donor restrictions unless specifically restricted by the donor. All donor-restricted contributions are recorded as increases in donor restricted net assets. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions expire during the same fiscal year are recognized as revenue without donor restrictions.

Rental and license fee income

Renting and leasing operations consist of leasing commercial space under a long-term lease agreement with the Commonwealth of Massachusetts acting by and through its Division of Capital Asset Management and Maintenance ("DCAM") on behalf of Fitchburg State University. In addition, the Organization granted Fitchburg State University an exclusive license to occupy, manage, maintain and operate certain other property owned by the Organization pursuant to License Agreements with initial terms of one year and automatic annual renewals thereafter. Rental and license fee income are recognized under the operating method as the rentals and license fees become due. Rental and license fee payments received in advance are deferred until earned.

Residence hall income

Residence hall fees are recognized when earned.

Accounts receivable

Accounts receivable are stated at the amount the Organization expects to collect from outstanding balances. The Organization provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual account balances. Balances that are still outstanding after the Organization has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Property and equipment

Property and equipment are recorded at cost if purchased or constructed and, if donated, at fair value at the time of the donation. Property and equipment are depreciated on the straight-line method over their estimated useful lives of 40 years for buildings, 20 years for building and land improvements, and 10 years for furniture and fixtures. Depreciation commences when the asset is placed in service.

Generally, all additions and improvements with an individual cost or, if donated, fair value in excess of $5,000 are capitalized to property and equipment.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of long-lived assets

The Organization's long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that such assets may be impaired. An evaluation is performed by obtaining a market appraisal, property assessment value or by measuring the estimated future undiscounted cash flows (without interest charges) associated with the asset to the asset's carrying amount to determine if a write-down to fair value is required. If an impairment is present, the assets are reported at the lower of carrying value or fair value.

Debt issuance costs

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the first mortgage notes payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Statement of cash flows

For purposes of the statements of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Income taxes

The Organization is classified by the Internal Revenue Service as a "publicly supported organization" exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization did not have any material unrelated business income for the years ended June 30, 2022 and 2021. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Management has evaluated significant tax positions against the criteria established by professional standards and believes there are no such tax positions requiring accounting recognition in the financial statements. Management does not believe its evaluation of tax positions will significantly change within 12 months of June 30, 2022. Any changes in tax positions will be recorded when the ultimate outcome becomes known. Accrued interest and penalties associated with uncertain tax positions are recognized as a part of interest expense and miscellaneous other expenses, respectively, in the accompanying statements of activities. The Organization has no accrued interest and penalties associated with uncertain tax positions at June 30, 2022 and 2022 and none were incurred during the years then ended. The Organization's income tax returns are subject to examination by taxing authorities generally for the years ended June 30, 2019, 2020 and 2021.

Functional expenses

The costs related to various activities of the Organization have been summarized on a functional basis in the accompanying statements of activities and functional expenses. The financial statements report certain categories of expense that are attributed to more than one supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include affiliate personnel costs, professional services, and other costs, which have been allocated among the program and supporting services benefited based on specific identification.

Subsequent events

The Organization has evaluated subsequent events through _______, ____ which is the date these financial statements were available to be issued.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - CASH AND CASH EQUIVALENTS

The Organization maintains its operating cash and cash equivalent balances in several accounts in various banks. The cash balances are insured by the Federal Deposit Insurance Corporation up to $250,000 at each bank. At times, these balances may exceed the federal insurance limits; however, the Organization has not experienced any losses with respect to these cash and cash equivalent balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash and cash equivalent balances at June 30, 2022 and 2021.

3 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure within one year as of June 30, 2022 and 2021 consist of the following:

	2022	2021
Financial assets at year end		
Cash (excluding agency fund)	$ 65,999	$ 186,394
Due from affiliate	2,838	-
Total financial assets	$ 68,837	$ 186,394
Finance assets available to meet general expenditures within one year	$ 68,837	$ 186,394

The Organization regularly monitors liquidity required to meets operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

The Organization has various sources of liquidity at its disposal including cash and a steady revenue stream from license fees. In addition, the Organization has access to a line of credit of $250,000 (See Note 9).

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Further, the Foundation anticipates collecting sufficient contributions and revenue to cover general expenditures. Refer to the statement of cash flows, which identifies the sources and uses of the Foundation's cash for fiscal years 2022 and 2021.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

4 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2022 and 2021 consist of the following:

	2022	2021
Real estate under lease		
Land	$ 402,664	$ 402,664
Building	1,557,724	1,557,724
Building improvements	342,079	342,079
	2,302,467	2,302,467
Real estate used for student housing		
Land	236,524	236,524
Building	434,225	434,225
Building improvements	28,600	28,600
	699,349	699,349
Real estate used for faculty and staff housing		
Land	133,619	133,619
Building	533,508	533,508
	667,127	667,127
Other		
Land	1,868,460	1,808,949
Building	1,507,891	1,507,891
Land improvements	96,228	96,228
Building improvements	1,069,436	1,069,436
Furniture and fixtures	28,446	28,446
	4,570,461	4,510,950
	8,239,404	8,179,893
Less accumulated depreciation	1,572,581	1,398,387
	$ 6,666,823	$ 6,781,506

Accumulated depreciation on real estate under lease amounted to $707,876 and $651,829 at June 30, 2022 and 2021, respectively. Accumulated depreciation on real estate used for student housing amounted to $182,091 and $169,805 at June 30, 2022 and 2021, respectively. Accumulated depreciation on real estate used for faculty and staff housing amounted to $50,189 and $36,852 at June 30, 2022 and 2021, respectively.

On June 23, 2022, the Organization acquired a property in close proximity to the Fitchburg State University campus. The property which includes land and a building was purchased for a total cost of $287,377. The Organization intends to raze the building and use the property for green space and possible future parking.

On June 28, 2021, the Organization transferred seven properties which consists of land and one building to the Commonwealth of Massachusetts acting by and through DCAM on behalf of Fitchburg State University. On the date the properties were transferred the seven properties collectively had a cost basis and accumulated depreciation of $660,367 and $72,786 respectively. A loss of $587,581 was recorded from the transfers of the properties and recognized in losses on transfers and sale of land and buildings in the accompanying statement of activities for the year ended June 30, 2021.

On December 22, 2020 the Organization acquired a property in close proximity to the Fitchburg State University campus. The property which includes land and a building was purchased for a total cost of $121,813. The Organization intends to use this property for green space and possible future parking.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

4 - PROPERTY AND EQUIPMENT (Continued)

On November 30, 2020, the Organization received a donation of the former Fidelity Bank property in downtown Fitchburg. The property includes the bank building and three parcels of land. This property was recorded at fair market value of $709,500, $526,617 of which was recorded as building and $182,883 as land based on an appraisal completed utilizing the sales comparative approach. The property is being held for development of the Theater complex.

On September 18, 2020, the Organization acquired a property in close proximity to the Fitchburg State University campus. The property which includes land and a building was purchased for a total cost of $172,231. The Organization intends to use this property for green space with possible future parking.

On June 24, 2020, the Organization received a donation of property in close proximity to the Fitchburg State University campus. The property, which includes land only, was recorded at fair market value of $2,100 at the time of the donation. The Organization intends to use this property for open green space.

On June 2, 2020, the Organization acquired a property in close proximity to the Fitchburg State University campus. The property which includes land and a building was purchased for a total cost of $240,775. The Organization intends to use this property for open green space. The acquisition was funded, in part, through the proceeds of an advance $250,000 on a line of credit (see Note 9).

On November 13, 2019, the Organization acquired a property in close proximity to the Fitchburg State University campus. The property, which consists of land and a building, was purchased for $1 as current environmental remediation is needed before the property is usable. The property was acquired to support the downtown Theater project and the Organization intends to raze the building on the property and convert the land to a parking lot. The Organization was notified by the Massachusetts Department of Environmental Protection ("DEP") about an environmental issue with the property that requires remediation. For the year ended June 30, 2020, the Organization had purchased an insurance policy with a determined deductible of $100,000, which it determined increased the value of the land and was recorded as land. For the year ended June 30, 2021, the Organization determined that additional costs of the remediation are expected above the insured policy limits in the amount of $465,696, which has been expensed during the year ended June 30, 2021 and included in environmental costs in the accompanying schedule of functional expenses. As of June 30, 2022, and 2021, the remaining environmental liability of $198,784 and $536,901, respectively is shown on the accompanying statements of financial position.

In fiscal 2017, the Organization acquired a property in close proximity to the Fitchburg State University campus consistent with the Organization's mission and the University's strategic plan which includes campus expansion. The property, which includes land and a building, was purchased for an aggregate cost of $360,305. The acquisition was financed, in part, with a mortgage note on the property in the amount of $280,000 (see Note 6). The Organization is planning a major renovation and expansion of the property which, when completed, is expected to cost approximately $25,000,000 and consist of a multi-phased project providing academic space, student support services space, retail and community space and a theatre renovation. The space is expected to be used by the University and the City of Fitchburg and surrounding communities. Fitchburg State University will be responsible for the costs of the project's development and construction pursuant to the terms of the license agreement between the University and the Organization. Funding for the project is expected to come from a variety of sources including, but not limited to, New Markets Tax Credits, Historic Tax Credits, bonds, grants and philanthropy. The project is in the very early stages of development and is estimated to require four years to completion. At some point during that period, the property will be transferred to a new entity. The Organization will pay for certain legal services incurred in connection with the project which the Organization currently estimates to be approximately $148,000 for the entire project. The Organization expects to fund these costs through operating cash. As of June 30,2022, and 2021, the Organization incurred $26,448, and $73,491 of legal costs related to the project which have been recorded in prepaid expenses and other assets in the accompanying 2022 and 2021 statement of financial position.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

5 - AGENCY FUND

The Organization is part of a collaboration, called Re-imagine North of Main, of local businesses and non-profit organizations located in Fitchburg, Massachusetts committed to making a collective impact and dedicated to improving the quality of life in Fitchburg. The Organization is holding monies for the benefit of North of Main projects and disbursing that as needed to specific vendors identified by the members of the coalition. For the year ended June 30, 2022 and 2021, the Organization had no transactions in connection with this collaboration. At June 30, 2022 and 2021, the Organization holds $31,080 of funds that is to be used exclusively by the members of the coalition.

6 - FIRST MORTGAGE NOTES PAYABLE

Massachusetts Development Finance Agency ("MDFA")

MDFA is providing financing to the Organization in the form of a General Fund loan in the amount of $500,000 per the agreement dated June 28, 2021. The loan will be disbursed by a series of advances, per the terms and conditions stipulated in the Construction Loan Agreement. The proceeds are to be used for predevelopment costs in connection with the proposed redevelopment of the Theater Block. The note is secured by a first mortgage on and assignment of leases and rents for the real estate located at 675 Main Street, Fitchburg, Massachusetts. The note has a term of 5 years, maturing on June 28, 2026, and provides for a fixed rate of interest of 4% per annum. The loan requires monthly installments of interest effective August 1, 2021. The entire outstanding principal balance shall be due and paid at the earlier of (i) a triggering event or (ii) at maturity, June 28, 2026. A triggering event occurs when the property is transferred to another, abandoned, or financing of $20MM or more is secured. Disbursements to June 30, 2022 and 2021 are $73,846 and $0, respectively.

2023	$ -
2024	-
2025	-
2026	73,846
	$ 73,846

MDFA is providing financing to the Organization in the form of a Brownfields loan in the amount of $500,000 per the agreement dated June 28, 2021. The loan will be disbursed by a series of advances, per the terms and conditions stipulated in the Construction Loan Agreement. The proceeds are to be used for remediation costs in connection with the proposed redevelopment of the Theater Block. The note is secured by a first mortgage on and assignment of leases and rents for the real estate located at 15 Central Street and 675 Main Street and 689-717 Main Street, Fitchburg, Massachusetts. The note has a term of 10 years, amortizing over 30 years, and provides for a fixed rate of interest of 3% per annum. The loan requires monthly installments of interest for the first twelve months after closing; and thereafter principal and interest payable over 30 years. Repayments of principal are currently on hold. If the Organization has a Debt Service Coverage Ratio in any given fiscal year of less than 1.2:1, then Organization may choose to defer payments due by notifying the lender within thirty days of commencement. Disbursements to June 30, 2022 and 2021 are $52,878 and $0, respectively.

Workers' Credit Union ("WCU")

Workers' Credit Union ("WCU") provided financing to the Organization in the form of a note, dated February 27, 2009, in the amount of $750,000. The note is secured by a first mortgage interest in certain real estate owned by the Organization and an assignment of certain related leases and rents. The note is also collateralized by all funds held by the lender. At June 30, 2022 and 2021, the Organization has total cash balances of $8,874 and $8,456 respectively, held at WCU which serve as additional collateral for the loan.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

6 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Workers' Credit Union ("WCU") (continued)

The mortgage note had an original term of 10 years, expiring on February 27, 2019, and provided for a fixed rate of interest of 5.74% per annum. The interest rate was adjusted to 4.99% per annum on June 20, 2015 pursuant to the provisions of a loan modification agreement. On February 27, 2020, the interest rate was adjusted to 5.25% per annum expiring on February 27, 2024 pursuant to the provisions of a loan modification agreement. The note requires monthly installments of principal and interest of $4,517 through February 27, 2024. Commencing thereafter, the interest rate will be adjusted to the FHLB 5-year Classic Advance plus 2.25% until the maturity date of February 27, 2029 and monthly payments for principal and interest will be determined at that point.

As of June 30, 2022 and 2021, the outstanding principal balance of the mortgage loan amounted to $469,538 and $498,266, respectively.

Aggregate principal maturities on the loan for each of the next five years and thereafter at June 30, 2022, are as follows:

2023	$ 30,272
2024	31,839
2025	33,612
2026	35,420
2027	37,325
Thereafter	301,070
	$ 469,538

Rollstone Bank & Trust

Rollstone Bank & Trust provided financing to the Organization in the form of a note, dated December 22, 2014 in the amount of $240,000. The note is secured by a first mortgage interest in the real estate property located at 131 Highland Avenue in Fitchburg, Massachusetts and an assignment of leases and rents on the property. The note has a term of 20 years, maturing on December 22, 2034, and provides for a fixed rate of interest of 3.25% per annum. The loan requires monthly installments of principal and interest of $1,367 based on a 20-year principal amortization. The loan agreement requires the Organization to maintain a ratio of Cash Flow (after distributions), as defined, to the Current Maturity of Long-Term Debt plus interest, as defined, of not less than 1.0 to 1 for any fiscal year. The loan agreement also contains, among other covenants, restrictions relating to future borrowings, capital expenditures by lease or purchase, distributions, making of advances or loans to other parties, making of investments, and sale, lease or transfer of assets, except as provided for and as more fully described in the loan agreement.

As of June 30, 2022 and 2021, the outstanding principal balance of the mortgage loan amounted to $167,889 and $178,567, respectively.

Aggregate principal maturities on the loan for each of the next five years and thereafter at June 30, 2022, are as follows:

2023	$ 11,035
2024	11,389
2025	11,784
2026	12,178
2027	12,586
Thereafter	108,917
	$ 167,889

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

6 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Rollstone Bank & Trust (continued)

Rollstone Bank & Trust provided refinancing to the Organization in the form of a note, dated December 9, 2020 in the amount of $1,538,000. The proceeds of the note were used to (i) refinance existing debt owed by the Organization, (ii) to purchase, raze and develop the real property located at 175-179 Myrtle Street, Fitchburg, Massachusetts, (iii) to finance a new roof at the property located at 167 Klondike Avenue. This note is secured by a first mortgage interest in the real estate property located at 167 Klondike Avenue in Fitchburg, Massachusetts and an assignment of leases and rents on the property. The note bears interest at a fixed rate of 3.5% per annum until December 9, 2030. Thereafter the note shall bear interest at a per annum rate equal to the Federal Home Loan Bank of Boston "Five Year Classic Advance Rate" plus 2.25%. The loan requires monthly installments of principal and interest of $11,032 based on a 15-year principal amortization. The loan agreement requires the Organization to maintain a debt service ratio equal to or greater than 1:1. The loan agreement also contains, among other covenants, restrictions relating to future borrowings, capital expenditures by lease or purchase, distributions, making of advances or loans to other parties, making of investments, and sale, lease or transfer of assets, except as provided for and as more fully described in the loan agreement.

As of June 30, 2022 and 2021, the outstanding principal balance of the mortgage loan amounted to $1,418,087 and $1,498,585, respectively.

Aggregate principal maturities on the loan for each of the next five years and thereafter at June 30, 2022, are as follows:

2023	$ 83,396
2024	86,278
2025	89,516
2026	92,744
2027	96,090
Thereafter	970,063
	$ 1,418,087

Fidelity Co-Operative Bank

Fidelity Co-Operative Bank provided financing to the Organization in the form of a note, dated June 26, 2013, in the amount of $83,200. The note is secured by a first mortgage interest in the real estate property located at 340 Highland Avenue in Fitchburg, Massachusetts and an assignment of leases and rents on the property. The note has a term of 20 years, maturing on June 26, 2033, and provides for a fixed rate of interest of 3.5% per annum for the first five years of the loan term. Thereafter, the interest rate will be adjusted at five-year intervals (June 26, 2018, 2023 and 2028) to the Federal Home Loan Bank Boston Classic Advance Five Year Rate plus 2.75% per annum. The loan required monthly installments of principal and interest of $376 through June 26, 2018. The interest rate was adjusted to 5.93% per annum on June 26, 2018 pursuant to the provisions of the loan agreement. The July and August 2018 monthly installments of principal and interest remained at $376. On August 27, 2018, the Organization entered into a Change in Terms Agreement with the lender in which the interest rate on the note was modified to a fixed rate of 5.20% per annum until June 26, 2023. At that time, the interest rate will be adjusted pursuant to the terms of the original note described above. All other terms, provisions and conditions of the original note agreement remain in full force and effect. Commencing with the September 2018 monthly installment of principal and interest, the monthly installments shall be $450. The note provides for the payment of a prepayment penalty if the loan is paid prior to maturity. The amount of the penalty shall be a specified percentage of the amount prepaid with such percentage ranging from 5% if paid before the loan's first anniversary and decreasing by 1% per year to 1% if paid before the loan's fifth anniversary. The prepayment penalty will reset as defined above at each five-year anniversary date of the note.

6 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Fidelity Co-Operative Bank (continued)

The loan agreement contains, among other covenants, restrictions relating to future borrowings, making of advances or loans to other parties, sale, lease or transfer of assets, and the granting of further security interests, except as provided for and as more fully described in the loan agreement. The loan is cross-defaulted and cross-collateralized with any and all other loans made by the lender to the Organization.

As of June 30, 2022 and 2021, the outstanding principal balance of the mortgage loan amounted to $68,484 and $70,255, respectively.

Aggregate principal maturities on the loan for each of the next five years and thereafter, using the interest rates in effect at June 30, 2022, are estimated to be as follows:

2023	$	1,843
2024		1,933
2025		2,046
2026		2,157
2027		2,274
Thereafter		58,231
	$	68,484

In October 2016, Fidelity Co-Operative Bank provided financing to the Organization in the form of a promissory note, dated October 19, 2016, in the amount of $118,000. The proceeds of the loan were used to reimburse the Organization for the acquisition, at a cost of $119,803, of a real estate property located at 198 Pearl Street in Fitchburg, Massachusetts in fiscal 2016. The note is secured by a Negative Pledge Agreement on the property.

The promissory note has a term of 10 years, maturing on October 21, 2026, and provides for a fixed rate of interest of 4.11% per annum. Commencing on November 21, 2016, the loan requires monthly installments of principal and interest of $726 based on a 20-year principal amortization until the maturity date, at which time the remaining outstanding principal balance and any accrued interest thereon is due and payable. The note provides for the prepayment of all or a portion of the amount owed without penalty. The business loan agreement contains, among other covenants, restrictions relating to future borrowings, making of advances or loans to other parties, sale, lease or transfer of assets, and the granting of further security interests, except as provided for and as more fully described in the business loan agreement. The loan is cross-defaulted and cross-collateralized with any and all other loans made by the lender to the Organization.

As of June 30, 2022 and 2021, the outstanding principal balance of the loan amounted to $93,637 and $98,339, respectively.

Aggregate principal maturities on the loan for each of the next five years and thereafter at June 30, 2022 are as follows:

2023	$	4,891
2024		5,089
2025		5,315
2026		5,541
2027		72,801
	$	93,637

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

6 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Fidelity Co-Operative Bank (continued)

In January 2017, Fidelity Co-Operative Bank provided financing to the Organization in the form of a promissory note, dated January 13, 2017, in the amount of $220,000. The proceeds of the loan were used to reimburse the Organization for the acquisition, at a cost of $222,472, of two real estate properties in fiscal 2017. The note is secured by a Negative Pledge Agreement on the properties.

The promissory note has a term of 10 years, maturing on January 13, 2027, and provides for a fixed rate of interest of 4.76% per annum. Commencing on February 13, 2017, the loan requires monthly installments of principal and interest of $1,431 based on a 20-year principal amortization until the maturity date, at which time the remaining outstanding principal balance and any accrued interest thereon is due and payable. The note provides for the payment of a prepayment penalty if the loan is paid prior to maturity. The amount of the penalty shall be a specified percentage of the amount prepaid with such percentage ranging from 5% if paid before the loan's first anniversary and decreasing by 1% per year to 1% if paid before the loan's fifth anniversary. The prepayment penalty will reset as defined above at each five-year anniversary date of the note. The loan agreement contains, among other covenants, restrictions relating to future borrowings, making of advances or loans to other parties, sale, lease or transfer of assets, and the granting of further security interests, except as provided for and as more fully described in the loan agreement. The loan is cross-defaulted and cross collateralized with any and all other loans made by the lender to the Organization.

As of June 30, 2022 and 2021, the outstanding principal balance of the loan amounted to $178,835 and $187,181, respectively.

Aggregate principal maturities on the loan for each of the next five years and thereafter at June 30, 2022 are as follows:

2023	$ 8,700
2024	9,107
2025	9,578
2026	10,051
2027	10,570
Thereafter	130,829
	$ 178,835

Hometown Bank

In June, 2019, Hometown Bank provided financing to the Organization in the form of a commercial note, dated June 18, 2019, in the amount of $312,000. The proceeds of the loan were used for the acquisition, at a cost of $393,780, of a real estate property located at 164 Highland Avenue in Fitchburg, Massachusetts (see Note 4). The note is secured by a first mortgage interest in the property and a collateral assignment of rents and leases on the property. In addition, the loan agreement requires the Organization to maintain a Debt Service Coverage Ratio, as defined, of no less than 1.10 to 1 to be measured annually at the end of the fiscal year. The loan agreement also requires the Organization to maintain a Loan-to-Value Ratio of no more than 80% at any time during the term of the loan.

The commercial note has a term of 10 years, maturing on June 18, 2029, and provides for a fixed rate of interest of 4.60% per annum for the first five years of the loan term. Thereafter, the interest rate will be adjusted at five-year intervals (June 18, 2024) to the Federal Home Loan Bank Boston Classic Advance Five Year Rate plus 1.75% per annum. Commencing on July 18, 2020, the loan requires monthly installments of principal and interest of $1,752 based on a 25-year principal amortization schedule with a final payment of all unpaid principal and accrued interest thereon due at maturity.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

6 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Hometown Bank (continued)

As of June 30,2022, and 2021, the outstanding principal balance of the loan amounted to $290,537 and $298,009, respectively.

Aggregate principal maturities on the loan for each of the next five years and thereafter at June 30, 2022 are as follows:

2023	$ 7,822
2024	8,190
2025	8,575
2026	8,977
2027	9,399
Thereafter	247,574
	$ 290,537

In June, 2019, Hometown Bank provided financing to the Organization in the form of a commercial note, dated June 18, 2019, in the amount of $138,400. The proceeds of the loan were used for the acquisition, at a cost of $172,481, of a real estate property located at 174 Highland Avenue in Fitchburg, Massachusetts. The note is secured by a first mortgage interest in the property and a collateral assignment of rents and leases on the property. In addition, the loan agreement requires the Organization to maintain a Debt Service Coverage Ratio, as defined, of no less than 1.10 to 1 to be measured annually at the end of the fiscal year. The loan agreement also requires the Organization to maintain a Loan-to-Value Ratio of no more than 80% at any time during the term of the loan.

The commercial note has a term of 10 years, maturing on June 18, 2029, and provides for a fixed rate of interest of 4.60% per annum for the first five years of the loan term. Thereafter, the interest rate will be adjusted at five-year intervals (June 18, 2024) to the Federal Home Loan Bank Boston Classic Advance Five Year Rate plus 1.75% per annum. Commencing on July 18, 2020, the loan requires monthly installments of principal and interest of $777 based on a 25-year principal amortization schedule with a final payment of all unpaid principal and accrued interest thereon due at maturity.

As of June 30, 2022 and 2021, the outstanding principal balance of the loan amounted to $128,879 and $132,193 respectively.

Aggregate principal maturities on the loan for each of the next five years and thereafter at June 30, 2022 are as follows:

2023	$ 3,470
2024	3,633
2025	3,804
2026	3,982
2027	4,169
Thereafter	109,821
	$ 128,879

Fitchburg Historical Society

In April, 2019, Fitchburg Historical Society provided financing to the Organization in the form of a promissory note, dated April 4, 2019, in the amount of $90,000. The proceeds of the loan were used for the acquisition, at a cost of $114,774, of a real estate property located at 0 Main Street in Fitchburg, Massachusetts. The note is secured by a first mortgage interest in the property and a collateral assignment of rents and leases on the property.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

6 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Fitchburg Historical Society (continued)

The commercial note has a term of 5 years, maturing on April 1, 2024, and provides for a fixed rate of interest of 5.00% per annum. Commencing on May 1, 2020, the loan requires monthly installments of principal and interest of $1,698 based on a 5-year principal amortization schedule with a final payment of all unpaid principal and accrued interest thereon due at maturity.

As of June 30, 2022 and 2021, the outstanding principal balance of the loan amounted to $35,633 and $53,738 respectively.

Aggregate principal maturities on the loan for each of the next four years at June 30, 2022 are as follows:

2023	$	19,031
2024		16,602
	$	35,633

Enterprise Bank and Trust Company

In November 2016, Enterprise Bank and Trust Company provided financing to the Organization in the form of a promissory note, dated November 4, 2016, in the amount of $280,000. The proceeds of the loan were used for the acquisition, at a cost of $360,305, of a real estate property located at 689 - 717 Main Street in Fitchburg, Massachusetts (see Note 4). The note is secured by a first mortgage interest in the property and an assignment or rents on the property.

The promissory note has a term of 10 years, maturing on November 4, 2026, and thereafter is payable on demand. The note provides for a fixed rate of interest of 4.33% per annum for the first ten years of the loan term. Thereafter, the interest rate will be adjusted at ten-year intervals to the Daily High Federal Home Loan Bank Boston Classic Advance Ten Year Regular Rate plus 1.95% per annum. Commencing on January 1, 2017, the loan requires monthly installments of principal and interest of $1,401 based on a 30-year principal amortization schedule. If the note is prepaid in whole or in part during the first 117 months of each fixed rate period for the purpose of refinancing the note with another financial institution, the note provides for a prepayment penalty equal to 3% of any principal reduction. Except for the forgoing, the note may be prepaid in whole or in part without penalty. The loan is cross-defaulted and cross-collateralized with any and all other loans made by the lender to the Organization.

As of June 30, 2022 and 2021, the outstanding principal balance of the loan amounted to $251,983 and $257,956, respectively.

Aggregate principal maturities on the loan for each of the next five years and thereafter, using the interest rate in effect at June 30, 2022, are estimated to be as follows:

2023	$	5,866
2024		6,128
2025		6,403
2026		6,690
2027		6,987
Thereafter		219,909
	$	251,983

In November 2018, Enterprise Bank and Trust Company provided financing to the Organization in the form of a promissory note, dated November 5, 2018, in the amount of $148,000. The note is secured by a first mortgage interest in and an assignment of leases and rents on a real estate property located at 70 - 78 North Street in Fitchburg, Massachusetts.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

6 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Enterprise Bank and Trust Company (continued)

The promissory note has a term of 20 years, maturing on November 5, 2038. The note provides for a fixed rate of interest of 5% per annum for the first ten years of the loan term. Thereafter, the interest rate will be adjusted at five-year intervals to the Daily High Federal Home Loan Bank Boston Classic Advance Five Year Regular Rate plus 1.95% per annum. The loan will have a minimum floor rate of 5%. Commencing on January 1, 2020, the loan requires monthly installments of principal and interest of $983 based on a 20-year principal amortization schedule. If the note is prepaid in whole or in part during the term of the loan for the purpose of refinancing the loan with another financial institution, the loan provides for a prepayment penalty equal to 3% of any principal reduction. Except for the forgoing, the note may be prepaid in whole or in part without penalty. The loan is cross-defaulted and cross-collateralized with any and all other loans made by the lender to the Organization.

As of June 30, 2022 and 2021, the outstanding principal balance of the loan amounted to $131,631 and $136,612, respectively.

Aggregate principal maturities on the loan for each of the next five years and thereafter, using the interest rate in effect at November 5, 2018, are estimated to be as follows:

2023	$ 5,240
2024	5,495
2025	5,797
2026	6,098
2027	6,414
Thereafter	102,587
	$ 131,631

Webster First Federal Credit Union

In September 2017, Webster First Federal Credit Union provided financing to the Organization in the form of a commercial note, dated September 22, 2017, in the amount of $250,000. The proceeds of the loan were used to reimburse the Organization for the acquisition at a cost of $50,000, of a real estate property located at 66 Day Street and a property at a cost of $126,926 located at 721-725 Main Street both in Fitchburg, Massachusetts. The note is secured by a first mortgage interest in the real estate properties located at 66 and 0 Day Street and 721 - 725 Main Street, Fitchburg, Massachusetts, and an assignment of leases and rents on the properties. The note has a term of 15 years, maturing on October 1, 2032, and provides for a fixed rate of interest of 3.75% per annum for the first 10 years of the loan term. Thereafter, the interest rate will be adjusted to the Federal Home Loan Bank Boston Classic Advance Five-Year Rate plus 1.5% per annum for the remaining 5 years of the loan term, but no less than a rate of 3.75% per annum. Commencing on November 1, 2017, the loan requires monthly installments of principal and interest of $1,825 based on a 15-year principal amortization schedule with a final payment of all unpaid principal and accrued interest thereon due at maturity. The note may be prepaid in whole or in part at any time without penalty.

As of June 30, 2022 and 2021, the outstanding principal balance of the loan amounted to $186,847 and $201,340, respectively.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

6 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Webster First Federal Credit Union (continued)

Aggregate principal maturities on the loan for each of the next five years and thereafter, using the interest rate in effect at June 30, 2022, are estimated to be as follows:

2023	$	15,162
2024		15,741
2025		16,341
2026		16,869
2027		17,521
Thereafter		105,213
	$	186,847

7 - NOTE PAYABLE - BANK

In May 2007, the Organization acquired land and a building consisting of six apartment units at a total cost of $504,479, including related acquisition costs. The Organization also acquired an adjacent parcel of land at a cost of $183,301. The properties are located in the area surrounding the Fitchburg State University campus. The apartments are being used by the University as additional student housing for which the Organization receives residence hall fees.

The acquisitions were funded with the proceeds of a note payable in the amount of $680,000, dated April 26, 2007, with Enterprise Bank and Trust Company. The note is secured by investments owned by the Foundation with a fair value of approximately $2,357,000 and $2,855,000 at June 30, 2022 and 2021, respectively. In addition, payment and performance of the Organization's obligations under the loan agreement have been guaranteed by the Foundation.

The promissory note has a term of 30 years, expiring on May 5, 2037, and provides for a fixed rate of interest of 6% per annum for the first five years of the loan term. Thereafter, the interest rate will be adjusted at five-year intervals (April 26, 2012, 2017, 2022, 2027 and 2032) to the Federal Home Loan Bank Boston Classic Advance Five Year Rate plus 1.15% per annum. The interest rate was adjusted to 2.62% per annum on April 26, 2012 pursuant to the provisions of the loan agreement. The loan required monthly installments of principal and interest of $4,122 through May 7, 2012 and $2,875 until April 26, 2017. The interest rate was adjusted from 3.49% per annum on April 26, 2017 to 4.24% on April 26, 2022 pursuant to the provisions of the loan agreement. The monthly installments of principal and interest was changed from $3,115 monthly payment on April 26, 2017 to $3,280 on April 26, 2022 until the next five-year interval adjustment date of April 26, 2027. The note may be prepaid at any time, in whole or in part, without premium or penalty.

As of June 30, 2022 and 2021, the outstanding principal balance of the loan amounted to $432,326 and $453,794, respectively.

Aggregate principal maturities on the loan for each of the next five years and thereafter, using the interest rate in effect at June 30, 2022, are estimated to be as follows:

2023	$	21,196
2024		22,078
2025		23,093
2026		24,106
2027		25,162
Thereafter		316,691
	$	432,326

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

8 - LEASE AND LICENSE AGREEMENTS

As disclosed in Note 6, the Organization entered into a long-term operating lease agreement with DCAM on behalf of the University. The lease commenced on August 16, 2006 and expired on August 16, 2016. The lease provided for base rent of $165,000 per year, payable in monthly installments of $13,750, for the entire lease term. The University was also responsible for the payment of normal operating, maintenance and repair costs associated with its use of the property. The lease continued in effect, after its expiration, under the same terms and conditions until March 9, 2017 when the Organization signed a new 10-year lease with the same terms and conditions as the previous agreement. The new lease agreement became effective as of August 16, 2016. For the years ended June 30, 2022 and 2021, rental income amounted to $165,000 in each year.

The following is a schedule of future minimum rental income under the operating lease agreement at June 30, 2022:

2023	$ 165,000
2024	165,000
2025	165,000
2026	165,000
2027	20,625
	$ 680,625

On August 6, 2008, the Organization entered into a 10-year operating lease agreement with an unrelated third-party for 2,350 square feet of office space located in Fitchburg, Massachusetts. The lease commenced on November 1, 2008 and expired on October 31, 2018. The space is being used by Fitchburg State University as office and classroom space for its Center for Professional Studies. The lease provided for a base annual rent of $17,625 for each of the first three years of the lease term, payable in monthly installments of $1,469. Beginning with the fourth year of the lease, there will be a 7.5% increase at the commencement of each three-year period of the lease term, including the continuous period of any extensions thereof. On November 1, 2011, the base annual rent increased to $18,947 for the next three-year period of the lease term, payable in monthly installments of $1,579. Effective July 1, 2014, the Organization entered into an amended operating lease agreement with the unrelated third party adding 20 parking spaces for use in conjunction with the above-mentioned office space and extended the lease term through June 30, 2019. The amended lease provides for a base annual rent of $28,495 for each of the first three years of the lease term, payable biannually in installments of $14,247. On July 1, 2017, the annual rent on the lease increased by 7.5% to $30,632 (biannual installments of $15,316). Effective July 1, 2019, the Organization entered into an operating lease agreement with the unrelated third party for the same space. The new lease provides a base annual rent of $30,632 per annum and will increase 2% at the end of each year period of the lease term to be effective commencing July 1st of the following year, including the continuous period of any extension. The Organization may extend the initial term of the lease, under the same terms and conditions, for successive periods of one year, provided it is not then in default of the lease terms and it gives proper notice. The Organization may cancel the lease at any time with the payment of two months' base rent as a termination charge. The Organization is also responsible for the payment of normal operating, maintenance and repair costs associated with the use of the property. For the years ended June 30, 2022 and 2021, rent expense amounted to $31,870 and $31,245, respectively.

The future minimum rental payments under this operating lease agreement at June 30, 2023 is $32,507 for the fiscal years ending June 30, 2023.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

8 - LEASE AND LICENSE AGREEMENTS (Continued)

On February 1, 2013, the Organization entered into a 10-year operating lease agreement with the above noted unrelated third party for an additional 1,424 square feet of office space located in Fitchburg, Massachusetts. The lease commenced on February 1, 2013 and shall expire on January 31, 2023. The space is being used by Fitchburg State University for additional office and classroom space. The lease provides for a base annual rent of $5,696 payable in monthly installments of $475. Effective July 1, 2017, the lease agreement was amended to extend the term of the lease until June 30, 2023 and modify the lease payment provisions to be in biannual installments of $2,848. The Organization may extend the initial term of the lease, under the same terms and conditions, for successive periods of one year, provided it is not then in default of the lease terms and it gives proper notice. The Organization may cancel the lease at any time after February 1, 2014 with the payment of two months' base rent as a termination charge. The Organization is also responsible for the payment of normal operating, maintenance and repair costs associated with the use of the property. For the years ended June 30, 2022 and 2021, rent expense amounted to $5,696 in each year.

The following is a schedule of future minimum rental payments under this operating lease agreement at June 30, 2022:

2023	$ 5,696

The Organization and the University are parties to License Agreements whereby the Organization granted to the University irrevocable and exclusive licenses to occupy, manage, maintain and operate certain property owned by the Organization. The License Agreements provide for initial terms of one year and automatic annual renewals thereafter. The License Agreements provide for annual license fees payable, in arrears, in 4 equal quarterly installments. All costs to operate and maintain the property, including any capital improvements made thereto, shall be borne by the University. The License Agreements may be terminated by either party upon the expiration of the initial term of the agreements and any subsequent renewal term with the giving of proper notice. In addition, the University may terminate the agreements at any time with the giving of proper notice. For the years ended June 30, 2022 and 2021, license fee income amounted to $450,849 and $356.337, respectively.

On June 22, 2018, the Organization entered into a three-year operating lease agreement with an unrelated third party after purchasing a property for a total cost of $153,096 located in Fitchburg, Massachusetts. The lease agreement provided for monthly lease payment of $1,600 commencing on July 1, 2018. The lease agreement was amended effective July 1, 2019 and provided for monthly lease payment of $1,358. A new five-year lease commenced on July 1, 2021 with a monthly lease payment of $1,914. For the year ended June 30, 2022, and 2021, rental income amounted to $23,496 and $ 22,968 respectively.

The following is a schedule of future minimum rental payments under this operating lease agreement at June 30, 2022:

2023	$ 23,496
2024	23,496
2025	23,496
2026	23,496
	$ 93,984

Effective on August 6, 2020, the Organization entered into a lease agreement with Fitchburg Housing Authority ("FHA") to lease the land located at 66 Day Street to be used for parking by FHA employees. The Organization is leasing the property solely for convenience to FHA; no revenue is being generated by this lease agreement.

9 - LINE OF CREDIT

On August 18, 2016, the Organization entered into a demand unsecured revolving line of credit agreement with Rollstone Bank and Trust which permits the Organization to borrow up to $250,000. The line of credit provides for interest at *The Wall Street Journal* Prime Rate less .25% (effective rates of 4.5% at June 30, 2022 and 3.0% at June 30, 2021). The line of credit agreement expired on August 18, 2017. The line of credit was extended through November 30, 2017, and again through November 30, 2018, under the same terms and conditions of the previous agreement. On November 30, 2018, the line of credit was renewed through November 30, 2021 and again through November 30, 2022. The Organization may prepay outstanding revolving loans under the agreement in whole or in part at any time without premium or penalty. The line of credit agreement contains, among other covenants, the maintenance of a debt service coverage ratio, as defined, of at least 1.00 to 1. In addition, the agreement provides that the line of credit be brought to a zero balance for 30 consecutive days annually during the term of the agreement. The Organization made no borrowings in the year ending June 30, 2022. As of June 30, 2021, the Organization made payments of $250,000 under the line of credit agreement. The balance outstanding as of June 30, 2022 and June 30, 2021 were $0, respectively.

10 - TRANSACTIONS WITH RELATED PARTIES

Fitchburg State University and the Foundation render certain administrative services to the Organization. For the years ended June 30, 2022 and 2021, these services with a value of $12,068 and $10,197, respectively, have been recognized as contribution in kind income in the accompanying statements of activities in accordance with FASB guidance.

There were no repairs and maintenance expense in the accompanying 2022 and 2021 statements of activities to be paid to Fitchburg State University for maintenance services provided to the Organization for the real estate used for student housing.

From time to time, the Foundation makes advances to the Organization to assist with the financing of its acquisitions of real estate properties located in Fitchburg, Massachusetts. The advances do not have any specified repayment provisions and due dates and are noninterest-bearing except to the extent that they are funded from the proceeds of draws on the Foundation's working capital line of credit. In those instances, the Foundation charges interest to the Organization at a rate equivalent to the Foundation's borrowing rate on its working capital line of credit agreement. At June 30, 2022 and 2021, the effective interest rate was 0% and 3.25% per annum, respectively. Interest expense incurred by the Organization on advances amounted to $0 and $1,558 in fiscal 2022 and 2021, respectively. As of June 30, 2022, and 2021, there was no accrued interest payable to the Foundation. During fiscal 2021, an advance of $250,000 was made to the Organization in November 2020 and repaid in January 2021. During fiscal 2022, the Foundation made an advance of $250,000 on June 15, 2022 to the Organization. As of June 30, 2022 and 2021, there were $250,000 and $0 outstanding advances payable to the Foundation.

As of June 30, 2022 and June 30, 2021, the Organization has miscellaneous accounts receivable totaling $4,060 and $0 from the University, respectively, which are reflected as due from affiliate in the accompanying statements of financial position.

As of June 30, 2022 and 2021, the Organization has miscellaneous payables of $1,222 and $14,359 payable to the University, which are included in due to affiliates in the accompanying June 30, 2022 and 2021 statement of financial position.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

11 - SUPPLEMENTAL CASH FLOW INFORMATION

	2022	2021
Cash paid for interest during the year	$ 165,848	$ 162,048

During the years ended June 30, 2022 and 2021, cash paid for property additions is as follows:

	2022	2021
Costs incurred for the purchase of property	$ 59,511	$ 584,804
Donated property	-	(709,500)
Transfer of 7 properties to the Commonwealth of Massachusetts with a cost basis of $660,367	-	660,367
Amounts included in accounts payable at the beginning of the year	71,205	100,000
Amounts included in accounts payable at the end of the year	-	(71,205)
Cash paid for property and equipment	$ 130,716	$ 564,466

12 - CONTINGENCY

In early 2020, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result, events have occurred including mandates from federal, state, and local authorities leading to an overall decline in economic activity. As of June 30, 2022, there was no significant impact to the Organization's operations. However, the Organization is not able to reliably estimate the length or severity of this outbreak. If the length of the outbreak and related effects on the Organization's operations continues for an extended period of time, there could be a loss of revenue and other material adverse effects on the Organization's financial position, results of operations and cash flow.

13 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through _______________, 2022, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

BOLLUS LYNCH
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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 Directors
FSU Foundation Supporting Organization, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards)*, the financial statements of FSU Foundation Supporting Organization, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2022, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated _______________, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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*
(Continued)

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Worcester, Massachusetts
________________________, 2022

Attachment D

Fitchburg State Foundation FY22 Draft FS

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

AND

INDEPENDENT AUDITOR'S REPORT

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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BOLLUS LYNCH
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Fitchburg State University Foundation, Inc.

Opinion

We have audited the consolidated financial statements of Fitchburg State University Foundation, Inc. (the Foundation), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation 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 for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of 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 Foundation's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

In performing an audit in accordance with GAAS, we:

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

Report on Summarized Comparative Information

The consolidated financial statements of the Foundation as of and for the year ended June 30, 2021, were audited by other auditors, whose report dated November 10, 2021, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Worcester, Massachusetts
___________, 2022

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022
(With Summarized Comparative Information for 2021)

	2022	2021
Assets		
Cash and equivalents	$ 2,676,130	$ 2,499,955
Investments	23,098,947	27,159,824
Accrued investment income receivable	45,564	37,849
Contributions receivable, net	78,404	372,774
Prepaid expenses and other current assets	62,597	69,247
Property and equipment, net of accumulated depreciation	7,090,912	7,218,761
Other assets	86,733	140,920
Total assets	$ 33,139,287	$ 37,499,330
Liabilities and Net Assets		
Liabilities		
Accounts payable, trade	$ 107,382	$ 77,615
Environmental liability	198,784	536,901
Accrued interest payable	6,704	7,470
Agency fund	31,080	31,080
Deferred revenue	-	30,000
Notes payable - bank	432,326	453,794
First mortgage notes payable	3,823,385	3,919,792
Total liabilities	4,599,661	5,056,652
Net assets		
Without donor restrictions	4,944,909	6,536,619
With donor restrictions	23,594,717	25,906,059
Total net assets	28,539,626	32,442,678
Total liabilities and net assets	$ 33,139,287	$ 37,499,330

See accompanying independent auditor's report and notes to consolidated financial statements.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022
(With Summarized Comparative Information for 2021)

	Without Donor Restrictions	With Donor Restrictions	Total 2022	Total 2021
Revenue and support				
Program revenues				
Gifts and donations	$ 125,351	$ 1,475,999	$ 1,601,350	$ 887,376
Grants and contracts	-	63,050	63,050	-
Sales and services	169,453	84,472	253,925	56,251
Rental income	188,497	-	188,497	187,968
Residence hall income	-	-	-	95,326
License fee income	450,849	-	450,849	356,337
Contribution of nonfinancial assets and services	201,139	-	201,139	879,449
Other revenue				
Interest and dividends	102,618	305,261	407,879	354,624
Gain (loss) on investments, net	(1,188,976)	(3,513,415)	(4,702,391)	5,921,508
Net assets released from restriction	726,709	(726,709)	-	-
Total revenue and support	775,640	(2,311,342)	(1,535,702)	8,738,839
Expenses				
Program services	1,958,152	-	1,958,152	1,932,952
Management and general	283,517	-	283,517	267,889
Fundraising	125,681	-	125,681	103,972
Total expenses	2,367,350	-	2,367,350	2,304,813
Losses on transfers and sale of land and buildings	-	-	-	587,581
Change in net assets	(1,591,710)	(2,311,342)	(3,903,052)	5,846,445
Net assets, beginning of year	6,536,619	25,906,059	32,442,678	26,596,233
Net assets, end of year	$ 4,944,909	$ 23,594,717	$ 28,539,626	$ 32,442,678

See accompanying independent auditor's report and notes to consolidated financial statements.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022
(With Summarized Comparative Information for 2021)

	Program Services	Management and General	Fundraising	Totals 2022	Totals 2021
Scholarships	$ 512,712	$ -	$ -	$ 512,712	$ 349,912
Community services	27,315	-	-	27,315	19,175
Speakers and cultural programs	52,250	-	-	52,250	14,600
Outside services	42,294	-	17,250	59,544	20,000
Accounting and audit	-	46,412	-	46,412	30,600
Insurance	114,481	28,589	-	143,070	137,492
Affiliated personnel costs	-	137,886	63,252	201,138	169,949
Postage	-	-	2,285	2,285	5,985
Equipment and maintenance	272,848	13,452	-	286,300	74,800
Printing and publications	3,087	-	28,320	31,407	15,451
Meetings and conferences	2,023	-	12,995	15,018	924
Professional and consulting services	-	-	-	-	11,813
Awards and grants	210,733	-	-	210,733	254,221
Contribution made to University	326,000	-	-	326,000	266,000
Fees, fines, licenses and permits	2,693	-	-	2,693	8,250
Repairs and maintenance	9,835	-	-	9,835	18,545
Rent	37,588	-	-	37,588	36,941
Utilities	-	-	-	-	22,601
Interest	166,522	13,942	-	180,464	192,661
Miscellaneous	1,281	-	1,579	2,860	1,161
Other financial fees	400	30,212	-	30,612	10,163
Credit card fees	-	1,754	-	1,754	1,168
Environmental costs	-	-	-	-	465,696
Depreciation	176,090	11,270	-	187,360	176,705
	$ 1,958,152	$ 283,517	$ 125,681	$ 2,367,350	$ 2,304,813

See accompanying independent auditor's report and notes to consolidated financial statements.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022
(With Summarized Comparative Information for 2021)

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ (3,903,052)	$ 5,846,445
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Loss (gain) on investments	4,532,505	(6,079,862)
Contribution of property and equipment	-	(709,500)
Losses on transfers and sale of land and buildings	-	587,581
Depreciation	187,360	176,705
Discount on pledges	-	12,817
Amortization of debt issuance costs	-	14,813
Contributions restricted for long-term purposes	(1,056,631)	(345,883)
Decrease (increase) in operating assets:		
Accounts receivable	-	6,729
Accrued investment income receivable	(7,715)	(5,354)
Contributions receivable, net	28,402	82,757
Prepaid expenses and other current assets	16,650	30,913
Deposits	(10,000)	-
Other assets	47,045	-
Increase (decrease) in operating liabilities:		
Accounts payable, trade	120,088	26,275
Due to affiliate	(19,116)	(1,835)
Environmental liability	(338,117)	436,901
Accrued interest payable	(766)	1,200
Deferred revenue	(30,000)	(2,500)
Net cash provided by (used in) operating activities	(433,347)	78,202
Cash flows from investing activities:		
Payments for property and equipment	(130,716)	(564,466)
Proceeds from sale of investments	6,886,928	7,540,997
Purchase of investments	(7,303,056)	(7,349,281)
Net cash used in investing activities	(546,844)	(372,750)

See accompanying independent auditor's report and notes to consolidated financial statements.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
(Continued)

YEAR ENDED JUNE 30, 2022
(With Summarized Comparative Information for 2021)

	2022	2021
Proceeds of first mortgage notes payable	126,724	1,538,000
Proceeds of bank lines of credit	-	250,000
Payments on bank line of credit	-	(250,000)
Payments on first mortgage notes payable	(204,177)	(936,817)
Payments on note payable - bank	(21,468)	(20,891)
Payments of deferred financing costs	(18,954)	(20,507)
Advances from affiliates	250,000	(250,000)
Advances to affiliates	(250,000)	-
Contributions received for permanent endowment	1,274,241	617,770
Net cash provided by financing activities	1,156,366	927,555
Net change in cash	176,175	633,007
Cash and equivalents, beginning of year	2,499,955	1,866,948
Cash and equivalents, end of year	$ 2,676,130	$ 2,499,955

See accompanying independent auditor's report and notes to consolidated financial statements.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 - DESCRIPTION OF ORGANIZATION

Organization

Fitchburg State University Foundation, Inc. (the "Foundation") was organized on June 6, 1978, exclusively for the benefit of Fitchburg State University (the "University"), to establish scholarships and make awards to educationally talented and needy students; to establish a Distinguished Professor award within the faculty of the University; to subsidize inter-collegiate athletic programs; to subsidize budgets of departments of the University as needed for particular purposes; to encourage public use and support of functions and activities which further the mission of the University; and to encourage other activities necessary for, or incidental to, any or all of the foregoing. The following programs are supported under the auspices of the Foundation: Center Stage, Alumni Association, Women in Today's Society, Amelia V. Gallucci-Cirio endowment and the University's Booster Clubs.

FSU Foundation Supporting Organization, Inc. (the "Supporting Organization") was organized on October 29, 1999 to be a supporting organization operated, supervised and controlled for the exclusive benefit of the Foundation and all of its educational and charitable activities. As of June 30, 2022, the Supporting Organization's sole program activity has been to acquire, hold, operate and lease real estate and related improvements for the benefit of the Foundation and University.

The Foundation and the Supporting Organization are collectively referred to hereinafter as the Organization.

Accounting pronouncements adopted

During the year ended June 30, 2022, the Organization adopted the Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The purpose of the ASU 2020-07 is to clarify the presentation and disclosure of contributed nonfinancial assets with an intention to provide the reader of the financial statements a clearer understanding of what type of nonfinancial assets were received and how they are used and recognized by the Organization. It is important to note that the ASU 2020-07 will not change the accounting and recognition of nonfinancial assets but rather the presentation and disclosure requirements in the financial statements. Present contributed nonfinancial assets should be shown as a separate line item in the statement of activities, apart from contributions of cash and other financial assets.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements include the accounts of the Foundation and the Supporting Organization. All significant intercompany accounts and transactions have been eliminated in consolidation

Professional standards require that a not-for-profit organization consolidate another not-for-profit organization if the reporting not-for-profit ("Foundation") has both control and an economic interest in the other not-for-profit organization ("Supporting Organization"). The Supporting Organization's Articles of Organization limit its activities to those that are for the exclusive benefit of the Foundation.

Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Method of accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis, whereby income is recorded when earned and expenses recorded when incurred in the appropriate accounting period.

Basis of presentation

The consolidated financial statements of the Organization are presented in accordance with guidance issued by the FASB for the presentation of financial statements of Not-for-Profit Entities. Under this guidance, the Organization is required to report information regarding its financial position and activities according to two classes of net assets based on the existence or absence of donor imposed restrictions.

The two categories are differentiated as follows:

Without donor restrictions

Net assets without donor restrictions represent funds available for support of the Foundation's functions and operations that are not externally restricted for identified purposes by donors. Net assets without donor restrictions include resources that the governing board may use for any designated purposes and resources whose use is limited by agreement between the Foundation and outside party other than a donor.

With donor restrictions

Net assets with donor restrictions are those whose use by the Foundation has been limited by donors to a specific period or purpose. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions, or when the stipulated time has passed. Programs supported by the Organization operate under budgetary restrictions except for the Women in Today's Society program. Income earned from support derived by the Women in Today's Society program is restricted; ninety percent (90%) of such income is available for the Women in Today's Society program with ten percent (10%) available for general Organization expenses. Other donor-imposed restrictions on net assets are permanent in nature. These net assets have been restricted by donors to be maintained in perpetuity.

Risks and uncertainties

The Organization maintains an investment portfolio consisting of a combination of U.S. Treasury securities and other government obligations, corporate bonds, equity securities and mutual funds that are invested in equity securities, bonds and other investment securities. The Organization's investments in equity securities, corporate bonds and mutual funds include both domestic and foreign investments. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of these investments will occur in the near term and such changes could materially affect the Organization's investment account balances.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Contributions and bequests

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Unconditional promises to give are reported at net realizable value if at the time the promise is made, collection is expected to be received in one year or less. Unconditional promises to give that are expected to be collected in more than one year are reported at fair value using present value techniques and a discount rate determined by management of the Organization. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are recognized only when the conditions on which they depend are substantially met. An allowance for uncollectible contributions receivable is provided based on management's judgement, including such factors as prior collection history, type of contribution, and nature of fund-raising activity. Contributions in the form of property and equipment and other assets are recorded at fair value on the date the donation is received.

Contributions received are recorded as contributions with donor restrictions or contributions without donor restrictions, depending on the existence and/or nature of any donor restrictions.

All contributions are considered to be available for general use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor 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 as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions expire during the same fiscal year are recognized as revenue without donor restrictions.

Sales and services

Sales and services revenue primarily consist of revenue generated from various cultural programs, functions and events organized by the Organization. Revenue is recognized when the programs, functions and events have taken place and as services are performed. Revenues received for future programs, functions and events are deferred to the applicable year in which they are earned.

Retail and license fee income

Renting and leasing operations currently consist of leasing commercial space under a long-term lease agreement with the Commonwealth of Massachusetts acting by and through its Division of Capital Asset Management and Maintenance ("DCAM") on behalf of the University. In addition, the Organization granted the University an exclusive license to occupy, manage, maintain and operate certain other property owned by the Organization pursuant to License Agreements with initial terms of one year and automatic annual renewals thereafter. Rental and license fee income are recognized under the operating method as the rentals and license fees become due. Rental and license fee payments received in advance are deferred until earned.

Residence hall income

Residence hall fees are recognized when earned.

Cash and cash equivalents

The Organization maintains operating cash at three financial institutions in Massachusetts. In addition, the Organization maintains money market funds at four different financial institutions. Short-term investments with original maturities of three months or less are considered cash equivalents.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Accounts receivable

Accounts receivable are stated at the amount the Organization expects to collect from outstanding balances. The Organization provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual account balances. Balances that are still outstanding after the Organization has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Investments

Investments consist of debt, marketable equity securities, mutual funds and other investments, which are carried at their fair values. Unrealized gains and losses are included in revenue. Investment income and gains are reported as increases in without donor restricted net assets, unless a donor or law temporarily or permanently restricts their use. Gains and losses on the disposition of investments are principally determined based on the first-in, first-out method or specific identification of securities sold. Investment income is recognized when earned. Dividends are recorded on the ex-dividend date.

The Organization's investment policy consists of a target asset allocation range of 50% to 70% equity securities, 30% to 50% fixed income securities and up to 10% in cash and equivalents.

Endowments

The Organization's endowments consist of approximately 110 and 121 individual funds at June 30, 2022 and 2021, respectively, that are restricted by donors to function as endowments primarily for the granting of scholarships and to fund other academic and cultural programs. During 2018, the Board of Directors voted to earmark a board-designated fund entitled The Fund for Fitchburg State to function as an endowment fund. The fund will be invested and generate earnings which will be used to fill the gap for students with financial need. During fiscal 2018, $25,000 of without donor restricted net assets were board-designated to function as an endowment (Note 5). In accordance with accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Board of Directors of the Organization has interpreted the Massachusetts Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as assets with donor restriction (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The funds will remain in net assets with donor restriction until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate restricted endowment funds: (i) the duration and preservation of the fund, (ii) the purposes of the Organization and the donor-restricted endowment fund, (iii) general economic conditions, (iv) the possible effect of inflation and deflation, (v) the expected total return from income and the appreciation of investments, (vi) other resources of the Organization, and (vii) the investment policies of the Organization.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Investment and spending policies

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for donor-specified periods as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a variety of investments that aim to preserve principal, generate income and provide the opportunity for conservative growth.

The Organization's performance goals are to provide an average annual total rate of return, net of fees, that equals or exceeds its spending rate plus inflation ("CPI") over a rolling five-year period. Additionally, the endowment assets are invested in a manner that is intended to produce results that equal or exceed the average return of appropriate capital market indices weighted by the Organization's asset allocation target percentages over a rolling five-year period. The Organization's performance goals are also intended to produce results that equal or exceed the average return of a universe of similarly managed funds. The Organization's performance goals are based upon a long-term investment horizon. Accordingly, actual returns in any given year may vary from these amounts.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Organization has a spending policy of appropriating for distribution each year a percentage of its endowment fund's average fair value over the preceding three years. The amount to be appropriated for distribution shall not exceed 5%. In establishing this policy, the Organization considered the long-term expected return on its endowment fund assets. Accordingly, over the long-term, the Organization expects the current spending policy to be consistent with the Organization's objective of seeking to maintain the purchasing power of the endowment fund assets held in perpetuity or for a specified term as well as to provide additional real growth through investment return.

Funds with deficiencies

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Massachusetts General Laws requires the Organization to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in net assets with donor restrictions. As of June 30, 2022 and 2021, there were no deficiencies of this nature.

Property and equipment

Property and equipment are recorded at cost, if purchased or constructed and, if donated, at fair value at the time of the donation. Property and equipment are depreciated on the straight-line method over their estimated useful lives of 40 years for buildings, 20 years for building and land improvements, seven and 10 years for furniture and fixtures, five years for equipment and three years for computer software and equipment. Depreciation commences when the asset is placed in service.

Generally, all additions and improvements with an individual cost or, if donated, fair value in excess of $5,000 are capitalized to property and equipment.

Impairment of long-lived assets

The Organization's long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that such assets may be impaired. An evaluation is performed by obtaining a market appraisal or by measuring the estimated future undiscounted cash flows (without interest charges) associated with the asset to the asset's carrying amount to determine if a write-down to fair value is required. If an impairment is present, the assets are reported at the lower of carrying value or fair value.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Debt issuance costs

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the first mortgage notes payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

Consolidated statement of cash flows

For purposes of the consolidated statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Income taxes

The Foundation and the Supporting Organization are classified by the Internal Revenue Service as "publicly supported organizations" exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation or Supporting Organization's tax-exempt purposes are subject to taxation as unrelated business income. The Foundation has unrelated business income for the years ended June 30, 2022 and 2021. The income and related income taxes thereon, which are not material, are included in the accompanying consolidated financial statements. The Supporting Organization did not have any material unrelated business income for the years ended June 30, 2022 and 2021. Accordingly, no provision for income taxes has been made for the Supporting Organization in the accompanying consolidated financial statements.

Management has evaluated significant tax positions against the criteria established by professional standards and believes there are no such tax positions requiring accounting recognition in the consolidated financial statements. Management does not believe its evaluation of tax positions will significantly change within 12 months of June 30, 2022. Any changes in tax positions will be recorded when the ultimate outcome becomes known. Accrued interest and penalties associated with uncertain tax positions, if any, are recognized as a part of interest expense and miscellaneous other expenses, respectively, in the accompanying consolidated statements of activities. The Foundation and Supporting Organization have no accrued interest and penalties associated with uncertain tax positions at June 30, 2022 and 2021 and none were incurred during the years then ended. The Foundation and Supporting Organization's income tax returns are subject to examination by taxing authorities generally for the years ended June 30, 2019, 2020, and 2021.

Functional allocation of expenses

The costs related to various activities of the Organization have been summarized on a functional basis in the accompanying statements of activities and functional expenses. The financial statements report certain categories of expense that are attributed to more than one supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include affiliate personnel costs, printing and publications, meetings and conferences, and other costs, which have been allocated among the program and supporting services benefited based on specific identification.

Summarized comparative financial information

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Subsequent event

The Organization has evaluated subsequent events through ________, ____, which is the date these consolidated financial statements were available to be issued.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

3 - CASH AND EQUIVALENTS

Cash and equivalents consist of the following at June 30:

	2022	2021
Cash and other demand deposits	$ 1,827,249	$ 1,452,405
Money market funds	848,881	1,047,550
	$ 2,676,130	$ 2,499,955

Money market funds include the SSGA US Government Money Market Fund in the aggregate amount of $226,031 and $288,117 at June 30, 2022 and June 30, 2021, respectively. The SSGA US Government Money Market Fund invests in obligations of the U.S. Government, or its instrumentalities with remaining maturities of one year or less. The fund seeks to maximize current income to the extent consistent with the preservation of capital and liquidity, and the maintenance of a stable $1.00 per share net asset value. At June 30, 2022 and 2021, the fund's investment securities had a weighted average maturity of 28 days and 27 days, respectively. The fund had an average credit quality rating of AAAm at 2022 and 2021.

Money market funds include the Goldman Sachs Financial Square Government Fund in the aggregate amount of $30,814 and $53,742 at June 30, 2022 and June 30, 2021, respectively. The Goldman Sachs Financial Square Government Fund invests in U.S. Government securities and repurchase agreements. The fund seeks to maximize current income to the extent consistent with the preservation of capital and liquidity, and the maintenance of a stable $1.00 per share net asset value. The fund had an average credit quality rating of AAAm at June 30, 2022 and June 30, 2021.

Money market funds include the RWM Cash Management Money Market account in the aggregate amount of $119,852 and $233,743 at June 30, 2022 and 2021, respectively.

Money market funds also include the Fidelity Bank LifeDesign Business Cash Management Money Market account with a balance of $472,184 and $471,948 at June 30, 2022 and 2021, respectively.

The Organization maintains its operating cash balances in financial institutions located in Massachusetts. The balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000.

The Organization's cash balances fluctuate throughout the year and may exceed insured limits from time-to-time. The Organization has not experienced any losses on its accounts, and monitors the credit-worthiness of the financial institutions with which it conducts business. Management believes that the Organization is not exposed to any significant credit risk with respect to its cash and cash equivalent balances.

4 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure within one year as of June 30, 2022 and 2021 consist of the following:

	2022	2021
Financial assets at year end		
Cash and cash equivalents (excluding agency fund)	$ 2,645,050	$ 2,468,875
Contributions receivable	78,404	372,774
Investments (net of donor-restricted endowment)	9,199,331	14,595,375
Total financial assets	11,922,785	17,437,024
Financial assets available to meet general expenditures within one year	$ 11,922,785	$ 17,439,024

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

4 - LIQUIDITY AND AVAILABILITY (Continued)

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted sources.

The Organization has various sources of liquidity at its disposal including cash, investments and a steady revenue stream from gifts and donations.

5 - INVESTMENTS

Investments are included at their fair values in the accompanying consolidated financial statements and consist of the following at June 30:

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Equities	$ 6,220,726	$ 10,095,241	$ 7,887,838	$ 14,066,746
Preferred stock	12,758	11,958	25,220	26,665
Mutual funds	5,587,839	5,737,578	3,452,953	6,907,972
Corporate bonds	3,856,666	3,637,616	3,317,945	3,367,705
U.S. government securities	3,771,154	3,616,554	2,754,977	2,790,736
	$ 19,449,143	$ 23,098,947	$ 17,438,933	$ 27,159,824

At June 30, 2022 and 2021, net unrealized gains in the Organization's investment portfolio amounted to $3,649,804 and $9,720,891, respectively.

At June 30, 2022 and 2021, equities include securities in the consumer goods sector which represent 14% and 16% of the fair value of the Organization's investment portfolio, respectively.

At June 30, 2022 and 2021, equities include securities in the technology sector which represent 9% and 10%, respectively, of the fair value of the Organization's investment portfolio, respectively.

At June 30, 2022 and 2021, 5% and 6% of the fair value, respectively, of the Organization's investment portfolio represents foreign investments, respectively.

Investments with an equivalent fair value of $13,361,371 at June 30, 2022 collateralize certain debt agreements (see Notes 11 and 13).

At June 30,2022, the fair value of investments in debt securities by contractual maturities is as follows:

	Maturity				
	Within 1 year	1 - 5 years	6 -10 years	More than 10 years	Total
Corporate bonds	$ 200,555	$ 3,032,819	$ 404,242	$ -	$ 3,637,616
U.S. government securities	927,763	2,461,135	227,656	-	3,616,554
	$ 1,128,318	$ 5,493,954	$ 631,898	$ -	$ 7,254,170

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

5 - INVESTMENTS (Continued)

The following table presents the gross unrealized losses and fair values of the Organization's investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that the investments have been in a continuous unrealized loss position at June 30, 2022.

	Less than 12 Months		12 Months or Greater		Total	
Description of Investments	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Equities	$ 1,601,843	$ 304,042	$ 134,962	$ 85,246	$ 1,736,805	$ 389,288
Preferred stocks	11,958	800	-	-	11,958	800
Mutual funds	354,252	82,523	2,868,700	351,230	3,222,952	433,753
Corporate bonds	2,586,379	155,543	826,686	67,937	3,413,065	223,480
U.S. government securities	1,913,712	68,828	1,702,842	85,772	3,616,554	154,600
Total	$ 6,468,144	$ 611,736	$ 5,533,190	$ 590,185	$ 12,001,334	$ 1,201,921

The following table presents the gross unrealized losses and fair values of the Organization's investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that the investments have been in a continuous unrealized loss position at June 30, 2021.

	Less than 12 months		12 months or greater		Total	
Description of Investments	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Equities	$ 108,486	$ 14,066	$ -	$ -	$ 108,486	$ 14,066
Preferred stocks	-	-	-	-	-	-
Mutual funds	509,555	8,336	643,352	2,616	1,152,907	10,952
Corporate bonds	1,614,250	18,925	-	-	1,614,250	18,925
U.S. government securities	1,078,753	7,750	277,117	6,039	1,355,870	13,789
Total	$ 3,311,044	$ 49,077	$ 920,469	$ 8,655	$ 4,231,513	$ 57,732

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

5 - INVESTMENTS (Continued)

Equities and preferred stocks

The Organization has 85 investments in equities, of which 20 were in an unrealized loss position at June 30, 2022. The Organization also has 2 investments in preferred stocks, of which 2 were in an unrealized loss position at June 30, 2022. The fluctuation in the equity securities and preferred stocks reflects general economic conditions and current changes in the industries of the companies in which the securities are held. The Organization has evaluated the severity and duration of the impairments. Based on that evaluation and the Organization's ability and intent to hold these investments for a reasonable period of time sufficient for a recovery of fair value, the Organization does not consider these investments to be other-than-temporarily impaired at June 30, 2022.

Mutual funds

The Organization has 32 mutual fund investments, of which 20 were in an unrealized loss position at June 30, 2022. The mutual funds are invested in equities and debt securities of companies in diverse industries and reflect current general economic conditions. The Organization has evaluated the severity and duration of the impairments. Based on that evaluation and the Organization's ability and intent to hold the investments for a reasonable period of time sufficient for a recovery of fair value, the Organization does not consider these investments to be other-than-temporarily impaired at June 30, 2022.

Corporate bonds

At June 30, 2022, the Organization's investments in corporate debt securities were in the form of interest-bearing securities of top-rated corporate issuers. The Organization has 84 corporate debt security investments, of which 80 was in an unrealized loss position at June 30, 2022.

The securities in an unrealized loss position are comprised of fixed-rate debt securities of varying maturities. The value of fixed income securities is sensitive to interest rate fluctuations and the credit rating of the issuer.

There have been no indications of default on interest or principal payments by the issuers. The Organization does not intend to sell nor does it believe it would be required to sell the corporate bonds before their anticipated market value recovery. Accordingly, the Organization does not consider these investments to be other-than-temporarily impaired at June 30, 2022.

U.S. government obligations

The Organization has 41 U.S. government investment securities at June 30, 2022, of which 41 were in an unrealized loss position as a result of interest rate fluctuations. The contractual terms of the investments do not allow the issuer to settle the securities at a price less than the amortized cost of the investment. The Organization does not intend to sell nor does it believe it would be required to sell these investment securities before their anticipated market value recovery. Accordingly, the Organization does not consider the investments to be other-than-temporarily impaired at June 30, 2022.

The following table represents the composition of the Organization's endowment net asset by type of fund at June 30, 2022:

Fund Type	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted funds	$ -	$ 8,019,959	$ 8,019,959
Donor restricted amounts required to be held in perpetuity	-	13,899,616	13,899,616
Board-designated for endowment fund	25,000	-	25,000
Total funds	$ 25,000	$ 21,919,575	$ 21,944,575

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

5 - INVESTMENTS (Continued)

U.S. government obligations (continued)

The Board-designated endowment as of June 30, 2022 and 2021, represents funds designated for students with financial needs to be awarded financial aid scholarships.

Changes in the endowment net assets for the year ended June 30, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 25,000	$ 24,619,108	$ 24,644,108
Investment return			
Investment income	-	304,869	304,869
Appreciation (depreciation), realized and unrealized	-	(3,388,048)	(3,388,048)
Total investment return	-	(3,083,179)	(3,083,179)
Contributions	-	1,069,085	1,069,085
Appropriation of endowment assets for expenditure	-	(493,980)	(493,980)
Investment management fees	-	(126,768)	(126,768)
Reclassification of net assets	-	(64,691)	(64,691)
Endowment net assets, end of year	$ 25,000	$ 21,919,575	$ 21,944,575

The endowment net asset composition by type of fund at June 30, 2021 is as follows:

Fund Type	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted funds	$ -	$ 12,054,659	$ 12,054,659
Donor restricted amounts required to be held in perpetuity	-	12,564,449	12,564,449
Board-designated for endowment fund	25,000	-	25,000
Total funds	$ 25,000	$ 24,619,108	$ 24,644,108

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

5 - INVESTMENTS (Continued)

U.S. government obligations (continued)

Changes in the endowment net assets for the year ended June 30, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 25,000	$ 19,886,466	$ 19,911,466
Investment return			
Investment income	-	263,390	263,390
Appreciation (depreciation), realized and unrealized	-	4,517,470	4,517,470
Total investment return	-	4,780,860	4,780,860
Contributions	-	339,104	339,104
Appropriation of endowment assets for expenditure	-	(256,853)	(256,853)
Investment management fees	-	(117,583)	(117,583)
Reclassification of net assets	-	(12,886)	(12,886)
Endowment net assets, end of year	$ 25,000	$ 24,619,108	$ 24,644,108

6 - CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable consist of the unpaid balances (net of discount and any allowance for uncollectible contributions) made on behalf of the Organization. The majority of the contribution's receivable are generally pledged from North Central Massachusetts area contributors. The year-end balances are exclusive of potential contributions to be received as part of corporate matching gift programs. Unpaid Alumni Association telethon contributions from the previous fall and spring telethon campaigns are written off at the end of each fiscal year.

Contributions receivable consist of the following at June 30:

	2022	2021
Receivable in less than one year	$ 35,425	$ 301,428
Receivable in one to five years	45,000	80,000
	80,425	381,428
Discount on pledges	(2,021)	(8,654)
	$ 78,404	$ 372,774

Contributions which are to be received in more than one year are reflected net of a discount determined at the time of the contribution ranging from 1% to 2%.

7 - FAIR VALUE MEASUREMENTS

FASB's guidance on fair value measurements established a framework for measuring fair value of assets and liabilities and expanded related disclosures. FASB's guidance requires fair value to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for an asset or liability in an orderly transaction between market participants. The guidance established a three-level valuation hierarchy based upon observable and non-observable inputs. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities ("Level 1") and the lowest priority to unobservable inputs ("Level 3").

Fair value is the price the Organization would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date.

Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Organization's market assumptions. Preference is given to observable inputs.

The fair value hierarchy under the guidance is as follows:

Level 1: Quoted prices in active markets that are unadjusted and accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2: Quoted prices for identical assets and liabilities in markets that are not active, quoted prices for similar assets and liabilities in active markets or financial instruments for which significant inputs are observable, either directly or indirectly; and

Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The guidance requires the use of observable data if such data is available without undue costs and effort.

When available, the Organization uses unadjusted quoted market prices to measure the fair value and classifies such items within Level 1. Level 1 securities primarily include publicly-traded equity securities and mutual funds.

When quoted market prices are unobservable, the Organization uses quotes from independent pricing vendors based on recent trading activity and other relevant information including market interest rate curves, referenced credit spreads and estimated prepayment rates where applicable. At June 30, 2022 and 2021, Level 2 securities consist primarily of corporate fixed income securities, U.S. government securities and preferred stocks.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes the valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

7 - FAIR VALE MEASUREMENTS (Continued)

The fair value of assets measured on a recurring basis at June 30, 2022 is as follows:

Investments	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	$ 10,095,241	$ 10,095,241	$ -	$ -
Preferred stock	11,958	-	11,958	-
Mutual funds	5,737,578	5,737,578	-	-
Corporate bonds	3,637,616	-	3,637,616	-
U.S. government securities	3,616,554	-	3,616,554	-
	$ 23,098,947	$ 15,832,819	$ 7,266,128	$ -

The fair value of assets measured on a recurring basis at June 30, 2021 is as follows:

Investments	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	$ 14,066,746	$ 14,066,746	$ -	$ -
Preferred stock	26,665	-	26,665	-
Mutual funds	6,907,973	6,907,973	-	-
Corporate bonds	3,367,705	-	3,367,705	-
U.S. government securities	2,790,735	-	2,790,735	-
	$ 27,159,824	$ 20,974,719	$ 6,185,105	$ -

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

8 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2022 and 2021 consist of the following:

	2022	2021
Real estate under lease		
Land	$ 402,664	$ 402,664
Building	1,557,724	1,557,724
Building improvements	342,079	342,079
	2,302,467	2,302,467
Real estate used for student housing		
Land	236,524	236,524
Building	434,225	434,225
Building improvements	28,600	28,600
	699,349	699,349
Real estate used for faculty and staff housing		
Land	133,619	133,619
Building	533,508	533,508
	667,127	667,127
Other		
Land	2,002,750	1,943,239
Land improvements	96,228	96,228
Building	1,935,266	1,935,266
Building improvements	1,109,005	1,109,005
Equipment	117,429	117,429
Computer software	641,878	641,878
Furniture and fixtures	60,773	60,773
Library materials	6,570	6,570
	5,969,899	5,910,388
	9,638,842	9,579,331
Less accumulated depreciation	2,547,932	2,360,570
	$ 7,090,910	$ 7,218,761

Accumulated depreciation on real estate under lease amounted to $707,876 and $651,829 at June 30, 2022 and 2021, respectively. Accumulated depreciation on real estate used for student housing amounted to $182,091 and $169,805 at June 30, 2022 and 2021, respectively. Accumulated depreciation on real estate used for faculty and staff housing amounted to $50,189 and $36,852 at June 30, 2022 and 2021, respectively.

At June 30, 2022 and 2021, property and equipment with a cost of approximately $798,204 were fully depreciated and still in service.

On June 23, 2022, the Supporting Organization acquired a property in close proximity to the Fitchburg State University campus. The property, which includes land and a building, was purchased for a total cost of $287,377. The Supporting Organization intends to use this property for open green space.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

8 - PROPERTY AND EQUIPMENT (Continued)

On June 28, 2021, the Supporting Organization transferred seven properties, which consist of land and one building to the Commonwealth of Massachusetts acting by and through DCAM on behalf of Fitchburg State University. On the date the properties were transferred, the seven properties collectively had a cost basis and accumulated depreciation of $660,367 and $72,786, respectively. A loss of $587,581 was recorded from the transfers of the properties and recognized in losses on transfers and sale of land and buildings in the accompanying consolidated statement of activities for the year ended June 30, 2021.

On December 22, 2020, the Supporting Organization acquired a property in close proximity to the Fitchburg State University campus. The property which includes land and a building was purchased for a total cost of $121,813. The Supporting Organization intends to use this property for green space and possible future parking.

On November 30, 2020, the Supporting Organization received a donation of the former Fidelity Bank property in downtown Fitchburg. The property includes the bank building and three parcels of land. This property was recorded at fair market value of $709,500, $526,617 of which was recorded as building and $182,883 as land based on an appraisal completed utilizing the sales comparative approach. The property is being held for development of the Theater complex.

On September 18, 2020, the Supporting Organization acquired a property in close proximity to the Fitchburg State University campus. The property which includes land and a building was purchased for a total cost of $172,231. The Supporting Organization intends to use this property for green space with possible future parking.

On June 24, 2020, the Supporting Organization received a donation of property in close proximity to the Fitchburg State University campus. The property, which includes land only, was recorded at fair market value of $2,100 at the time of the donation. The Supporting Organization intends to use this property for open green space.

On June 2, 2020, the Supporting Organization acquired a property in close proximity to the Fitchburg State University campus. The property which includes land and a building was purchased for a total cost of $240,775. The Supporting Organization intends to use this property for open green space. The acquisition was funded, in part, through the proceeds of an advance $250,000 on a line of credit (Note 11).

On November 13, 2019, the Supporting Organization acquired a property in close proximity to the Fitchburg State University campus. The property, which consists of land and a building, was purchased for $1 as current environmental remediation is needed before the property is usable. The property was acquired to support the downtown Theater project and the Supporting Organization intends to raze the building on the property and convert the land to a parking lot. The Supporting Organization was notified by the Massachusetts Department of Environmental Protection ("DEP") about an environmental issue with the property that requires remediation. For the year ended June 30, 2020, the Supporting Organization had purchased an insurance policy with a determined deductible of $100,000, which it determined increased the value of the land and was recorded as land. For the year ended June 30, 2021, the Supporting Organization determined that additional costs of the remediation are expected above the insured policy limits in the amount of $465,696, which has been expensed in the current year and included in environmental costs in the accompanying consolidated schedule of functional expenses. As of June 30, 2022, and 2021, respectively, the remaining environmental liability of $198,784 and $536,901 is shown on the accompanying consolidated statement of financial position.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

8 - PROPERTY AND EQUIPMENT (Continued)

In fiscal 2017, the Supporting Organization acquired a property in close proximity to the Fitchburg State University campus consistent with the Supporting Organization's mission and the University's strategic plan which includes campus expansion. The property, which includes land and a building, was purchased for an aggregate cost of $360,305. The acquisition was financed, in part, with a mortgage note on the property in the amount of $280,000 (see Note 12). The Supporting Organization is planning a major renovation and expansion of the property which, when completed, is expected to cost approximately $25,000,000 and consist of a multi-phased project providing academic space, student support services space, retail and community space and a theatre renovation. The space is expected to be used by the University and the City of Fitchburg and surrounding communities. Fitchburg State University will be responsible for the costs of the project's development and construction pursuant to the terms of the license agreement between the University and the Supporting Organization. Funding for the project is expected to come from a variety of sources including, but not limited to, New Market Tax Credits, Historic Tax Credits, bonds, grants and philanthropy. The project is in the very early stages of development and is estimated to require four years to completion. At some point during that period, the property will be transferred to a new entity. The Supporting Organization will pay for certain legal services incurred in connection with the project which the Supporting Organization currently estimates to be approximately $148,000 for the entire project. The Supporting Organization expects to fund these costs through operating cash. For the year ended June 30, 2022, and 2021, the Organization has incurred $26,448 and $73,491 of legal costs related to the project which have been recorded in prepaid expenses and other current assets and in the accompanying 2022 and 2021 statement of financial position.

9 - OTHER ASSETS

Other assets at June 30, 2022 and 2021 consist of the cash surrender value of life insurance in the amount of $21,260 and $28,404, respectively, an art collection in the amount of $39,025 in both years, and legal costs related to a development project in the amount of $26,448 and $73,491, respectively.

10 - AGENCY FUND

The Supporting Organization is part of a collaboration, called Re-imagine North of Main, of local businesses and non-profit organizations located in Fitchburg, Massachusetts committed to making a collective impact and dedicated to improving the quality of life in Fitchburg. The Supporting Organization is holding monies for the benefit of North of Main projects and disbursing them as needed to specific vendors identified by the members of the coalition. For the year ended June 30, 2022 and 2021, the Supporting Organization did not collect or disburse any monies in connection with this collaboration. At June 30, 2022 and 2021, the Supporting Organization was holding $31,080 of funds that is to be used exclusively by the members of the coalition.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

11 - LINES OF CREDIT

Foundation

On August 23, 2017, the Foundation renewed, under substantially the same terms, its existing demand revolving working capital line of credit agreement with Workers' Credit Union which permits the Foundation to borrow up to $250,000. The line of credit agreement, which expired on March 17, 2017, provided for interest at The Wall Street Journal Prime Rate, but in no event, less than 6% per annum. Pursuant to the provisions of the line of credit agreement, maximum advances under the line are limited to 70% of the pledged investment collateral unless otherwise approved by the lender. The renewed line of credit provides for interest at 5.25% through September 1, 2017 and, thereafter, at *The Wall Street Journal* Prime Rate plus 1%. The interest rate charged to the Foundation may not exceed a rate of 18%. On January 31, 2020, the line of credit agreement was modified to change the interest rate to The Wall Street Journal Prime Rate plus 0%. At June 30, 2022 and 2021, the effective interest rate was 4.75% and 3.25% per annum, respectively. The line of credit lapsed on March 25,2022 and was subsequently extended on August 26, 2022 for one month. In fiscal 2021, $250,000 was borrowed on the line of credit to assist with short-time cash flow in purchasing a property abutting the University. The amount was repaid in full in January 2021. As of June 30, 2022, and 2021, there were no outstanding liability under the line of credit. For the years ended June 30, 2022 and 2021, interest expense incurred on borrowings under this line of credit amounted to $0 and $1,558 respectively. The interest expense incurred on the borrowings has been reflected as an expense on the books of the Supporting Organization.

Borrowings under the line are secured by investments with an equivalent fair value of $11,003,985 at June 30, 2022. The line was also collateralized by all funds held by the lender. At June 30, 2022, the Foundation has total cash balances of approximately $59,185 held by the lender. The Foundation may prepay outstanding revolving loans under the agreement in whole or in part without premium or penalty. The line of credit agreement expired on March 25, 2022.

Supporting Organization

On August 18, 2016, the Supporting Organization entered into a demand unsecured revolving line of credit agreement with Rollstone Bank and Trust which permits the Organization to borrow up to $250,000. The line of credit provides for interest at *The Wall Street Journal* Prime Rate less .25% (effective rates of 4.50% at June 30, 2022 and 3.0% at June 30, 2021. The line of credit agreement expired on August 18, 2017. The line of credit was extended through November 30, 2017, and again through November 30, 2018, under the same terms and conditions of the previous agreement. On November 30, 2018, the line of credit was renewed through November 30, 2021 and again through November 30, 2022. The Supporting Organization may prepay outstanding revolving loans under the agreement in whole or in part at any time without premium or penalty. The line of credit agreement contains, among other covenants, the maintenance of a debt service coverage ratio, as defined, of at least 1.00 to 1. In addition, the agreement provides that the line of credit be brought to a zero balance for 30 consecutive days annually during the term of the agreement. In fiscal year 2021, the Supporting Organization made payments of $250,000 and borrowings of $250,000 under the line of credit agreement but no borrowings occurred in fiscal year 2022. There was no balance outstanding as of June 30, 2022 and 2021. For the year ended June 30, 2022 and 2021, interest expense amounted to $0 and $4,406, respectively.

12 - FIRST MORTGAGE NOTES PAYABLE

Foundation

The Foundation has a mortgage note payable in the original amount of $550,000, dated April 16, 2008, with Fidelity Cooperative Bank. The proceeds of the note were used to acquire certain real estate properties on the Fitchburg State University campus. The note is secured by a first mortgage interest in the real estate and related personal property located thereon, and an assignment of leases and rents. Furthermore, any and all deposits held by the lender serve as additional collateral for the loan.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

12 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Foundation (continued)

The loan agreement has a term of 20 years and provided for a fixed rate of interest of 5.75% per annum for the first 10 years of the loan term. Thereafter, the interest rate was to be fixed at the Federal Home Loan Bank Ten Year Cost of Funds Rate in effect as of the first day of the final 10 years of the term of the loan plus 118 basis points. The interest rate was adjusted to 4.27% per annum for the remainder of the loan term pursuant to the provisions of a Change in Terms Agreement dated October 19, 2016. The loan required monthly installments of principal and interest of $3,862 through October 16, 2016. Thereafter, the loan requires monthly installments of principal and interest of $2,454 commencing on November 16, 2016 with a final principal payment due in the amount of $210,752 at the loan's maturity date of April 16, 2028. The note may be prepaid at any time, in whole or in part, without premium or penalty.

At June 30, 2022 and 2021, the outstanding principal balance of this mortgage note payable amounted to $314,142 and $329,618, respectively.

For the years ended June 30, 2022 and 2021, interest expense on this mortgage note payable amounted to $13,942 and $14,598, respectively.

Aggregate principal maturities on the loan for each of the next five years and thereafter at June 30, 2022 are as follows:

Year	Amount
2023	$ 16,172
2024	16,886
2025	17,632
2026	18,410
2027	19,223
Thereafter	225,819
	$ 314,142

Supporting Organization

In August 2006, the Supporting Organization acquired land and a building consisting of 4,179 square feet of office space and 53,429 square feet of warehouse space located in Fitchburg, Massachusetts near the University campus. The entire property has been leased to DCAM on behalf of the University. The University is currently using the property for its print services, maintenance, shipping and receiving and financial services.

The acquisition and related costs were funded with the proceeds of an offering of tax-exempt revenue bonds, Massachusetts Development Finance Agency ("MDFA") Revenue Bonds, FSC Foundation Supporting Organization Issue, Series 2006 (the "bonds"), dated August 1, 2006, in the amount of $1,900,000, issued by the MDFA, pursuant to a Loan and Trust Agreement. People's United Bank, as successor in interest to Chittenden Trust Company, is the bond Trustee. MDFA assigned all of its rights, title, and interest in and to the loan and related loan documents to the bond Trustee as security for repayment of the bonds. The loan is secured by a first mortgage interest in the real estate and related personal property located thereon, and an assignment of leases and rents. Payment and performance of the Supporting Organization's obligations under the loan agreement have been guaranteed by the Foundation.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

12 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Supporting Organization (continued)

The loan agreement had a term of 20 years and provides for a fixed rate of interest of 5.5% per annum for the first five years of the loan term. Thereafter, the interest rate was adjusted at five-year intervals (August 16, 2011, 2016 and 2021) to a fixed rate of interest equal to 80% of the bank's prime rate, but no greater than 1% or less than 1% of the interest rate in effect for the immediately preceding five-year adjustment interval. The interest rate was adjusted to 4.5% per annum on August 16, 2011 pursuant to the provisions of the loan agreement. The loan required monthly installments of principal and interest of $13,154 through August 16, 2011 and $12,306 until August 16, 2016. The interest rate was adjusted to 3.5% per annum on August 16, 2016 pursuant to the provisions of the loan agreement. Commencing thereafter, the monthly installments of principal and interest are $11,739 until the next five-year interval adjustment date of August 16, 2021. The loan matures on August 16, 2026. The loan agreement requires the Organization to maintain a Debt Service Coverage Ratio, as defined, of not less than 1.10 to 1 to be measured annually at the end of its fiscal year.

The mortgage note was issued pursuant to the Loan and Trust Agreement and related loan documents and is subject to and governed by the terms and conditions of those agreements. The loan may be prepaid in accordance with the terms of the Loan and Trust Agreement for prepayment of the bonds as more fully described in the Loan and Trust Agreement. On December 7, 2020 the Supporting Organization paid off the MDFA note in the amount of $779,258 and it was replaced with a mortgage from Rollstone Bank in the amount of $1,538,000.

The loan documents contain cross default provisions with the DCAM lease.

As of June 30, 2021, the outstanding principal balance of the loan and debt issuance costs is $0.

Debt issuance costs, net of accumulated amortization, totaled $0 and $20,507 as of June 30, 2022 and 2021, respectively. During 2021, the loan associated with these debt issuance costs was repaid in full and as such the related debt issuance costs were fully amortized. During 2021, the Supporting Organization paid $20,507 in debt issuance costs related to the new mortgage provided by Rollstone Bank. For the years ended June 30, 2022 and 2021, amortization expenses of $0 and $14,813 respectively, were added to interest costs in the accompanying statement of activities.

For the years ended June 30, 2022 and 2021, interest expense (including amortization of issuance costs) on the mortgage note payable amounted to $0 and $13,018, respectively.

MDFA is providing financing to the Supporting Organization in the form of a General Fund loan in the amount of $500,000 per the agreement dated June 28, 2021. The loan will be disbursed by a series of advances, per the terms and conditions stipulated in the Construction Loan Agreement. The proceeds are to be used for predevelopment costs in connection with the proposed redevelopment of the Theater Block. The note is secured by a first mortgage on and assignment of leases and rents for the real estate located at 675 Main Street, Fitchburg, Massachusetts. The note has a term of 5 years, maturing on June 28, 2026, and provides for a fixed rate of interest of 4% per annum. The loan requires monthly installments of interest effective August 1, 2021. The entire outstanding principal balance shall be due and paid at the earlier of (i) a triggering event or (ii) at maturity, June 28, 2026. A triggering event occurs when the property is transferred to another, abandoned, or financing of $20 million or more is secured.

The loan has debt issuance costs of $10,184. Total amount disbursed to June 30, 2022 and 2021 is $73,846 and $0, respectively.

For the years ended June 30, 2022 and 2021, interest expense on this note amounted to $2,226 and $0, respectively.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

12 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Supporting Organization (continued)

MDFA is providing financing to the Organization in the form of a Brownfields loan in the amount of $500,000 per the agreement dated June 28, 2021. The loan will be disbursed by a series of advances, per the terms and conditions stipulated in the Construction Loan Agreement. The proceeds are to be used for remediation costs in connection with the proposed redevelopment of the Theater Block. The note is secured by a first mortgage on and assignment of leases and rents for the real estate located at 15 Central Street and 675 Main Street and 689-717 Main Street, Fitchburg, Massachusetts. The note has a term of 10 years, amortizing over 30 years, and provides for a fixed rate of interest of 3% per annum. The loan requires monthly installments of interest for the first twelve months after closing; and thereafter principal and interest payable over 30 years.

The loan has debt issuance costs of $10,184. Total principal to June 30, 2022, 2021 is $52,878 and $0, respectively.

For the years ended June 30, 2022 and 2021, interest expense on this note amounted to $741 and $0, respectively

Workers' Credit Union ("WCU") provided financing to the Supporting Organization in the form of a note, dated February 27, 2009, in the amount of $750,000. The note is secured by a first mortgage interest in certain real estate owned by the Supporting Organization and an assignment of certain related leases and rents. The note is also collateralized by all funds held by the lender. At June 30, 2022 and 2021 the Supporting Organization has total cash balances of $8,874 and $8,456, respectively, held at WCU which serve as additional collateral for the loan.

The mortgage note had an original term of 10 years, expiring on February 27, 2019, and provided for a fixed rate of interest of 5.74% per annum. The interest rate was adjusted to 4.99% per annum on June 20, 2015 pursuant to the provisions of a loan modification agreement. On February 27, 2020, the interest rate was adjusted to 5.25% per annum expiring on February 27, 2024 pursuant to the provisions of a loan modification agreement. The note requires monthly installments of principal and interest of $4,517 through February 27, 2024. Commencing thereafter, the interest rate will be adjusted to the FHLB five-year Classic Advance plus 2.25% until the maturity date of February 27, 2029 and monthly payments for principal and interest will be determined at that point.

As of June 30, 2022, and 2021, the outstanding principal balance of the mortgage loan amounted to $469,538 and $498,266, respectively.

For the years ended June 30, 2022 and 2021, interest expense on this mortgage note amounted to $25,392 and $26,905, respectively.

Aggregate principal maturities on the loan for each of the next five years and thereafter at June 30, 2022, are as follows:

Year	Amount
2023	$ 30,272
2024	31,839
2025	33,612
2026	35,420
2027	37,325
Thereafter	301,070
	$ 469,538

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

12 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Supporting Organization (continued)

Rollstone Bank & Trust provided financing to the Supporting Organization in the form of a note, dated December 22, 2014 in the amount of $240,000. The note is secured by a first mortgage interest in the real estate property located at 131 Highland Avenue in Fitchburg, Massachusetts and an assignment of leases and rents on the property. The note has a term of 20 years, maturing on December 22, 2034, and provides for a fixed rate of interest of 3.25% per annum. The loan requires monthly installments of principal and interest of $1,367 based on a 20-year principal amortization. The loan agreement requires the Supporting Organization to maintain a ratio of Cash Flow (after distributions), as defined, to the Current Maturity of Long-Term Debt plus interest, as defined, of not less than 1.0 to 1 for any fiscal year. The loan agreement also contains, among other covenants, restrictions relating to future borrowings, capital expenditures by lease or purchase, distributions, making of advances or loans to other parties, making of investments, and sale, lease or transfer of assets, except as provided for and as more fully described in the loan agreement.

As of June 30, 2022, and 2021 the outstanding principal balance of the mortgage loan amounted to $167,889 and $178,567, respectively.

For the years ended June 30, 2022 and 2021, interest expense on this mortgage note amounted to $5,716 and $6,070, respectively.

Aggregate principal maturities on the loan for each of the next five years and thereafter at June 30, 2022, are as follows:

Year	Amount
2023	$ 11,035
2024	11,389
2025	11,784
2026	12,178
2027	12,586
Thereafter	108,917
	$ 167,889

Rollstone Bank & Trust provided refinancing to the Supporting Organization in the form of a note, dated December 9, 2020 in the amount of $1,538,000. The proceeds of the note was used to (i) refinance existing debt owed by the Supporting Organization, (ii) to purchase, raze and develop the real property located at 175-179 Myrtle Street, Fitchburg, Massachusetts, (iii) to finance a new roof at the property located at 167 Klondike Avenue. This note is secured by a first mortgage interest in the real estate property located at 167 Klondike Avenue in Fitchburg, Massachusetts and an assignment of leases and rents on the property. The note bears interest at a fixed rate of 3.5% per annum until December 9, 2030. Thereafter the note shall bear interest at a per annum rate equal to the Federal Home Loan Bank of Boston Five Year Classic Advance Rate plus 2.25%. The loan requires monthly installments of principal and interest of $11,032 based on a 15-year principal amortization. The loan agreement requires the Supporting Organization to maintain a debt service ratio equal to or greater than 1:1. The loan agreement also contains, among other covenants, restrictions relating to future borrowings, capital expenditures by lease or purchase, distributions, making of advances or loans to other parties, making of investments, and sale, lease or transfer of assets, except as provided for and as more fully described in the loan agreement.

As of June 30, 2022, and 2021, the outstanding principal balance of the mortgage loan amounted to $1,418,087 and $1,498,585, respectively.

For the years ended June 30, 2022 and 2021, interest expense on this mortgage note amounted to $51,717 and $26,776, respectively.

12 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Supporting Organization (continued)

Aggregate principal maturities on the loan for each of the next five years and thereafter, using the interest rate in effect at June 30, 2022, are estimated to be as follows:

Year	Amount
2023	$ 83,396
2024	86,278
2025	89,516
2026	92,744
2027	96,090
Thereafter	970,063
	$ 1,418,087

Fidelity Co-Operative Bank provided financing to the Supporting Organization in the form of a note, dated June 26, 2013, in the amount of $83,200. The note is secured by a first mortgage interest in the real estate property located at 340 Highland Avenue in Fitchburg, Massachusetts and an assignment of leases and rents on the property. The note has a term of 20 years, maturing on June 26, 2033, and provides for a fixed rate of interest of 3.5% per annum for the first five years of the loan term. Thereafter, the interest rate will be adjusted at five-year intervals (June 26, 2018, 2023 and 2028) to the Federal Home Loan Bank Boston Classic Advance Five Year Rate plus 2.75% per annum. The loan required monthly installments of principal and interest of $376 through June 26, 2018. The interest rate was adjusted to 5.93% per annum on June 26, 2018 pursuant to the provisions of the loan agreement. The July and August 2018 monthly installments of principal and interest remained at $376. On August 27, 2018, the Organization entered into a Change in Terms Agreement with the lender in which the interest rate on the note was modified to a fixed rate of 5.20% per annum until June 26, 2023. At that time, the interest rate will be adjusted pursuant to the terms of the original note described above. All other terms, provisions and conditions of the original note agreement remain in full force and effect. Commencing with the September 2018 monthly installment of principal and interest, the monthly installments shall be $450. The note provides for the payment of a prepayment penalty if the loan is paid prior to maturity. The amount of the penalty shall be a specified percentage of the amount prepaid with such percentage ranging from 5% if paid before the loan's first anniversary and decreasing by 1% per year to 1% if paid before the loan's fifth anniversary. The prepayment penalty will reset as defined above at each five-year anniversary date of the note. The loan agreement contains, among other covenants, restrictions relating to future borrowings, making of advances or loans to other parties, sale, lease or transfer of assets, and the granting of further security interests, except as provided for and as more fully described in the loan agreement. The loan is cross-defaulted and cross-collateralized with any and all other loans made by the lender to the Supporting Organization.

As of June 30, 2022, and 2021, the outstanding principal balance of the mortgage loan amounted to $68,484 and $70,255, respectively.

For the years ended June 30, 2022 and 2021, interest expense on this mortgage note amounted to $3,630 and $3,751, respectively.

12 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Supporting Organization (continued)

Aggregate principal maturities on the loan for each of the next five years and thereafter, using the interest rates in effect at June 30, 2022, are estimated to be as follows:

Year	Amount
2023	$ 1,843
2024	1,933
2025	2,046
2026	2,157
2027	2,274
Thereafter	58,231
	$ 68,484

In October 2016, Fidelity Co-Operative Bank provided financing to the Supporting Organization in the form of a promissory note, dated October 19, 2016, in the amount of $118,000. The proceeds of the loan were used to reimburse the Supporting Organization for the acquisition, at a cost of $119,803, of a real estate property located at 198 Pearl Street in Fitchburg, Massachusetts in fiscal 2016. The note is secured by a Negative Pledge Agreement on the property.

The promissory note has a term of 10 years, maturing on October 21, 2026, and provides for a fixed rate of interest of 4.11% per annum. Commencing on November 21, 2016, the loan requires monthly installments of principal and interest of $726 based on a 20-year principal amortization until the maturity date, at which time the remaining outstanding principal balance and any accrued interest thereon is due and payable. The note provides for the prepayment of all or a portion of the amount owed without penalty. The business loan agreement contains, among other covenants, restrictions relating to future borrowings, making of advances or loans to other parties, sale, lease or transfer of assets, and the granting of further security interests, except as provided for and as more fully described in the business loan agreement. The loan is cross-defaulted and cross-collateralized with any and all other loans made by the lender to the Supporting Organization.

As of June 30, 2022, and 2021, the outstanding principal balance of the loan amounted to $93,637 and $98,339, respectively.

For the years ended June 30, 2021 and 2020, interest expense on this mortgage note amounted to $4,003 and $4,209, respectively.

Aggregate principal maturities on the loan for each of the next five years and thereafter at June 30, 2022 are as follows:

Year	Amount
2023	$ 4,891
2024	5,089
2025	5,315
2026	5,541
2027	72,801
	$ 93,637

In January 2017, Fidelity Co-Operative Bank provided financing to the Supporting Organization in the form of a promissory note, dated January 13, 2017, in the amount of $220,000. The proceeds of the loan were used to reimburse the Supporting Organization for the acquisition, at a cost of $222,472, of two real estate properties in fiscal 2017. The note is secured by a Negative Pledge Agreement on the properties.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

12 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Supporting Organization (continued)

The promissory note has a term of 10 years, maturing on January 13, 2027, and provides for a fixed rate of interest of 4.76% per annum. Commencing on February 13, 2017, the loan requires monthly installments of principal and interest of $1,431 based on a 20-year principal amortization until the maturity date, at which time the remaining outstanding principal balance and any accrued interest thereon is due and payable. The note provides for the payment of a prepayment penalty if the loan is paid prior to maturity. The amount of the penalty shall be a specified percentage of the amount prepaid with such percentage ranging from 5% if paid before the loan's first anniversary and decreasing by 1% per year to 1% if paid before the loan's fifth anniversary. The prepayment penalty will reset as defined above at each five-year anniversary date of the note. The loan agreement contains, among other covenants, restrictions relating to future borrowings, making of advances or loans to other parties, sale, lease or transfer of assets, and the granting of further security interests, except as provided for and as more fully described in the loan agreement. The loan is cross-defaulted and cross collateralized with any and all other loans made by the lender to the Supporting Organization.

As of June 30, 2022, and 2021, the outstanding principal balance of the loan amounted to $178,835 and $187,181, respectively.

For the years ended June 30, 2022 and 2021 interest expense on this mortgage note amounted to $8,808 and $9,267 respectively.

Aggregate principal maturities on the loan for each of the next five years and thereafter at June 30, 2022 are as follows:

Year	Amount
2023	$ 8,700
2024	9,107
2025	9,578
2026	10,051
2027	10,570
Thereafter	130,829
	$ 178,835

In June, 2019, Hometown Bank provided financing to the Supporting Organization in the form of a commercial note, dated June 18, 2019, in the amount of $312,000. The proceeds of the loan were used for the acquisition, at a cost of $393,780, of a real estate property located at 164 Highland Avenue in Fitchburg, Massachusetts. The note is secured by a first mortgage interest in the property and a collateral assignment of rents and leases on the property. In addition, the loan agreement requires the Supporting Organization to maintain a Debt Service Coverage Ratio, as defined, of no less than 1.10 to 1 to be measured annually at the end of the fiscal year. The loan agreement also requires the Organization to maintain a Loan-to-Value Ratio of no more than 80% at any time during the term of the loan.

The commercial note has a term of 10 years, maturing on June 18, 2029, and provides for a fixed rate of interest of 4.60% per annum for the first five years of the loan term. Thereafter, the interest rate will be adjusted at five-year intervals (June 18, 2024) to the Federal Home Loan Bank Boston Classic Advance Five Year Rate plus 1.75% per annum. Commencing on July 18, 2019, the loan requires monthly installments of principal and interest of $1,752 based on a 25-year principal amortization schedule with a final payment of all unpaid principal and accrued interest thereon due at maturity.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

12 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Supporting Organization (continued)

As of June 30, 2022 and 2021, the outstanding principal balance of the loan amounted to $290,537 and $298,009, respectively.

For the years ended June 30, 2022 and 2021, interest expense on this mortgage note amounted to $13,547 and $13,887, respectively.

Aggregate principal maturities on the loan for each of the next five years and thereafter at June 30, 2022 are as follows:

Year	Amount
2023	$ 7,822
2024	8,190
2025	8,575
2026	8,977
2027	9,399
Thereafter	247,574
	$ 290,537

In June, 2019, Hometown Bank provided financing to the Supporting Organization in the form of a commercial note, dated June 18, 2019, in the amount of $138,400. The proceeds of the loan were used for the acquisition, at a cost of $172,481, of a real estate property located at 174 Highland Avenue in Fitchburg, Massachusetts. The note is secured by a first mortgage interest in the property and a collateral assignment of rents and leases on the property. In addition, the loan agreement requires the Supporting Organization to maintain a Debt Service Coverage Ratio, as defined, of no less than 1.10 to 1 to be measured annually at the end of the fiscal year. The loan agreement also requires the Supporting Organization to maintain a Loan-to-Value Ratio of no more than 80% at any time during the term of the loan.

The commercial note has a term of 10 years, maturing on June 18, 2029, and provides for a fixed rate of interest of 4.60% per annum for the first five years of the loan term. Thereafter, the interest rate will be adjusted at five-year intervals (June 18, 2024) to the Federal Home Loan Bank Boston Classic Advance Five Year Rate plus 1.75% per annum. Commencing on July 18, 2019, the loan requires monthly installments of principal and interest of $777 based on a 25-year principal amortization schedule with a final payment of all unpaid principal and accrued interest thereon due at maturity.

As of June 30, 2022 and 2021, the outstanding principal balance of the loan amounted to $128,879 and $132,193, respectively.

For the years ended June 30, 2022 and 2021, interest expense on this mortgage note amounted to $6,000 and $6,160, respectively.

12 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Supporting Organization (continued)

Aggregate principal maturities on the loan for each of the next five years and thereafter at June 30, 2022 are as follows:

Year	Amount
2023	$ 3,470
2024	3,633
2025	3,804
2026	3,982
2027	4,169
Thereafter	109,821
	$ 128,879

In April, 2019, Fitchburg Historical Society provided financing to the Supporting Organization in the form of a promissory note, dated April 4, 2019, in the amount of $90,000. The proceeds of the loan were used for the acquisition, at a cost of $114,774, of a real estate property located at 0 Main Street in Fitchburg, Massachusetts. The note is secured by a first mortgage interest in the property and a collateral assignment of rents and leases on the property.

The commercial note has a term of five-year, maturing on April 1, 2024, and provides for a fixed rate of interest of 5.00% per annum. Commencing on May 1, 2020, the loan requires monthly installments of principal and interest of $1,698 based on a five-year principal amortization schedule with a final payment of all unpaid principal and accrued interest thereon due at maturity.

As of June 30, 2022, and 2021, the outstanding principal balance of the loan amounted to $35,633 and $53,738, respectively.

For the years ended June 30, 2022 and 2021, interest expense on this mortgage note amounted to $2,203 and $3,157 respectively.

Aggregate principal maturities on the loan for each of the next four years at June 30, 2022 are as follows:

Year	Amount
2023	$ 19,031
2024	16,602
	$ 35,633

In November 2016, Enterprise Bank and Trust Company provided financing to the Supporting Organization in the form of a promissory note, dated November 4, 2016, in the amount of $280,000. The proceeds of the loan were used for the acquisition, at a cost of $360,305, of a real estate property located at 689 - 717 Main Street in Fitchburg, Massachusetts. The note is secured by a first mortgage interest in the property and an assignment or rents on the property.

12 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Supporting Organization (continued)

The promissory note has a term of 10 years, maturing on November 4, 2026, and thereafter is payable on demand. The note provides for a fixed rate of interest of 4.33% per annum for the first ten years of the loan term. Thereafter, the interest rate will be adjusted at ten-year intervals to the Daily High Federal Home Loan Bank Boston Classic Advance Ten Year Regular Rate plus 1.95% per annum. Commencing on January 1, 2017, the loan requires monthly installments of principal and interest of $1,401 based on a 30-year principal amortization schedule. If the note is prepaid in whole or in part during the first 117 months of each fixed rate period for the purpose of refinancing the note with another financial institution, the note provides for a prepayment penalty equal to 3% of any principal reduction. Except for the forgoing, the note may be prepaid in whole or in part without penalty. The loan is cross-defaulted and cross-collateralized with any and all other loans made by the lender to the Organization.

As of June 30, 2022, and 2021, the outstanding principal balance of the loan amounted to $251,983 and $257,596 respectively.

For the years ended June 30, 2022 and 2021, interest expense on this mortgage note amounted to $11,238 and $11,438, respectively.

Aggregate principal maturities on the loan for each of the next five years and thereafter, using the interest rate in effect at June 30, 2022, are estimated to be as follows:

Year	Amount
2023	$ 5,866
2024	6,128
2025	6,403
2026	6,690
2027	6,987
Thereafter	219,909
	$ 251,983

In November 2018, Enterprise Bank and Trust Company provided financing to the Supporting Organization in the form of a promissory note, dated November 5, 2018, in the amount of $148,000. The note is secured by a first mortgage interest in and an assignment of leases and rents on a real estate property located at 70 - 78 North Street in Fitchburg, Massachusetts.

The promissory note has a term of 20 years, maturing on November 5, 2038. The note provides for a fixed rate of interest of 5% per annum for the first ten years of the loan term. Thereafter, the interest rate will be adjusted at five-year intervals to the Daily High Federal Home Loan Bank Boston Classic Advance Five Year Regular Rate plus 1.95% per annum. The loan will have a minimum floor rate of 5%. Commencing on January 1, 2020, the loan requires monthly installments of principal and interest of $983 based on a 20-year principal amortization schedule. If the note is prepaid in whole or in part during the term of the loan for the purpose of refinancing the loan with another financial institution, the loan provides for a prepayment penalty equal to 3% of any principal reduction. Except for the forgoing, the note may be prepaid in whole or in part without penalty. The loan is cross-defaulted and cross-collateralized with any and all other loans made by the lender to the Organization.

As of June 30, 2022 and 2021, the outstanding principal balance of the loan amounted to $131,631 and $136,612, respectively.

For the years ended June 30, 2022 and 2021, interest expense on this mortgage note amounted to $7,104 and $7.057, respectively.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

12 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Supporting Organization (continued)

Aggregate principal maturities on the loan for each of the next five years and thereafter, using the interest rate in effect at June 30, 2022, are estimated to be as follows:

Year	Amount
2023	$ 5,240
2024	5,495
2025	5,797
2026	6,098
2027	6,414
Thereafter	102,587
	$ 131,631

In September 2017, Webster First Federal Credit Union provided financing to the Supporting Organization in the form of a commercial note, dated September 22, 2017, in the amount of $250,000. The proceeds of the loan were used to reimburse the Supporting Organization for the acquisition at a cost of $50,000, of a real estate property located at 66 Day Street and a property at a cost of $126,926 located at 721-725 Main Street both in Fitchburg, Massachusetts. The note is secured by a first mortgage interest in the real estate properties located at 66 and 0 Day Street and 721 - 725 Main Street, Fitchburg, Massachusetts, and an assignment of leases and rents on the properties. The note has a term of 15 years, maturing on October 1, 2032, and provides for a fixed rate of interest of 3.75% per annum for the first 10 years of the loan term. Thereafter, the interest rate will be adjusted to the Federal Home Loan Bank Boston Classic Advance Five-Year Rate plus 1.5% per annum for the remaining five years of the loan term, but no less than a rate of 3.75% per annum. Commencing on November 1, 2017, the loan requires monthly installments of principal and interest of $1,825 based on a 15-year principal amortization schedule with a final payment of all unpaid principal and accrued interest thereon due at maturity. The note may be prepaid in whole or in part at any time without penalty.

As of June 30, 2022, and 2021, the outstanding principal balance of the loan amounted to $186,847 and $201,340, respectively.

For the years ended June 30, 2022 and 2021 interest expense on this mortgage note amounted to $7,361 and $7,945, respectively.

Aggregate principal maturities on the loan for each of the next five years and thereafter, using the interest rate in effect at June 30, 2022, are estimated to be as follows:

Year	Amount
2023	$ 15,162
2024	15,741
2025	16,341
2026	16,869
2027	17,521
Thereafter	105,213
	$ 186,847

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

13 - NOTE PAYABLE - BANK

Supporting Organization

In May 2007, the Supporting Organization acquired land and a building consisting of six apartment units at a total cost of $504,479, including related acquisition costs. The Supporting Organization also acquired an adjacent parcel of land at a cost of $183,301. The properties are located in the area surrounding the Fitchburg State University campus. The apartments are being used by the University as additional student housing for which the Supporting Organization receives residence hall fees.

The acquisitions were funded with the proceeds of a note payable in the amount of $680,000, dated April 26, 2007, with Enterprise Bank and Trust Company. The note is secured by investments owned by the Foundation with a fair value of approximately $2,357,000 and $2,301,000 at June 30, 2022 and 2021, respectively. In addition, payment and performance of the Supporting Organization's obligations under the loan agreement have been guaranteed by the Foundation.

The promissory note has a term of 30 years, expiring on May 5, 2037, and provides for a fixed rate of interest of 6% per annum for the first five years of the loan term. Thereafter, the interest rate will be adjusted at five-year intervals (April 26, 2012, 2017, 2022, 2027 and 2032) to the Federal Home Loan Bank Boston Classic Advance Five Year Rate plus 1.15% per annum. The interest rate was adjusted to 2.62% per annum on April 26, 2012 and 3.49% on April 26, 2017 pursuant to the provisions of the loan agreement. The loan required monthly installments of principal and interest of $4,122 through May 7, 2012, $2,875 until April 26, 2017 and $3,115 to April 26, 2022. The interest rate was adjusted to 4.24% per annum on April 26, 2022 pursuant to the provisions of the loan agreement. Commencing thereafter, the monthly installments of principal and interest are $3,280 until the next five-year interval adjustment date of April 26, 2027. The note may be prepaid at any time, in whole or in part, without premium or penalty.

As of June 30, 2022 and 2021, the outstanding principal balance of the loan amounted to $432,326 and $453,794, respectively.

For the years ended June 30, 2022 and 2021, interest expense on the note amounted to $15,420 and $16,491, respectively.

Aggregate principal maturities on the loan for each of the next five years and thereafter, using the interest rate in effect at June 30, 2022, are estimated to be as follows:

Year	Amount
2023	$ 21,196
2024	22,078
2025	23,093
2026	24,106
2027	25,162
Thereafter	316,691
	$ 432,326

14 - LEASE AND LICENSE AGREEMENTS

As disclosed in Note 12, the Supporting Organization entered into a long-term operating lease agreement with DCAM on behalf of the University. The lease commenced on August 16, 2006 and expired on August 16, 2016. The lease provided for base rent of $165,000 per year, payable in monthly installments of $13,750, for the entire lease term. The University was also responsible for the payment of normal operating, maintenance and repair costs associated with its use of the property. The lease continued in effect, after its expiration, under the same terms and conditions until March 9, 2017 when the Supporting Organization signed a new 10-year lease with the same terms and conditions as the previous agreement. The new lease agreement became effective as of August 16, 2016. For the years ended June 30, 2022 and 2021, rental income amounted to $165,000 in each year.

The following is a schedule of future minimum rental income under the operating lease agreement at June 30, 2022:

Year	Amount
2023	$ 165,000
2024	165,000
2025	165,000
2026	165,000
2027	20,625
	$ 680,625

On August 6, 2008, the Supporting Organization entered into a 10-year operating lease agreement with an unrelated third party for 2,350 square feet of office space located in Fitchburg, Massachusetts. The lease commenced on November 1, 2008 and expires on October 31, 2018. The space is being used by Fitchburg State University as office and classroom space for its Center for Professional Studies. The lease provided for a base annual rent of $17,625 for each of the first three years of the lease term, payable in monthly installments of $1,469. Beginning with the fourth year of the lease, there will be a 7.5% increase at the commencement of each three-year period of the lease term, including the continuous period of any extensions thereof. On November 1, 2011, the base annual rent increased to $18,947 for the next three-year period of the lease term, payable in monthly installments of $1,579. On July 1, 2014, the Supporting Organization entered into an amended operating lease agreement with the unrelated third party adding 20 parking spaces for use in conjunction with the above-mentioned office space and extending the lease term through June 30, 2019. The amended lease provides for a base annual rent of $28,495 for each of the first three years of the lease term, payable biannually in installments of $14,247. On July 1, 2017, the annual rent on the lease shall increase by 7.5% to $30,632 (biannual installments of $15,316). The Supporting Organization may extend the initial term of the lease, under the same terms and conditions, for successive periods of one year, provided it is not then in default of the lease terms and it gives proper notice. On July 1, 2019, the Supporting Organization entered into a three-year lease agreement with the unrelated third party at a cost of $2,350 per square feet, with a base annual rate of $30,632 and an increase of 2% per year at the end of each year period of the lease term to be effective commencing July 1st of the following year, including the continuous period of any extension. The Supporting Organization may extend the initial term of the lease, under the same terms and conditions, for successive periods of one year, provided it is not then in default of the lease terms and it gives proper notice. The Supporting Organization may cancel the lease at any time with the payment of two months' base rent as a termination charge. The Supporting Organization is also responsible for the payment of normal operating, maintenance and repair costs associated with the use of the property. For the years ended June 30, 2022 and 2021, rent expense amounted to $31,870 and $31,245 respectively.

The future minimum rental payments under this operating lease agreement at June 30, 2023 is $32,507 for the fiscal years ending June 30, 2023.

14 - LEASE AND LICENSE AGREEMENTS (Continued)

On February 1, 2013, the Supporting Organization entered into a 10-year operating lease agreement with the above noted unrelated third party for an additional 1,424 square feet of office space located in Fitchburg, Massachusetts. The lease commenced on February 1, 2013 and shall expire on January 31, 2023. The space is being used by Fitchburg State University for additional office and classroom space. The lease provides for a base annual rent of $5,696 payable in monthly installments of $475. Effective July 1, 2017, the lease agreement was amended to extend the term of the lease until June 30, 2023 and modify the lease payment provisions to be in biannual installments of $2,848. The Supporting Organization may extend the initial term of the lease, under the same terms and conditions, for successive periods of one year, provided it is not then in default of the lease terms and it gives proper notice. The Supporting Organization may cancel the lease at any time after February 1, 2014 with the payment of two months base rent as a termination charge. The Supporting Organization is also responsible for the payment of normal operating, maintenance and repair costs associated with the use of the property. For the years ended June 30, 2022 and 2021, rent expense amounted to $5,696 in each year.

The following is a schedule of future minimum rental payments under this operating lease agreement at June 30, 2022:

Year	Amount
2023	$ 5,696

The Supporting Organization and the University are parties to License Agreements whereby the Supporting Organization granted to the University irrevocable and exclusive licenses to occupy, manage, maintain and operate certain property owned by the Supporting Organization. The License Agreements provide for initial terms of one year and automatic annual renewals thereafter. The License Agreements provide for annual license fees payable, in arrears, in four equal quarterly installments. All costs to operate and maintain the property, including any capital improvements made thereto, shall be borne by the University. The License Agreements may be terminated by either party upon the expiration of the initial term of the agreements and any subsequent renewal term with the giving of proper notice. In addition, the University may terminate the agreements at any time with the giving of proper notice. For the years ended June 30, 2022 and 2021 license fee income amounted to $450,849 and $356,337, respectively.

On June 22, 2018, the Supporting Organization entered into a 3-year operating lease agreement with an unrelated third party after purchasing a property for a total cost of $153,096 located in Fitchburg, Massachusetts. The lease agreement provides for monthly lease payment of $1,600 commencing on July 1, 2018. A new five-year lease commenced on July 1, 2021 with a monthly lease payment of $1,914. For the years ended June 30, 2022 and 2021, rental income amounted to $23,496 and $22,968, respectively.

The following is a schedule of future minimum rental payments under this operating lease agreement at June 30, 2022:

Year	Amount
2023	$ 23,496
2024	23,496
2025	23,496
2026	23,496
	$ 93,984

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

15 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions in the amount of $9,696,102, as of June 30, 2022, are available for scholarships to qualified students and to promote cultural programs within Fitchburg State University. Net asset with donor restrictions in the amount of $13,341,610 as of June 30, 2021, are available for scholarships to qualified students and to promote cultural programs within Fitchburg State University.

Remaining net assets with donor restrictions in the amounts of $13,899,616 and $12,564,449 as of June 30, 2022 and 2021, respectively, are invested in perpetuity.

Net assets released from restrictions during 2022 represent the satisfaction of program restrictions in the amount of $213,997 and the satisfaction of scholarship-related restrictions in the amount of $512,712.

16 - TRANSACTIONS WITH RELATED PARTY

Fitchburg State University renders certain administrative services to the Foundation and Supporting Organization. These services, with a value of $201,139 and $169,949, respectively, have been recognized as contribution in kind income in the accompanying consolidated statement of activities in accordance with FASB guidance for the years ended June 30, 2022 and 2021.

During fiscal 2022 and 2021, the Foundation made contributions without donor restrictions to Fitchburg State University in the amount of $326,000 and $266,000 respectively to support the activities and further the mission of the University. The Foundation currently expects to make contributions without donor restrictions to the University in future years in amounts that shall be determined each year.

As of June 30, 2022, and 2021, the Supporting Organization has miscellaneous accounts receivable totaling $4.060 and $0 from the Fitchburg State University, respectively, which is reflected as accounts receivable in the accompanying consolidated statements of financial position.

As of June 30, 2022, and 2021, the Supporting Organization has miscellaneous payables in the amount of $1,223, and $14,359 respectively to the Fitchburg State University, which is included in accounts payable, trade in the accompanying consolidated statement of financial position.

As of June 30, 2022, and 2021 the Supporting Organization borrowed $250,000 and $0 from the Foundation as a short-term loan to purchase property located within the college vicinity.

At June 30, 2022 and 2021, the Foundation has miscellaneous payables to Fitchburg State University in the amounts of $33,578 and $35,497, respectively, which are included in accounts payable, trade in the accompanying consolidated statement of financial position.

17 - MAJOR DONORS

During fiscal 2022, the Organization received restricted gift and grant donations totaling $843,208 from three donors which represents approximately 51% of total gifts, donations and grant revenue for 2022.

During fiscal 2021, the Organization received restricted grant donations totaling $100,00 from one donor which represents approximately 11% of total gifts, donations and grant revenue for 2021.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

18 - SUPPLEMENTAL CASH FLOW INFORMATION

	2022	2021
Cash paid for interest during the year	$ 180,464	$ 170,568

During the years ended June 30, 2022 and 2021, cash paid for property additions is as follows:

	2022	2021
Costs incurred for the purchase of property	$ 59,511	$ 584,804
Donated property	-	(709,500)
Transfer of 7 properties to the Commonwealth of Massachusetts with a cost basis of $660,367	-	660,367
Amounts included in accounts payable at the beginning of the year	71,205	100,000
Amounts included in accounts payable at the end of the year	-	(71,205)
Cash paid for property and equipment	$ 130,716	$ 564,466

19 - CONTINGENCY

In early fiscal 2021, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, events have occurred including mandates from federal, state and local authorities leading to an overall decline in economic activity. As of June 30, 2022, there was no significant impact to the Organization's operations however, the Organization is not able to reliably estimate the length or severity of this outbreak. If the length of the outbreak and related effects on the Organization's operations continues for an extended period of time, there could be a loss of revenue and other material adverse effects on the Organization's financial position, results of operations and cash flows.

20 - SUBSEQUENT EVENTS

On June 28, 2022 the Supporting Organization entered into a Purchase and Sale Agreement to acquire a property consisting of land and building in proximity to the Fitchburg State University campus at a cost of $351,500, plus closing costs. The closing on the acquisition occurred July 11. 2022. The Supporting Organization is currently planning to rent the building to staff.

On July 28, 2022, the Supporting Organization entered into a Purchase and Sale Agreement to acquire a property consisting of land and building in proximity to the Fitchburg State University campus at a cost of $300,000 plus closing costs. The closing on the acquisition is occurred on September 02, 2022. The Supporting Organization is currently planning to use the property as open space.

BOLLUS LYNCH
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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 Directors
Fitchburg State University Foundation, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards)*, the consolidated financial statements of Fitchburg State University Foundation, Inc., which comprise the consolidated statements of financial position as of June 30, 2022, the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated _______________, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fitchburg State University Foundation, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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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*
(Continued)

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 Fitchburg State University Foundation, Inc.'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Worcester, Massachusetts
_________________________, 2022

Attachment H

FSU Executive Summary 2022

Fitchburg State University
Executive Summary
Report on Audits of Financial Statements and Supplemental Information
Years Ended June 30, 2022 and 2021

- The University received an unqualified report from its auditors and there were no issues or findings that arose during the audit.
- The Management's Discussion and Analysis, beginning on page 5, provides a broad overview of the financial position and fiscal activities of the University and includes ratio analysis in key areas.

Statements of Net Position (pages 20-22):

- Total assets and deferred outflows decreased by $3.8 million to $330.9 million in fiscal year 22. This decrease was due to $10.6 decrease in accounts receivable, $7.5 million increase in cash and cash equivalents and investments, $5.8 million decrease in deferred outflow of resources, $5.1 increase in capital and right to use asset. Total liabilities and deferred inflows increased to $188.2 million, which is a net decrease of $15.5 million. This net decrease is a combination of a $3.8 million decrease in net pension liability; a $3.0 million decrease due to OPEB liability; and a $7.5 million decrease in payables.
- At June 30, 2022, current unrestricted and restricted cash was $49.1 million, an increase of $10.4 million over FY21.
- Accounts receivable decreased by $4.0 million; this was mainly due to HEERF Grant (COVID)
- Capital assets increased by $9.0 million to $194.0 million, net of current period depreciation of $11.7 million.
- In FY22 and retroactive to FY21, right to use asset/lease liability of $58.2/$65.5 million in FY22 and $61.6/$66 million in FY21 was added to the financial statement per GASB 87. This relates to the housing leases we have with MSCBA.
- Total debt from bond issues was $54.2 million. The bonds were issued for various construction projects. See Note 12, beginning on page 60.
- Investment in capital assets, net of related debt increased by $11.9 million: this was mainly due to the Electric Infrastructure project funded by DCAMM.

Statement of Revenues, Expenses and Changes in Net Position (pages 23-24):

- Total revenue for the year was $138.2 million.
- Tuition and fee revenue decreased by $2 million to $47.2 million over FY21 while scholarships and scholarship allowances increased by $1.6 million.
- Grants and Contract increased by $3.9 million – mostly related to COVID-related grants.
- Residential life revenue increased by $2.0 million and dining hall revenue increased by $0.8 million.
- State appropriations increased by about 11% to $37.4 million over the prior period due mainly to an increase in retroactive payroll payments. Capital appropriations from the State increased by $6 million to $16.3 million - $13 million for Electricity Infrastructure upgrade.
- Total expenditures, exclusive of depreciation, increased by 42% to $109.8 million. This increase was mainly due to an increase relating to retroactive payroll payments.
- Instructional expenditures represent 35% of total operating expenditures, exclusive of depreciation and scholarships. 84% of Instructional expenditures relate to payroll costs.
- Institutional support consists of the day-to-day operational support of the institution, excluding plant operations decreased by $3.1 million. In FY22, we had a net $5.8 million adjustment to GASB benefits and slight increases in other expenditures, notably salary and software.
- Operations and maintenance of plant expenditures totaled $6.4 million, a decrease of $3.2 million. This was caused by an adjustment stemming from GASB87 lease liability, an increase in payments made against lease liability in FY22 vs FY21.
- There was an overall increase in net position of $11.2 million for the fiscal year 22.

Statement of Cash Flows (pages 25-27):

- Total cash increased from $38.9 million at June 30, 2021 to $49.2 million at June 30, 2022, an increase of $10.3 million.
- Cash received from operations (before appropriations) was $78.9 million vs FY21 of $65.6 million. Cash expended for operations was $92.7 million vs FY21 of $87.05 million, resulting in an operating loss of $13.8 million vs $21.9 million in FY21. This was offset by appropriations of $36.9 million net of tuition amounts reverted to the state.
- Acquisitions of property and equipment relating to FSU funds totaled $3.6 million in FY22.

Notes to the Financials Statements (pages 28 - 106):

Most of the notes are standard disclosures. Note 1, which outlines the University's significant accounting policies, spans pages 28 through 37.

- Note 5, beginning on page 51, details the property and equipment held by the University.
- Details relating to University debt (capital leases and bond issues) are in Note 12, beginning on page 60.

Attachment B

Fitchburg State University

FY22 Draft Financials

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Financial Statements
(With Supplementary Information) and Independent Auditor's Reports

June 30, 2022 and 2021

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Index

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Independent Auditor's Report

To the Board of Trustees
Fitchburg State University

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Fitchburg State University (the "University") (a department of the Commonwealth of Massachusetts), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the Index.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Fitchburg State University as of June 30, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Fitchburg State University Foundation, Inc. as of June 30, 2022 and for the year then ended. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Fitchburg State University Foundation, Inc., is based solely on the reports of the other auditors.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Fitchburg State 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 Fitchburg State University ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension and OPEB benefit schedules on pages 5 to 19 and 98 to 104, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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Emphasis of Matters

Restatement

As discussed in Notes 1 and 28 to the financial statements, in fiscal year 2022, the University adopted new accounting guidance, Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases.* Our opinion is not modified with respect to this matter.

Financial Statements of the Commonwealth of Massachusetts

As discussed in Note 1, the financial statements of Fitchburg State University and its discretely presented component unit are intended to present the respective financial position, the changes in financial position and, where applicable, cash flows of only that portion of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commonwealth of Massachusetts that is attributable to the transactions of Fitchburg State University and its discretely presented component unit. They do not purport to, and do not, present fairly the financial position of the Commonwealth of Massachusetts as of June 30, 2022 and 2021, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the 2022 financial statements that collectively comprise the University's basic financial statements. The residence hall fund and residence hall damage fund activity shown on pages 106 to 107 are presented for purposes of additional analysis and are not a required part of the 2022 basic financial statements. The residence hall fund and residence hall damage fund activity are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 2022 basic financial statements. The residence hall fund and residence hall damage fund activity information have been subjected to the auditing procedures applied in the audit of the 2022 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2022 basic financial statements or to the 2022 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the residence hall fund and residence hall damage fund activity information are fairly stated, in all material respects, in relation to the 2022 basic 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 REPORT DATE 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the University's internal control over financial reporting and compliance.

Hartford, Connecticut
REPORT DATE

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Management's Discussion and Analysis
(Unaudited)

Introduction

The following discussion and analysis are intended to provide an overview of the financial position and results of operations of Fitchburg State University (the "University") for the fiscal years ended June 30, 2022, 2021 and 2020. This discussion is provided by the management of the University and should be read in conjunction with the financial statements and notes thereto. The purpose of this document is to give some background to the financial statements and foster an understanding of how these statements relate to the mission and activities of the University.

The University, located in North Central Massachusetts, is one of the nine comprehensive public universities in the Commonwealth of Massachusetts (the "Commonwealth"). These institutions, along with the five-campus University of Massachusetts system and the fifteen community colleges comprise public higher education in Massachusetts. The University offers more than 30 undergraduate degree programs in fifteen academic departments, 22 graduate degree programs and several Graduate Certificates of Advanced Study. During fall 2021, there were approximately 3,024 full-time students and hundreds of part-time students enrolled. For fiscal 2021, there was a combined full-time equivalent annual enrollment of approximately 4,169. Thousands more non-matriculated students take advantage of professional development programs through the School of Graduate, Online and Continuing Education (SGOCE). The University awarded approximately 1,748 graduate and undergraduate degrees in fiscal 2021. The University is accredited by the New England Commission of Higher Education (NECHE), formerly known as New England Association of Schools and Colleges (NEASC), and many of the University's programs are accredited by program-specific accrediting bodies.

Financial Highlights

The University experienced positive results from its operations in fiscal 2022 resulting in an increase in net position of approximately 9.0%. The following are key financial highlights for the current period:

- General appropriations from the Commonwealth are approved by the legislature to help fund the day-to-day operations of the University. The University received appropriations of $37.4 million in fiscal 2022, $33.8 million in fiscal 2021 as compared with $33.3 million in fiscal 2020.

- The University undergraduate fees increased slightly in the fiscal year with the restoration of the student activity fee. Total mandatory fees per semester were $4,843, $4,798, and $4,767 in fiscal 2022, 2021, and 2020, respectively. Tuition, which is controlled by the Commonwealth, has not increased since the fall of 2001 and remains at $485 per semester for in-state students. The Graduate fees per 3 credit class did not change in fiscal 2022. The fees were $1,002 in fiscal years 2022 and 2021 and $957 in fiscal year 2020. On the other hand, the fees for the Accelerated Online Programs have remained the same for the past 3 fiscal years, ranging from $963 to $1,251 per 3 credit class.

- The University expended $3.6 million from current funds for capital additions in fiscal 2022. Projects completed during the year included the renovations to the following: McKay Phase V, Anthony Hall Admission department, Holmes Kitchen Floor, and the purchase of a Steinway D9 Concert grand piano. The major projects that are still in process at June 30, 2022 are: Campus wide electricity infrastructure upgrade, renovations to the Theater Building, replacement of the Recreation Center's Roof, and repairs to the 1st and 2nd floor in Thompson Hall.

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- Total assets and deferred outflows of resources at the end of fiscal 2022 were $330.9 million and exceeded liabilities and deferred inflows of resources of 188.2 million by $142.7 million (i.e., net position).

- Total operating, non-operating, and gift revenue for fiscal 2022 was $138.3 million, while expenses totaled $126.4 million, resulting in an increase to net position of $11.9 million. The increase in net position results from a decrease in operating expenses and an increase in capital revenue.

- Governmental Accounting Standards Board ("GASB") Statement No. 75 requires that an allocated portion of the Commonwealth's unfunded post-employment benefits other than pension be reported on the financial statements of the individual institutions of higher education. The allocation is based on the actual contributions paid by the institutions through the group insurance commission charges on the fringe benefit. A prior period restatement was made to fiscal year 2019 assets, liability, and expense accounts for GASB 75. The net of this restatement is an expense of $0.93 million. The University's portion of the Commonwealth's unfunded post-employment benefits other than pension (“OPEB”) liability after the restatement is calculated at $24.9, $25.8, and $24.1 million at June 30, 2022, 2021, and 2020.

- GASB Statement No. 68 requires that an allocated portion of the Commonwealth’s net pension liability be reported on the financial statements of the individual institutions of higher education. The allocation is based on the actual contributions paid by the institutions through assessed fringe benefit charges. The University’s portion of the Commonwealth’s net pension liability is calculated at $12.8, $20.1, and $12.8 million at June 30, 2022, 2021, and 2020.

- GASB Statement No. 87 requires that substantial lease contracts that are longer than twelve months and do not transfer ownership to the lessee during the period of contract should be treated as purchases of the assets on credit by the lessee. The lessee is required to recognize a right of use asset and the related lease liability measured at the present value of the fixed minimum lease payments. The related asset will be amortized over the lease term or the life of the asset and the lease liabilities will be treated as a financing lease and interest expense will be recognized. As at June 30, 2022 and 2021, all the residential hall dormitory leases, along with a university staff housing lease owned by MSCBA have been recognized as right of use assets. The balance of the right of the use asset in fiscal year 2022 and 2021 are $58.2 and $61.7 million respectively.

- Unrestricted net position (before benefits adjustment of $37.7 at June 30, 2022) available to support short-term operations totaling $32.2 million.

Ratio analysis measures certain elements of an institution’s overall financial health. The Massachusetts Department of Higher Education has instituted the use of certain core financial ratios as part of their performance measures for public universities and colleges in the Commonwealth. Analysis using these ratios, as well as other commonly accepted ratios, are incorporated throughout this document. These financial ratios are shown before unfunded benefits and right of use asset adjustments. Net assets benefit and right of use adjustment amount after the restatement are $44.9 million in 2022, $44.3 million in 2021, and $35.9 million in 2020.

A change was made in fiscal year 2019 to the accounting for the dining hall income and expenses. The income and expenses related to the dining hall program was moved from an agency account to reflect an auxiliary income and its corresponding expenditure accounting. All relevant fiscal years and ratios are adjusted accordingly.

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- Current Ratio: An excess of current assets over current liabilities (the current ratio) is a measure of liquidity and provides a buffer against future uncertainties. The University's current assets of $41.9 million are sufficient to cover current liabilities of $27.0 million. The University's current ratio at June 30 is 1.6 to 1 for 2022, 1.5 to 1 for 2021, and 1.3 to 1 for 2020.

- Return on Net Position Ratio: Net position represents the residual interest in the University's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. Comparing the current change in total net position to total net position at the beginning of the period (return on net position) is an economic measure that determines if the University is financially better off than in previous years. The University's return on net position at June 30, 2022, 2021, & 2020 was 7.1%, 10.6%, and -1.0%, respectively. The increase in 2022 return on net position ratio is mainly caused by the federal government HEERF grant loss income recovery amount. The increase in 2021 was primarily the result of state funded on campus capital appropriation projects, federal grant expense reimbursements and loss revenue income, and a reduction in operating expenses. The decrease in 2020 return on net position ratio is primarily the result of the increase in expenses relating to COVID-19 and a slight decrease in tuition income from the on-ground program.

- Primary Reserve Ratio: This ratio indicates how long the University could function using its expendable reserves without relying on additional net position generated by operations. The University's primary reserve ratio at June 30, 2022, 2021 and 2020 was 38.1%, 39.5%, 27.1%, respectively.

- Secondary Reserve Ratio: This ratio measures the significance of non-expendable net position in relation to an institution's operating size. An improving trend shows an improved capital base and the higher the ratio value, the better the long-term financial condition. The University's secondary reserve ratio at June 30, 2022, 2021 and 2020 was105.9%, 105.4%, and 105.5%, respectively.

- Composite Financial Index: In order to assess and evaluate the total financial health of an institution, core financial ratios are weighted and combined into a single factor called the Composite Financial Index (CFI). When calculated, a strength factor of three indicates a relatively healthy institution that can sustain moderate growth with expendable net position exceeding debt levels. The University's CFI at June 30, 2022, 2021 and 2020 was 2.2, 3.2, and 0.9, respectively.

Using the Financial Statements

Fitchburg State University reports its activity as a business type activity using the full accrual basis of accounting. The accrual basis of accounting ensures that all amounts owed to the University and all pending obligations of the University are accounted for in the appropriate period, thus giving a clear picture of the University's financial position. The University is a department of the Commonwealth of Massachusetts. A summary of the University's financial statements is incorporated in the Commonwealth's Comprehensive Annual Financial Report in its government-wide financial statements.

The University's financial statements include three major documents: The Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. These statements are prepared in accordance with Governmental Accounting Standards.

Statements of Net Position

The statement of net position presents the financial position of the University at the end of the year and includes all assets, liabilities and deferred inflows and outflows of resources of the University, with the difference reported as net position. Assets, liabilities and deferred inflows and outflows are generally

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measured using current values, with a notable exception in capital assets, which are stated at historical cost less an allowance for depreciation. Net position is one indicator of the financial condition of the University, while the change in net position from one period to the next is an indicator of whether the financial condition has improved or worsened. The statements of net position (condensed, in thousands) at June 30, 2022, 2021 and 2020, are as follows:

	2022	2021	2020
Assets			
Current assets	$ 41,976	$ 41,285	$ 30,142
Capital assets, net	194,042	185,530	181,470
Other	87,514	33,131	27,877
Total assets	323,532	259,946	239,489
Deferred outflows of resources	7,398	13,188	8,276
Liabilities			
Current liabilities	27,027	25,290	22,779
Long-term liabilities	135,148	102,672	94,742
Total liabilities	162,175	127,962	117,521
Deferred inflows of resources	26,094	9,934	8,417
Net position			
Net investment in capital assets	132,693	129,113	125,002
Restricted			
Nonexpendable	531	567	504
Expendable	14,967	12,089	7,779
Unrestricted			
Designated	22,004	22,004	16,867
Undesignated (deficit)	(28,535)	(28,535)	(28,325)
Total net position	$ 141,660	$ 135,238	$ 121,827

Current assets consist mainly of cash and cash equivalents (94.1%) and accounts receivable (5.9%). Other assets include non-current restricted cash and cash equivalents, investments in marketable securities and loans receivable. Capital assets are used to provide services to students, faculty and staff. These assets are not available for current or future spending. Current liabilities primarily include revenue received in advance (16.2%), bond and lease liability, trade accounts and salaries payable, accounts payable - construction, the current portion of compensated absences, accrued faculty payroll. In the normal course of events and based on a consistent past history in this regard, it is anticipated that obligations due to employees will be funded by state appropriations. Deferred inflows and outflows of resources represent either the acquisition or use of net assets applicable to future periods and are distinct from assets and liabilities. The decrease in net position in fiscal year 2020 was primarily the result of the 2020 pandemic. Although we have turned the corner on the pandemic in fiscal years 2021and 2022 we are still feeling the lingering effects related to the undergraduate student population and on those students living in campus

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housing. On a hopeful note, fiscal years 2021 and 2022 saw an increase in the state's funding of the campus' deferred maintenance program and a one-time federal grant reimbursement of loss revenues due to COVID-19 for fiscal years 2020 and 2021. About a half of this loss revenue was recognized in fiscal year 2021 and the remaining amounts were recognized in fiscal year 2022. The individual elements of revenue and expenses and their corresponding effect on our net position are illustrated in the following schedule.

Statements of Revenues, Expenses and Changes in Net Position
The following Statements of Revenues, Expenses and Changes in Net Position (condensed, in thousands) presents information showing the University's results of operations for the fiscal years ended June 30, 2022, 2021 and 2020. Changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will result in cash flows in future periods (e.g. the accrual for compensated absences).

	2022	2021	2020
Operating revenues			
Tuition and fees (net)	$ 39,459	$ 43,352	$ 43,717
Grants	20,457	16,594	13,986
Sales and service of educational department	1,192	1,083	1,299
Auxiliary	11,384	8,583	10,628
Other operating revenue	755	551	1,154
Total operating revenue	73,247	70,784	70,825
Operating expenses			
Instruction	42,393	$37,848	38,623
Research and public service	1,356	1,112	1,076
Academic support	10,385	8,538	8,830
Student services	12,288	14,437	13,419
Scholarships	6,569	4,327	5,202
Institutional support	13,912	17,041	14,499
Operations and maintenance	6,427	11,791	11,553
Depreciation	11,854	11,448	11,032
Auxiliary	12,278	8,552	14,563
Total operating expenses	117,461	115,094	118,797
Net operating loss	(44,214)	(44,931)	(47,972)
Non-operating revenue and expenses			
State appropriations	51,097	45,830	44,088
Investment income	(2,638)	3,172	867
Interest expense and debt issue costs	(4,218)	(1,307)	(1,967)
State capital appropriations	16,336	10,392	1,318
Capital gifts and grants	252	255	256
Total non-operating revenue	60,830	58,342	44,562
Increase (decrease) in net position	11,847	13,411	(3,451)
Net position, beginning of the year	130,814	121,827	125,278
Net position, end of the year	$ 142,661	$ 135,238	$ 121,827

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State appropriations are reported net of the amount of in state day school tuition collected by the University on behalf of the Commonwealth. The tuition collected (for in state supported courses taught by state employees) is then remitted to the Commonwealth as required by Massachusetts General Law. The following schedule details the Commonwealth appropriations received by the University. Included in appropriations are the fringe benefit costs for University employees, which are paid by the Commonwealth. The Commonwealth appropriates general funds to cosver the cost of fringe benefits for state employees, but these funds are not appropriated directly to the University. Employees who are paid from local trust funds, grants or other sources receive the same fringe benefits. Generally, the University reimburses the Commonwealth for the benefit costs associated with these employees. In 2012 legislation was passed that allowed the state universities to retain out of state day tuition. The legislation further mandated that the Commonwealth would fund the fringe benefits for any employee paid from this funding source. The fringe benefit rate charged by the Commonwealth, exclusive of compensated absences, for fiscal years 2022, 2021 and 2020 was 37.46%, 36.38%, and 35.48%, respectively. The current fringe benefit rate includes group medical insurance (20.25%); retirement (16.11%) and terminal leave (1.10%).

The following schedule (condensed, in thousands) details the Commonwealth appropriations received by the University:

	2022	2021	2020
Commonwealth general appropriations	$ 37,407	$ 33,771	$ 33,297
Commonwealth special appropriations	-	-	30
Appropriations to cover fringe benefits provided to employees of the Commonwealth	14,183	12,528	11,637
	51,590	46,299	44,964
Tuition remitted back to the Commonwealth	(492)	(469)	(876)
Net appropriations	51,098	45,830	44,088
Additional state capital appropriations	16,336	10,392	1,318
Total appropriations	$ 67,434	$ 56,222	$ 45,406

State appropriations are a significant source of funding for the University. According to the Governmental Accounting Standards Board, appropriations are considered non-operating revenue. As such, the University appears to experience a loss from operations. However, it should be noted that state appropriations are used to fund the operating activities of the University.

The following schedule (condensed, in thousands) illustrates the University's incurred losses from operations for the fiscal years ended June 30, 2022, 2021 and 2020.

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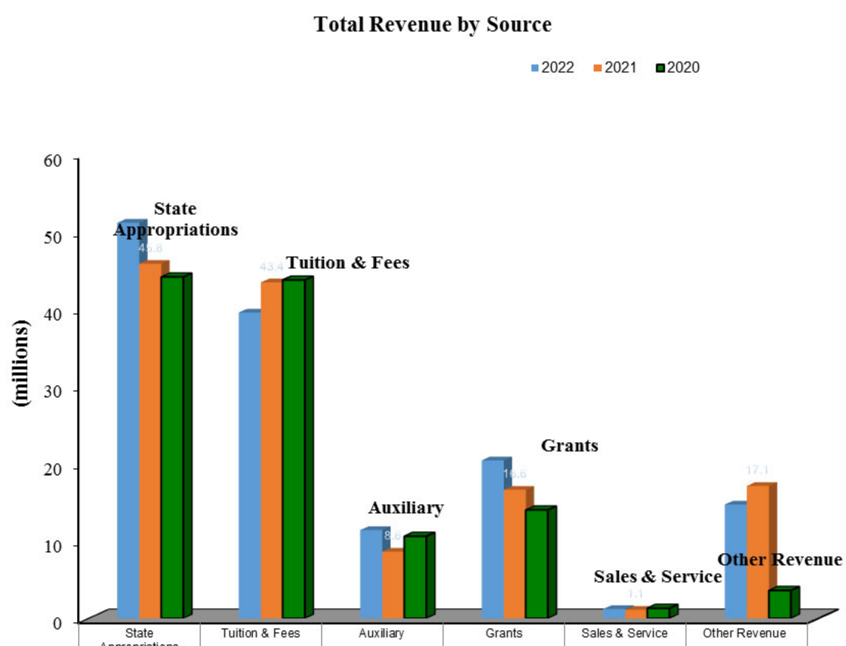
	2022	2021	2020
Tuition and fees revenue, net	$ 39,459	$43,352	$ 43,717
Other operating revenue	33,842	26,811	27,067
Total operating revenue	73,301	70,163	70,784
Operating expenses	(122,284)	(115,094)	(118,797)
Operating loss	(48,983)	(44,931)	(48,013)
Total state appropriations	51,098	45,830	44,088
Other revenue (expense), net	5,307	12,512	474
Increase (decrease) in net position	$ 7,422	$ 13,411	$ (3,451)

Net Operating Revenues Ratio: This ratio indicates whether total operating activities resulted in a surplus or deficit. A positive ratio indicates that the institution experienced an operating surplus and is indicative of efficient and effective operations. For the fiscal years ended June 30, 2022, 2021 and 2020, the University's net operating revenues ratio was -3.3%, 5.4%, and -2.8%, respectively.

The following is a graphic illustration of total revenue (operating, non-operating and capital) by source. Total revenue for the fiscal years ended June 30, 2022, 2021 and 2020 was $138.3, $132.5, and $117.3 million, respectively.



	State Appropriations	Tuition & Fees	Auxiliary	Grants	Sales & Service	Other Revenue
2022	51.1	39.5	11.4	20.4	1.2	14.7
2021	45.8	43.4	8.6	16.6	1.1	17.1
2020	44.1	43.7	10.6	14	1.3	3.6

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State appropriations have increased marginally for the fiscal year 2019 to 2022, and these increases are a result of the state funding of a portion of the collective bargaining agreements. In fiscal year 2020, we also had a supplement funding appropriation from the state because of the COVID-19 pandemic. Over the last twenty years, general appropriations (including fringe benefits) that support the operating costs of the University have decreased to 40.0% from 61.5% in fiscal year 2001. In addition to the increasing amount of local payroll, all other operating costs incurred by the University are funded from other non-state revenue sources. Tuition and fees are reported net of tuition waivers, exemptions, and scholarship allowances. The $485 per credit tuition charged per semester is controlled at the state level and remains unchanged since 2001. The board did not approve any tuition fee increase in 2022; they restored the student activity fee that they waived because of the pandemic and the reduction in on campus student activities. The board did approve a few minimal fees increases in 2021 and these increases were mainly due to the need for improved and robust internet services and increased protection of data. In fiscal year 2020 the only fee increase approved by the board was the University fee of $75.00 per semester. During fiscal years 2022, 2021 and 2020, in-state tuition, fees and room and board for full time resident students were $10,852, $11,571 and $11,497 per semester respectively. In-state tuition and fees for commuting students in fiscal years 2022, 2021 and 2020 were $5,336, $5291 and $5,261. After years of constant growth, it is significant to note that in fiscal year 2022, the online tuition has started to level off and the on-ground tuition has continued its decline.

Auxiliary revenue represents revenue received from the operations of the University's residence and dining halls. The average residence hall occupancy rate for the fiscal year 2022 was 60.4% of capacity, 2021 was 50.3% of capacity versus 76.2% of capacity in fiscal year 2020. In fiscal year 2022 the auxiliary department had a 33% increase in revenue over 2021 fiscal year.

Grant revenue is made up of federal, state and private grants. Grant revenue includes grants for financial aid programs such as PELL, SEOG and Federal Work Study and a federal pandemic related grant called HEERF – Higher Education Emergency Relief Fund - which was approved to support institutions of higher education to serve students and ensure learning continues during the COVID-19 pandemic. This grant was appropriated in three phases –the CARES Act in March 2020, the CRRSAA in December 2020 and the ARP grant in March 2021 and was to be expended within one year of performance. HEERF award was authorized and given to be used for student and institutional support respectively. A total of $2.1 million institutional support was authorized in FY20 and $11.3 million in FY21. While a total of $2 million student support was authorized in FY20 and $7.4 million in FY21. The increase in total operating revenue in fiscal year 2022 over fiscal year 2021 is due mainly to the recognition of the final drawdown of the HEERF funds. 64% of the federal grants and contract income in fiscal year 2022 relates to these funds.

Other revenue includes investment and miscellaneous revenue.

The following is a graphic illustration of total expenditures (operating) by function. Total expenditures for the fiscal years ended June 30, 2022, 2021 and 2020 were $122.3 and $117.8, and $118.8 million, respectively.

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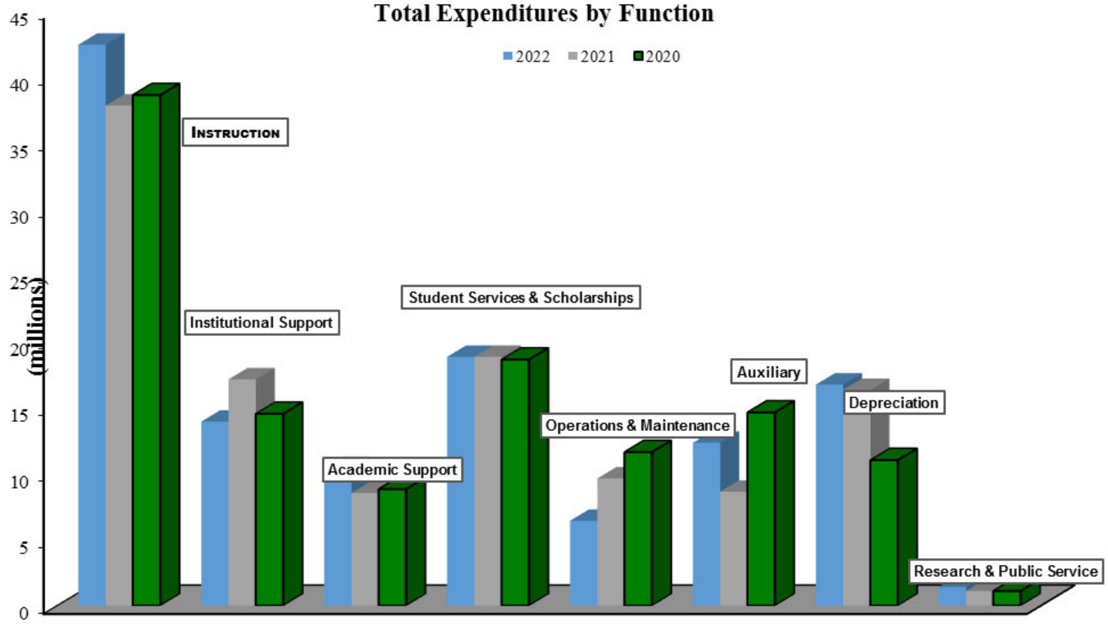

Expenditures, exclusive of depreciation and amortization, increased by 4.09% in 2022, and decreased by 3.8% in FY2021 versus an increase of 3.3% in fiscal year 2020. The fiscal year 2022 increases occurred in four areas: instructional, academic support, scholarships and awards, and auxiliary. Spending in these areas all point to the vibrancy of the university as it fully reopens to life after COVID closure. The most significant area of expense continues to be in the Instructional department, which represents 35.0% of total operating expenses in fiscal year 2022, 32.8% of total expenses in fiscal year 2021 and 32.5% of total expenses in fiscal year 2020. In fiscal year 2022, faculty payroll of ($25.9 million) and related benefits of ($9.7 million) represents approximately 84.0% of Instructional expenses, in 2021 faculty payroll of ($24.5 million) and related benefits of ($9 million) represents approximately 86.3% of Instructional expenses while in fiscal year 2020 ($25.4 million) and related benefits ($9. million) represent approximately 89.2% of instructional expenditures. Institutional Support consists of the day-to-day operational support of the institution, excluding physical plant operations. Scholarships are funded from Title V entitlement programs such as PELL and SEOG, as well as, from institutional operating funds. Operations and Maintenance consists of expenditures related to physical plant. Expenditures in this functional area include general repair costs and deferred maintenance costs that are below the capitalization threshold of $50,000. The financial statements include $11.8, $11.4 and $11.0 million in depreciation expense for 2022, 2021 and 2020 respectively, and $4.8 and $4.9 million of GASB87 lease amortization expenses.

Demand Ratios: Demand ratios measure the extent to which each type of expense consumes operating and non- operating revenues. The following table displays the amount of operating and non-operating revenue, exclusive of capital grants and appropriations, consumed by the various functional expense categories:

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Expense	2022	2021	2020
Instruction	34.70%	31.80%	33.40%
Institutional Support	11.40%	14.30%	12.50%
Academic Support	8.50%	7.20%	7.60%
Student Services & Scholarships	15.40%	15.70%	16.10%
Operations & Maintenance	5.20%	9.90%	10.00%
Auxiliary	10.10%	7.20%	12.60%
Depreciation	13.70%	9.60%	9.50%

Note: The total sum of all Demand Ratios will be greater (less) than 100 percent, with the difference representing the surplus (deficit).

Statement of Cash Flows
The statement of cash flows provides pertinent information about the cash receipts and cash payments during a certain period of time. The statement provides an additional tool to assess the financial health of the institution. As required by GASB, the statement is reported using the direct method. The direct method of cash flow reporting portrays net cash flows from operations as major classes of receipts (e.g. tuition and fees) and disbursements (e.g. cash paid to employees for services).

The following are the University's statements of cash flows (condensed, in thousands) for the fiscal years ended June 30, 2022, 2021 and 2020:

	2022	2021	2020
Cash received from operations	$ 78,909	$ 65,565	$ 70,669
Cash expended for operations	(92,737)	(87,499)	(93,843)
Net cash used in operations	(13,828)	(21,934)	(23,174)
Net cash provided by noncapital financing activities	36,915	33,385	32,451
Net cash used in capital and related financing activities	(12,129)	(8,622)	(13,085)
Net cash provided by (used in) investing activities	(597)	598	(376)
Net increase (decrease) in cash and equivalents	10,360	3,427	(4,184)
Cash and equivalents, beginning of the year	38,888	35,461	39,645
Cash and equivalents, end of the year	$ 49,248	$ 38,888	$ 35,461

In fiscal year 2022, the University's cash and cash equivalent increased by $10.4 million to $49.2 million. The increase in cash and cash equivalent in fiscal year 2022 was primarily because of the HEERF federal grant payout we received for the recovery of loss income due to COVID closure. While in fiscal year 2021, cash and cash equivalent increased because of reduced payments of $3.3 million to suppliers, $2.6 million reduction in payroll expenses, an increase of $0.9 million in state appropriations and reduction of $1.8 million in auxiliary expenses and $2 million in grant revenue. The University's cash and cash equivalents

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decreased by approximately $4.2 million during fiscal 2020, resulting in the cash and cash equivalents balance of $35.5 million at the fiscal year-end. The decrease in fiscal year 2020 is primarily due to an increase in coronavirus expenditure, increase in payroll expenses of $3.6 million, reduction in auxiliary income of $4.4 million and an increase in grant income of $4 million.

Non-capital financing activities, as defined by GASB, include state appropriations. These appropriations fund the operating activities of the University. Investing activities include interest and dividends received from portfolio investments, as well as interest earned on university funds held in various short-term money management vehicles.

Capital Assets
Capital assets consist of land, land improvements, buildings and building improvements, equipment, library materials, and construction in progress. As of June 30, 2022, net capital assets increased by $8.5 million to $194 million, net of current depreciation of $11.7 million. At fiscal year ending June 30, 2021, net capital assets increased by $4.1 million to $185.5 million net of current deprecation of $11.4 million. At fiscal year ending June 30, 2020, net capital assets decreased to $181.5 million net of current depreciation expense of $11.0 million. During fiscal year 2022 there were $20.4 million additions to capital assets, $15.5 million in 2021 and $9.7 million in 2020. Major capital initiatives either continuing or undertaken during 2022 include:

- McKay projects $2.4 million (to date)
- Electricity infrastructure upgrade $22.2 million (to date)
- Percival projects $2.2 million (to date)
- Theater Renovation $2.4 million (to date)
- Recreation Center Roof $1.6 million (to date)

Additional information on Fitchburg State University's capital assets can be found in footnote 5 to the accompanying financial statements.

Physical Asset Renewal Ratio: The extent to which capital renewal is occurring as compared to physical usage (depreciation) can be measured by the physical asset renewal ratio. A ratio above 1:1 indicates increasing investment in plant facilities. The University's physical asset renewal ratio for fiscal years ended June 30, 2022, 2021 and 2020 was 1.0, 0.8 and 1.2, respectively.

Long-term Debt
The University has long term debt obligations issued for various capital projects. The debt was issued through several financing agreements with the Massachusetts Development Finance Agency (MDFA) (formerly the Massachusetts Health and Educational Facilities Authority (MHEFA)), the Massachusetts State College Building Authority (MSCBA) and a capital lease through J P Morgan which was paid off in fiscal year 2022. The interest rate on the majority of MSCBA debt is based on fixed coupon rates ranging from 2.00% to 6.00% over the term of the debt as set by MSCBA. The interest rate on the capital lease is fixed at 1.81%.

MSCBA issued the Series 2020A Bonds on July 1, 2020 in part to refund Bonds maturing in fiscal years 2021 and 2022 to provide fiscal relief to the State Universities as they faced or are likely to face lower occupancy and a reduction in revenues in those fiscal years due to the COVID-19 outbreak. As a result, the fiscal year 2021 aggregate debt service assessment was reduced by $52.8 million (approximately 50%), and the fiscal year 2022 aggregate debt service assessment was reduced by $28.2 million (approximately 25%). In addition to the debt service assessment, operating and reserve assessments to the Universities

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were also reduced or deferred to more closely align expenses with the lower revenue. MSCBA released $15.8 million from the debt service reserve to fund a portion of the fall 2020 interest payment, and $400,000 to fund a portion of the spring 2021 interest payment, which further reduced the amount that needed to be assessed to the Universities. In the fall of 2020, MSCBA did not assess early principal at all.

The current MSCBA debt is being repaid by the University primarily through dedicated student fees (DSF). The following table summarizes the various debt vehicles, interest rates, debt service and debt outstanding at June 30, 2022 and is inclusive of any bond premiums or discounts.

Issuing Agency	Construction Project	Fiscal Year Originally Issued	Original Amount	Funding Source	Effective Interest Rate	Debt Service Payments	Debt Outstanding	Maturity
MDFA	Recreation Center	1997	$ 6,000,000	DSF	0.26%	$ 392,561	$ 901,094	2023
MSCBA	Holmes Dining Hall Renovations	2005	$ 1,090,000	DSF	2.54%	$ 73,245	$ 383,724	2034
MSCBA	Elliot Athletic Field Improvements	2005	$ 4,020,000	DSF	2.66%	$ 138,782	$ 1,356,322	2034
MSCBA	Holmes Dining Hall Renovations	2006	$ 2,060,000	DSF	2.57%	$ 143,660	$ 809,869	2031
MSCBA	Hammond Campus Center Renovations	2011	$ 15,935,656	DSF	5.54%	$ 863,091	$ 9,225,870	2030
MSCBA	Hammond Campus Center Renovations	2012	$ 7,043,416	DSF	2.50%	$ 389,133	$ 4,366,375	2035
MSCBA	Hammond Campus Center Renovations	2013	$ 11,300,906	DSF	3.22%	$ 418,547	$ 5,727,751	2034
MSCBA	Parking Expansion	2013	$ 2,563,127	DSF	3.03%	$ 94,619	$ 1,501,142	2034
MSCBA	Hammond Campus Center Renovations	2014	$ 12,235,614	DSF	3.29%	$ 535,000	$ 8,421,463	2038
MSCBA	Hammond Campus Center Renovations	2015	$ 10,669,503	DSF & Operating Funds	4.67%	$ 420,000	$ 6,164,014	2035
MSCBA	Landry Area Refurbishment	2017	$ 4,166,418	DSF & Operating Funds	4.01%	$ 161,000	$ 3,698,476	2037
DCAMM	CEIP Funds	2017	$ 5,420,360	DCAMM	3.00%	$ 220,428	$ 4,796,856	2039
MSCBA	Holmes Dining Hall Renovations	2019	$ 1,516,022	DSF	2.00%	$ 50,000	$ 1,582,897	2039
MSCBA	Recreation Center	2019	$ 1,107,123	DSF & Operating Funds	3.84%	$ 40,000	$ 1,226,991	2039
Total			$ 85,128,145			$ 3,940,066	$ 50,162,844	

For the fiscal years ended June 30, 2022, 2021 and 2020, the total debt (current and long term) attributable to interagency payments, bond premiums and capital lease payments amounted to $51.7, $55.2 and $58.6 million, respectively.

For the fiscal years ended June 30, 2022, 2021 the total debt (current and long term) attributable to lease liability amounted to $65.4 and $66.1 million, respectively.

Additional information on Fitchburg State University’s long-term debt activity can be found in footnotes 12 and 13 to the accompanying financial statements.

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Viability Ratio: The availability of expendable net assets to cover debt (the viability ratio) is a basic determinant of financial health. Expendable net assets are those assets not required to be retained in perpetuity, i.e., those assets available for use for operations. A ratio of 1:1 or greater would indicate, as of the balance sheet date, an institution has sufficient expandable net assets to satisfy debt obligations. However public institutions can operate effectively on a reduced ratio because of the benefit of state support which is not captured in the institution's expendable net assets. The University's viability ratio, which has remained relatively consistent over time, is .98 for June 30, 2022, .84 for 2021 and .58 for 2020.

Debt Burden: The debt burden ratio measures an institution's dependence on borrowed funds by comparing the level of debt service to total expenditures. In order to effectively manage resources, including debt, industry standards set the upper threshold for institutional debt burden at 7%. As of June 30, 2022, 2021 and 2020, the University's debt burden was 7.7%, 6.3% and 5.5%, respectively.

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Looking Forward

Fitchburg State University is continuing on its mission to be a change agent. A change agent to the current student, the prospective student, the parent or guardian and the Fitchburg community in which it resides. Fitchburg State University's vision as noted on the Strategic Plan page of the Fitchburg State University website is to create "an inclusive, integrated, and equitable university" which is believed is to be "the clearest path to social and economic prosperity for all." Goal one of this plan "forge innovative paths to knowledge acquisition, career readiness, social mobility, and lifelong learning."

According to the Massachusetts Department of Elementary and Secondary Education, 40% of students in the public-school system are a minority while only 10% of its teachers. The University wants to change this and thus has launched a program targeting local high school students called the Future Educator Academy. This program will not only include scholarships for qualified applicants, but summer jobs and guarantees of employment in the Fitchburg Public Schools for qualified applicants.

The University has maintained its ranking as a top university in the US News and World report:

#85 in Regional Universities North

#34 in Best College for Veterans

#38 in Best Value Colleges

#50 in Top Performers on Social Mobility

#24 in Top Public Schools

Fitchburg State University's Moot Club has been nationally ranked for years and recently scored second in the country in the brief-writing competition.

The University is working hard to be a change agent in the Fitchburg community bsy trying to ensure that the picture of the university that is seen and felt by prospective students, new students, and the greater Fitchburg community at large is that of a thriving, modern, state of the art, welcoming campus. In order to achieve that goal, the University has continued its investment in its infrastructure as that is one of the best ways to show that it is fiscally responsible and is a good steward of the property it has been entrusted with. A number of the projects undertaken in fiscal year 2022 are being done in collaboration with funding from DCAMM

Renovations have been completed in the following areas:

- McKay - Final phase – the remainder of the classrooms, computer lab, etc.
- Anthony Admissions Suite – to be updated to offer an expanded seating and welcoming area for new students and their families.

Underway:

- Thompson Hall – to make it fully accessible and to update its classrooms.

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- Electric Infrastructure project – fully funded by DCAMM. Replaces an obsolete electrical distribution system, eliminates oil #6 combustion and is expected to achieve $9 million in lifetime energy cost savings.

- Recreation Center Roofing

- Theater Storefront renovation

- Elliot Field Turf replacement

- South Chiller plant expansion -supporting the Thompson renovation and future capacity for renovations to include Edgerly Hall.

Fitchburg State University is committed to the upgrading of the Theater Block on Main Street as this is a sure way to revitalize downturn Fitchburg and the environment. In the words of President Lapidus. "It is a priority project for the University". The University is working diligently to secure funding for this project. The project received a boost recently when it received state and federal investments worth $3.5 million.

As a community resource, Fitchburg State University continues to provide leadership and support for the economic, environmental, social, and cultural needs of Fitchburg, north central Massachusetts, and the Commonwealth.

Requests for Information

This financial report is designed to provide a general overview of the finances of Fitchburg State University for anyone interested in this information. Questions concerning any of the data provided in this report or requests for additional financial information should be addressed to Dr. Richard S. Lapidus, President, Fitchburg State University, and 160 Pearl Street, Fitchburg, Massachusetts, 01420.

Complete financial statements for Fitchburg State University Foundation, Inc. the University's Component Unit, can be obtained from the office of the Vice President for Finance and Administration, Fitchburg State University, 160 Pearl Street, Fitchburg, Massachusetts, 01420.

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Statements of Net Position
June 30, 2022 and 2021

	2022	Component Unit Fitchburg State University Foundation, Inc. 2022	2021	Component Unit Fitchburg State University Foundation, Inc. 2021
Current assets				
Cash and equivalents	$ 28,365,805	$ 2,676,130	$ 21,401,963	$ 2,499,955
Restricted cash and cash equivalents	11,141,043	-	6,997,652	-
Investments	-	13,899,616	-	14,595,376
Accounts receivable, net	2,161,271	45,564	12,668,794	37,849
Contributions receivable, net	-	35,425	-	311,428
Other current assets	307,517	62,597	216,532	69,247
Total current assets	41,975,636	16,719,332	41,284,941	17,513,855
Noncurrent assets				
Restricted cash and cash equivalents	9,741,533	-	10,489,013	-
Investments	17,655,326	-	20,429,198	-
Endowment investments	942,874	9,199,331	1,109,576	12,564,448
Contributions receivable, net	-	42,978	-	61,346
Loans receivable, net of current portion	886,585	-	1,041,035	-
Capital assets, net	194,041,852	7,090,912	185,530,026	7,218,761
Right to use asset, net	58,242,832	-	61,655,290	-
Other noncurrent assets	44,928	86,734	61,942	140,920
Total noncurrent assets	281,555,930	16,419,955	280,316,080	19,985,475
Total assets	323,531,566	33,139,287	321,601,021	37,499,330
Deferred outflows of resources				
Deferred outflow-OPEB	3,275,872	-	5,802,040	-
Deferred outflow for pensions	4,122,377	-	7,386,093	-
Total deferred outflows of resources	7,398,249	-	13,188,133	-

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Statements of Net Position
June 30, 2022 and 2021

	2022	Component Unit Fitchburg State University Foundation, Inc. 2022	2021	Component Unit Fitchburg State University Foundation, Inc. 2021
Current liabilities				
Interagency payables - current portion	4,357,576	-	2,523,772	-
Long-term debt - current portion	-	234,096	-	225,884
Lease obligations - current portion	-	-	131,295	-
Accounts payable and accrued liabilities	4,454,814	114,087	4,624,744	85,085
Accounts payable - construction	1,908,088	198,784	1,396,551	536,901
Accrued workers' compensation - current portion	137,942	-	131,181	-
Compensated absences - current portion	3,485,913	-	3,243,931	-
Faculty payroll accrual	4,175,556	-	3,876,328	-
Revenue received in advance	4,380,867	-	8,891,959	30,000
Deposits	178,500	-	396,500	-
Lease liability - current portion	3,914,664		2,019,976	
Other current liabilities	32,779	31,080	73,453	31,080
Total current liabilities	27,026,699	578,047	27,309,690	908,950
Noncurrent liabilities				
Interagency payables, net of current portion	47,375,218	-	52,498,686	-
Lease liability - right of use asset	61,555,355		64,059,699	
Accrued workers' compensation, net of current portion	1,006,311	-	957,244	-
portion	2,328,307	-	2,117,468	-
Long-term debt, net of current portion	-	4,021,615	-	4,147,702
Loan payable - federal financial assistance program	794,969	-	1,154,792	-
Net OPEB liability	14,073,004	-	25,852,605	-
Net pension liability	8,015,299	-	20,091,153	-
Total noncurrent liabilities	135,148,463	4,021,615	166,731,647	4,147,702
Total liabilities	162,175,162	4,599,662	194,041,337	5,056,652
Deferred inflows of resources				
Service concession arrangement	505,836	-	758,754	-
Deferred inflow - OPEB	14,142,424	-	6,269,569	-
Deferred inflow for pensions	8,917,207	-	779,813	-
Deferred inflow for debt refunding	2,528,646	-	2,125,859	-
Total deferred inflows of resources	26,094,113	-	9,933,995	-

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Statements of Net Position
June 30, 2022 and 2021

	2022	2022	2021	2021
Net investment in capital assets	132,692,505	2,585,199	129,112,613	3,239,383
Restricted for:				
Nonexpendable				
Scholarships and fellowships	531,365	6,779,732	567,112	6,453,507
Cultural programs	-	5,237,328	-	4,251,160
Centennial endowments	-	1,592,974	-	1,592,974
Other	-	289,581	-	266,808
Expendable				
Scholarships and fellowships	278,503	5,153,997	474,923	7,608,222
Cultural programs	-	3,638,416	-	5,047,976
Loans	195,075	-	168,109	-
Capital projects	3,710,674	-	86,750	-
Debt service	10,570,560	-	11,182,545	-
Other	212,354	902,689	176,755	685,962
Unrestricted (deficit)	(5,530,496)	2,359,709	(10,954,985)	3,296,686
Total net position	$ 142,660,540	$ 28,539,625	$ 130,813,822	$ 32,442,678

See Notes to Financial Statements.

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Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2022 and 2021

	2022	Component Unit Fitchburg State University Foundation, Inc. 2022	2021	Component Unit Fitchburg State University Foundation, Inc. 2021
Operating revenues				
Student tuition and fees	$ 42,457,034	$ -	$ 44,257,345	$ -
Student fees restricted for repayment of				
Interagency payables	4,837,507	-	5,276,977	-
Less: Scholarship allowances	(7,835,655)	-	(6,182,413)	-
Net student tuition and fees	39,458,886	-	43,351,909	-
Federal grants and contracts	18,757,360	-	14,698,939	-
State and local grants and contracts	682,352	63,050	987,641	-
Nongovernmental grants and contracts	1,017,652	-	907,446	-
Sales and services of educational departments	1,191,956	905,341	1,082,948	600,556
Gifts and contributions	-	782,146	-	1,432,611
Auxiliary enterprises:				
Residential life	8,473,010	-	6,470,991	95,326
Dining hall	2,892,019	-	2,094,729	-
Alcohol awareness and other programs	18,930	-	17,150	-
Right of use asset revenue	54,281	-	2,759,166	-
Other operating revenues	754,549	-	550,859	-
Total operating revenues	73,300,995	1,750,537	72,921,778	2,128,493
Operating expenses				
Educational and general				
Instruction	42,392,573	13,206	37,848,073	-
Research	90,700	-	118,083	-
Public service	1,265,684	88,155	994,361	19,198
Academic support	10,384,580	20,740	8,537,515	17,300
Student services	12,288,403	17,754	14,436,572	53,283
Institutional support	13,912,063	798,100	17,041,392	625,848
Operations and maintenance of plant	6,426,678	444,511	9,600,459	645,509
Depreciation	11,853,909	187,362	11,447,580	176,705
Amortization	4,822,776	-	4,898,878	
Scholarships and awards	6,568,549	617,059	4,326,742	535,218
Auxiliary enterprises				
Residential life	9,471,523	-	6,330,598	39,091
Dining hall	2,788,477	-	2,219,352	-
Alcohol awareness and other programs	17,978	-	1,961	-
Total operating expenses	122,283,893	2,186,887	117,801,566	2,112,152
Operating income (loss)	(48,982,898)	(436,350)	(44,879,788)	16,341

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Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2022 and 2021

	2022	Component Unit Fitchburg State University Foundation, Inc. 2022	2021	Component Unit Fitchburg State University Foundation, Inc. 2021
Nonoperating revenues (expenses)				
State appropriations	51,097,469	-	45,829,701	-
Investment income (loss), net of investment expense	(2,702,759)	(1,086,358)	3,126,637	1,610,654
Investment income (loss) on restricted assets, net of investment expense	65,153	(3,208,155)	45,573	4,665,478
Interest expense on Interagency payables and capital asset related debt	(4,218,159)	(180,464)	(5,782,650)	(192,661)
Loss on sale of capital assets	-	-	-	(587,581)
Net nonoperating revenues (expenses)	44,241,704	(4,474,977)	43,219,261	5,495,890
Income (loss) before capital and endowment additions	(4,741,194)	(4,911,327)	(1,660,527)	5,512,231
State capital appropriations	16,336,392	-	10,391,679	-
Capital grants	251,520	-	255,292	-
Private gifts for endowment purposes	-	1,008,274	-	334,214
Total capital and endowment additions	16,587,912	1,008,274	10,646,971	334,214
Increase (decrease) in net position	11,846,718	(3,903,053)	13,410,832	5,846,445
Net position - beginning of the year, as previously stated	130,813,822	32,442,678	121,827,378	26,596,233
Restatement (Note 28)	-	-	(4,424,388)	-
Net position - beginning of year, as restated	130,813,822	32,442,678	117,402,990	26,596,233
Net position - end of the year	$ 142,660,540	$ 28,539,625	$ 130,813,822	$ 32,442,678

See Notes to Financial Statements.

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Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Tuition and fees	$ 39,611,183	$ 43,677,925
Research grants and contracts	25,504,157	11,902,872
Payments to suppliers	(26,150,196)	(24,531,396)
Payments to utilities	(4,952,785)	(4,445,721)
Payments to employees	(51,841,858)	(49,402,176)
Payments for benefits	(3,221,894)	(3,849,370)
Payments for scholarships	(6,568,549)	(4,683,734)
Loans issued to students	(1,771)	(1,540)
Collection of loans to students	156,222	235,049
Auxiliary enterprise receipts		
Residential life	8,509,451	6,469,330
Dining hall	2,892,019	2,094,729
Alcohol awareness program	18,930	17,150
Receipts from sales and services of educational departments	1,102,479	1,167,142
Other receipts (disbursements)	1,114,218	(584,965)
Net cash provided by (used in) operating activities	(13,828,394)	(21,934,705)
Cash flows from noncapital financing activities		
State appropriations	37,407,128	33,771,117
Tuition remitted to State	(492,322)	(468,982)
Gifts from grants for other than capital purposes	-	83,330
Net cash provided by (used in) noncapital financing activities	36,914,806	33,385,465
Cash flows from capital and related financing activities		
State capital appropriations	16,951,921	9,169,661
Loan programs net funds received	13,271	40,607
Capital grants	-	-
Federal loan funds received	346,127	269,425
Private gifts for capital purchase	49,802	(1,200)
Payments for capital assets	(19,835,579)	(15,480,678)
Principal paid on capital debt	(5,038,149)	(1,050,856)
Interest paid on capital debt	(4,562,468)	(1,568,632)
Net cash provided by (used in) capital and related financing activities	(12,129,355)	(8,621,673)

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Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from investing activities		
Purchase of investments	(4,263,836)	(5,263,668)
Proceeds from sale of investments	3,884,688	4,819,705
Earnings on investments	(734,914)	625,955
Interest on investments	516,758	416,581
Net cash provided by (used in) investing activities	(597,304)	598,573
Net increase (decrease) in cash, cash equivalents and restricted cash	10,359,753	3,427,660
Cash, cash equivalents and restricted cash, beginning of year	38,888,628	35,460,968
Cash, cash equivalents and restricted cash, end of year	$ 49,248,381	$ 38,888,628

	2022	2021
Reconciliation of operating loss to net cash provided by (used in) operating activities		
Operating loss	$ (48,982,898)	$ (44,879,788)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities		
Bad debt expense	164,148	103,825
Depreciation and amortization	16,676,685	11,447,580
Fringe benefits paid by the Commonwealth of Massachusetts	14,182,663	12,527,566
Change in net pension liability	(674,744)	2,812,130
Change in net OPEB liability	(1,380,578)	1,039,645
Changes in assets and liabilities:		
Receivables	10,272,676	(9,778,459)
Other current and noncurrent assets	(36,292)	(38,418)
Accounts payable and accrued liabilities	(242,424)	411,078
Accrued workers' compensation	55,828	610,301
Compensated absences	452,821	(380,344)
Accrued faculty payroll	299,228	(354,983)
Revenue received in advance	(5,126,622)	5,495,857
Other current liabilities	574,664	(1,209,554)
Deposits	(218,000)	25,350
Loans to students	154,451	233,509
Net cash provided by (used in) operating activities	$ (13,828,394)	$ (21,934,705)

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Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Schedule of noncash investing and financing activities		
Acquisition of capital assets	$ 20,365,736	$ 15,507,540
Acquition of capital assets-ROUA	1,410,320	$ -
Accounts payable thereon:		
Beginning of year	1,396,551	1,369,689
End of year	(1,908,088)	(1,396,551)
Net interest earned and incurred, capitalized in construction in progress	-	-
Payments for capital assets	$ 21,264,519	$ 15,480,678
Unrealized gain (loss) on investments	$ (3,762,330)	$ 2,381,159
Fringe benefits paid by the Commonwealth of Massachusetts	$ 14,182,663	$ 12,527,566
Capital grants - amortization of deferred inflows of resources - service concession arrangement	$ 251,520	$ 252,918
Capital debt and debt issuance costs		
Proceeds from capital debt	$ -	$ 47,638,203
Principal paid on capital debt	164,599	$ (47,180,057)
Debt issuance costs	(164,599)	$ (458,146)
Capital debt and debt issuance costs	$ -	$ -
Reconciliation of cash, cash equivalents and restricted cash balances		
Current assets		
Cash and cash equivalents	$ 28,365,805	$ 21,401,963
Restricted cash and cash equivalents	11,141,043	6,997,652
Noncurrent assets		
Restricted cash and cash equivalents	9,741,533	10,489,013
Total cash and cash equivalents	$ 49,248,381	$ 38,888,628

See Notes to Financial Statements.

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Note 1 - Summary of significant accounting policies

Organization

Fitchburg State University (the "University") is a public, State-supported comprehensive four-year University which offers a quality education leading to baccalaureate and master's degrees in many disciplines. With its campus located in Fitchburg, Massachusetts, the University provides instruction in a variety of liberal arts, allied health, and business fields of study. The University also offers, through the Division of Graduate and Continuing Education, credit and non-credit courses. The University is accredited by the New England Commission of Higher Education ("NECHE") (formerly known as the New England Association of Schools and Colleges ("NEASC")).

The University is a department of the Commonwealth of Massachusetts (the "State" or the "Commonwealth"). The accompanying financial statements reflect only the transactions of the University and its discretely presented component unit. Accordingly, the accompanying financial statements may not necessarily be indicative of the conditions that would have existed if the University had been operated independently of the State.

Fitchburg State University Foundation, Inc. (the "Foundation") is a component unit of Fitchburg State University. The Foundation is a legally separate, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. It was organized on June 6, 1978, exclusively for the benefit of Fitchburg State University, to establish scholarships and make awards to educationally talented and needy students; to establish a Distinguished Professor award within the faculty of the University; to subsidize inter-collegiate athletic programs; to subsidize budgets of departments of the University as needed for particular purposes; to encourage public use and support of functions and activities which further the mission of the University; and to encourage other activities necessary for, or incidental to, any or all of the foregoing. The following programs are supported under the auspices of the Foundation: Center Stage, Alumni Association, Women in Today's Society, Amelia V. Gallucci - Cirio endowment and the University's Booster Clubs. The Board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon that the Foundation holds and invests are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

FSU Foundation Supporting Organization, Inc. (the "Foundation Supporting Organization") was organized on October 29, 1999 for the exclusive benefit of the Foundation and all of its educational and charitable activities. The Foundation Supporting Organization is a legally separate, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Foundation Supporting Organization's sole program activity, as of June 30, 2022, has been to acquire, hold, operate and lease real estate and related improvements for the benefit of the Foundation and the University. The financial information of the Foundation Supporting Organization is consolidated into the financial statements of the Foundation. The Foundation and Foundation Supporting Organization are collectively referred to hereinafter as the FSU Foundation.

During fiscal 2022, FSU Foundation distributed scholarships and awards in the amount of $617,059 directly to students and faculty of the University, and incurred an additional $1,750,292 in support of its mission in other ways. Complete financial statements for FSU Foundation can be obtained from the Office of the Vice President for Finance and Administration, Fitchburg State University, 160 Pearl Street, Fitchburg, MA 01420.

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During fiscal 2021, FSU Foundation distributed scholarships and awards in the amount of $535,218 directly to students and faculty of the University, and incurred an additional $2,357,176 in support of its mission in other ways.

Basis of presentation

The University's financial statements have been prepared using the "economic resources measurement focus" and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board ("GASB"). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

FSU Foundation, as a nonprofit organization, reports under Financial Accounting Standards Board ("FASB") guidance on financial reporting for Not-for-Profit Entities. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Other than the reclassification of certain items, no modifications have been made to FSU Foundation's consolidated financial information in the University's financial reporting entity for these differences.

The University's policy for defining operating activities in the statements of revenues, expenses and changes in net position are those that generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Certain other transactions are reported as nonoperating activities in accordance with GASB Statement No. 35. These nonoperating activities include the University's operating and capital appropriations from the Commonwealth, net investment income, gifts, and interest expense.

When both restricted and unrestricted resources are available for use, it is the University's policy to use the restricted resources first, then unrestricted resources as they are needed.

GASB Statement No. 34 requires that resources be classified for accounting purposes into the following three net position categories:

- **Net investment in capital assets:** Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt are also included in this component of net position.

- **Restricted:**

  Nonexpendable - Component of net position whose net assets are subject to externally-imposed stipulations that they be maintained permanently by the University. Such assets include the University's permanent endowment funds.

  Expendable - Component of net position whose use of net assets by the University is subject to externally-imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.

- **Unrestricted:** All other categories of net position. Unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees.

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In accordance with the requirements of the Commonwealth, the University's operations are accounted for in several trust funds. All of these trust funds have been consolidated and are included in these financial statements.

Use of estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Cash and cash equivalents and investments

The University's cash and cash equivalents are considered to be cash on hand, cash and cash equivalents held by the Commonwealth's Treasurer and Receiver-General, Massachusetts Development Finance Agency ("MDFA") and Massachusetts State College Building Authority ("MSCBA"), and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the University are reported at fair value. Any investments held with the Commonwealth's Treasurer and Receiver-General in the Massachusetts Municipal Depository Trust ("MMDT") are also at fair value. This external investment pool, run by the Treasurer and Receiver-General, operates in accordance with appropriate laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Investments include marketable debt and equity securities which are carried at their readily determinable fair values. Realized and unrealized gains and losses are included in nonoperating revenues. Gains and losses on the disposition of investments are determined based on specific identification of securities sold or the average cost method. Investment income is recognized when earned and is generally credited to the trust fund holding the related assets.

Dividends, interest and net gains or losses on investments are reported in the statements of revenues, expenses and changes in net position. Any net earnings not expended are included in net position categories as follows:

i. as increases in restricted - nonexpendable net position if the terms of the gift require that they be added to the principal of a permanent endowment fund;

ii. as increases in restricted - expendable net position if the terms of the gift or the University's interpretation of relevant state law impose restrictions on the current use of the income or net gains. The University has relied upon the Attorney General's interpretation of state law that unappropriated endowment gains should be classified as restricted - expendable; and

iii. as increases in unrestricted net position in all other cases.

At June 30, 2022 and 2021, the University had $278,503 and $474,388, respectively, in endowment income available for authorization for expenditure, which is included in restricted - expendable net position for scholarships and fellowships.

Massachusetts General Law, Chapter 15 grants authority to the University Board of Trustees to administer the general business of the University. Inherent in this authority is the authority to invest

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funds of the University. Chapter 15 further grants the Trustees the authority to delegate, to the President, any said powers or responsibilities. The Board of Trustees of Fitchburg State University has delegated the authority to make specific investment decisions to the President of the University and the Finance Committee of the Board of Trustees. The University's endowment investments consist of debt, marketable equity securities, mutual funds, and other investments which are carried at their fair values. The primary cash equivalent funds are within the MMDT, the external investment pool for political subdivisions of the Commonwealth.

The University's authorized spending rule provides that all earnings on endowment investments may be expended pursuant to the stipulations placed on these endowments. If a donor has not provided specific instructions, Massachusetts General Law permits the University's Board of Trustees to authorize for expense the net appreciation (realized and unrealized) of the investments of endowment funds. Any net appreciation that is spent is required to be spent for the purposes for which the endowment was established.

FSU Foundation's investments consist of debt, marketable equity securities, mutual funds and other investments which are carried at their fair values. Unrealized gains and losses are included in revenue. Restricted investment income and gains are reported as increases in unrestricted net position, unless a donor or law temporarily (expendable) or permanently (non-expendable) restricts their use. Gains and losses on the disposition of investments are principally determined based on the first-in, first-out method or specific identification of securities sold. Investment income is recognized when earned. Dividends are recorded on the ex-dividend date.

FSU Foundation maintains cash and equivalents and an investment pool that is available for use by all funds. Each fund's portion is reflected in the financial statements under cash and cash equivalents and investments. Earnings on cash and investments of the unrestricted net position and temporarily restricted (expendable) net position are reflected in the fund in which the assets are recorded.

The FSU Foundation's endowments consist of approximately 110 and 121 individual funds at June 30, 2022 and 2021, respectively, that are restricted by donors to function as endowments primarily for the granting of scholarships and to fund other academic and cultural programs. During fiscal 2018, FSU Foundation's Board of Directors voted to earmark $25,000 as a board-designated fund entitled The Fund for Fitchburg State to function as an endowment fund. The fund is designated for students with financial needs to be awarded financial aid scholarships. In accordance with accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. As of June 30, 2022 and 2021, the endowment is $25,000 each year.

FSU Foundation's Board of Directors has interpreted the Massachusetts Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, FSU Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The funds will remain in net assets with donor restrictions until those amounts are appropriated for expenditure by FSU Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

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In accordance with UPMIFA, FSU Foundation considers the following factors in making a determination to appropriate or accumulate restricted endowment funds: (i) the duration and preservation of the fund, (ii) the purposes of FSU Foundation and the donor-restricted endowment fund, (iii) general economic conditions, (iv) the possible effect of inflation and deflation, (v) the expected total return from income and the appreciation of investments, (vi) other resources of FSU Foundation, and (vii) the investment policies of FSU Foundation.

FSU Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that FSU Foundation must hold in perpetuity or for donor-specified periods as well as board-designated funds. Under this policy, as approved by FSU Foundation's Board of Directors, the endowment assets are invested in a variety of investments that aim to preserve principal, generate income and provide the opportunity for conservative growth.

FSU Foundation's performance goals are to provide an average annual total rate of return, net of fees that equals or exceeds its spending rate plus inflation ("CPI") over a rolling five-year period. Additionally, the endowment assets are invested in a manner that is intended to produce results that equal or exceed the average return of appropriate capital market indices weighted by FSU Foundation's asset allocation target percentages over a rolling five-year period. FSU Foundation's performance goals are also intended to produce results that equal or exceed the average return of a universe of similarly managed funds. FSU Foundation's performance goals are based upon a long-term investment horizon. Accordingly, actual returns in any given year may vary from these amounts.

To satisfy its long-term rate-of-return objectives, FSU Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). FSU Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

FSU Foundation has a spending policy of appropriating for distribution each year a percentage of its endowment fund's average fair value over the preceding three years. The amount to be appropriated for distribution shall not exceed 5%. In establishing this policy, FSU Foundation considered the long-term expected return on its endowment fund assets. Accordingly, over the long-term, FSU Foundation expects the current spending policy to be consistent with the FSU Foundation's objective of seeking to maintain the purchasing power of the endowment fund assets held in perpetuity or for a specified term as well as to provide additional real growth through investment return.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Massachusetts General Laws requires FSU Foundation to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in net assets with donor restrictions. As of June 30, 2022 and 2021, there were no deficiencies of this nature.

The University's and FSU Foundation's investment income are presented net of investment expense in the statements of revenues, expenses and changes in net position. The University's investment expense amounted to $115,698 and $111,077 for the years ended June 30, 2022 and 2021, respectively. FSU Foundation's investment expense amounted to $126,931 and $158,354 for the years ended June 30, 2022 and 2021, respectively.

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Accounts receivable

Accounts receivable are stated at the amount the University expects to collect from outstanding balances. The University provides for probable uncollectible amounts through a charge to operations and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after the University has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Accounts receivable also include a receivable from the operator of the University's food services operation in connection with a service concession arrangement between the University and the operator. The receivable has been recorded at the net present value of the installments to be received from the operator using a discount rate determined by management of the University.

Loans receivable and payable

Loans receivable consist, primarily, of the Federal Perkins Loan Program ("Perkins") and the Federal Nursing Student Loan Program ("NSL"). The federal government provides the majority of the funds to support these programs. Loan payments received from students made under the Perkins and NSL programs may be re-loaned after collection. The portion of the Perkins and NSL Loan Programs provided by the federal government is refundable to the federal government upon the ending (liquidation) of the University's participation in the programs. The amount due to the federal government upon liquidation by the University is $794,969 and $978,870 for Perkins and $0 and $175,922 for NSL at June 30, 2022 and 2021, respectively. These amounts are included as a noncurrent liability in the accompanying statements of net position.

The prescribed practices for the Perkins and NSL programs do not provide for accrual of interest on student loans receivable or for the provision of an allowance for doubtful loans. Accordingly, interest on loans is recorded as received and loan balances are reduced subsequent to the determination of their uncollectability and have been accepted (assigned) by the Department of Education and the Department of Health and Human Services. Management closely monitors outstanding balances and assigns loans to the Department of Education based upon such factors as student payment history, current status of applicable students, and the results of collection efforts.

Capital assets

Capital assets are controlled but not owned by the University. The University is not able to sell or otherwise pledge its assets, since the assets are all owned by the Commonwealth. Capital assets, which include land, land improvements, buildings, building improvements, equipment and other assets are reported in the statements of net position at cost or acquisition value, if donated. Capital assets are defined by the University as assets with an initial, individual cost of more than $50,000 in accordance with the Commonwealth's capitalization policy. The University does not hold collections of historical treasures, works of art, or other items not requiring capitalization or depreciation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets, with the exception of land, are depreciated using the straight-line method over estimated useful lives of 40 years for buildings, 20 years for building and land improvements, five years for furniture and three to 10 years for equipment.

Library materials acquired for the most recent five-year period are capitalized. The cost of library materials purchased in the current year is added and the cost of purchases made in the earliest year of the five-year period is deducted from the net position balance.

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The land on which the residence halls stand is leased by the MSCBA from the Commonwealth at a yearly cost of one dollar. The leases are long-term leases which can be extended at the end of their terms for additional 10-year periods.

The University, in accordance with a management and services agreement between the MSCBA and Commonwealth, is charged a semi-annual revenue assessment which is based on a certified occupancy report, the current rent schedule, and the design capacity for each of the residence halls. This revenue assessment is used by MSCBA to pay principal and interest due on its long-term debt obligations. These obligations may include the costs of periodic renovations and improvements to the residence halls. The revenue assessment amounts for the years ended June 30, 2022 and 2021 were $5,798,281 and $2,895,881, respectively, and are included in the Residential life auxiliary enterprises in the accompanying statements of revenues, expenses and changes in net position. All facilities and obligations of the MSCBA are included in the financial statements of the MSCBA. It is not practical to determine the specific asset cost or liability attributable to the University. The leases, therefore, are accounted for under the operating method for financial statement purposes.

FSU Foundation's capital assets are recorded at cost, if purchased or constructed and, if donated, at fair value at the date of donation. Capital assets, with the exception of land, are depreciated using the straight-line method over the estimated useful lives of the assets of 40 years for buildings, 20 years for building and land improvements, 7 and 10 years for furniture and fixtures, 5 years for equipment and 3 years for computer software and equipment. FSU Foundation generally capitalizes all additions and improvements with an individual cost or, if donated, fair value in excess of $5,000.

Contributions and bequests
FSU Foundation recognizes contributions revenue when the donor makes a promise to give, that is, in substance, unconditional. Unconditional promises to give are reported at net realizable value if at the time the promise is made collection is expected to be received in one year or less. Unconditional promises to give that are expected to be collected in more than one year are reported at fair value using present value techniques and a discount rate determined by management of FSU Foundation. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Conditional promises to give that is, those with a measurable performance or other barrier, and right of return, are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Contributions in the form of property and equipment and other assets are recorded at the fair value on the date the donation is received. All contributions are considered to be available for unrestricted use by FSU Foundation unless specifically restricted by the donor. FSU Foundation provides for probable uncollectible amounts of unconditional promises to give through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual account balances.

Compensated absences
Employees earn the right to be compensated during absences for vacation leave and sick leave. Accrued vacation is the amount earned by all eligible employees through June 30 each year. Pursuant to statewide experience on sick pay buy-back agreements applicable to state employees, the University accrues sick leave to a level representing 20% of amounts earned by those University employees with ten or more years of State service at the end of the fiscal year. Upon retirement, these employees are entitled to receive payment for this accrued balance (see also Note 8).

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Student fees
Student tuition and fees are presented net of scholarships applied to students' accounts. Certain other scholarship amounts are paid directly to, or refunded to, the student and are generally reflected as expenses.

Revenue received in advance
Deposits and advance payments received for tuition and fees related to the University's summer programs and tuition billed for the following fiscal year are recorded as revenues received in advance. Funds received in advance from various grants and contracts are also included in revenues received in advance.

Agency funds
Agency funds consist of resources held by the University as custodian or fiscal agent of student organizations, the State Treasurer and others. Transactions are recorded to asset and liability accounts. There were no material balances at June 30, 2022 and 2021.

Bond premiums
Bond premiums are being amortized on a straight-line basis over the terms of the related debt agreements.

Interest expense and capitalization
The University follows the policy of capitalizing interest expense as a component of the cost of capital assets constructed for its own use. During 2022 and 2021, total interest costs incurred were accounted for as follows:

	2022	2021
Total interest costs incurred	$ 1,694,327	$ 1,591,143
Add: Right to use asset interest costs incurred	2,892,616	
Less: Interest income on unused funds from tax exempt borrowings	-	-
Bond premium amortization	(220,899)	(220,909)
Gain (loss) on refunding	(147,885)	(63,104)
Interest expense	4,218,159	1,307,130

Pension plan
For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Massachusetts State Employees' Retirement System ("MSERS") and additions to/deductions from MSERS's fiduciary net position have been determined on the same basis as they are reported by MSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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OPEB plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to post-employment benefits other than pensions, and OPEB expense, information about the fiduciary net position of the OPEB Trust Fund and additions to/deductions from OPEB Trust Fund's fiduciary net position have been determined on the same basis as they are reported by the OPEB Trust Fund. Investments are reported at fair value.

Fringe benefits

The University participates in the Commonwealth's fringe benefit programs, including health insurance, unemployment, pension and workers' compensation benefits. Workers' compensation coverage is provided by the Commonwealth on a self-insured basis. Health insurance and pension costs are billed through a fringe benefit rate charged to the University. Workers' compensation and unemployment insurance costs are assessed separately based on the University's actual experience.

Tax status

The University is a department of the Commonwealth and is, therefore, exempt from federal and state income taxes.

Reclassifications

Certain reclassifications have been made to the 2021 financial statements to conform to the 2022 presentation.

Impact of COVID-19 Crisis

Due to the global viral outbreak caused by a novel coronavirus ("COVID-19") in 2020, there have been lingering effects that currently have had only a marginally impact on the University's financial condition. During 2021, the University incurred approximately $2,000,000 in COVID-19 related expenses and $8,600,000 in lost revenue. The University recognized grant revenue of approximately $5,600,000 under the Higher Education Emergency Relief Act ("HEERF") Act during 2021 to help defray the cost of these expenses and the University had to defer $5,000,000 of income to be recognized in FY22. Because the university can only recognize in income the same proportion of allotted HEERF student funds disbursed to students, the university had to defer $5,000,000 even though those expenses were incurred in fiscal 2021. Currently, in fiscal 2022, the University is still battling the effects of COVID and this is reflected in the reduced number of returning and transfer undergraduate day division students, and in those who returned to live and eat in the halls on campus. Initially in response, the University had reduced its fiscal 2021-operating budget by approximately $15,000,000 but it restored approximately $8,000,000 of that budget in fiscal 2022 as it works to fully reopen the university and all its facilities to students and the public at large. Initially in response, the University had reduced its fiscal 2021 operating budget by approximately $15,000,000 but it restored approximately $8,000,000 of that budget in fiscal 2022 as it works to fully reopen the university and all its facilities to students and the public at large. Additionally, MSCBA closed on a bond refunding in July 2020 and agreed to distribute debt service reserves as part of a multifaceted plan to reduce expenses in response to the impact of COVID-19 on the nine State Universities, including Fitchburg State University (see Note 12). Management of the University anticipates that additional CARES funding and state assistance may be available in fiscal 2022.

Change in accounting principle

For 2022, the University implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle

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that leases are financings of the right to use an underlying asset. A lessee is required to recognize a right to use and an asset and lease liability. These changes were incorporated in the University's 2022 financial statements but had no effect on the beginning net position of the University since right to use asset equal the amount of the lease liability.

The implementation of GASB Statement No. 87 had the following effect on net position as reported July 1, 2020. The impact of implementing GASB Statement No. 87 on the University's financial statements is further discussed in Notes 13 and 28.

Note 2 - Cash and cash equivalents, and investments

Cash and cash equivalents - unrestricted and restricted - include the following at June 30, 2022 and 2021:

	2022		
	Current unrestricted	Current restricted	Noncurrent restricted
Cash and money market accounts	$ 359,848	$ 7,573,883	$ 4,331,947
Cash equivalents held by MDFA *	-	370,341	198,314
Cash equivalents held by MSCBA **	-	450,741	5,161,001
Massachusetts Municipal Depository Trust	23,599,429	-	50,271
Massachusetts State Treasurer ***	4,405,843	2,746,078	-
Petty cash	685	-	-
	$ 28,365,805	$ 11,141,043	$ 9,741,533

	2021		
	Current unrestricted	Current restricted	Noncurrent restricted
Cash and money market accounts	$ 11,115,787	$ 4,475,304	$ 7,841,273
Cash equivalents held by MDFA *	-	349,378	247,548
Cash equivalents held by MSCBA **	-	78,578	2,330,385
Massachusetts Municipal Depository Trust	6,212,969	-	69,807
Massachusetts State Treasurer ***	4,072,522	2,094,392	-
Petty cash	685	-	-
	$ 21,401,963	$ 6,997,652	$ 10,489,013

* This amount consists of cash equivalents which are restricted by the Massachusetts Development Finance Agency ("MDFA") for the funding of payments to retire the bonds (see Note 12). The University does not have access to these funds except by the authorization of MDFA.

** This amount consists of cash and cash equivalents which are restricted by the Massachusetts State College Building Authority ("MSCBA") for the funding of certain construction projects at the

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University and payments to retire bonds (see Note 12). The University does not have access to these funds except by authorization of MSCBA. Interest earned on debt service reserve funds is used on a current basis to offset annual debt service payments.

*** The University has recorded cash held for the benefit of the University by the State Treasurer in the amount of $4,405,843 and $4,072,522 at June 30, 2022 and 2021, respectively, for University funds and $2,746,078 and $2,094,392 at June 30, 2022 and 2021, respectively, to pay year-end liabilities. The latter balance represents amounts paid from State appropriations subsequent to the fiscal year-end.

Money market funds include the Goldman Sachs Financial Square Government Fund in the aggregate amount of $35,146 and $48,451 at June 30, 2022 and 2021, respectively. The Goldman Sachs Financial Square Government Fund invests in U.S. Government securities and repurchase agreements. The fund seeks to maximum current income consistent with the preservation of capital and liquidity, and the maintenance of a stable $1.00 per share net asset value. At June 30, 2022 and 2021, the fund's investment securities had a weighted average maturity of 14 and 44 days, respectively. The fund had an average credit quality rating of AAAm at both June 30, 2022 and 2021.

Money market funds include the Northern Institutional U.S. Government Portfolio in the aggregate amount of $300,216 and $136,777 at June 30, 2022 and 2021, respectively. The Northern Institutional U.S. Government Portfolio invests primarily in marketable securities issued or guaranteed as to principal and interest by the U.S. Government, or any of its agencies or instrumentalities, and repurchase agreements backed by such securities. The fund seeks to maximize current income to the extent consistent with the preservation of capital and maintenance of liquidity. At June 30, 2022 and 2021, the fund's investment securities had a weighted average maturity of 28 days and 43 days, respectively. The fund had an average credit quality rating of AAAm at both June 30, 2022 and 2021.

Money market funds also include the RWM Cash Management money market account with a balance of $77,573 and $184,000 at June 30, 2022 and 2021, respectively.

The Massachusetts Municipal Depository Trust ("MMDT") is not subject to FDIC insurance. According to the MMDT, the Massachusetts Municipal Depository Trust is an investment pool for political subdivisions in the Commonwealth which was designed as a legal means to safely invest temporarily available cash. Its primary purpose is to provide a safe, liquid, high-yield investment vehicle offering participation in a diversified portfolio of high quality debt instruments. The MMDT is not a bank, savings institution, or financial institution. The MMDT is an instrumentality of the State Treasurer.

The University maintains a cash and investment pool that is available for use by all trust funds. Each fund type's portion of this pool is reflected in the financial statements under the caption, cash and cash equivalents and investments. The method of allocating interest earned on pooled cash and investments is to record all interest to the appropriate fund based on that fund's average monthly balance. Interest earnings attributable to each trust fund are included under investment income.

Custodial credit risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the University's deposits may not be returned to it. The University's deposit policy provides for bank balances to be held in interest-bearing checking accounts and, where account activity and balances warrant it, in money market accounts. All bank balances are to be held at financial institutions of high credit quality. At June 30, 2022 and 2021, the University had uninsured cash balances totaling approximately $5,086,200 and $5,059,100, respectively.

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The University does not have a formal policy with respect to the custodial credit risk for investments. Custodial credit risk is that, in the event of the failure of the counterparty, the University will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

Certain investments are covered by the Securities Investor Protection Corporation ("SIPC") up to $500,000, including $250,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds. Certain cash balances are covered by the National Credit Union Administration's Share Insurance Fund up to $250,000.

The following University investments at June 30, 2022 and 2021 are held by the counterparty's trust department or agent but not in the University's name and, therefore, are subject to custodial credit risk as follows:

	2022	2021
U.S. Treasury Notes and Government Securities	$ 1,950,675	$ 1,937,473
Corporate Debt Securities	1,857,917	1,846,884
Equity Securities	7,521,300	10,011,807
Mutual Funds	7,268,308	7,742,610
Total	18,598,200	21,538,774
Less insured amounts	1,500,000	1,500,000
Amount subject to Custodial Credit Risk	$ 17,098,200	$ 20,038,774

Credit risk

The University is required to comply with the Commonwealth's deposit and investment policies which are principally defined in the Massachusetts General Laws, Chapter 29. State Statutes permit investment in obligations of the U.S. Treasury, authorized bonds of all states, bankers' acceptances, certificates of deposit, commercial paper rated within the three highest classifications established by Standard & Poor's Corporation and Moody's Commercial Paper Record and repurchase agreements secured by any of these obligations. The University has also adopted its own formal investment policy, the objectives of which are: safety of principal; liquidity for operating needs; return on investment; and diversification of risk. The University's investment policy generally limits the maturities of investments to not more than one year. However, the University may invest in securities with maturities in excess of one year if it is determined to be in the best interest of the University as described in the University's investment policy. The University may also appoint a professional fund manager and invest in equity and bond funds. Eligible investments shall be consistent with those permitted by State Statutes.

As of June 30, 2022 and 2021, the fair values of the University's deposits held at the MMDT were $21,325,219 and $6,282,776, respectively. At June 30, 2022, the approximate percentage of the University's deposits held at the MMDT and the respective investment maturities in days were as follows: 73% at 30 days or less; 21% at 31-90 days; 4% at 91-180 days; and 2% at 181 days or more. At June 30, 2022, approximately 100% of the MMDT's cash portfolio had a First Tier credit quality rating.

The University's funds held at MDFA are invested in the Short-Term Asset Reserve ("STAR") Fund and had a fair value of $568,655 and $596,926 at June 30, 2022 and 2021, respectively. The STAR Fund

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invests primarily in U.S. Treasury bills, notes, and other obligations guaranteed by the U.S. government or its agencies or instrumentalities. Additionally, the fund invests in repurchase agreements, bankers' acceptances, certificates of deposit, commercial paper, notes, and both corporate floating rate and corporate fixed-rate securities. The STAR Fund maintains a net asset value of $1 per share and had a fund credit quality rating of AAAm as of both June 30, 2022 and 2021. At June 30, 2022 and 2021, the fund's investment securities maintained a weighted average maturity of 25 and 52 days, respectively.

At June 30, 2022, certain of the University's funds are held at MSCBA. Of the total, $878,776 is deposited in various cash accounts which are fully collateralized by securities in accounts in the name of MSCBA, and $1,530,187 is invested in various funds as listed below:

		Investment maturities (in years)				
Investment type	Fair value	Less than 1	1 - 5	6 - 10	Greater than 10	Credit rating
Federal Home Loan Bank Discount Notes	$ 111,320	$ 111,320	$ -	$ -	$ -	N/A
Federal Farm Credit	677,846	677,846	-	-	-	N/A
Massachusetts ST Bonds	741,021	-	-	741,021	-	AAA
Total	$ 1,530,187	$ 789,166	$ -	$ 741,021	$ -	

At June 30, 2021, certain of the University's funds are held at MSCBA. Of the total, $878,776 is deposited in various cash accounts which are fully collateralized by securities in accounts in the name of MSCBA, and $1,530,187 is invested in various funds as listed below:

		Investment maturities (in years)				
Investment type	Fair value	Less than 1	1 - 5	6 - 10	Greater than 10	Credit rating
Federal Home Loan Bank Discount Notes	$ 111,320	$ 111,320	$ -	$ -	$ -	N/A
Federal Farm Credit	677,846	677,846	-	-	-	N/A
Massachusetts ST Bonds	741,021	-	-	741,021	-	AAA
Total	$ 1,530,187	$ 789,166	$ -	$ 741,021	$ -	

The University's investments in marketable securities are represented by the following at June 30, 2022 and 2021:

	2022		2021	
	Cost	Fair value	Cost	Fair value
U.S. Treasury Notes and Government Securities	$ 2,057,456	$ 1,950,675	$ 1,891,624	$ 1,937,473
Corporate Debt Securities	1,991,750	1,857,917	1,783,159	1,846,884
Equity Securities	6,242,705	7,521,300	6,430,105	10,011,807
Mutual Funds	7,982,091	7,268,308	7,243,803	7,742,610
	$ 18,274,002	$ 18,598,200	$ 17,348,691	$ 21,538,774

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The University's investments at fair value are presented in the accompanying statements of net position as follows:

	2022	2021
Investments	$ 17,655,326	$ 20,429,198
Endowment investments	942,874	1,109,576
	$ 18,598,200	$ 21,538,774

At June 30, 2022, the University's U.S. Treasury Notes and Government Securities and corporate debt securities along with their investment maturities and credit quality ratings are as follows:

Investment type	Fair value	Investment maturities (in years) Less than 1	1 - 5	6 - 10	Greater than 10	Credit rating
U.S. Treasury Notes and Government Securities 1.125% to 2.875%	$ 1,950,675	$ 299,641	$ 1,143,434	$ 507,600	$ -	AA+
Corporate Debt Securities 2.800% to 2.950%	130,217	60,076	-	70,141	-	A
Corporate Debt Securities 1.734% to 4.125%	373,473	60,066	116,368	197,039	-	A-
Corporate Debt Securities 2.000% to 3.750%	524,651	-	353,603	171,048	-	A+
Corporate Debt Securities 2.800% to 2.800%	59,579	-	59,579	-	-	AA
Corporate Debt Securities 1.995% to 3.625%	262,975	59,955	203,020	-	-	AA-
Corporate Debt Securities 3.200% to 3.200%	50,106	-	50,106	-	-	AA+
Corporate Debt Securities 3.125% to 3.125%	50,014	-	50,014	-	-	AAA
Corporate Debt Securities 3.000% to 4.000%	406,903	-	264,389	142,514	-	BBB+
Total	$ 3,808,593	$ 479,738	$ 2,240,513	$ 1,088,342	$ -	

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At June 30, 2021, the University's U.S. Treasury Notes and Government Securities and corporate debt securities along with their investment maturities and credit quality ratings are as follows:

		Investment maturities (in years)				
Investment type	Fair value	Less than 1	1 - 5	6 - 10	Greater than 10	Credit rating
U.S. Treasury Notes and Government Securities 1.125% to 2.875%	$ 1,937,473	$ 100,703	$ 1,290,426	$ 546,344	$ -	AA+
Corporate Debt Securities 2.800% to 2.950%	205,175	60,858	62,458	81,859	-	A
Corporate Debt Securities 1.730% to 4.130%	335,304	-	192,143	143,161	-	A-
Corporate Debt Securities 3.000% to 3.750%	388,560	60,448	328,112	-	-	A+
Corporate Debt Securities 2.800% to 3.400%	124,939	61,119	63,820	-	-	AA
Corporate Debt Securities 3.000% to 3.630%	313,466	-	313,466	-	-	AA-
Corporate Debt Securities 3.200%	54,533	-	54,533	-	-	AA+
Corporate Debt Securities 3.130%	54,508	-	54,508	-	-	AAA
Corporate Debt Securities 3.000% to 3.880%	370,399	-	289,627	80,772	-	BBB+
Total	$ 3,784,357	$ 283,128	$ 2,649,093	$ 852,136	$ -	

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FSU Foundation's cash and cash equivalents consist of the following at June 30, 2022 and 2021:

	2022	2021
Cash and other demand deposits	$ 1,827,249	$ 1,452,405
Money Market Funds	848,881	1,047,550
	$ 2,676,130	$ 2,499,955

Money market funds include the SSGA US Government Money Market Fund, the Goldman Sachs Financial Square Government Fund, RWM Cash Management and the Fidelity Bank LifeDesign Business Cash Management Money Market accounts in the amounts of $226,031, $30,814, $119,852, and $472,184 at June 30, 2022.

Money market funds include the SSGA US Government Money Market Fund, the Goldman Sachs Financial Square Government Fund, RWM Cash Management and the Fidelity Bank LifeDesign Business Cash Management Money Market accounts in the amounts of $288,117, $53,742, $233,743 and $471,948 at June 30, 20221.

The cash balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At June 30, 2022 and 2021, FSU Foundation's uninsured cash and cash equivalent balances, including the SSGA US Government Money Market Fund, Goldman Sachs Financial Square Government Fund, RWM Cash Management and the Fidelity Bank LifeDesign Business Cash Management Money Market accounts, amounted to approximately $___ and $1,485,775, respectively.

FSU Foundation's investment policy consists of an asset allocation range of 50% to 70% equity securities, 30% to 50% fixed income securities and up to 10% in cash and cash equivalents.

FSU Foundation's investments are represented by the following at June 30:

	2022		2021	
	Cost	Fair value	Cost	Fair value
Equities	$ 6,220,726	$ 10,095,241	$ 7,887,838	$ 14,066,746
Preferred Stocks	12,758	11,958	25,220	26,665
Mutual Funds	5,587,839	5,737,578	3,452,953	6,907,972
Corporate Bonds	3,856,666	3,637,616	3,317,945	3,367,705
U.S. Government Securities	3,771,154	3,616,554	2,754,977	2,790,736
	$ 19,449,143	$ 23,098,947	$ 17,438,933	$ 27,159,824

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FSU Foundation's investments at fair value are presented in the accompanying statements of net position as follows:

	2022	2021
Current assets		
Investments	$ 13,899,616	$ 14,595,376
Noncurrent assets		
Endowment investments	9,199,331	12,564,448
	$ 23,098,947	$ 27,159,824

At June 30, 2022, net unrealized gains in FSU Foundation's investment portfolio amounted to $3,649,804. At June 30, 2021, net unrealized gains in FSU Foundation's investment portfolio amounted to $9,720,891.

At June 30, 2022 and 2021, equities include securities in the consumer goods sector which represent 14% and 16%, respectively, of the fair value of FSU Foundation's investment portfolio.

At June 30, 2022 and 2021, equities include securities in the technology sector which represent 9% and 10%, respectively, of the fair value of FSU Foundation's investment portfolio.

At June 30, 2022 and 2021, 5% and 6%, respectively, of the fair value of FSU Foundation's investment portfolio represents foreign investments.

Investments held by FSU Foundation with an equivalent fair value of $13,361,371 at June 30, 2022 collateralize certain debt agreements (see Notes 14 and 15).

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At June 30, 2022, FSU Foundation's U.S. Treasury Notes and Government Securities and corporate debt securities along with their investment maturities and credit quality ratings are as follows:

Investment type	Fair value	Investment maturities (in years): Less than 1	1 - 5	6 - 10	Greater than 10	Credit rating
U.S. Treasury Notes and Government Securities 0.125% to 2.875%	$ 3,616,554	$ 927,763	$ 2,461,135	$ 227,656	$ -	AAA
Corporate Debt Securities 0.450% to 3.450%	448,264	99,886	301,239	47,139	-	A
Corporate Debt Securities 0.810% to 3.3750%	612,124	-	548,338	63,786	-	A-
Corporate Debt Securities 1.350% to 3.7660%	761,718	50,005	506,765	204,948	-	A+
Corporate Debt Securities 0.3750% to 1.650%	92,682	-	92,682	-	-	AA
Corporate Debt Securities 0.4260% to 3.000%	280,030	-	280,030	-	-	AA-
Corporate Debt Securities 3.450%	50,208	-	50,208	-	-	AA+
Corporate Debt Securities 3.125%	25,007	-	25,007	-	-	AAA
Corporate Debt Securities 0.600% to 3.700%	450,455	-	407,656	42,802	-	BBB
Corporate Debt Securities 1.450%	36,732	-	36,732	-	-	BBB-
Corporate Debt Securities 0.80% to 4.750%	880,396	50,173	784,653	45,567	-	BBB+
Total	$ 7,254,170	$ 1,127,827	$ 5,494,445	$ 631,898	$ -	

At June 30, 2021, FSU Foundation's U.S. Treasury Notes and Government Securities and corporate debt securities along with their investment maturities and credit quality ratings are as follows:

Investment type	Fair value	Investment maturities (in years): Less than 1	1 - 5	6 - 10	Greater than 10	Credit rating
U.S. Treasury Notes and Government Securities 0.125% to 2.875%	$ 2,790,736	$ 752,193	$ 1,746,723	$ 291,820	$ -	AA+
Corporate Debt Securities 0.450% to 3.750%	509,168	126,267	241,985	55,187	-	A
Corporate Debt Securities 0.810% to 3.650%	566,737	20,208	366,393	111,126	-	A-
Corporate Debt Securities 1.350% to 3.450%	681,437	50,373	519,731	84,347	-	A+
Corporate Debt Securities 3.400% to 3.700%	163,730	-	32,841	56,865	-	AA
Corporate Debt Securities 0.430% to 3.000%	347,145	-	277,004	-	-	AA-
Corporate Debt Securities 3.450%	54,080	-	54,080	-	-	AA+
Corporate Debt Securities 3.130%	27,254	-	27,254	-	-	AAA
Corporate Debt Securities 2.750% to 5.500%	240,853	-	240,853	-	-	BBB
Corporate Debt Securities 1.450% to 4.460%	70,741	-	70,741	-	-	BBB-
Corporate Debt Securities 1.650% to 4.750%	706,560	-	540,617	165,943	-	BBB+
Total	$ 6,158,441	$ 949,041	$ 4,118,222	$ 765,288	$ -	

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The University's investments are measured at fair value on a recurring basis and have been categorized based upon the fair value hierarchy in accordance with GASB 72 below. Similarly, the FSU Foundation follows similar guidance in accordance with Financial Accounting Standards Board Accounting Standards Codification ASC 820-10, which prioritizes the inputs to valuation techniques used to measure fair value of investment assets into three levels also.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the University can access at measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for an asset or liability.

The University's investments' fair value measurements are as follows at June 30, 2022:

Investments	Fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
U.S. Treasury Notes and Government Securities	$ 1,950,675	$ -	$ 1,950,675	$ -
Corporate Debt Securities	1,857,917	-	1,857,917	-
Equity Securities	7,521,300	7,521,300	-	-
Mutual Funds	7,268,308	7,268,308	-	-
	$ 18,598,200	$ 14,789,608	$ 3,808,592	$ -

The University's investments' fair value measurements are as follows at June 30, 2021:

Investments	Fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
U.S. Treasury Notes and Government Securities	$ 1,937,473	$ -	$ 1,937,473	$ -
Corporate Debt Securities	1,846,884	-	1,846,884	-
Equity Securities	10,011,807	10,011,807	-	-
Mutual Funds	7,742,610	7,742,610	-	-
	$ 21,538,774	$ 17,754,417	$ 3,784,357	$ -

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FSU Foundation's investments' fair value measurements are as follows at June 30, 2022:

Investments	Fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
U.S. Treasury Notes and Government Securities	$ 3,616,554	$ -	$ 3,616,554	$ -
Preferred Stocks	11,958	-	11,958	-
Corporate Bonds	3,637,616	-	3,637,616	-
Equity Securities	10,095,241	10,095,241	-	-
Mutual Funds	5,737,578	5,737,578	-	-
	$ 23,098,947	$ 15,832,819	$ 7,266,128	$ -

FSU Foundation's investments' fair value measurements are as follows at June 30, 2021:

Investments	Fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
U.S. Treasury Notes and Government Securities	$ 2,790,736	$ -	$ 2,790,736	$ -
Preferred Stocks	26,665	-	26,665	-
Corporate Bonds	3,367,705	-	3,367,705	-
Equity Securities	14,066,746	14,066,746	-	-
Mutual Funds	6,907,972	6,907,972	-	-
	$ 27,159,824	$ 20,974,718	$ 6,185,106	$ -

Mutual funds and equity securities categorized as Level 1 are valued based on prices quoted in active markets for those securities. Debt securities categorized as Level 2 are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.

The FSU Foundation's endowment net asset composition by type of fund at June 30, 2022 is as follows:

Fund type	Without donor restrictions	With donor restrictions	Total
Donor-restricted funds	$ -	$ 8,019,959	$ 8,019,959
Donor-restricted amounts required to be held in perpetuity	-	13,899,616	13,899,616
Board-designated for endowment fund	25,000	-	25,000
Total funds	$ 25,000	$ 21,919,575	$ 21,944,575

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Changes in FSU Foundation's board-designated and donor-restricted endowment net position by type of fund for the year ended June 30, 2022 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net position, beginning of year	$ 25,000	$ 24,619,108	$ 24,644,108
Investment return			
Investment income	-	304,869	304,869
Appreciation (depreciation), realized and unrealized	-	(3,388,048)	(3,388,048)
Total investment return	-	(3,083,179)	(3,083,179)
Contributions	-	1,069,085	1,069,085
Appropriation of endowment assets for expenditure	-	(493,980)	(493,980)
Investment management fees	-	(126,768)	(126,768)
Reclassification of net position	-	(64,691)	(64,691)
Endowment net position, end of year	$ 25,000	$ 21,919,575	$ 21,944,575

The FSU Foundation's endowment net asset composition by type of fund at June 30, 2021 is as follows:

Fund type	Without donor restrictions	With donor restrictions	Total
Donor-restricted funds	$ -	$ 12,054,659	$ 12,054,659
Donor-restricted amounts required to be held in perpetuity	-	12,564,449	12,564,449
Board-designated for endowment fund	25,000	-	25,000
Total funds	$ 25,000	$ 24,619,108	$ 24,644,108

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Changes in FSU Foundation's board-designated and donor-restricted endowment net position by type of fund for the year ended June 30, 2021 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net position, beginning of year	$ 25,000	$ 19,886,466	$ 19,911,466
Investment return			
Investment income	-	263,690	263,690
Appreciation (depreciation), realized and unrealized	-	4,517,470	4,517,470
Total investment return	-	4,780,860	4,780,860
Contributions	-	339,104	339,104
Appropriation of endowment assets for expenditure	-	(256,853)	(256,853)
Investment management fees	-	(117,583)	(117,583)
Reclassification of net position	-	(12,886)	(12,886)
Other changes			
Transfer upon removal of donor restrictions	-	-	-
Endowment net position, end of year	$ 25,000	$ 24,619,108	$ 24,644,108

Note 3 - Accounts and contributions receivable

The University's accounts receivable include the following at June 30, 2022 and 2021:

	2022	2021
Student accounts receivable	$ 2,264,276	$ 2,842,261
Parking and other fines receivable	40,890	112,130
Commissions receivable	2,000	11,629
Grants receivable	280,999	191,449
Federal grants receivable	-	9,991,935
Compass receivable, including accrued interest of $0 and $4,155 (see Note 11)	-	49,406
FSU Foundation receivable	37,348	45,715
	2,625,513	13,244,525
Less allowance for doubtful accounts	(464,242)	(575,731)
	$ 2,161,271	$ 12,668,794

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FSU Foundation's contributions receivable consist of the following at June 30, 2022 and 2021:

	2022	2021
Receivable in less than one year	$ 35,425	$ 311,428
Receivable in one to five years	45,000	70,000
	80,425	381,428
Discount on pledges	(2,021)	(8,654)
	$ 78,404	$ 372,774

Contributions which are to be received in more than one year are reflected net of a discount determined at the time of contribution ranging from 1% to 2%.

Note 4 - Loans receivable

Loans receivable include the following at June 30, 2022 and 2021:

	2022	2021
Perkins loans receivable	$ 757,000	$ 877,365
Nursing loans receivable	129,385	163,340
Emergency student loans receivable	200	330
	$ 886,585	$ 1,041,035

The federal law authorizing the disbursing of Perkins loans expired on September 30, 2017. As of October 1, 2017, the University is prohibited from issuing new Perkins loans to undergraduate students. As of October 1, 2016, the University is prohibited from issuing new Perkins loans to graduate students who received them prior to October 1, 2015. The Perkins loan program ended any further new loans being issued after September 30, 2017. The University may remit all federal proceeds and loans at any time thereafter to the Department of Education or continue to maintain them for five additional years.

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Note 5 - Capital assets

Capital assets activity of the University for the year ended June 30, 2022 is as follows:

Capital assets:	Totals June 30, 2021	Additions	Reclassifications* and reductions	Totals June 30, 2022
Non-depreciable capital assets				
Land	$ 5,478,125	$ -	$ -	$ 5,478,125
Construction in progress	12,621,025	16,948,944	(486,308)	29,083,661
Total non-depreciable assets	18,099,150	16,948,944	(486,308)	34,561,786
Depreciable capital assets				
Land improvements	18,452,373	-	-	18,452,373
Buildings	80,591,909	-	-	80,591,909
Building improvements	179,349,226	3,217,138	486,308	183,052,672
Equipment	31,086,375	168,028	-	31,254,403
Furniture	597,676	-	-	597,676
Library materials	363,651	31,625	(110,294)	284,982
Total depreciable assets	310,441,210	3,416,791	376,014	314,234,015
Total capital assets	328,540,360	20,365,735	(110,294)	348,795,801
Less: Accumulated depreciation				
Land improvements	9,632,258	926,941	-	10,559,199
Buildings	46,881,607	1,153,759	-	48,035,366
Building improvements	67,666,345	8,697,644	-	76,363,989
Equipment	18,232,448	965,271	-	19,197,719
Furniture	597,676	-	-	597,676
Library materials	-	110,294	(110,294)	-
Total accumulated depreciation	143,010,334	11,853,909	(110,294)	154,753,949
Capital assets, net	$ 185,530,026	$ 8,511,826	$ -	$ 194,041,852

As of June 30, 2022, capital assets of the University with a cost of approximately $57,614,942 were fully depreciated and still in service.

* Construction costs incurred for various capital projects were included in construction in progress and subsequently transferred to capital asset additions upon completion during the fiscal year ended June 30, 2022.

The University enters into various contract commitments with contractors, from time to time, for improvements to its facilities. Remaining contract commitments totaled approximately $__ and $1,792,700 at June 30, 2022 and 2021, respectively.

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Capital assets activity of the University for the year ended June 30, 2021 is as follows:

Capital assets:	Totals June 30, 2020	Additions	Reclassifications* and reductions	Totals June 30, 2021
Non-depreciable capital assets				
Land	$ 5,478,125	$ -	$ -	$ 5,478,125
Construction in progress	9,913,164	9,356,575	(6,648,714)	12,621,025
Total non-depreciable assets	15,391,289	9,356,575	(6,648,714)	18,099,150
Depreciable capital assets				
Land improvements	17,935,801	516,572	-	18,452,373
Buildings	80,591,909	-	-	80,591,909
Building improvements	169,413,974	5,221,176	4,714,076	179,349,226
Equipment	28,763,642	388,095	1,934,638	31,086,375
Furniture	597,676	-	-	597,676
Library materials	455,133	25,122	(116,604)	363,651
Total depreciable assets	297,758,135	6,150,965	6,532,110	310,441,210
Total capital assets	313,149,424	15,507,540	(116,604)	328,540,360
Less: Accumulated depreciation				
Land improvements	8,739,033	893,225	-	9,632,258
Buildings	45,727,848	1,153,759	-	46,881,607
Building improvements	59,453,516	8,212,829	-	67,666,345
Equipment	17,161,285	1,071,163	-	18,232,448
Furniture	597,676	-	-	597,676
Library materials	-	116,604	(116,604)	-
Total accumulated depreciation	131,679,358	11,447,580	(116,604)	143,010,334
Capital assets, net	$ 181,470,066	$ 4,059,960	$ -	$ 185,530,026

As of June 30, 2021, capital assets of the University with a cost of approximately $55,623,233 were fully depreciated and still in service.

* Construction costs incurred for various capital projects were included in construction in progress and subsequently transferred to capital asset additions upon completion during the fiscal year ended June 30, 2021.

The University has considered the requirements of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, and has noted no implications of this standard to the University's financial statements for the years ended June 30, 2022 and 2021.

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Capital assets activity of FSU Foundation for the year ended June 30, 2022 is as follows:

Capital assets:	Totals June 30, 2021	Additions	Reclassifications and reductions	Totals June 30, 2022
Real estate under lease to the University:				
Land	$ 402,664	$ -	$ -	$ 402,664
Building	1,557,724	-	-	1,557,724
Building improvements	342,079	-	-	342,079
	2,302,467	-	-	2,302,467
Real estate used for student housing:				
Land	236,524	-	-	236,524
Buildings	434,225	-	-	434,225
Building improvements	28,600	-	-	28,600
	699,349	-	-	699,349
Other:				
Land	2,076,858	59,511		2,136,369
Land improvements	96,228	-	-	96,228
Buildings	2,468,774	-	-	2,468,774
Building improvements	1,109,005	-	-	1,109,005
Equipment	759,307	-	-	759,307
Furniture and fixtures	60,773	-	-	60,773
Library materials	6,570	-	-	6,570
	6,577,515	59,511	-	6,637,026
Total capital assets	9,579,331	59,511	-	9,638,842
Less: Accumulated depreciation				
Real estate under lease to the University:				
Building	577,656	-	-	577,656
Building improvements	74,173	-	-	74,173
	651,829	-	-	651,829
Real estate used for student housing:				
Buildings	152,884	-	-	152,884
Building improvements	16,922	-	-	16,922
	169,806	-	-	169,806
Other:				
Land improvements	31,047			31,047
Buildings	311,544	-		311,544
Building improvements	379,637	-	-	379,637
Equipment	759,308	-	-	759,308
Furniture and fixtures	50,829	-	-	50,829
Library materials	6,570	-	-	6,570
	1,538,935	-	-	1,538,935
Total accumulated depreciation	2,360,570	-	-	2,360,570
Capital assets, net	$ 7,218,761	$ 59,511	$ -	$ 7,278,272

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Non-depreciable capital assets of FSU Foundation total $2,775,557 at June 30, 2022, which is comprised of land.

At June 30, 2022, capital assets of FSU Foundation with a cost of approximately $798,000 were fully depreciated and still in service.

On June 23, 2022, the Supporting Organization acquired a property in close proximity to the Fitchburg State University campus. The property, which includes land and a building, was purchased for a total cost of $287,377. The Supporting Organization intends to use this property for open green space.

On November 13, 2019, the Foundation Supporting Organization acquired a property in close proximity to the Fitchburg State University campus. The property, which consists of land and a building, was purchased for $1 as current environmental remediation is needed before the property is usable. The property was acquired to support the downtown Theater project and the organization intends to raze the building on the property and convert the land to a parking lot. The FSU Foundation was notified by the Massachusetts Department of Environmental Protection ("DEP") about an environmental issue with the property that requires remediation. During the year ended June 30, 2020, the FSU Foundation had purchased an insurance policy with a determined deductible of $100,000, which it determined increased the value of the land and was recorded as land. For the year ended June 30, 2021, the FSU Foundation determined that additional costs of the remediation are expected above the insured policy limits in the amount of $465,696, which has been expensed in the year ended June 30, 2021 and included in environmental costs in the accompanying 2021 schedule of functional expenses. As of June 30, 2022 and 2021, respectively, the remaining environmental liability of $198,784 and $536,901 is reflected as accounts payable - construction in the accompanying statements of net position.

In fiscal 2017, the Foundation Supporting Organization acquired a property in close proximity to the Fitchburg State University campus consistent with the Foundation Supporting Organization's mission and the University's strategic plan which includes campus expansion. The property, which includes land and a building, was purchased for an aggregate cost of $360,305. The acquisition was financed, in part, with a mortgage note on the property in the amount of $280,000 (see Note 14). The Foundation Supporting Organization is planning a major renovation and expansion of the property which, when completed, is expected to cost approximately $25,000,000 and consist of a multi-phased project providing academic space, student support services space, retail and community space and a theatre renovation. The space is expected to be used by the University and the Fitchburg and surrounding communities. Fitchburg State University will be responsible for the costs of the project's development and construction pursuant to the terms of the license agreement between the University and the Foundation Supporting Organization. Funding for the project is expected to come from a variety of sources including, but not limited to, New Market Tax Credits, Historic Tax Credits, bonds, grants and philanthropy. The project is in the very early stages of development and is estimated to require four years to completion. At some point during that period, the property will be transferred to a new entity. The Foundation Supporting Organization will pay for certain legal services incurred in connection with the project which the Foundation Supporting Organization currently estimates to be approximately $148,000 for the entire project. The Foundation Supporting Organization expects to fund these cost through operating cash. For the year ended June 30, 2022 and 2021, the Organization has incurred $26,448 and $73,491, respectively, of legal costs related to the project which have been included in other noncurrent assets in the accompanying statements of financial position.

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Capital assets activity of FSU Foundation for the year ended June 30, 2021 is as follows:

Capital assets:	Totals June 30, 2020	Additions	Reclassifications and reductions	Totals June 30, 2021
Real estate under lease to the University:				
Land	$ 402,663	$ 1	$ -	$ 402,664
Building	1,557,724	-	-	1,557,724
Building improvements	100,452	241,627	-	342,079
	2,060,839	241,628	-	2,302,467
Real estate used for student housing:				
Land	253,555	-	(17,031)	236,524
Buildings	434,225	-	-	434,225
Building improvements	28,600	-	-	28,600
	716,380	-	(17,031)	699,349
Other:				
Land	2,072,730	444,311	(440,183)	2,076,858
Land improvements	158,127	-	(61,899)	96,228
Buildings	2,050,794	559,233	(141,253)	2,468,774
Building improvements	1,109,006	-	(1)	1,109,005
Equipment	759,307	-	-	759,307
Furniture and fixtures	60,773	-	-	60,773
Library materials	6,570	-	-	6,570
	6,217,307	1,003,544	(643,336)	6,577,515
Total capital assets	8,994,526	1,245,172	(660,367)	9,579,331
Less: Accumulated depreciation				
Real estate under lease to the University:				
Building	538,713	38,943	-	577,656
Building improvements	66,131	8,042	-	74,173
	604,844	46,985	-	651,829
Real estate used for student housing:				
Buildings	142,028	10,856	-	152,884
Building improvements	15,492	1,430	-	16,922
	157,520	12,286	-	169,806
Other:				
Land improvements	88,135	4,811	(61,899)	31,047
Buildings	268,968	53,463	(10,887)	311,544
Building improvements	324,186	55,451	-	379,637
Equipment	759,308	-	-	759,308
Furniture and fixtures	47,120	3,709	-	50,829
Library materials	6,570	-	-	6,570
	1,494,287	117,434	(72,786)	1,538,935
Total accumulated depreciation	2,256,651	176,705	(72,786)	2,360,570
Capital assets, net	$ 6,737,875	$ 1,068,467	$ (587,581)	$ 7,218,761

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On June 28, 2021, the Foundation Supporting Organization transferred seven properties, which consists of land and one building to the Commonwealth of Massachusetts acting by and through DCAM on behalf of Fitchburg State University. On the date the properties were transferred, the seven properties collectively had a cost basis and accumulated depreciation of $660,367 and $72,786, respectively. A loss of $587,581 was recorded from the transfers of the properties and recognized in loss on sale of capital assets in the accompanying statements of revenues, expenses and changes in net position for the year ended June 30, 2021.

On December 22, 2020, the Foundation Supporting Organization acquired a property in close proximity to the Fitchburg State University campus. The property which includes land and a building was purchased for a total cost of $121,813. The FSU Foundation intends to use this property for green space and possible future parking.

On November 30, 2020, the Foundation Supporting Organization received a donation of the former Fidelity Bank property in downtown Fitchburg. The property includes the bank building and three parcels of land. This property was recorded at fair market value of $709,500, $526,617 of which was recorded as building and $182,883 as land based on an appraisal completed utilizing the sales comparative approach. The property is being held for development of the Theater complex.

On September 18, 2020, the Foundation Supporting Organization acquired a property in close proximity to the Fitchburg State University campus. The property which includes land and a building was purchased for a total cost of $172,231. The Foundation intends to use this property for green space with possible future parking.

Non-depreciable capital assets of FSU Foundation totaled $2,716,046 at June 30, 2021, which is comprised of land.

At June 30, 2021, capital assets of FSU Foundation with a cost of approximately $792,000 were fully depreciated and still in service.

Note 6 - Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include the following at June 30, 2022 and 2021:

	2022	2021
Accounts payable - trade	$ 1,244,677	$ 864,962
Salaries and fringe benefits payable	2,444,276	2,848,635
Accrued interest payable	381,536	357,062
Tuition due State	26,616	47,674
Other	357,709	506,408
	$ 4,454,814	$ 4,624,741

Note 7 - Accrued workers' compensation

Independent actuarial reviews of the outstanding loss reserve requirements for the Commonwealth's self-insured workers' compensation program were conducted as of June 30, 2022 and 2021. Based upon the Commonwealth's analyses, $1,144,253 and $1,088,425 of accrued workers' compensation has been recorded as a liability at June 30, 2022 and 2021, respectively.

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Note 8 - Accrued compensated absences

Accrued compensated absences are comprised of the following at June 30, 2022 and 2021:

	2022	2021
Vacation time payable	$ 3,057,815	$ 2,872,809
Sick time payable	2,756,405	2,488,590
Total	$ 5,814,220	$ 5,361,399
Amount representing obligations due to employees funded through sources other than State appropriations	$ 324,839	$ 350,760
Amount representing obligations due to employees compensated through State appropriations	5,489,381	5,010,639
Total	$ 5,814,220	$ 5,361,399

It is anticipated that the obligation due to employees funded through State appropriations will be discharged through future State appropriations and the balance is expected to be liquidated through trust funds. Had these amounts not been reflected as obligations of the University, the University's unrestricted net position (deficiency) balances would be $11,019,877 and $1,169,198 at June 30, 2022 and 2021, respectively (see Note 1, Compensated absences).

Note 9 - Faculty payroll accrual

The contract for full-time faculty begins on September 1 and ends on May 31, of any given academic year. The Commonwealth and Fitchburg State University pay all faculty over the 12-month period from September through August. Consequently, on June 30 of each year there is a balance due on each faculty contract which is to be paid from the subsequent year's State appropriation. The total amount due at June 30, 2022 of $4,175,556 will be paid from the University's fiscal 2023 State appropriations. The total amount due at June 30, 2021 of $3,876,328 was paid from the University's fiscal 2022 State appropriations.

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Note 10 - Revenue received in advance

Revenue received in advance includes tuition received in advance from students for summer courses commencing after June 30 and grant funds received in advance. Revenue received in advance includes the following at June 30, 2022 and 2021:

	2022	2021
Tuition, fees and professional development	$ 1,870,574	$ 2,182,704
Capital projects	1,701,238	1,085,708
Grants	704,075	5,559,668
Other	104,980	63,879
	$ 4,380,867	$ 8,891,959

Note 11 - Deferred inflows of resources from service concession arrangement

Deferred inflows of resources from service concession arrangement at June 30, 2022 and 2021 in the amounts of $505,836 and $758,754, respectively, consist of the unamortized balances of a service concession arrangement with Compass Group USA, Inc. ("Compass") to manage and operate the University's food services operation at the University's dining services locations as more fully described in the arrangement. The service concession arrangement commenced on July 1, 1999 for a term of 10 years through June 30, 2009 and has been amended several times thereafter to modify its terms, provide for additional payments to the University for investment in improvements in or at the University as mutually agreed upon by the parties, and extend the term of the arrangement until June 30, 2024. The last such amendment to the service concession arrangement was effective May 1, 2014 and provides for the extension of the arrangement to June 30, 2024 and payments to the University totaling $2,500,000. These payments shall be made to the University by Compass in seven installments as follows: $300,000 in fiscal 2011; $1,200,000 in fiscal 2012; $200,000 in fiscal 2014; $500,000 in fiscal 2015; $200,000 in fiscal 2016; $50,000 in fiscal 2020; and $50,000 in fiscal 2022. As of June 30, 2020, the University has received the seven installments from Compass, of which $50,000 was received in fiscal 2021. In addition, Compass has agreed to pay the University specified percentages of 4%, 4 ½% or 12% of specified sales receipts from the food services operation as more fully described in the arrangement. All improvements and equipment purchased with the payments received from Compass shall remain the property of the University. The arrangement may be terminated by either party at any time, without cause, by giving not less than 60 days prior written notice to the other party. The arrangement contains provisions, whereby, in the event of termination of the arrangement, the University shall be required to repay a portion of any payments made to the University by Compass. The portion required to be repaid shall be determined in accordance with amortization schedules prepared by Compass. The amortization schedules assume that all funds will be received from Compass. The University does not anticipate that the arrangement will be terminated prior to its expiration date.

The University has recorded the service concession arrangement as a deferred inflow of resources at its present value using a 5% discount rate determined by management of the University. In fiscal 2011, the University recorded an accounts receivable from Compass at the present value of the future payments to be received from Compass, using a 5% discount rate determined by management of the University. During the year ended June 30, 2022, the University collected the remaining balance from Compass, including accrued interest thereon. At June 30, 2021, the accompanying statement of net position includes a remaining receivable from Compass in the amount of $49,406, which includes accrued interest receivable of $4,155 (see Note 3). The deferred inflow of resources is being amortized to revenue on a straight-line basis over the term of the arrangement. Amortization in the amount of $252,918 has been recognized in capital grants revenue in the accompanying statements of revenues, expenses and changes in net position for each of the years ended June 30, 2022 and 2021.

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Note 12 - Interagency payables

The University, in association with the Massachusetts State College Building Authority ("MSCBA"), the Massachusetts Development Finance Agency ("MDFA"), and the Commonwealth of Massachusetts Division of Capital Asset Management and Maintenance ("DCAMM"), has entered into financing and construction agreements for various campus projects.

The following table summarizes the University's Interagency payables as of June 30, 2022:

	Issue date	Original amount	Interest rates (%)	Due date	Effective interest rates (%)*	Interagency payable balance	Unamortized bond premiums	Total interagency payable
MDFA Series J-3	11/22/1996	$ 6,000,000	Floating	7/1/2023	0.27	$ 901,095	$ -	$ 901,095
MSCBA Series 2005A	3/1/2005	5,110,000	3.50-5.00	5/1/2034	2.89	1,740,047	-	1,740,047
MSCBA Series 2006A	3/8/2006	2,060,000	3.50-5.00	5/1/2031	2.86	809,869	-	809,869
MSCBA Series 2010B	12/17/2010	11,078,908	4.89-6.54	5/1/2030	7.46	9,225,870	-	9,225,870
MSCBA Series 2012A	1/4/2012	7,043,416	3.00-5.00	5/1/2035	3.19	4,366,375	-	4,366,375
MSCBA Series 2012C	12/20/2012	13,864,033	2.00-5.00	5/1/2034	4.35	7,228,893	925,467	8,154,360
MSCBA Series 2014A	1/7/2014	12,235,614	2.00-5.00	5/1/2038	4.19	8,421,463	74,109	8,495,572
MSCBA Series 2014C	12/17/2014	10,669,502	3.00-5.00	5/1/2035	4.51	6,164,014	288,930	6,452,944
DCAMM CEIP Funds	11/7/2016	5,420,360	3.00	1/1/2039	6.07	4,796,856	-	4,796,856
MSCBA Series 2017A	1/25/2017	4,166,418	3.00-5.00	6/30/2037	4.74	3,698,477	151,098	3,849,575
MSCBA Series 2019A	1/23/2019	2,623,145	3.00-5.00	6/30/2039	4.57	2,809,888	130,343	2,940,231
Total		$ 80,271,396				$ 50,162,847	$ 1,569,947	$ 51,732,794

*Effective Interest Rates are calculated by dividing total interest paid during the year by the average outstanding balance of the Interagency payable.

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The following table summarizes the University's interagency payables as of June 30, 2021:

	Issue date	Original amount	Interest rates (%)	Due date	Effective interest rates (%)*	Interagency payable balance	Unamortized bond premiums	Total interagency payable
MDFA Series J-3	11/22/1996	$ 6,000,000	Floating	7/1/2023	0.26	$ 1,301,094	$ -	$ 1,301,094
MSCBA Series 2005A	3/1/2005	5,110,000	3.50-5.00	5/1/2034	2.66	1,907,048	10,578	1,917,626
MSCBA Series 2006A	3/8/2006	2,060,000	3.50-5.00	5/1/2031	1.86	876,513	4,132	880,645
MSCBA Series 2010B	12/17/2010	11,078,908	4.89-6.54	5/1/2030	5.96	9,639,944	-	9,639,944
MSCBA Series 2012A	1/4/2012	7,043,416	3.00-5.00	5/1/2035	2.83	4,552,835	7,531	4,560,366
MSCBA Series 2012C	12/20/2012	13,864,033	2.00-5.00	5/1/2034	2.65	8,994,925	244,350	9,239,275
MSCBA Series 2014A	1/7/2014	12,235,614	2.00-5.00	5/1/2038	2.52	8,676,463	116,086	8,792,549
MSCBA Series 2014C	12/17/2014	10,669,502	3.00-5.00	5/1/2035	2.54	6,366,086	373,764	6,739,850
DCAMM CEIP Funds	11/7/2016	5,420,360	3.00	1/1/2039	3.00	5,010,863	-	5,010,863
MSCBA Series 2017A	1/25/2017	4,166,418	3.00-5.00	6/30/2037	4.20	3,774,502	170,683	3,945,185
MSCBA Series 2019A	1/23/2019	2,623,145	3.00-5.00	6/30/2039	4.32	2,849,888	145,173	2,995,061
Total		$ 80,271,396				$ 53,950,161	$ 1,072,297	$ 55,022,458

*Effective Interest Rates are calculated by dividing total interest paid during the year by the average outstanding balance of the Interagency payable.

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MDFA Series J-3 bond issuance
On November 22, 1996, the University signed a financing agreement to receive $6,000,000 from a MDFA (formerly Massachusetts Health and Educational Facilities Authority ("MHEFA")) bond issuance to be used for the construction of the University's athletic facility. This obligation is being repaid solely by the University. Construction of the athletic facility was completed in August 2000. MDFA retained $502,899 of the bond proceeds for a debt service retirement fund.

The University is required to make annual funding payments of principal on this debt each July 1. The principal payment due July 1, 2022 of $370,341 was made as scheduled. These payments are made to a restricted cash account held in escrow in the University's name and recorded on the books of the University. These amounts, along with the remaining balance of the debt service retirement fund, are held in an escrow account by MDFA. Earnings on this balance are transferred and used by the University to offset the administrative costs associated with this debt. In a prior year, the University elected to release the annual funding payments from the reserve to redeem portions of the debt obligation. Accordingly, each year the funding payments are now being released from the debt service reserve to redeem portions of the outstanding debt obligation. These debt payments are to be repaid by the University solely from student fees.

Interest on the debt is paid every 35 days at a floating rate of interest subject to market conditions. The interest rate is determined by MDFA conducting a true auction of their debt issuance every 35 days, in which the University's obligation is pooled with other higher education institutions within the Commonwealth who have debt funded through MDFA. The most recent auctioned interest rate in effect at June 30, 2022 and 2021 was .352% and .318%, respectively. The University is also responsible to pay for program expenses at an annual rate of 1.252% (2022) and 1.085% (2021) of the outstanding principal balance, calculated and payable every 35 days when the rate is auctioned.

MDFA is responsible to determine, subject to certain criteria, if income earned on unexpended bond proceeds exceeds the interest cost to the bondholders. Any excess income earned is held in a rebate fund by an appointed trustee. Such amounts are held until every fifth year, whereby payment is to be made as indicated by the bond indenture agreement.

MSCBA Series 2005A bond issuance
During March 2005, the University signed a financing agreement to receive $5,110,000 from a MSCBA bond issuance. These funds were used for renovations of the athletic fields and dining hall (the "Projects") at the University. This obligation will be repaid solely by the University through dedicated student fees.

The University is required to make annual principal payments on this debt each May 1. The final principal payment was originally due on May 1, 2025. During fiscal 2021, the series 2005A bond was refunded/restructured with the MSCBA series 2020A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2022 and the bonds are now due on May 1, 2034. Interest on the debt is payable May 1 and November 1 each year. Interest payments are based on an amortization schedule prepared by MSCBA using an increasing coupon rate of interest ranging from 3.50% to 5.00% over the term of the debt to maturity. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

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MSCBA Series 2006A bond issuance
During March 2006, the University signed a financing agreement to receive $2,060,000 from a MSCBA bond issuance. These funds were used for renovations of the dining hall (the "Project") at the University. This obligation will be repaid solely by the University through dedicated student fees.

The University is required to make annual principal payments on this debt each May 1. The final principal payment was originally due on May 1, 2026. During fiscal 2021, the series 2006A bond was refunded/restructured with the MSCBA series 2020A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2022 and the bonds are now due on May 1, 2031. Interest on the debt is payable May 1 and November 1 each year. Interest payments are based on an amortization schedule prepared by MSCBA using an increasing coupon rate of interest ranging from 3.50% to 5.00% over the term of the debt to maturity. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

As of June 30, 2022 and 2021, MSCBA held debt service reserve funds in the amount of $___ and $111,320, respectively, which are included in the accompanying statements of net position at June 30, 2022 and 2021 as noncurrent restricted cash and cash equivalents.

MSCBA Series 2010A bond issuance
During December 2010, the University signed a financing agreement to receive $4,856,749 from a MSCBA bond issuance. These funds, net of bond issuance costs and a debt service reserve fund, were used for renovations to the Hammond Campus Center. This obligation was repaid solely by the University through dedicated student fees and operating funds. During May 2018, the University made the final payment on the 2010A bonds.

As of June 30 2022 and 2021, MSCBA held debt service reserve funds in the amount of $___ and $80,326, respectively, which is included in the accompanying statement of net position as noncurrent restricted cash and cash equivalents. During fiscal 2021, the entire balance of the debt service reserve was released to the University.

MSCBA Series 2010B bond issuance
During December 2010, the University signed a financing agreement to receive $11,078,908 from a MSCBA bond issuance. These funds, net of bond issuance costs and a debt service reserve fund, were used for renovations to the Hammond Campus Center. This obligation will be repaid solely by the University through dedicated student fees and operating funds.

The University is required to make annual principal payments on this debt each May 1. The final principal payment is due on May 1, 2030. During fiscal 2021, the series 2010B bond was refunded/restructured with the MSCBA series 2020A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2022. Interest on the debt is payable May 1 and November 1 each year. Interest payments are based on an amortization schedule prepared by MSCBA with interest rates ranging from 4.89% to 6.54% over the term of the debt to maturity. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

As of June 30, 2022 and 2021, MSCBA held debt service reserve funds in the amount of $___ and $741,021, respectively, which are included in the accompanying statements of net position at June 30, 2022 and 2021 as noncurrent restricted cash and cash equivalents.

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MSCBA Series 2012A bond issuance
During December 2011, the University signed a financing agreement to receive $7,043,416 from a MSCBA bond issuance. These funds, net of bond issuance costs, were used for renovations to the Hammond Campus Center. This obligation will be repaid solely by the University through dedicated student fees and operating funds.

The University is required to make annual principal payments on this debt each May 1. The final principal payment was originally due on May 1, 2031. During fiscal 2021, the series 2012A bond was refunded/restructured with the MSCBA series 2020A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2022 and the bonds are now due on May 1, 2035. Interest on the debt is payable May 1 and November 1 each year. Interest payments are based on an amortization schedule prepared by MSCBA with interest rates ranging from 3.00% to 5.00% over the term of the debt to maturity.

MSCBA Series 2012C bond issuance
During December 2012, the University signed a financing agreement to receive $13,864,033 from a MSCBA bond issuance. These funds, net of bond issuance costs and a debt service reserve fund, were used for Phase III of renovations to the Hammond Campus Center and parking expansion. This obligation will be repaid solely by the University through dedicated student fees and operating funds.

The University is required to make annual principal payments on this debt each May 1. The final principal payment was originally due on May 1, 2032. During fiscal 2021, the series 2012C bond was refunded/restructured with the MSCBA series 2020A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2022 and the bonds are now due on May 1, 2034. Interest on the debt is payable May 1 and November 1 each year. Interest payments are based on an amortization schedule prepared by MSCBA with interest rates ranging from 2.00% to 5.00% over the term of the debt to maturity. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

As of June 30, 2022 and 2021, MSCBA held debt service reserve funds in the amount of $___ and $164,599, respectively, which are included in the accompanying statements of net position at June 30, 2022 and 2021 as noncurrent restricted cash and cash equivalents.

MSCBA Series 2014A bond issuance
During January 2014, the University signed a financing agreement to receive $12,235,614 from a MSCBA bond issuance. These funds, net of bond issuance costs and a debt service reserve fund, were used for Phase IV of renovations to the Hammond Campus Center. This obligation will be repaid solely by the University through dedicated student fees and operating funds.

The University is required to make annual principal payments on this debt each May 1. The final principal payment was originally due on May 1, 2033. During fiscal 2021, the series 2014A bond was refunded/restructured with the MSCBA series 2020A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2022 and the bonds are now due on May 1, 2038. Interest on the debt is payable May 1 and November 1 each year. Interest payments are based on an amortization schedule prepared by MSCBA with interest rates ranging from 2.00% to 5.00% over the term of the debt to maturity. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

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As of June 30, 2022 and 2021, MSCBA held debt service reserve funds in the amount of $___ and $513,247, respectively, which are included in the accompanying statements of net position at June 30, 2022 and 2021 as noncurrent restricted cash and cash equivalents.

MSCBA Series 2014C bond issuance
During December 2014, the University signed a financing agreement to receive $10,669,502 from a MSCBA bond issuance. These funds, net of bond issuance costs and a debt service reserve fund, are being used for Phase V of renovations to the Hammond Campus Center. This obligation will be repaid solely by the University through dedicated student fees and operating funds.

The University is required to make annual principal payments on this debt each May 1. The final principal payment was originally due on May 1, 2034. During fiscal 2021, the series 2014C bond was refunded/restructured with the MSCBA series 2020A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2022 and the bonds are now due on May 1, 2035. Interest on the debt is payable May 1 and November 1 each year. Interest payments are based on an amortization schedule prepared by MSCBA with interest rates ranging from 3.00% to 5.00% over the term of the debt to maturity. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

As of June 30, 2022 and 2021, MSCBA held debt service reserve funds in the amount of $___ and $458,809, respectively, which are included in the accompanying statements of net position at June 30, 2022 and 2021 as noncurrent restricted cash and cash equivalents.

DCAMM Clean Energy Investment Program
In November 2016, the University entered into a Memorandum of Understanding with DCAMM to undertake a Comprehensive Energy Performance Contracting Project (the "Project"). The Project's goal is to upgrade boilers, replace the chiller, lighting, EMS expansion and improvements, HVAC upgrades, and various energy conservation measures.

The total cost for the Project was $9,451,868, including $498,975 incurred in 2020. The cost of the Project was funded from Clean Energy Investment Program Funds ("CEIP Funds") in the amount of $5,420,360, capital grants of $3,781,536, and energy incentives from the contractor in the amount of $249,972. CEIP Funds for the Project are to be repaid over 20 years at 3.00% interest. Annual payments of principal and interest for the Project in the amount of $364,333 commenced on January 1, 2020. Additionally, the agreement provides for the University to fund annual maintenance costs to be paid over the first five years of the Project totaling approximately $244,500. These maintenance costs are expected to be offset by energy savings as a result of the Project. The Project was completed and placed into service in August 2019.

MSCBA Series 2017A bond issuance
During January 2017, the University signed a financing agreement to receive $4,166,418 from a MSCBA bond issuance. These funds, net of bond issuance costs and a debt service reserve fund, are being used for renovations to the Landry Arena. This obligation will be repaid solely by the University through dedicated student fees and operating funds. The University also executed a management agreement with MSCBA whereby MSCBA is providing management services to the University for the renovations.

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The University is required to make annual principal payments on this debt each June 30 commencing in fiscal 2018. The final principal payment is due June 30, 2037. During fiscal 2021, the series 2017A bond was refunded/restructured with the MSCBA series 2020A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2022. Interest on the debt is payable June 30 and December 30 each year. Interest payments are based on an amortization schedule prepared by MSCBA with interest rates ranging from 3.00% to 5.00% over the term of the debt to maturity. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

As of June 30, 2022 and 2021, MSCBA held debt service reserve funds in the amount of $___ and $79,218, respectively, which are included in the accompanying statements of net position at June 30, 2022 and 2021 as noncurrent restricted cash and cash equivalents.

MSCBA Series 2019A bond issuance

During January 2019, the University signed a financing agreement to receive $2,623,145 from a MSCBA bond issuance. These funds, net of bond issuance costs and a debt service reserve fund, are being used for renovations to the Holmes Dining Commons and the Recreation Center. This obligation will be repaid solely by the University through dedicated student fees and operating funds. The University also executed a management agreement with MSCBA whereby MSCBA is providing management services to the University for the renovations.

The University is required to make annual principal payments on this debt each June 30 commencing in fiscal 2020. The final principal payment is due June 30, 2039. During fiscal 2021, the series 2019A bond was refunded/restructured with the MSCBA series 2020A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2022. Interest on the debt is payable June 30 and December 30 each year. Interest payments are based on an amortization schedule prepared by MSCBA with interest rates ranging from 3.00% to 5.00% over the term of the debt to maturity.

As of June 30, 2022, MSCBA held unexpended debt proceeds in the amount of $___, of which $___ is included in the accompanying 2022 statement of net position as current restricted cash and cash equivalents and $___ is included in the accompanying 2022 statement of net position as noncurrent restricted cash and cash equivalents. As of June 30, 2021, MSCBA held unexpended debt proceeds in the amount of $53,714, of which $2,886 is included in the accompanying 2021 statement of net position as current restricted cash and cash equivalents and $50,828 is included in the accompanying 2021 statement of net position as noncurrent restricted cash and cash equivalents.

MSCBA Series 2020A bond refunding

On July 1, 2020, MSCBA closed on Refunding Revenue Bonds Series 2020A for the purpose of providing budgetary relief in fiscal year 2021 and fiscal year 2022 to the nine State Universities including Fitchburg State University. These bonds were issued to refund/restructure debt outstanding from multiple series of bonds, as noted above. The reduction of the University's fiscal year 2021 debt service assessment was approximately $10,580,000. The reduction of the University's fiscal year 2022 debt service assessment is approximately $5,540,000. During August 2020, MSCBA's board approved the release of a portion of the funds held in the Debt Service Reserve Fund to pay the November 1, 2020 interest payment on behalf of the State Universities. Fitchburg State University received approximately $2,590,000 in funds held in reserve to be applied to the November interest payment to MSCBA. The bond restructuring resulted in a net deferred gain of $3,482,170, which will be amortized

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and recognized over the original term of the bonds. As of June 30, 2022, there were net deferred gains of $2,528,646, which is included in deferred inflows of resources on the accompanying 2022 statement of net position.

Aggregate principal and interest payments due to maturity consist of the following:

Year ending June 30:	Principal	Amortization of bond premium	Total principal	Estimated interest (1)	Total
2023	$ 4,073,146	$ 284,430	$ 4,357,576	$ 1,768,221	$ 6,125,797
2024	4,374,756	262,481	4,637,237	1,601,355	6,238,592
2025	4,012,600	178,967	4,191,567	1,429,302	5,620,869
2026	3,600,014	151,144	3,751,158	1,267,417	5,018,575
2027	4,435,969	135,275	4,571,244	1,408,411	5,979,655
2028 - 2032	16,275,148	513,185	16,788,333	2,661,812	19,450,145
2033 - 2037	12,234,575	41,605	12,276,180	1,768,658	14,044,838
2038 - 2042	1,156,639	2,860	1,159,499	567,642	1,727,141
Total	$ 50,162,847	$ 1,569,947	$ 51,732,794	$ 12,472,818	$ 64,205,612

(1) The interest rate in effect at June 30, 2022 of .318% was used to calculate the estimated interest on the MDFA Series J-3 bond included above.

Other interagency activity

The oversight of various capital projects on campus is provided by MSCBA. To fund these projects, the University provides equity contributions, by advancing funds to MSCBA, which are then held by MSCBA until used for the payment of the capital project costs. During fiscal 2021, the University provided an equity contribution of $670,000 toward the Theater Project. During fiscal 2020, the University provided an equity contribution of $300,000 toward the Recreation Center Project, of which $102,837 of these funds were subsequently transferred to the Theater Project account at MSCBA for the Theater Project renovations. During fiscal 2020, funds totaling $13,473 were transferred from the Southside Chiller, Landry Project, Recreation Center Project and Theater Project accounts at MSCBA for the Holmes Dining renovations project. During fiscal 2020, Holmes Dining funds of $170,655 were transferred to the Theatre Project account MSCBA for the Theater Project renovations.

As of June 30, 2022, amounts held by MSCBA representing the unexpended portion of the University's contributions are as follows:

	Restricted cash and cash equivalents:	
University Projects	Current	Noncurrent
Recreation Center	$ -	$ 67,798
Theater	13,627	150,909
	$ 13,627	$ 218,707

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As of June 30, 2021, amounts held by MSCBA representing the unexpended portion of the University's contributions are as follows:

	Restricted cash and cash equivalents:	
University Projects	Current	Noncurrent
Recreation Center	$ -	$ 67,798
Theater	13,627	150,909
	$ 13,627	$ 218,707

Note 13 - Leases

During fiscal year 2017, the University entered into a noncancellable capital lease agreement with a financial institution in the amount of $1,261,206 for an upgrade to its wireless network equipment. The lease has a term of five years and requires semi-annual payments of $132,483, which commenced on March 23, 2017 and continues through September 23, 2021. The assets and capital lease obligation were recorded at the present value of the future minimum lease payments based upon an interest rate of 1.81% which was determined to be applicable at the inception of the lease. The capital lease obligation is secured by the related assets.

The University's wireless network equipment held under capital lease totaled $1,261,206 as of both June 30, 2022 and 2021. The assets under the capital lease are being depreciated over their estimated useful lives and the depreciation of these assets is included in depreciation expense. The accumulated depreciation on the leased assets amounted to $1,261,206 and $1,198,145 at June 30, 2022 and 2021, respectively. Depreciation expense totaled $63,060 and $252,241 for the years ended June 30, 2022 and 2021.

Interest expense incurred on the capital lease totaled $1,188 and $5,899 in fiscal years 2021 and 2020, respectively.

There are no future minimum lease payments under this capital lease at June 30, 2022.

Lease agreements are summarized as follows:

Lessee	Description	Payment Terms	Expiration Date	Renewal Options	Monthly Payment at June 30, 2022	Balance at June 30, 2022
TBD						
TBD						
TBD						
TBD						
TBD						
						$ -

[]

Annual revenues and requirements to amortize the long-term receivables are as follows:

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Year Ending June	Lease Revenue
2023	$ -
2024	-
2025	-
2026	-
2027	-
2028-2032	-
2033-2034	-
	$ -

As disclosed in Note 14, the Foundation Supporting Organization entered into a long-term operating lease agreement with DCAMM on behalf of the University. The lease commenced on August 16, 2006 and expired on August 16, 2016. The lease provided for base rent of $165,000 per year, payable in monthly installments of $13,750, for the entire lease term. The University was also responsible for the payment of normal operating, maintenance and repair costs associated with its use of the property. The lease continued in effect, after its expiration, under the same terms and conditions until March 9, 2017 when the Foundation Supporting Organization signed a new 10-year lease with the same terms and conditions as the previous agreement. The new lease agreement became effective as of August 16, 2016. For the years ended June 30, 2022 and 2021, rental income amounted to $165,000 in each year. The rental income is reflected in revenue from sales and services of educational departments in the accompanying statements of revenues, expenses and changes in net position. The corresponding rent expense of the University is reflected in operations and maintenance of plant.

The following is a schedule of future minimum rental income under the operating lease agreement at June 30, 2022:

Year ending June 30,	Amount
2023	165,000
2024	165,000
2025	165,000
2026	165,000
2027	20,625
	$ 680,625

On August 6, 2008, the Foundation Supporting Organization entered into a 10-year operating lease agreement with an unrelated third party for 2,350 square feet of office space located in Fitchburg, Massachusetts. The lease commenced on November 1, 2008 and shall expire on October 31, 2018. The space is being used by Fitchburg State University as office and classroom space for its Center for Professional Studies. The lease provided for a base annual rent of $17,625 for each of the first three years of the lease term, payable in monthly installments of $1,469. Beginning with the fourth year of the lease there will be a 7.5% increase at the commencement of each three-year period of the lease term, including the continuous period of any extensions thereof. On November 1, 2011, the base annual rent

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increased to $18,947 for the next three-year period of the lease term payable in monthly installments of $1,579. On July 1, 2014, the Foundation Supporting Organization entered into an amended operating lease agreement with the unrelated third party adding 20 parking spaces for use in conjunction with the above mentioned office space and extending the lease term through June 30, 2019. The amended lease provides for a base annual rent of $28,495 for each of the first three years of the lease term, payable biannually in installments of $14,247. On July 1, 2017, the annual rent on the lease shall increase by 7.5% to $30,632 (biannual installments of $15,316). On July 1, 2019, the Foundation Supporting Organization extended the lease agreement for another three year term which provides for a base annual rent of $30,632 and will increase 2% annually. The Foundation Supporting Organization may extend the initial term of the lease, under the same terms and conditions, for successive periods of one year provided it is not then in default of the lease terms and it gives proper notice. The Foundation Supporting Organization may cancel the lease at any time with the payment of two months' base rent as a termination charge. The Foundation Supporting Organization is also responsible for the payment of normal operating, maintenance and repair costs associated with the use of the property. For the years ended June 30, 2022 and 2021, rent expense amounted to $31,870 and $31,245, respectively.

The future minimum rental payments under this operating lease agreement at June 30, 2022 is $32,507 for the fiscal year ending June 30, 2023.

On February 1, 2013, the Foundation Supporting Organization entered into a 10-year operating lease agreement with the above noted unrelated third party for an additional 1,424 square feet of office space located in Fitchburg, Massachusetts. The lease commenced on February 1, 2013 and shall expire on January 31, 2023. The space is being used by Fitchburg State University for additional office and classroom space. The lease provides for a base annual rent of $5,696 payable in monthly installments of $475. Effective July 1, 2017, the lease agreement was amended to extend the term of the lease until June 30, 2023 and modify the lease payment provisions to be in biannual installments of $2,848. The Foundation Supporting Organization may extend the initial term of the lease, under the same terms and conditions, for successive periods of one year, provided it is not then in default of the lease terms and it gives proper notice. The Foundation Supporting Organization may cancel the lease at any time after February 1, 2014 with the payment of two months base rent as a termination charge. The Foundation Supporting Organization is also responsible for the payment of normal operating, maintenance and repair costs associated with the use of the property. For the years ended June 30, 2022 and 2021, rent expense amounted to $5,696 in each year.

The following is a schedule of future minimum rental payments under this operating lease agreement at June 30, 2022:

Year ending June 30,	Amount
2023	5,696

The Foundation Supporting Organization and the University are parties to License Agreements whereby the Foundation Supporting Organization granted to the University irrevocable and exclusive licenses to occupy, manage, maintain and operate certain property owned by the Foundation Supporting Organization. The License Agreements provide for initial terms of one year and automatic annual renewals thereafter. The License Agreements provide for annual license fees payable, in arrears, in four equal quarterly installments. All costs to operate and maintain the property, including any capital improvements made thereto, shall be borne by the University. The License Agreements may be terminated by either party upon the expiration of the initial term of the agreements and any

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subsequent renewal term with the giving of proper notice. In addition, the University may terminate the agreements at any time with the giving of proper notice. For the years ended June 30, 2022 and 2021, license fee income for the Foundation Supporting Organization amounted to $450,849 and $365,337, respectively. The license fee income is reflected in revenue from sales and services of educational departments in the accompanying statements of revenues, expenses and changes in net position. The corresponding license fee expense of the University is reflected in operations and maintenance of plant.

On June 22, 2018, the Foundation Supporting Organization entered into a three-year operating lease agreement with an unrelated third party to lease a minor portion of a building acquired in fiscal year 2018. The lease agreement provides for monthly lease payments of $1,600 commencing on July 1, 2018. The lease agreement was amended effective July 1, 2019 and provided for monthly lease payment of $1,358. A new 5 year lease commenced on July 1, 2021 with a monthly lease payment of $1,958. For the years ended June 30, 2022 and 2021, rental income amounted to $23,496 and $22,968, respectively.

The following is a schedule of future minimum rental payments under this operating lease agreement at June 30, 2022:

Year ending June 30,	Amount
2023	23,496
2024	23,496
2025	23,496
2026	23,496
	$ 93,984

Note 14 - FSU Foundation's long-term debt

FSU Foundation's long-term debt consists of the following at June 30, 2022 and 2021:

	2022	2021
First mortgage notes payable	$ 3,823,385	$ 3,940,299
Notes payable - bank	432,326	453,794
	4,255,711	4,394,093
Less net debt issuance costs	-	(20,507)
	4,255,711	4,373,586
Less current portion	(314,142)	(225,884)
	$ 3,941,569	$ 4,147,702

The Foundation has a mortgage note payable in the original amount of $550,000, dated April 16, 2008, with Fidelity Cooperative Bank. The proceeds of the note were used to acquire certain real estate properties on the Fitchburg State University campus. The note is secured by a first mortgage interest in

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the real estate and related personal property located thereon, and an assignment of leases and rents. Furthermore, any and all deposits held by the lender serve as additional collateral for the loan.

The loan agreement has a term of 20 years and provided for a fixed rate of interest of 5.75% per annum for the first 10 years of the loan term. Thereafter, the interest rate was to be fixed at the Federal Home Loan Bank Ten Year Cost of Funds Rate in effect as of the first day of the final 10 years of the term of the loan plus 118 basis points. The interest rate was adjusted to 4.27% per annum for the remainder of the loan term pursuant to the provisions of a Change in Terms Agreement dated October 19, 2016. The loan required monthly installments of principal and interest of $3,862 through October 16, 2016. Thereafter, the loan requires monthly installments of principal and interest of $2,454 commencing on November 16, 2016 with a final principal payment due in the amount of $210,752 at the loan's maturity date of April 16, 2028. The note may be prepaid at any time, in whole or in part, without premium or penalty.

At June 30, 2022 and 2021, the outstanding principal balance of this mortgage note payable amounted to $314,142 and $329,618, respectively.

In August 2006, the Foundation Supporting Organization acquired land and a building consisting of 4,179 square feet of office space and 53,429 square feet of warehouse space located in Fitchburg, Massachusetts near the University campus. The entire property has been leased to DCAMM on behalf of the University (see Note 23). The University is currently using the property for its print services, maintenance, and shipping and receiving and financial services.

The acquisition and related costs were funded with the proceeds of an offering of tax-exempt revenue bonds, Massachusetts Development Finance Agency Revenue Bonds, FSC Foundation Supporting Organization Issue, Series 2006 (the "bonds"), dated August 1, 2006, in the amount of $1,900,000, issued by the Massachusetts Development Finance Agency ("MDFA"), pursuant to a Loan and Trust Agreement. People's United Bank, as successor in interest to Chittenden Trust Company, is the bond Trustee. MDFA assigned all of its rights, title, and interest in and to the loan and related loan documents to the bond Trustee as security for repayment of the bonds. The loan is secured by a first mortgage interest in the real estate and related personal property located thereon, and an assignment of leases and rents. Payment and performance of the Foundation Supporting Organization's obligations under the loan agreement have been guaranteed by the Foundation.

The loan agreement has a term of 20 years and provides for a fixed rate of interest of 5.5% per annum for the first five years of the loan term. Thereafter, the interest rate will be adjusted at five-year intervals (August 16, 2011, 2016 and 2021) to a fixed rate of interest equal to 80% of the bank's prime rate, but no greater than 1% or less than 1% of the interest rate in effect for the immediately preceding five-year adjustment interval. The interest rate was adjusted to 4.5% per annum on August 16, 2011 pursuant to the provisions of the loan agreement. The loan required monthly installments of principal and interest of $13,154 through August 16, 2011 and $12,306 until August 16, 2016. The interest rate was adjusted to 3.5% per annum on August 16, 2016 pursuant to the provisions of the loan agreement. Commencing thereafter, the monthly installments of principal and interest are $11,739 until the next five-year interval adjustment date of August 16, 2021. The loan matures on August 16, 2026. The loan agreement requires the Foundation Supporting Organization to maintain a Debt Service Coverage Ratio, as defined, of not less than 1.10 to 1 to be measured annually at the end of its fiscal year.

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The mortgage note was issued pursuant to the Loan and Trust Agreement and related loan documents and is subject to and governed by the terms and conditions of those agreements. The loan may be prepaid in accordance with the terms of the Loan and Trust Agreement for prepayment of the bonds as more fully described in the Loan and Trust Agreement.

The loan documents contain cross default provisions with the DCAMM lease.

Debt issuance costs, net of accumulated amortization, totaled $0 and $20,507 as of June 30, 2021 and 2020, respectively. During 2021, the loan associated with these debt issuance costs was repaid in full and as such the related debt issuance costs were fully amortized. During 2021, the Foundation Supporting Organization paid $20,507 in debt issuance costs related to the new mortgage provided by Rollstone Bank. For the year ended June 30, 2022 and 2021, amortization expenses of $0 and $14,813, respectively, were added to interest costs in the accompanying statement of revenues, expenses and changes in net position. Amortization of debt issuance costs on the above loan was amortized using an imputed interest of 3.64%.

MDFA is providing financing to the Foundation Supporting Organization in the form of a General Fund loan in the amount of $500,000 per the agreement dated June 28, 2021. The loan will be disbursed by a series of advances, per the terms and conditions stipulated in the Construction Loan Agreement. The proceeds are to be used for predevelopment costs in connection with the proposed redevelopment of the Theater Block. The note is secured by a first mortgage on and assignment of leases and rents for the real estate located at 675 Main Street, Fitchburg, Massachusetts. The note has a term of 5 years, maturing on June 28, 2026, and provides for a fixed rate of interest of 4% per annum. The loan requires monthly installments of interest effective August 1, 2021. The entire outstanding principal balance shall be due and paid at the earlier of (i) a triggering event or (ii) at maturity, June 28, 2026. A triggering event occurs when the property is transferred to another, abandoned, or financing of $20,000,000 or more is secured. The loan has debt issuance costs of $10,184. Total amount disbursed to June 30, 2022 and 2021 is $73,846 and $0, respectively.

MDFA is providing financing to the Organization in the form of a Brownfields loan in the amount of $500,000 per the agreement dated June 28, 2021. The loan will be disbursed by a series of advances, per the terms and conditions stipulated in the Construction Loan Agreement. The proceeds are to be used for remediation costs in connection with the proposed redevelopment of the Theater Block. The note is secured by a first mortgage on and assignment of leases and rents for the real estate located at 15 Central Street and 675 Main Street and 689-717 Main Street, Fitchburg, Massachusetts. The note has a term of 10 years, amortizing over 30 years, and provides for a fixed rate of interest of 3% per annum. The loan requires monthly installments of interest for the first twelve months after closing; and thereafter principal and interest payable over 30 years.

The loan has debt issuance costs of $10,184. Total principal to June 30, 2022, 2021 is $52,878 and $0, respectively.

Workers' Credit Union ("WCU") provided financing to the Foundation Supporting Organization in the form of a note, dated February 27, 2009, in the amount of $750,000. The note is secured by a first mortgage interest in certain real estate owned by the Foundation Supporting Organization and an assignment of certain leases and rents. The note is also collateralized by all funds held by the lender. At June 30, 2022 and 2021, the Foundation Supporting Organization has total cash balances of $8,874 and $8,456, respectively, held by the lender which serve as additional collateral for the loan.

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The mortgage note had a term of 10 years, expiring on February 27, 2019, and provided for a fixed rate of interest of 5.74% per annum. The interest rate was adjusted to 4.99% per annum on June 20, 2015 pursuant to the provisions of a loan modification agreement. On February 27, 2019, pursuant to the provisions of a new loan modification agreement, the interest rate was adjusted to 5.25% per annum expiring on February 27, 2024. The note requires monthly installments of principal and interest of $4,517, through February 27, 2024. Commencing thereafter, the interest rate will be adjusted to the FHLB 5 year Classic Advance plus 2.25% until the new maturity date of February 27, 2029, and monthly payments for principal and interest will be determined at that point.

At June 30, 2022 and 2021, the outstanding principal balance of this first mortgage loan amounted to $469,538 and $498,266, respectively.

Rollstone Bank & Trust provided financing to the Foundation Supporting Organization in the form of a note, dated December 22, 2014 in the amount of $240,000. The note is secured by a first mortgage interest in the real estate property located at 131 Highland Avenue in Fitchburg, Massachusetts and an assignment of leases and rents on the property. The note has a term of 20 years, maturing on December 22, 2034, and provides for a fixed rate of interest of 3.25% per annum. The loan requires monthly installments of principal and interest of $1,367 based on a 20-year principal amortization. The loan agreement requires the Foundation Supporting Organization to maintain a ratio of Cash Flow (after distributions), as defined, to the Current Maturity of Long-Term Debt plus interest, as defined, of not less than 1.0 to 1 for any fiscal year. The loan agreement also contains, among other covenants, restrictions relating to future borrowings, capital expenditures by lease or purchase, distributions, making of advances or loans to other parties, making of investments, and sale, lease or transfer of assets, except as provided for and as more fully described in the loan agreement.

At June 30, 2022 and 2021, the outstanding principal balance of the mortgage note payable amounted to $167,889 and $178,567, respectively.

Rollstone Bank & Trust provided refinancing to the Foundation Supporting Organization in the form of a note, dated December 9, 2020 in the amount of $1,538,000. The proceeds of the note was used to (i) refinance existing debt owed by the Foundation Supporting Organization, (ii) to purchase, raze and develop the real property located at 175-179 Myrtle Street, Fitchburg, Massachusetts, (iii) to finance a new roof at the property located at 167 Klondike Avenue. This note is secured by a first mortgage interest in the real estate property located at 167 Klondike Avenue in Fitchburg, Massachusetts and an assignment of leases and rents on the property. The note bears interest at a fixed rate of 3.5% per annum until December 9, 2030. Thereafter, the note shall bear interest at a per annum rate equal to the Federal Home Loan Bank of Boston “Five Year Classic Advance Rate” plus 2.25%. The loan requires monthly installments of principal and interest of $11,032 based on a 15-year principal amortization. The loan agreement requires the Supporting Organization to maintain a debt service ratio equal to or greater than 1:1. The loan agreement also contains, among other covenants, restrictions relating to future borrowings, capital expenditures by lease or purchase, distributions, making of advances or loans to other parties, making of investments, and sale, lease or transfer of assets, except as provided for and as more fully described in the loan agreement.

As of June 30, 2022, and 2021, the outstanding principal balance of the mortgage loan amounted to $1,418,087 and $1,498,585, respectively.

Fidelity Co-Operative Bank provided financing to the Foundation Supporting Organization in the form of a note, dated June 26, 2013, in the amount of $83,200. The note is secured by a first mortgage interest in the real estate property located at 340 Highland Avenue in Fitchburg, Massachusetts and an

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assignment of leases and rents on the property. The mortgage note has a term of 20 years, maturing on June 26, 2033, and provides for a fixed rate of interest of 3.5% per annum for the first five years of the loan term. Thereafter, the interest rate will be adjusted at five-year intervals (June 26, 2018, 2023 and 2028) to the Federal Home Loan Bank Boston Classic Advance Five-Year Rate plus 2.75% per annum. The loan required monthly installments of principal and interest of $376 until the next five-year interval adjustment date of June 26, 2018. The interest rate was adjusted to 5.93% per annum on June 26, 2018 pursuant to the provisions of the loan agreement. The July and August 2018 monthly installments of principal and interest remained at $376. On August 27, 2018, the Foundation Supporting Organization entered into a Change in Terms Agreement with the lender in which the interest rate on the note was modified to a fixed rate of 5.20% per annum until June 26, 2023. At that time, the interest rate will be adjusted pursuant to the terms of the original note described above. All other terms, provisions and conditions of the original note agreement remain in full force and effect. Commencing with the September 2018 monthly installment of principal and interest, the monthly installments shall be $450. The note provides for the payment of a prepayment penalty if the loan is paid prior to maturity. The amount of the penalty shall be a specified percentage of the amount prepaid with such percentage ranging from 5% if paid before the loan's first anniversary and decreasing by 1% per year to 1% if paid before the loan's fifth anniversary. The prepayment penalty will reset as defined above at each five-year anniversary date of the note. The loan agreement contains, among other covenants, restrictions relating to future borrowings, making of advances or loans to other parties, sale, lease or transfer of assets, and the granting of further security interests, except as provided for and as more fully described in the loan agreement. The loan is cross-defaulted and cross-collateralized with any and all other loans made by the lender to the Foundation Supporting Organization.

At June 30, 2022 and 2021, the outstanding principal balance of the mortgage note payable amounted to $68,484 and $70,255, respectively.

In October 2016, Fidelity Co-Operative Bank provided financing to the Foundation Supporting Organization in the form of a promissory note, dated October 19, 2016, in the amount of $118,000. The note is secured by a Negative Pledge Agreement on the real estate property located at 198 Pearl Street in Fitchburg, Massachusetts.

The promissory note has a term of 10 years, maturing on October 21, 2026, and provides for a fixed rate of interest of 4.11% per annum. Commencing on November 21, 2016, the loan requires monthly installments of principal and interest of $726 based on a 20-year principal amortization until the maturity date, at which time the remaining outstanding principal balance of $71,599 and any accrued interest thereon is due and payable. The note provides for the prepayment of all or a portion of the amount owed without penalty. The business loan agreement contains, among other covenants, restrictions relating to future borrowings, making of advances or loans to other parties, sale, lease or transfer of assets, and the granting of further security interests, except as provided for and as more fully described in the business loan agreement. The loan is cross-defaulted and cross-collateralized with any and all other loans made by the lender to the Foundation Supporting Organization.

As of June 30, 2022 and 2021, the outstanding principal balance of the loan amounted to $93,637 and $98,339, respectively.

In January 2017, Fidelity Co-Operative Bank provided financing to the Foundation Supporting Organization in the form of a promissory note, dated January 13, 2017, in the amount of $220,000. The note is secured by a Negative Pledge Agreement on the properties located at 9 Clinton Street and 85-87 Pearl Street in Fitchburg, Massachusetts.

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The promissory note has a term of 10 years, maturing on January 13, 2027, and provides for a fixed rate of interest of 4.76% per annum. Commencing on February 13, 2017, the loan requires monthly installments of principal and interest of $1,431 based on a 20-year principal amortization until the maturity date, at which time the remaining outstanding principal balance of $136,868 and any accrued interest thereon is due and payable. The note provides for the payment of a prepayment penalty if the loan is paid prior to maturity. The amount of the penalty shall be a specified percentage of the amount prepaid with such percentage ranging from 5% if paid before the loan's first anniversary and decreasing by 1% per year to 1% if paid before the loan's fifth anniversary. The prepayment penalty will reset as defined above at each five-year anniversary date of the note. The loan agreement contains, among other covenants, restrictions relating to future borrowings, making of advances or loans to other parties, sale, lease or transfer of assets, and the granting of further security interests, except as provided for and as more fully described in the loan agreement. The loan is cross-defaulted and cross collateralized with any and all other loans made by the lender to the Foundation Supporting Organization.

As of June 30, 2022 and 2021, the outstanding principal balance of the loan amounted to $178,835 and $187,181, respectively.

In November 2016, Enterprise Bank and Trust Company provided financing to the Foundation Supporting Organization in the form of a promissory note, dated November 4, 2016, in the amount of $280,000. The note is secured by a first mortgage interest in the property and an assignment of rents on the property located at 689-717 Main Street in Fitchburg, Massachusetts.

The promissory note has a term of 10 years, maturing on November 4, 2026, and thereafter is payable on demand. The note provides for a fixed rate of interest of 4.33% per annum for the first ten years of the loan term. Thereafter, the interest rate will be adjusted at 10-year intervals to the Daily High Federal Home Loan Bank Boston Classic Advance Ten Year Regular Rate plus 1.95% per annum. Commencing on January 1, 2017, the loan requires monthly installments of principal and interest of $1,401 based on a 30-year principal amortization schedule. If the note is prepaid in whole or in part during the first 117 months of each fixed rate period for the purpose of refinancing the note with another financial institution, the note provides for a prepayment penalty equal to 3% of any principal reduction. Except for the forgoing, the note may be prepaid in whole or in part without penalty. The loan is cross-defaulted and cross-collateralized with any and all other loans made by the lender to the Foundation Supporting Organization.

As of June 30, 2022 and 2021, the outstanding principal balance of the loan amounted to $251,983 and $257,596, respectively.

In September 2017, Webster First Federal Credit Union provided financing to the Foundation Supporting Organization in the form of a commercial note, dated September 22, 2017, in the amount of $250,000. The note is secured by a first mortgage interest in the real estate properties located at 66 and 0 Day Street and 721-725 Main Street, Fitchburg, Massachusetts, and an assignment of leases and rents on the properties. The note has a term of 15 years, maturing on October 1, 2032, and provides for a fixed rate of interest of 3.75% per annum for the first 10 years of the loan term. Thereafter, the interest rate will be adjusted to the Federal Home Loan Bank of Boston Five Year Classic Rate plus 1.5% per annum for the remaining five years of the loan term, but no less than a rate of 3.75% per annum. Commencing on November 1, 2017, the loan requires monthly installments of principal and interest of $1,825 based on a 15-year principal amortization schedule with a final payment of all unpaid principal and accrued interest thereon due at maturity. The note may be prepaid in whole or in part at any time without penalty.

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As of June 30, 2022 and 2021, the outstanding principal balance of the loan amounted to $186,847 and $201,340, respectively.

The Foundation Supporting Organization has a note payable in the original amount of $680,000, dated April 26, 2007, with Enterprise Bank and Trust Company. The note is secured by investments with an equivalent fair value of approximately $2,357,000 and $2,301,000 at June 30, 2022 and 2021, respectively. In addition, payment and performance of the Foundation Supporting Organization's obligations under the loan agreement have been guaranteed by the Foundation.

The promissory note has a term of 30 years, expiring on May 5, 2037, and provides for a fixed rate of interest of 6% per annum for the first five years of the loan term. Thereafter, the interest rate will be adjusted at five-year intervals (April 26, 2012, 2017, 2022, 2027 and 2032) to the Federal Home Loan Bank Boston Classic Advance Five-Year Rate plus 1.15% per annum. The rate was adjusted to 2.62% on April 26, 2012, 3.49% on April 26, 2017 and 4.24% on April 26, 2022 per annum, pursuant to the provisions of the loan agreement. The loan required monthly installments of principal and interest of $4,122 through May 7, 2012, $2,875 through April 26, 2017 and $3,115 through April 26, 2022. The interest rate was adjusted to 3.49% per annum on April 26, 2017 pursuant to the provisions of the loan agreement. Commencing thereafter, the monthly installments of principal and interest are $3,280 until the next five-year interval adjustment date of April 26, 2027. The note may be prepaid at any time, in whole or in part, without premium or penalty.

At June 30, 2022 and 2021, the outstanding principal balance of this note payable amounted to $432,326 and $453,794, respectively.

In November 2018, Enterprise Bank and Trust Company provided financing to the Foundation Supporting Organization in the form of a promissory note, dated November 5, 2018, in the amount of $148,000. The note is secured by a first mortgage interest in and an assignment of leases and rents on a real estate property located at 70-78 North Street in Fitchburg, Massachusetts.

The promissory note has a term of 20 years, maturing on November 5, 2038. The note provides for a fixed rate of interest of 5% per annum for the first ten years of the loan term. Thereafter, the interest rate will be adjusted at five-year intervals to the Daily High Federal Home Loan Bank Boston Classic Advance Five Year Regular Rate plus 1.95% per annum. The loan will have a minimum floor rate of 5%. Commencing on January 1, 2019, the loan requires monthly installments of principal and interest of $983 based on a 20-year principal amortization schedule. If the note is prepaid in whole or in part during the term of the loan for the purpose of refinancing the loan with another financial institution, the loan provides for a prepayment penalty equal to 3% of any principal reduction. Except for the forgoing, the note may be paid in whole or in part without penalty. The loan is cross-defaulted and cross-collateralized with any and all other loans made by the lender to the Foundation Supporting Organization.

As of June 30, 2022 and 2021, the outstanding principal balance of the loan amounted to $131,631 and $136,612, respectively.

In June 2019, Hometown Bank provided financing to the Foundation Supporting Organization in the form of a commercial note, dated June 18, 2019, in the amount of $312,000. The note is secured by a first mortgage interest in the property and a collateral assignment of rents and leases on the real estate property located at 164 Highland Avenpue in Fitchburg, Massachusetts.

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The commercial note has a term of 10 years, maturing on June 18, 2029, and provides for a fixed rate of interest of 4.60% per annum for the first five years of the loan term. Thereafter, the interest rate will be adjusted at five-year intervals (June 18, 2024) to the Federal Home Loan Bank Boston Classic Advance Five Year Rate plus 1.75% per annum. Commencing on July 18, 2019, the loan requires monthly installments of principal and interest of $1,752 based on a 25-year principal amortization schedule with a final payment of all unpaid principal and accrued interest thereon due at maturity.

As of June 30, 2022 and 2021, the outstanding principal balance of the loan amounted to $290,537 and $298,009, respectively.

In June 2019, Hometown Bank provided financing to the Foundation Supporting Organization in the form of a commercial note, dated June 18, 2019, in the amount of $138,400. The note is secured by a first mortgage interest in the property and a collateral assignment of rents and leases on the real estate property located at 174 Highland Avenue in Fitchburg, Massachusetts.

The commercial note has a term of 10 years, maturing on June 18, 2029, and provides for a fixed rate of interest of 4.60% per annum for the first five years of the loan term. Thereafter, the interest rate will be adjusted at five year intervals (June 18, 2024) to the Federal Home Loan Bank Boston Classic Advance Five Year Rate plus 1.75% per annum. Commencing on July 18, 2019, the loan requires monthly installments of principal and interest of $777 based on a 25-year principal amortization schedule with a final payment of all unpaid principal and accrued interest thereon due at maturity.

As of June 30, 2022 and 2021, the outstanding principal balance of the loan amounted to $128,879 and $132,193, respectively.

In April 2019, Fitchburg Historical Society provided financing to the Foundation Supporting Organization in the form of a promissory note, dated April 4, 2019, in the amount of $90,000. The note is secured by a first mortgage interest in the property and a collateral assignment of rents and leases on the real estate property located at 0 Main Street in Fitchburg, Massachusetts.

The commercial note has a term of five years, maturing on April 1, 2024, and provides for a fixed rate of interest of 5.00% per annum. Commencing on May 1, 2019, the loan requires monthly installments of principal and interest of $1,694 based on a 5-year principal amortization schedule with a final payment of all unpaid principal and accrued interest thereon due at maturity.

As of June 30, 2022 and 2021, the outstanding principal balance of the loan amounted to $35,633 and $53,738, respectively.

Principal funding payments and estimated interest due to maturity consist of the following:

Year ending June 30:	Principal	Interest (1)	Total
2023	235,356	166,971	402,327
2024	241,536	157,396	398,932
2025	234,502	147,443	381,945
2026	615,144	186,165	801,309
2027-2031	1,879,653	308,671	2,188,324
2032-2036	881,211	82,747	963,958
2037-2041	60,300	2,409	62,709
Total	$ 4,147,702	$ 1,051,802	$ 5,199,504

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(1) The interest rates in effect at June 30, 2022 on the first mortgage notes payable and the note payable - bank were used to calculate the estimated interest on these debt obligations.

Note 15 - FSU Foundation lines of credit

On August 23, 2017, the Foundation renewed, under substantially the same terms, its existing demand revolving working capital line of credit agreement with Workers' Credit Union which permits the Foundation to borrow up to $250,000. Pursuant to the provisions of the line of credit agreement, maximum advances under the line are limited to 70% of the pledged investment collateral unless otherwise approved by the lender. The renewed line of credit provided for interest at 5.25% through September 1, 2017 and, thereafter, at The Wall Street Journal Prime Rate plus 1%. The interest rate charged to the Foundation may not exceed a rate of 18%. On January 31, 2019, the line of credit agreement was modified to change the interest rate to The Wall Street Journal Prime Rate plus 0%. At June 30, 2022 and 2021, the effective interest rate was 4.75% and 3.25% per annum, respectively. In fiscal 2021, $250,000 was borrowed on the line of credit to assist with short-time cash flow in purchasing a property abutting the University. The amount was repaid in full in January 2021. Accordingly, as of June 30, 2022 and 2021, there was no outstanding liability under the line of credit.

Borrowings under the line were secured by investments with an equivalent fair value of approximately $12,544,000 at June 30, 2021. The line is also collateralized by all funds held by the lender. At June 30, 2021, the Foundation had total cash balances of approximately $59,000 held by the lender. The line of credit agreement expired on March 25, 2022.

On August 18, 2016, the Foundation Supporting Organization entered into a demand unsecured revolving line of credit agreement with Rollstone Bank and Trust which permits the Foundation Supporting Organization to borrow up to $250,000. The line of credit provides for interest at The Wall Street Journal Prime Rate less .25% (effective rates of 4.5% at June 30, 2022 and 3.0% at June 30, 2021). The line of credit agreement expired on August 18, 2017. The line of credit was extended through November 30, 2017, and again through November 30, 2018, under the same terms and conditions of the previous agreement. On November 30, 2018, the line of credit was renewed through November 30, 2020, again through November 30, 2021, and again through November 30, 2022. The Foundation Supporting Organization may prepay outstanding revolving loans under the agreement in whole or in part at any time without premium or penalty. The line of credit agreement contains, among other covenants, the maintenance of a debt service coverage ratio, as defined, of at least 1.00 to 1. In addition, the agreement provides that the line of credit be brought to a zero balance for 30 consecutive days annually during the term of the agreement. As of June 30, 2022, the Foundation Supporting Organization had no amounts outstanding on this line of credit. For the year ended June 30, 2021, the Foundation Supporting Organization made payments of $250,000 under the line of credit agreement. In fiscal year 2021, the Foundation Supporting Organization made payments of $250,000 and borrowings of $250,000 under the line of credit agreement but no borrowings occurred in fiscal year 2022. There was no balance outstanding as of June 30, 2022 and 2021.

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Note 16 - Long-term liabilities

Long-term liability activity of the University for the year ended June 30, 2022 included the following:

	Totals June 30, 2021	Additions	Reductions	Totals June 30, 2022 Ending balance	Totals June 30, 2022 Current portion
Interagency payables	$ 55,022,458	$ -	$ 3,289,663	$ 51,732,795	$ 4,357,576
Total	55,022,458	-	3,289,663	51,732,795	4,357,576
Other liabilities:					
Lease obligation	131,295	-	131,295	-	-
Workers' compensation	1,088,425	187,008	131,180	1,144,253	137,942
Compensated absences	5,361,399	3,696,752	3,243,931	5,814,220	3,485,913
Loan payable - federal financial assistance	1,154,792	26,195	386,018	794,969	-
Net pension liability	20,091,153	-	12,075,854	8,015,299	-
Net OPEB liability	25,852,605	-	11,779,601	14,073,004	-
Total other liabilities	53,679,669	3,909,955	27,747,879	29,841,745	3,623,855
Long-term obligations	$ 108,702,127	$ 3,909,955	$ 31,037,542	$ 81,574,540	$ 7,981,431

Long-term liability activity of the University for the year ended June 30, 2021 included the following:

	Totals June 30, 2020	Additions	Reductions	Totals June 30, 2021 Ending balance	Totals June 30, 2021 Current portion
Interagency payables	$ 57,940,105	$ -	$ 2,917,647	$ 55,022,458	$ 2,523,772
Total	57,940,105	-	2,917,647	55,022,458	2,523,772
Other liabilities:					
Lease obligation	390,363	-	259,068	131,295	131,295
Workers' compensation	478,124	714,532	104,231	1,088,425	131,181
Compensated absences	5,741,743	3,204,081	3,584,425	5,361,399	3,243,931
Loan payable - federal financial assistance	1,354,371	35,914	235,493	1,154,792	-
Net pension liability	12,763,415	7,327,738	-	20,091,153	-
Net OPEB liability	24,061,207	1,791,398	-	25,852,605	-
Total other liabilities	44,789,223	13,073,663	4,183,217	53,679,669	3,506,407
Long-term obligations	$ 102,729,328	$ 13,073,663	$ 7,100,864	$ 108,702,127	$ 6,030,179

Long-term liability activity of FSU Foundation for the year ended June 30, 2022 included the following:

	Totals June 30, 2021	Additions	Reductions	Totals June 30, 2022 Ending balance	Totals June 30, 2022 Current portion
First mortgage notes payable	$ 3,919,792	$ -	$ 96,407	3,823,385	$ 212,900
Notes payable - bank	453,794	-	21,558	432,236	21,196
Long-term obligations	$ 4,373,586	$ -	$ 117,965	$ 4,255,621	$ 234,096

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Long-term liability activity of FSU Foundation for the year ended June 30, 2021 included the following:

	Totals June 30, 2020	Additions	Reductions	Totals June 30, 2021 Ending balance	Totals June 30, 2021 Current portion
First mortgage notes payable	$ 3,324,302	$ 1,559,169	$ 963,679	$ 3,919,792	$ 204,207
Notes payable - bank	474,686	-	20,892	453,794	21,677
Long-term obligations	$ 3,798,988	$ 1,559,169	$ 984,571	$ 4,373,586	$ 225,884

Note 17 - Net position

Unrestricted net position is comprised of net position that is not subject to externally imposed stipulations; however, they may be subject to internal restrictions. For example, unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Certain unrestricted net position is internally designated for academic and research programs and initiatives, and graduate and continuing education programs. Designated unrestricted net position was $20,156,940 and $22,004,241 at June 30, 2022 and 2021, respectively. Undesignated unrestricted net position was $(25,687,435) and $(28,534,838) at June 30, 2022 and 2021, respectively.

At June 30, 2022 and 2021, the net investment in capital assets amount of $132,692,505 and $129,112,613, respectively, includes the effect of deferring the recognition of revenue from the installment payments associated with the dining facilities service concession arrangement. At June 30, 2022 and 2021, $492,872 and $739,306, respectively, of the balance of the deferred inflow of resources has been included, as a reduction, in the calculation of net investment in capital assets. This amount will be recognized as revenue and increase the net investment in capital assets net position over the remaining term of the arrangement.

Note 18 - Net position restricted by enabling legislation

Fitchburg State University Foundation, Inc.'s statements of net position as of June 30, 2022 and 2021 reflect a restricted net position of $23,594,717 and $25,906,609, respectively. Of these amounts, $2,357,931 for each year, are restricted by enabling legislation for the State Matching Funds Program.

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Note 19 - Operating expenses

The University's operating expenses for the years ended June 30, 2022 and 2021, on a natural classification basis, are comprised of the following:

	2022	2021
Salaries		
Faculty	$ 25,888,717	$ 24,429,739
Exempt wages	4,822,505	4,260,161
Non-exempt wages	21,810,089	20,526,788
Benefits	15,073,299	20,531,979
Scholarships	6,568,549	4,683,734
Utilities	5,088,474	4,384,739
Supplies and other services	26,191,426	24,724,987
Depreciation	11,853,909	11,447,580
Amortization	4,822,776	-
Bad debt expense	164,149	103,825
Total operating expenses	$ 122,283,893	$ 115,093,532

Note 20 - State controlled accounts

Certain significant costs and benefits associated with the operations of the University are appropriated, expended, controlled, and reported by the Commonwealth through non-University line items in the Commonwealth's budget. Under generally accepted accounting principles, such transactions must be recorded in the financial statements of the University. These transactions include payments by the Commonwealth for the employer's share of funding the Massachusetts State Employees' Retirement System and for the employer's share of health care premiums.

The estimated amounts of funding attributable for the Commonwealth's retirement system contribution and the employer's share of health care premiums for the years ended June 30, 2022, 2021, and 2020 were as follows (see State appropriations under Note 24):

	2022	2021	2020
Commonwealth's retirement system contributions	$ 6,515,847	$ 5,416,674	$ 5,021,593
Employers share of health care premium	$ 7,666,816	$ 7,110,892	$ 6,615,645

Note 21 - Retirement plan

Substantially all of the University's full-time employees are covered by the Massachusetts State Employees' Retirement System ("MSERS"). MSERS, a public employee retirement system ("PERS"), is a cost-sharing multi-employer defined benefit plan that is administered by the Massachusetts State Retirement Board and covers substantially all non-student employees. The Commonwealth does not issue separately audited financial statements for the plan. The financial position and results of

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operations of the plan are incorporated into the Commonwealth's financial statements, a copy of which may be obtained from the Office of the State Comptroller, Commonwealth of Massachusetts, One Ashburton Place, Room 901, Boston, MA 02108.

MSERS provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws ("MGL") establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after 10 years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of creditable service or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65; for certain hazardous duty and public safety positions, normal retirement is at age 55. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

The MSERS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MSERS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

Member contributions for MSERS vary depending on the most recent date of membership:

Hire date	% of compensation
Prior to 1975	5% of regular compensation
1975 to 1983	7% of regular compensation
1984 to June 30, 1996	8% of regular compensation
July 1, 1996 to present	9% of regular compensation
1979 to present	An additional 2% of regular compensation in excess of $30,000

In addition, members of Group 1 who join the system on or after April 2, 2012 will have their withholding rate reduced to 6% after achieving 30 years of creditable service.

The University is not required to contribute from its appropriation allocation or other University funds to MSERS for employees compensated from State appropriations. For University employees covered by MSERS but compensated from a trust fund or other source, the University is required to contribute an amount determined as a percentage of compensation in accordance with a fringe benefit rate established by the State. The total amount of current funding by the State related to the University's employees during 2022, 2021, and 2020 was $6,515,847, $5,416,674, and $5,021,593, respectively. The total amount of funding by the University related to the University's employees compensated from a trust fund or other source during 2022, 2021, and 2020 was $640,112, $913,619, and $1,265,410, respectively. Annual covered payroll was approximately 80%, 58%, and 81% of annual total payroll for the University in 2022, 2021, and 2020, respectively.

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At June 30, 2022 and 2021, the University reported a liability of $8,015,299 and $20,091,153, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and 2020, respectively, and the State's total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020 and 2019. The University's proportion of the net pension liability was based on an effective contribution methodology, which allocates total contributions amongst the employers in a consistent manner based on an employer's share of total covered payroll. At June 30, 2022, the University's proportion was 0.0768%, which was a decrease of 0.0403% from its proportion measured as of June 30, 2021. At June 30, 2021, the University's proportion was 0.1171%, which was an increase of 0.0299% from its proportion measured as of June 30, 2020.

For the years ended June 30, 2022 and 2021, the University recognized pension expense of $6,774,122 and $8,771,712, respectively.

At June 30, 2022, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	$ 546,435	$ -
Net difference between projected and actual earnings on pension plan investments	-	3,142,462
Difference between expected and actual experience	276,576	580,302
Changes in proportion due to internal allocation	2,656,050	25,324
Changes in proportion from Commonwealth	3,204	5,169,119
University contributions subsequent to the measurement date	640,112	-
Total	$ 4,122,377	$ 8,917,207

The $640,112 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2023	$ (1,058,233)
2024	(1,016,460)
2025	(1,365,481)
2026	(1,994,768)
Total	$ (5,434,942)

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At June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	$ 1,139,139	$ -
Net difference between projected and actual earnings on pension plan investments	1,104,419	-
Difference between expected and actual experience	639,271	130,005
Changes in proportion due to internal allocation	3,574,472	600,838
Changes in proportion from Commonwealth	15,173	48,970
University contributions subsequent to the measurement date	913,619	-
Total	$ 7,386,093	$ 779,813

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of January 1, 2020 rolled forward to June 30, 2021. This valuation used the following assumptions:

1. (a) 7.00% investment rate of return (7.15% investment rate of return for the year ended June 30, 2020), (b) 3.50% interest rate credited to the annuity savings fund and (c) 3.00% cost of living increase per year on the first $13,000 of allowance each year.

2. Salary increases are based on analyses of past experience but range from 4.00% to 9.00% depending on group and length of service.

3. Mortality rates were as follows:

   (i) Pre-retirement - reflects RP-2014 Blue Collar Employees Table projected generationally with Scale MP-2016, set forward 1 year for females.

   (ii) Post-retirement - reflects RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2016, set forward 1 year for females.

   (iii) Disability - the mortality rate reflects RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2016, set forward 1 year.

4. Experience studies were performed as follows:

   (i) Dated February 27, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect actual experience from 2012 through 2016 for post-retirement mortality.

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Investment assets of MSERS are with the Pension Reserves Investment Trust ("PRIT") Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2021 and 2020 are summarized in the following table:

	Target allocation		Long-term expected real rate of return	
Asset class	2021	2020	2021	2020
Global equity	39.00%	39.00%	4.80%	4.80%
Core fixed income	15.00%	15.00%	0.30%	0.70%
Private equity	13.00%	13.00%	7.80%	8.20%
Portfolio completion strategies	11.00%	11.00%	2.90%	3.20%
Real estate	10.00%	10.00%	3.70%	3.50%
Value added fixed income	8.00%	8.00%	3.90%	4.20%
Timberland/natural resources	4.00%	4.00%	4.30%	4.10%
Total	100.00%	100.00%		

The discount rate used to measure the total pension liability for the measurement years ended June 30, 2021 and 2020 was 7.00% and 7.15%, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the University's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the University's proportionate share of the net pension liability calculated using the discount rates of 7.00% and 7.15%, respectively, for the measurement years ended June 30, 2021 and 2020, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%, 2021, and 6.15%, 2020) or 1-percentage-point higher (8.00%, 2021, and 8.15%, 2020) than the current rates:

Measurement year ended	1% decrease	Discount rate	1% increase
June 30, 2021	$ 12,268,660	$ 8,015,299	$ 4,519,440
June 30, 2020	$ 26,471,563	$ 20,091,153	$ 14,847,267

Detailed information about the pension plan's fiduciary net position is available in the Commonwealth's financial statements.

Note 22 - Fringe benefits for current employees and post-employment obligations - pension and non-pension

The University participates in the Commonwealth's Fringe Benefit programs, including active employee and post - employment health insurance, unemployment, pension, and workers' compensation benefits.

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Health insurance and pension costs for active employees and retirees are paid through a fringe benefit rate charged to the University by the Commonwealth.

On-behalf payments of fringe benefits for benefited employees on the Commonwealth's payroll are recognized as revenues and expenses in the University's financial statements in each of the fiscal years presented.

Post-employment other than pensions
In addition to providing pension benefits, under Chapter 32A of the Massachusetts General Laws, the Commonwealth is required to provide certain health care and life insurance benefits for retired employees of the Commonwealth. Substantially all of the Commonwealth's employees may become eligible for these benefits if they reach retirement age while working for the Commonwealth. Eligible retirees are required to contribute a specified percentage of the health care/benefit costs, which are comparable to contributions required from employees.

The Commonwealth administers a single employer defined benefit Postemployment Benefits Other Than Pensions ("OPEB") Plan. Benefits are managed by the Group Insurance Commission ("GIC") and investments are managed by the Pension Reserves Investment Management ("PRIM") Board. The State Retirement Benefits Trust Fund ("SRBT") is set up solely to pay for OPEB benefits and the cost to administer those benefits. Management of the SRBT is vested with a board of trustees, which consists of 7 members. GIC administers benefit payments, while the Trustees are responsible for investment decisions. The SRBT is reported as an OPEB Trust Fund and does not issue a stand-alone audited financial report. The financial position and results of operations of the plan are incorporated in the Commonwealth's financial statements, a copy of which may be obtained from the Office of the State Comptroller, Commonwealth of Massachusetts, One Ashburton Place, Room 901, Boston, MA 02108.

During the fiscal years ended on June 30, 2022 and 2021, the GIC provided health insurance for its members through indemnity, PPO, and HMO plans. The GIC also administered carve-outs for the pharmacy benefit and mental health and substance abuse benefits for certain of its health plans. In addition to health insurance, the GIC sponsors life insurance, long-term disability insurance (for active employees only), dental and vision coverage for employees not covered by collective bargaining, a retiree discount vision plan and retiree dental plan, and finally, a pre-tax health care spending account and dependent care assistance program (for active employees only).

Employer and employee contribution rates are set in Massachusetts General Law. The Commonwealth recognizes its share of the costs on an actuarial basis. As of June 30, 2022 and 2021 and as of the valuation date (January 1, 2020), Commonwealth participants contributed 10% to 20% of premium costs, depending on the date of hire and whether the participant is active, retiree, or survivor status.

At June 30, 2022 and 2021, the University reported a liability of $14,073,004 and $25,852,605, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021 and 2020, and the Commonwealth's total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021 and 2020. The University's proportion of the net OPEB liability was based on an effective contribution methodology which allocates total actual contributions amongst the employers in a consistent manner based on an employer's share of total covered payroll. At June 30, 2022, the University's proportion was 0.0880%, which was a decrease of 0.0369% from its proportion measured as of June 30, 2021. As of June 30, 2021, the University's proportion was 0.1249%, which was a decrease of 0.0066% from its proportion measured as of June 30, 2020.

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The amount of funding by the University related to benefits other than OPEB for the years ended June 30, 2022, 2021 and 2020 were $15,073,299, $20,531,979, and $17,961,852, respectively, which equaled the required contributions each year charged to it through the Commonwealth's fringe benefit recovery program. The total amount of current funding by the State related to the OPEB portion of fringe benefits for the University's employees during 2022, 2021 and 2020 was $2,896,669, $2,650,879, and $2,392,217, respectively. The total amount of funding by the University related to the OPEB portion of fringe benefits for the University's employees compensated from a trust fund or other source during 2022, 2021 and 2020 was $303,997, $528,286, and $655,514, respectively.

For the years ended June 30, 2022 and 2021, the University recognized OPEB expense of $4,227,247 and $4,218,809, respectively.

At June 30, 2022, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	$ 1,181,904	$ 2,768,373
Net differences between projected and actual investment earnings on OPEB plan investments	-	171,018
Difference between expected and actual experience	359,240	2,477,298
Changes in proportion due to internal allocation	1,414,953	8,664,612
Changes in proportion from Commonwealth	15,778	61,123
University contributions subsequent to the measurement date	303,997	-
Total	$ 3,275,872	$ 14,142,424

The $303,997 reported as deferred outflows of resources related to OPEB resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources as a result of the University's requirement to contribute to the Plan will be recognized in expense as follows:

Year ending June 30:	
2023	$ (3,053,674)
2024	(2,222,539)
2025	(2,171,055)
2026	(1,975,723)
2027	(1,747,557)
Total	$ (11,170,548)

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At June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	$ 2,129,005	$ 2,498,565
Net differences between projected and actual investment earnings on OPEB plan investments	74,750	-
Difference between expected and actual experience	713,482	638,130
Changes in proportion due to internal allocation	2,365,871	3,045,075
Changes in proportion from Commonwealth	39,180	87,799
University contributions subsequent to the measurement date	479,752	-
Total	$ 5,802,040	$ 6,269,569

The total OPEB liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of January 1, 2021 rolled forward to June 30, 2021. This valuation used the following assumptions:

1. The following annual healthcare cost trend rates: (1) 7.0%, decreasing by 0.5% each year to 5.5% in 2024 and then decreasing 0.25% each year to an ultimate rate of 4.5% in 2027 for medical (7.0%, decreasing by 0.5% each year to an ultimate rate of 5.5% in 2023 for medical for the year ended June 30, 2020) and (2) 4.5% for administration costs (4.5% for the year ended June 30, 2020). Healthcare costs are offset by reimbursements for Employer Group Waiver Plans ("EGWP"), which are assumed to increase 5.0% per year until 2026, then decrease to 4.5% in 2027.

2. The mortality rate was in accordance with RP 2014 Blue Collar Mortality Table projected with scale MP-2016 from the central year, with females set forward one year.

3. Participation rates:

   (i) 100% of all retirees who currently have health care coverage will continue with the same coverage, except that retirees under age 65 with POS/PPO coverage switch to Indemnity at age 65 and those over age 65 with POS/PPO coverage switch to HMO.

   (ii) All current retirees, other than those indicated on the census data as not being eligible by Medicare, have Medicare coverage upon attainment of age 65, as do their spouses. All future retirees are assumed to have Medicare coverage upon attainment of age 65.

   (iii) 85% for both years ended June 30, 2021 and 2020 of current and future contingent eligible participants will elect health care benefits at age 55, or current age if later.

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(iv) Actives, upon retirement, take coverage, and are assumed to have the following coverage:

	Retirement Age	
	Under 65	Age 65 +
Indemnity	28.0%	96.0%
POS/PPO	60.0%	0.0%
HMO	12.0%	4.0%

Investment assets of the Plan are with the Pension Reserves Investment Trust ("PRIT") Fund. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2021 and 2020 are summarized in the following table:

	Target allocation		Long-term expected real rate of return	
Asset class	2021	2020	2021	2020
Global equity	39.00%	39.00%	4.80%	4.80%
Core fixed income	15.00%	15.00%	0.30%	0.70%
Private equity	13.00%	13.00%	7.80%	8.20%
Portfolio completion strategies	11.00%	11.00%	2.90%	3.20%
Real estate	10.00%	10.00%	3.70%	3.50%
Value added fixed income	8.00%	8.00%	3.90%	4.20%
Timberland/natural resources	4.00%	4.00%	4.30%	4.10%
Total	100.00%	100.00%		

The discount rates used to measure the OPEB liability as of June 30, 2021 and 2020 were 2.77% and 2.28%, respectively. These rates were based on a blend of the Bond Buyer Index rates of 2.16% and 2.21%, respectively, as of the measurement dates June 30, 2021 and 2020, respectively, and the expected rates of return on plan investments of 7.00% and 7.15%, respectively. The plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current plan members. The projected "depletion date" when projected benefits are not covered by projected assets is 2027 (2028 for the year ended June 30, 2020). Therefore, the long-term expected rate of return on plan investments was not applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2021 and 2020.

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The following presents the University's proportionate share of the net OPEB liability calculated using the discount rate as well as what the University's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Measurement year ended	1% decrease	Discount rate	1% increase
June 30, 2021 (a)	$ 16,719,365	$ 14,073,004	$ 11,942,548
June 30, 2020 (b)	31,067,852	25,852,605	21,732,290

(a) The discount rates as of June 30, 2021 are as follows: 2.77% (current); 1.77% (1% decrease) and 3.77% (1% increase).

(b) The discount rates as of June 30, 2020 are as follows: 2.28% (current); 1.28% (1% decrease) and 3.28% (1% increase).

The following presents the University's proportionate share of the net OPEB liability calculated using the current healthcare cost trend rate as well as what the University's proportionate share of the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Measurement year ended	1% decrease (b)	Healthcare cost trend rates (a)	1% increase (c)
June 30, 2021	$ 11,523,411	$ 14,073,004	$ 17,397,427
June 30, 2020	21,075,698	25,852,605	32,302,227

(a) The current healthcare cost trend rates are as follows: 7.00% (June 30, 2021) and 7.15% (June 30, 2020) for medical, and 5.0% per year until 2026, then decrease to 4.0% in 2027 (June 30, 2021) and 4.0% (June 30, 2020) for Employer Group Waiver Plan and TBD% (June 30, 2021) and 4.0% (June 30, 2020) for administration costs.

(b) The healthcare cost trend rates after a 1% decrease are as follows: 6.00% (June 30, 2021) and 6.15% (June 30, 2020) for medical, and 4.0% per year until 2026, then decrease to 3.0% in 2027 (June 30, 2021) and 3.0% (June 30, 2020) for Employer Group Waiver Plan and TBD% (June 30, 2021) and 3.0%% (June 30, 2020) for administration costs.

(c) The healthcare cost trend rates after a 1% increase are as follows: 8.00% (June 30, 2021) and 8.15% (June 30, 2020) for medical, and 6.0% per year until 2026, then decrease to 5.0% in 2027 (June 30, 2021) and 5.0% (June 30, 2020) for Employer Group Waiver Plan and TBD% (June 30, 2021) and 5.0% (June 30, 2020) for administration costs.

Detailed information about the OPEB plan's changes in net OPEB liability, fiduciary net position, and employees covered by benefit terms separately identified by: a) Inactive employees currently receiving benefit payments, b) Inactive employees entitled to but not yet receiving benefit payments, and c) Active employees is available in the Commonwealth's financial statements.

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Note 23 - Management Accounting and Reporting System

Section 15C of Chapter 15A of the Massachusetts General Laws requires Commonwealth colleges and universities to report activity of campus based funds to the Comptroller of the Commonwealth on the Commonwealth's Statewide Accounting System, Massachusetts Management Accounting and Reporting System ("MMARS"), on the statutory basis of accounting. The statutory basis of accounting is a modified accrual basis of accounting and differs from the information included in these financial statements. The amounts reported on MMARS meet the guidelines of the Comptroller's Guide for Higher Education Audited Financial Statements.

State appropriations

The University's State appropriations are comprised of the following for the years ended June 30, 2022 and 2021:

	2022	2021
Gross State appropriations	$ 53,743,520	$ 44,162,796
Add: Fringe benefits for benefited employees on the Commonwealth payroll	14,182,663	12,527,566
Less: Day school tuition remitted to the Commonwealth and included in tuition and fee revenue	(492,322)	(468,982)
Net State appropriations	$ 67,433,861	$ 56,221,380

$51,097,469 and $45,829,701 represent appropriations for maintenance and payroll and other noncapital appropriations during 2022 and 2021, respectively, and $16,336,392 and $10,391,679 represent appropriations for capital improvements for 2022 and 2021, respectively. These amounts are presented separately in the accompanying statements of revenues, expenses and changes in net position.

Day school tuition receipts and transfers have been recorded in an agency fund during the year and had no material balance outstanding at June 30, 2022 and 2021.

Note 24 - Risk management

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Commonwealth is self-insured. In addition, the University maintains commercial insurance coverage for certain of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. The separate insurance policies maintained by the University consist of Director and Officer's liability, automobile liability, and a foreign package policy. There were no significant reductions in insurance coverage from coverage in the prior year. The costs of settled claims have not exceeded policy coverage in any of the past three years.

The University also participates in the Commonwealth's self-insured programs for employee workers' compensation, health care and other insurance. The Commonwealth assesses the costs of workers' compensation and unemployment insurance to the University based on the University's actual experience (see Note 7). The Commonwealth manages workers' compensation as part of its general operations. No separate fund for workers' compensation is provided for in Massachusetts General Laws. The Commonwealth assesses the costs of health care insurance to the University through a fringe benefit rate and the liability for such coverage is borne by the Commonwealth. The Commonwealth's Group Insurance Commission manages health insurance and other benefits for the Commonwealth's active and retired employees (see Note 22).

Massachusetts General Laws limit the risk assumed by the Commonwealth for claims of personal injury or property damages to $100,000 per occurrence, in most circumstances.

Note 25 - Commitments and contingencies

Pending or threatened lawsuits against governmental agencies arise in the ordinary course of operations. In the opinion of the University's administration, the ultimate resolution of any legal actions at this date will not result in a material loss to the University since most of any obligation is expected to be paid from state appropriated funds.

The University receives significant financial assistance from federal and state agencies in the form of grants. Expenditure of funds under these programs require compliance with the grant agreements and are subject to audit by representatives of these federal and state agencies. Any disallowed expenditures resulting from such audits become a liability of the University. In the opinion of management, such liabilities, if any, are not expected to materially affect the financial condition of the University.

The University participates in the Massachusetts College Savings 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 changes in the Consumer Price Index plus 2%. The University is obligated to accept as payment of tuition the amount determined by this program without regard to the standard tuition rate in effect at the time of the individual's enrollment at the University. The effect of this program cannot be determined as it is contingent on future tuition increases and the bond purchasers who attend the University.

The University can perform capital projects that are funded and controlled by another State agency. These projects would be paid from funds appropriated and under the control of DCAMM. The Projects generally consist of renovations and improvements and have been recorded in the respective accounts.

Note 26 - McKay Agreement

The University has an agreement with the City of Fitchburg, whereby the City can use the McKay building to provide elementary education to local residents on a year to year basis. The University receives quarterly payments from the City to reimburse the University for its share of payroll and related operating expenses (the "McKay School expenditures"). Reimbursements received for both years ended June 30, 2022 and 2021 were $810,487. These reimbursements are included in the Sales and Services of Educational Departments revenue amount and the McKay School expenditures are included in the appropriate categories under Operating Expenses in the accompanying statements of revenues, expenses and changes in net position.

Note 27 - Civic Center

In August 2006, the University and the City of Fitchburg entered into a Memorandum of Understanding in which the University would assume responsibility for the operations, management and maintenance

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of the George R. Wallace, Jr. Civic Center and the Alice G. Wallace Planetarium (collectively, the "Civic Center"). The Civic Center includes two skating rinks and the adjoining planetarium. The Commonwealth of Massachusetts acting by and through DCAMM on behalf of the University entered into a lease agreement for the Civic Center with the City of Fitchburg and the Board of Trustees of the Civic Center. The lease commenced on October 1, 2007 and is for a term of 99 years. The lease provided for an initial nominal rent payment and is otherwise a net lease. Pursuant to the terms of the lease, the University has complete authority, at its sole discretion, to do all such acts and deeds as it deems reasonably necessary to manage, maintain and operate the Civic Center for the permitted uses specified in the lease agreement. The University is responsible for payment, from net revenues generated by its operation of the Civic Center, of all costs associated with the maintenance and operation of the Civic Center, and certain other payments as specified in the lease agreement. DCAMM, at the instruction of the University and with 60 days prior written notice, may terminate the lease in the event that the University, in its sole discretion, determines that continuation of the lease is not in the interest of the University.

During fiscal 2007, the University commenced initial management, maintenance and operations activities at the Civic Center in anticipation of the lease agreement being executed. The Commonwealth of Massachusetts Legislature appropriated an aggregate amount of $2,500,000 for repairs and upgrades to the Civic Center. During fiscal 2008, the University made repairs and upgrades to the Civic Center for an aggregate cost of $2,477,381. The University engaged the services of a professional management company, Facilities Management Corporation ("FMC"), to assist with management, maintenance and operations activities of the ice-skating rink program at the Civic Center. The initial management contract expired on December 31, 2008.

On February 1, 2009, the Commonwealth acting by and through DCAMM on behalf of the University entered into a sublease agreement with FMC for a term of 25 years commencing on the date of the agreement. The sublease agreement is a net lease and, accordingly, FMC is responsible for all costs associated with the operations, management, and maintenance of the sublease premises as well as repairs and required capital improvements. The sublease premises consist of the facilities and related equipment associated with the operation of a public ice-skating rink program. The planetarium is not part of the sublease premises and it is not currently operational. FMC is also responsible for certain other payments for and on behalf of the University related to obligations in existence at the date the University initially assumed management of the Civic Center. During the term of the sublease agreement, FMC is required to pay the University monthly percentage rent based upon the actual gross revenues from its operations, as defined. During each of the first 10 years of the sublease term, no percentage rent is required.

Thereafter, for each of the years 11 through 25, percentage rent at the rate of 1% of actual gross revenues shall be due and payable on a monthly basis. However, in no event shall the aggregate amount of percentage rent paid by FMC during the sublease term be less than $107,155. For fiscal year 2022 and 2021, the percentage rent incurred by FMC was not material to the financial statements.

The University, officials of the City of Fitchburg, and the Board of Trustees of the Civic Center believe that their collective efforts will return the Civic Center to a vibrant place where the citizenries of the City of Fitchburg and its surrounding cities and towns can enjoy athletic, educational and cultural activities.

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Notes to Financial Statements
June 30, 2022 and 2021

Note 28 - Restatement

In fiscal year 2022, the University adopted Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases.* The net position, as of July 1, 2020, has been decreased by $4,424,388, for the effect of the retroactive application of the new standard. The following financial statement line items for fiscal year 2021 were affected by the adoption of the new standard:

	2021 (as previously reported)	2021 (as restated)	Effect of change
Statement of Net Postion:			
Right to use asset, net	$ -	$ 61,655,290	$ 61,655,290
Lease liability - right of use asset	-	(64,059,699)	(64,059,699)
Unrestricted net position	(6,530,597)	(10,954,985)	(4,424,388)
Total net position	135,238,210	130,813,822	(4,424,388)
Statement of Revenues, Expenses and Changes in Net Position:			
Right of use asset revenue	$ -	$ (2,759,166)	$ (2,759,166)
Operations and maintenance of plant	-	(2,190,844)	(2,190,844)
Interest expense	-	4,475,520	4,475,520
Amortization	-	4,898,878	4,898,878
Increase (decrease) in net position	13,410,832	8,986,444	(4,424,388)
Net position - beginning of the year	-	121,827,378	121,827,378
Net position - end of year	-	117,402,990	117,402,990

Required Supplementary Information

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Schedule of the University's Proportionate Share of the Net Pension Liability and Schedule of University Contributions
Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016
University's proportion of the collective net pension liability (asset)	0.0768%	0.1171%	0.0872%	0.0944%	0.0891%	0.0912%	0.0878%
University's proportionate share of the collective net pension liability (asset)	$ 8,015,299	$ 20,091,153	$ 12,763,415	$ 12,484,412	$ 11,430,648	$ 12,580,841	$ 9,995,092
University's covered payroll	$ 41,834,201	$ 40,651,993	$ 41,831,191	$ 40,564,017	$ 37,747,018	$ 37,408,274	$ 37,167,634
University's proportionate share of the collective net pension liability (asset) as a percentage of its covered payroll	19.16%	49.42%	30.51%	30.78%	30.28%	33.63%	26.89%
Plan fiduciary net position as a percentage of the total pension liability	77.54%	62.48%	66.28%	67.91%	67.21%	63.48%	67.87%

* The amounts presented for each fiscal year were determined as of 6/30.

	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 7,155,959	$ 6,330,293	$ 6,287,003	$ 5,295,643	$ 4,756,899	$ 3,977,525	$ 3,799,572
Contributions in relation to the contractually required contribution	(7,155,959)	(6,330,293)	(6,287,003)	(5,295,643)	(4,756,899)	(3,977,525)	(2,912,032)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ 887,540
University's covered payroll	$ 41,834,201	$ 40,651,993	$ 41,831,191	$ 40,564,017	$ 37,747,018	$ 37,408,274	$ 37,167,634
Contributions as a percentage of covered payroll	17.11%	15.57%	15.03%	13.06%	12.60%	10.63%	10.22%

See Independent Auditor's Report on Page 2 and Notes to Required Supplementary Information.

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Notes to Required Supplementary Information - Pension
June 30, 2022

Note 1 - Changes in Pension Plan Benefit Terms and Assumptions

FY2021 Changes in Actuarial Assumptions

Changes of assumptions:

Changes in the investment rate of return

MSERS changed its discount rate to 7.00% from 7.15%.

Change in mortality

- Pre-retirement - was changed to RP-2014 Blue Collar Employees table projected generationally with Scale MP-2020 set forward 1 year for females from RP-2016 Employees table.
- Post-retirement - was changed to RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2020 set forward 1 year for females from RP-2016 Healthy Annuitant table.

Disabled members - is assumed to be in accordance with the RP-2016 Healthy Annuitant Table as reflected above in the post-retirement changed in mortality assumption.

FY2020 Changes in Actuarial Assumptions

Changes of assumptions:

Changes in the investment rate of return

MSERS changed its discount rate to 7.15% from 7.25%.

FY2019 Changes in Actuarial Assumptions

Changes of assumptions:

Changes in the investment rate of return

MSERS changed its discount rate to 7.25% from 7.35%.

FY2018 Changes in Actuarial Assumptions

Changes of assumptions:

Changes in the investment rate of return

MSERS changed its discount rate to 7.35% from 7.50%.

Change in mortality

The following mortality assumption changes were made in the January 1, 2018 Actuarial Valuation:

- Disabled members - would reflect the same assumptions as for superannuation retirees, but with an age set forward of one year.

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Notes to Required Supplementary Information - Pension
June 30, 2022

FY2017 Changes in Actuarial Assumptions

Changes in benefit terms

Chapter 79 of the Acts of 2014 established an early retirement incentive ("ERI") program for certain employees of the highway division of the Massachusetts Department of Transportation whose positions have been eliminated due to the automation of toll collections. Most members retiring under the ERI program had a date retirement of October 28, 2016. 112 members took the ERI and retired during FY2017. As a result, the total pension liability of MSERS increased by approximately $10 million as of June 30, 2017.

Changes in assumptions:

Change in mortality

- Pre-retirement - was changed to RP-2014 Blue Collar Employees table projected generationally with Scale MP-2016 set forward 1 year for females from RP-2000 Employees table projected generationally with scale BB and a base year of 2009 (gender distinct).
- Post-retirement - was changed to RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2016 set forward 1 year for females from RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2009 (gender distinct).
- Disabled members - is assumed to be in accordance with the RP-2000 Healthy Annuitant Table projected generationally with Scale BB and a base year of 2015 (gender distinct), and is unchanged from the prior valuation.

Note 2 - Other information

This schedule is intended to present 10 years of data. Additional years will be presented when available.

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Schedule of the University's Proportionate Share of the Net OPEB Liability and Schedule of University Contributions
Year Ended June 30, 2022

	2022	2021	2020	2019	2018
University's proportion of the collective net OPEB liability (asset)	0.0880%	0.1249%	0.1315%	0.1471%	0.1272%
University's proportionate share of the total OPEB liability (asset)	$ 15,753,852	$ 27,609,783	$ 25,861,235	$ 29,068,920	$ 23,499,661
Less: University's proportionate share of Plan fiduciary net position	1,680,848	1,757,179	1,800,028	1,750,656	1,266,987
University's proportionate share of the collective net OPEB liability (asset)	$ 14,073,004	$ 25,852,605	$ 24,061,207	$ 27,318,264	$ 22,232,674
University's covered payroll	$ 41,834,201	$ 40,651,993	$ 41,831,191	$ 40,564,017	$ 37,747,018
University's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	33.64%	63.59%	57.52%	67.35%	58.90%
Plan fiduciary net position as a percentage of the total OPEB liability	10.70%	6.40%	6.96%	6.01%	5.39%

* The amounts presented for each fiscal year were determined as of 6/30.

	2022	2021	2020	2019	2018
Contractually required contribution	$ 3,200,666	$ 3,179,165	$ 3,047,731	$ 3,556,181	$ 3,366,603
Contributions in relation to the contractually required contribution	(3,200,666)	(3,179,165)	(3,047,731)	(3,556,181)	$ (3,366,603)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 41,834,201	$ 40,651,993	$ 41,831,191	$ 40,564,017	37,747,018
Contributions as a percentage of covered payroll	7.65%	7.82%	7.29%	8.77%	8.92%

See Independent Auditor's Report on Page 2 and Notes to Required Supplementary Information.

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Notes to Required Supplementary Information - OPEB
June 30, 2022

Note 1 - Changes in OPEB plan benefit terms and assumptions

FY2021 Changes in Actuarial Assumptions

Changes of assumptions:

Change in discount rate

The discount rate was increased to 2.77% (based on a blend of the Bond Buyer Index rate of 2.16%).

Change in mortality

The mortality projection scale was updated from MP-2016 to MP-2020.

Change in per capita claims costs

Per capita claims costs were updated based on changes in underlying claims and benefit provisions.

Change in healthcare trend rates

The healthcare trend rates were updated.

Change in demographic and benefit

Demographic and benefits were updated based on changes to the underlying payment process.

FY2020 Changes in Actuarial Assumptions

Changes of assumptions:

Change in discount rate

The discount rate was decreased to 2.28% (based on a blend of the Bond Buyer Index rate of 2.21%).

Change in excise tax

The excise tax was removed.

Change in per capita claims costs

Per capita claims costs were updated based on changes in underlying claims and benefit provisions.

Change in medical trend rates

The medical trend rates were updated.

Change in salary scale

The salary scale assumption was updated from a constant 4% assumption to rates that vary by years of service and group classifications.

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Notes to Required Supplementary Information - OPEB
June 30, 2022

<u>Change in future retirees' plan participation rates</u>

The portion of future retirees cover a spouse was reduced from 80% to 60%.

<u>Change in medical plan election rates</u>

Retirees and spouses (if covered) are assumed to be non-Medicare eligible prior to age 65 and Medicare eligible at age 65, unless their spouse is over age 65 and non-Medicare eligible.

FY2019 Changes in Actuarial Assumptions

Changes of assumptions:

<u>Change in base OPEB rates for medical and prescriptions</u>

Annually, a recalibration of the underlying healthcare costs is preformed using healthcare cost experience from the GIC and developing new per person annual costs under the different health plan options. The expectation is that the new rates will be equal to the prior year rates plus one year of healthcare trend (medical inflation).

<u>Change in trend of future costs</u>

The healthcare trend rate decreased from 8.0% in FY2018 to 7.5% in FY2019, which impacts the high cost excise tax.

<u>Change in medical plan election rates</u>

The pre age 65 medical plan election percentages were updated to better reflect plan experience.

<u>Change in future retirees' plan participant rates</u>

Plan participation rate for future retirees was changed from 80% to 85% to better reflect recent plan experience plan experience.

<u>Change in discount rate</u>

The discount rate was decreased to 3.63% (based on a blend of the Bond Buyer Index rate (3.51%) as of the measurement date and the expected rate of return on assets) as required by GASB Statement No. 74.

FY2018 Changes in Actuarial Assumptions

Changes of assumptions:

<u>Change in base OPEB rates for medical and prescriptions</u>

Annually, a recalibration of the underlying healthcare costs is preformed using healthcare cost experience from the GIC and developing new per person annual costs under the different health plan options. The expectation is that the new rates will be equal to the prior year rates plus one year of healthcare trend (medical inflation).

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Notes to Required Supplementary Information - OPEB
June 30, 2022

Change in trend of future costs

The healthcare trend rate decreased from 8.5% in FY2017 to 8.0% in FY2018, which impacts the high cost excise tax.

Change in mortality

The following mortality assumption changes were made in the January 1, 2018 Actuarial Valuation:

- Disabled members – would reflect the same assumptions as for superannuation retirees, but with an age set forward of one year.

Change in discount rate

The discount rate was increased to 3.92% (based on a blend of the Bond Buyer Index rate (3.87%) as of the measurement date and the expected rate of return on assets) as required by GASB Statement No. 74.

FY2017 Changes in Actuarial Assumptions

Changes of assumptions:

Change in discount rate

The discount rate was increased to 3.63% (based on a blend of the Bond Buyer Index rate (3.58%) as of the measurement date and the expected rate of return on assets) as required by GASB Statement No. 74. The June 30, 2016 discount rate was calculated to be 2.88%.

Note 2 - Other information

This schedule is intended to present 10 years of data. Additional years will be presented when available.

Supplementary Information

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Residence Hall Fund and Residence Hall Damage Fund Activity
June 30, 2022

The University's Residence Hall Fund and Residence Hall Damage Fund non-classified Statements of Net Position at June 30, 2022 are as follows:

Statements of Net Position

	Residence Hall Fund	Residence Hall Damage Fund
Assets		
Cash	$ 2,362,803	$ 6,955
Cash held by State Treasurer	239,427	
Investments	952,596	279,888
Prepaid expenses	5,037	
Accounts receivable, net	122,537	25,955
Total assets	3,682,400	312,798
Liabilities		
Accounts payable	83,038	-
Deposits	178,500	-
Salaries payable	119,718	-
Compensated absences	106,953	-
Deferred rental income	2,500	-
Total liabilities	490,709	-
Net position	$ 3,191,691	$ 312,798

See Independent Auditor's Report.

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Residence Hall Fund and Residence Hall Damage Fund Activity
Year Ended June 30, 2022

The University's Residence Hall Fund and Residence Hall Damage Fund Statements of Revenues, Expenses and Changes in Net Position (presented in accordance with the Commonwealth's Expenditure Classification plan) for the year ended June 30, 2022 are as follows:

	Residence Hall Fund	Residence Hall Damage Fund
Revenues		
Student fees	$ 8,427,995	$ -
Interest	27,131	1,560
Investment income (loss)	(203,176)	(11,682)
Commissions	66,317	-
Rentals	124,586	-
Room damage assessments	-	40,258
Miscellaneous	-	21
Total revenues	8,442,853	30,157
Expenses		
Regular employee compensation	1,173,476	-
Regular employee related expenses	5,615	-
Special employee/contract services	109,557	-
Pension and insurance	453,859	-
Facility operating supplies and related expenses	55,949	-
Administrative expenses	15,567	-
Energy and space rental	1,070,975	-
Performers	750	-
Operational services	9,520	-
Equipment purchases	15,769	-
Equipment lease - purchase, lease, rent, repair	4,104	-
Purchased client services and programs	900	-
Construction and improvements	556,096	19,571
Benefit program	98,803	-
Loans and special payments	5,806,385	-
Other - bad debt expense (recovery)	41,676	385
Information technology expenses	32,566	-
Miscellaneous	-	-
Total expenses	9,451,567	19,956
Transfers (in)/out		
Interdepartmental rental expense	60	-
Miscellaneous Income	(47,902)	-
Total transfers	(47,842)	-
Total expenses and transfers	9,403,725	19,956
Increase (decrease) in net position	(960,872)	10,201
Net position - beginning of year	4,152,563	302,597
Net position - end of year	$ 3,191,691	$ 312,798

The above Statements of Revenues, Expenses and Changes in Net Position do not include an allocation of the current year charge for workers' compensation as estimated by the Commonwealth's actuarial review. It is not practical to allocate any such amount to any specific trust fund.

See Independent Auditor's Report.

**Supplementary Information and Reports
Required by the Uniform Guidance**

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Independent Auditor's Report on Supplementary Information
Required by the Uniform Guidance

To the Board of Trustees
Fitchburg State University

We have audited the financial statements of the business-type activities and the discretely presented component unit of Fitchburg State University (a department of the Commonwealth of Massachusetts) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Fitchburg State University's basic financial statements, and our report thereon dated REPORT DATE, which included an emphasis of mater paragraph as indicated on page 3, expressed unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the 2022 financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal* Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and is not a required part of the 2022 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 2022 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2022 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2022 financial statements or to the 2022 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the 2022 financial statements as a whole.

Hartford, Connecticut
REPORT DATE

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/ Program or Cluster Title	Federal CFDA Number	Passed through to Subrecipients	Federal Expenditures
Student Financial Assistance Cluster			
U.S. Department of Education			
Federal Supplemental Educational Opportunity Grants	84.007	$ -	$ 245,710
Federal Work-Study Program	84.033	-	142,710
Federal Perkins Loan Program	84.038	-	794,969
Federal Pell Grant Program	84.063	-	5,261,732
Federal Direct Student Loans	84.268	-	22,004,019
Total U.S. Department of Education		-	28,449,140
Total Student Financial Assistance Cluster		-	28,449,140
TRIO Cluster			
U.S. Department of Education			
TRIO - Student Support Services	84.042A	-	301,844
TRIO - Upward Bound	84.047A	-	453,731
TRIO - Upward Bound Math and Science	84.047M	-	333,080
Total U.S. Department of Education		-	1,088,655
Total TRIO Cluster		-	1,088,655

See Independent Auditor's Report on Supplementary Information Required by the Uniform Guidance on Page 105 and Notes to Schedule of Expenditures of Federal Awards.

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/ Program or Cluster Title	Federal CFDA Number	Passed through to Subrecipients	Federal Expenditures
NSF: 19-609			
Ethical and Responsible Research	47.076	-	2,802
Total Ethical and Responsible Research		-	2,802
COVID-19 CARES Act - HEERF			
U.S. Department of Education			
COVID-19 Higher Education Emergency Relief Fund (HEERF) Student Aid Portion	84.425E	-	5,808,791
COVID-19 Higher Education Emergency Relief Fund (HEERF) Institutional Portion	84.425F	-	1,089,138
COVID-19 Higher Education Emergency Relief Fund (HEERF) Strengthening Institutions Program	84.425M	-	8,461
Total U.S. Department of Education		-	6,906,390
Total COVID-19 CARES Act - HEERF		-	6,906,390
Total Expenditures - U.S. Department of Education		-	36,446,987
Total Expenditures - U.S. Department of Health and Human Services		-	-
Total Expenditures of Federal Awards		$ -	$ 36,446,987

See Independent Auditor's Report on Supplementary Information Required by the Uniform Guidance on Page 105 and Notes to Schedule of Expenditures of Federal Awards.

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Notes to Schedule of Expenditures of Federal Awards
June 30, 2022

Note 1 - Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards ("SEFA" or "Schedule") includes the federal award activity of Fitchburg State University (the "University"), under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net position, or cash flows of the University.

Note 2 - Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Fitchburg State University has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 - Matching costs

Matching costs, i.e., the nonfederal share of certain program costs, are not included in the accompanying Schedule.

Note 4 - Relationship to federal financial reports

The regulations and guidelines governing the preparation of federal financial reports vary by federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the federal financial reports do not necessarily agree with the amounts reported in the accompanying Schedule.

Note 5 - Federal Direct Student Loans ("FDL")

The Schedule includes FDL ("CFDA 84.268") which are made directly by the U.S. Department of Education to individual students.

Note 6 - Federal Perkins Loan Program

The Federal Perkins Loan Program ("CFDA 84.038") is administered by Fitchburg State University. Fiscal year 2022 activity included loan funds disbursed of $0. The outstanding liability to the federal government under this loan program at June 30, 2022 totaled $__.

Note 7 - Nursing Student Loans

The Nursing Student Loan Program ("CFDA 93.364") is administered by Fitchburg State University. Fiscal year 2022 activity included loan funds disbursed of $0. There was no outstanding liability to the federal government under this loan program at June 30, 2022.

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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
Fitchburg State University

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Fitchburg State University (the "University") (a department of the Commonwealth of Massachusetts), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated REPORT DATE, which included an emphasis of matter paragraph as indicated on page 3.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hartford, Connecticut
REPORT DATE

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Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Trustees
Fitchburg State University

Report on Compliance for Each Major Federal Program

We have audited Fitchburg State University's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Fitchburg State University's major federal programs for the year ended June 30, 2022. Fitchburg State University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Fitchburg State University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Fitchburg State University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Fitchburg State University's compliance.

Opinion on Each Major Federal Program

In our opinion, Fitchburg State University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

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Report on Internal Control over Compliance

Management of Fitchburg State University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Fitchburg State University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Fitchburg State University's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Hartford, Connecticut
REPORT DATE

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting	
• Material weakness(es) identified?	__ yes ✓ no
• Significant deficiency(ies) identified?	__ yes ✓ none reported
Noncompliance material to financial statements noted?	__ yes ✓ no

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	__ yes ✓ no
• Significant deficiency(ies) identified?	__ yes ✓ none reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	__ yes ✓ no

Identification of major federal programs:

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Agency	Title	CFDA #
Student Financial Assistance Cluster:		
U.S. Department of Education	Federal Supplemental Educational Opportunity Grants	84.007
U.S. Department of Education	Federal Work-Study Program	84.033
U.S. Department of Education	Federal Perkins Loan Program	84.038
U.S. Department of Education	Federal Pell Grant Program	84.063
U.S. Department of Education	Federal Direct Student Loans	84.268
TRIO Cluster:		
U.S. Department of Education	TRIO - Student Support Services	84.042A
U.S. Department of Education	TRIO - Upward Bound	84.047A
U.S. Department of Education	TRIO - Upward Bound Math and Science	84.047M
HEERF & GEERF Education Stabilization Fund under the Coronavirus Aid, Relief, and Economic Security Act		
U.S. Department of Education	COVID-19 - Higher Education Emergency Relief Fund Student Aid Portion	84.425E
U.S. Department of Education	COVID-19 - Higher Education Emergency Relief Fund Institutional Portion	84.425F
U.S. Department of Education	COVID-19 - Higher Education Emergency Relief Fund Strengthening Institutions Program	84.425M

Dollar threshold used to distinguish between type A and B programs — $750,000

Auditee qualified as low-risk auditee? ✓ yes ____ no

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.

Attachment G

FSU FY22 No Management Letter

Acknowledgment Letter

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Report Date

Dr. Richard S. Lapidus,
President
Fitchburg State University
160 Pearl Street
Fitchburg, MA 01420

Dear President Lapidus:

This letter serves to confirm that CohnReznick LLP did not issue a separate management letter in connection with its audit of the financial statements of Fitchburg State University for the fiscal year ended June 30, 2022.

If I can be of any further assistance, please do not hesitate to call me.

Sincerely yours,

CohnReznick LLP

Melissa Ferrucci, CPA
Partner

Attachment I

Executive Summary Foundation 2022

Fitchburg State University Foundation, Inc.
Executive Summary
Report on Audit of Consolidated Financial Statements
Years Ended June 30, 2022 and 2021

The Foundation received an *unqualified report* from its auditors and there were no issues or findings that arose during the audit.

Consolidated Statement of Financial Position (page 3):

- Total assets are $33.1 million at June 30, 2022 down from $37.5 million at June 30, 2021 and the reason for this reduction of approximately $4 million was because of the downturn in the stock market in fiscal year 22.
- Property & equipment totaled $7.2 million at June 30, 2022.
- Total debt outstanding at June 30, 2022 is $4.3 million versus $4.4 million at June 30,2021.
- Mainly because of the stock market downturn in fiscal year 2022, total net assets decreased by $4.0 million and because of the stock market upturn in fiscal year 2021, net assets increased by over $6.0 million.

Consolidated Statement of Activities/Functional Expenses (page 4 - 5):

- Total gifts and donations were $1.6 million, of which approximately $1.5 million were restricted endowed donations (See Note 17 – page 40).
- We had no residence hall fees in FY22 because we removed the North Street property from student housing. The property was removed because of the decline in the number of students living in the dorms on campus.
- Interest and dividends totaled $0.3 million. Investment loss totaled $4.7 million, of which $3.5 million of this loss related to restricted donations.
- Total program revenue increased by $0.3 million in fiscal year 2022 to $2.8 million. Gifts and donations accounted for more than 50 % of this revenue.
- Program expenses increased slightly in 2022 from $1.93 million in 2021 to $1.96 million. In FY22, we had a decrease in environmental costs of $0.5 million and an increase in scholarship expenses of $0.2 million. Management and general expenses were $0.3 million and Fundraising expenses were $0.1 million, largely unchanged from fiscal year 2021.

Consolidated Statement of Cash Flows (pages 6 - 7):

- There was an overall net increase in cash of approximately $0.2 million primarily due to financing activities. Total cash at June 30, 2022 was $2.7 million.
- Proceeds from the sale of investments totaled $6.9 million; down from $7.5 million in FY21. Acquisition of investments of $7.3 million remained unchanged from FY21.
- Cash paid for interest expense was $180,000 (see note 18, page 41).

Notes to the Financials Statements (pages 8 - 41):

- Most of the notes are standard disclosures.
- Financial assets available for general expenditure within one year is disclosed in Note 3, page 14.
- Detail on investments is disclosed in Note 4 beginning on page 14, as well as Note 5 beginning on page 15.
- Detail on property and equipment and its related debt is disclosed in Note 8 beginning on page 22 and Notes 12 and 13 beginning on page 25. Detail on lease and license agreements is disclosed in Note 14 beginning on page 38.
- Related party transactions are disclosed in Note 16 on page 39.
- COVID effects in Note 19 – page 41.

Attachment J

Executive Summary

Supporting Org. June 2022

FSU Foundation Supporting Organization, Inc.
Executive Summary
Report on Audit of Financial Statements
Years Ended June 30, 2022 and 2021

The Supporting Organization received an *unqualified report* from its auditors and there were no issues or findings that arose during the audit. The information contained in these financial statements is consolidated into the financial statements of the Fitchburg State University Foundation, Inc.

Statements of Financial Position (page 3):

- At June 30, 2022, total assets and liabilities basically remained unchanged. Total assets decreased to $6.8 million from $7.1 million and total liabilities decreased from $4.7 million to $4.4 million.
- Property and equipment, net of depreciation, increased by $0.1 million in FY22 to $6.7 million. The net decrease was due to depreciation expense of $0.17 million netted against the purchase of a property in proximity to the campus out of which $0.06 million land was capitalized.
- Total debt outstanding of $4 million remained unchanged at June 30, 2022. Principal payment of $0.2 million is netted against $0.25 million, which was borrowed from the Foundation to pay for this property.
- Net asset without donor restrictions basically remained unchanged at $2.4 million.
- The remediation cleanup project is ongoing, and approximately $0.3 million was disbursed from the environmental liability account.

- **Statements of Activities/Statement of Functional Expenses (pages 4 - 6):**

- In FY22, total revenue was reduced by $0.6 million to $0.7 million. Program revenues totaled $0.6 million which is a decrease of $0.7 million from FY21. This variance relates to property worth $0.7 million which was donated to the supporting organization in FY21.
- Interest expense relative to financing property acquisitions totaled $0.2 million.
- The increase in program fees is due to a remediation expense recognized as an expense but not disbursed as cash.

Statements of Cash Flows (page 7):

- Cash and cash equivalent were reduced by $0.1 million at June 30, 2022.
- In FY22, there were negative cash flows from operating activities of $0.4 million, and environmental expense was the largest operating expense.

Notes to the Financials Statements (pages 8 – 26):

- Most of the notes are standard disclosures.
- Financial assets available for general expenditure within one year are disclosed in Note 3, page 11.
- Details on property and equipment are disclosed in Note 4 beginning on page 12.
- Mortgage and notes payable agreements are disclosed in Notes 6 and 7 beginning on page 14.
- Lease and license agreements between the Supporting Organization and the University are disclosed in Note 8 beginning on page 23
- Related party transactions are disclosed in Note 11 beginning on page 26.

Attachment K

Fitchburg State University

Final 2021 Long Form

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Financial Statements
(With Supplementary Information) and Independent Auditor's Reports

June 30, 2021 and 2020

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Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Index

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Independent Auditor's Report

To the Board of Trustees
Fitchburg State University

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Fitchburg State University (the "University") (a department of the Commonwealth of Massachusetts), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the Index.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Fitchburg State University as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

Financial Statements of the Commonwealth of Massachusetts

As discussed in Note 1, the financial statements of Fitchburg State University and its discretely presented component unit are intended to present the respective financial position, the changes in financial position and, where applicable, cash flows of only that portion of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commonwealth of Massachusetts that is attributable to the transactions of Fitchburg State University and its discretely presented component unit. They do not purport to, and do not, present fairly the financial position of the Commonwealth of Massachusetts as of June 30, 2021 and 2020, the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the pension and OPEB benefit schedules on pages 5 to 19 and 96 to 102, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the 2021 financial statements that collectively comprise the University's basic financial statements. The residence hall fund and residence hall damage fund activity shown on pages 105 to 106 are presented for purposes of additional analysis and are not a required part of the 2021 basic financial statements. The residence hall fund and residence hall damage fund activity are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 2021 basic financial statements. The residence hall fund and residence hall damage fund activity information have been subjected to the auditing procedures applied in the audit of the 2021 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2021 basic financial statements or to the 2021 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the residence hall fund and residence hall damage fund activity information are fairly stated, in all material respects, in relation to the 2021 basic financial statements as a whole.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 9, 2021 on our consideration of Fitchburg State University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Fitchburg State 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 Fitchburg State University's internal control over financial reporting and compliance.

CohnReznick LLP

Boston, Massachusetts
December 9, 2021, except for the schedule of expenditures of federal awards,
which is dated September 19, 2022

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Management's Discussion and Analysis
(Unaudited)

Introduction

The following discussion and analysis are intended to provide an overview of the financial position and results of operations of Fitchburg State University (the "University") for the fiscal years ended June 30, 2021, 2020 and 2019. This discussion is provided by the management of the University and should be read in conjunction with the financial statements and notes thereto. The purpose of this document is to give some background to the financial statements and foster an understanding of how these statements relate to the mission and activities of the University.

The University, located in North Central Massachusetts, is one of the nine comprehensive public universities in the Commonwealth of Massachusetts (the "Commonwealth"). These institutions, along with the five-campus University of Massachusetts system and the fifteen community colleges comprise public higher education in Massachusetts. The University offers more than 30 undergraduate degree programs in fifteen academic departments, 22 graduate degree programs and several Graduate Certificates of Advanced Study. During fall 2020, there were approximately 3,141 full-time students and thousands of part-time students enrolled. For fiscal 2020, there was a combined full-time equivalent annual enrollment of approximately 4,469. Thousands more non-matriculated students take advantage of professional development programs through the School of Graduate, Online and Continuing Education ("SGOCE"). The University awarded approximately 1,765 graduate and undergraduate degrees in fiscal 2020. The University is accredited by the New England Commission of Higher Education ("NECHE"), formerly known as New England Association of Schools and Colleges ("NEASC"), and many of the University's programs are accredited by program-specific accrediting bodies.

Financial Highlights

The University experienced positive results from its operations in fiscal 2021 resulting in an increase in net position of approximately 11.0%. The following are key financial highlights for the current period:

- General appropriations from the Commonwealth are approved by the legislature to help fund the day-to-day operations of the University. The University received appropriations of $33.8 million in fiscal 2021 as compared with $33.3 million in fiscal 2020 and $33 million in fiscal 2019.

- The University undergraduate fees increased slightly in the fiscal year. Total mandatory fees per semester were $4,798, $4,767 and $4,692 in fiscal 2021, 2020 and 2019, respectively. Tuition, which is controlled by the Commonwealth, has not increased since the fall of 2001 and remains at $485 per semester for in-state students. The Graduate fees per 3 credit class saw a slight increase in fiscal 2021 to $1,002 from $957 for each of the fiscal years 2020 and 2019. On the other hand, the fees for the Accelerated Online Programs remained the same $933 to $1,251 per 3 credit class in fiscal 2019 to fiscal 2021.

- The University expended $5.2 million from current funds for capital additions in fiscal 2021. Projects completed during the year included the renovations to the following: Percival Hall Phase IV, McKay Phases 3 and 4, Holmes Dining Dish Renovation, Hammond Curtain Wall Window, and an Orientation Software. Projects still in process at June 30, 2021 are: Campus wide electricity infrastructure upgrade, renovations to the Theater Building Phase 2, Recreation Center's Roof, and various projects at the McKay facility.

- Total assets and deferred outflows of resources at the end of fiscal 2021 were $273.1 million and exceeded liabilities and deferred inflows of resources of 137.9 million by $135.2 million (i.e., net position).

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Management's Discussion and Analysis
(Unaudited)

- Total operating, non-operating, and gift revenue for fiscal 2021 was $129.8 million, while expenses totaled $116.4 million, resulting in an increase to net position of $13.4 million. The increase in net position results from a decrease in operating expenses and an increase in capital revenue.

- Governmental Accounting Standards Board ("GASB") Statement No. 75 requires that an allocated portion of the Commonwealth's unfunded post-employment benefits other than pension be reported on the financial statements of the individual institutions of higher education. The allocation is based on the actual contributions paid by the institutions through the group insurance commission charges on the fringe benefit. A prior period restatement was made to fiscal year 2019 assets, liability, and expense accounts for GASB 75. The net of this restatement is an expense of $0.93 million. The University's portion of the Commonwealth's unfunded post-employment benefits other than pension ("OPEB") liability after the restatement is calculated at $25.8, $24.1, and $27.3 million at June 30, 2021, 2020 and 2019.

- GASB Statement No. 68 requires that an allocated portion of the Commonwealth's net pension liability be reported on the financial statements of the individual institutions of higher education. The allocation is based on the actual contributions paid by the institutions through assessed fringe benefit charges. The University's portion of the Commonwealth's net pension liability is calculated at $20.1, $12.8 and $12.5 million at June 30, 2021, 2020 and 2019.

- Unrestricted net position (before benefits adjustments of $39.8 million at June 30, 2021) available to support short-term operations totaling $38.3 million.

Ratio analysis measures certain elements of an institution's overall financial health. The Massachusetts Department of Higher Education has instituted the use of certain core financial ratios as part of their performance measures for public universities and colleges in the Commonwealth. Analysis using these ratios, as well as other commonly accepted ratios, are incorporated throughout this document. These financial ratios are shown before unfunded benefits adjustments. Net assets benefits adjustment amount after the restatement are $39.8 million in 2021, $35.9 million in 2020 and $ 34.2 million in 2019.

A change was made in fiscal year 2019 to the accounting for the dining hall income and expenses. The income and expenses related to the dining hall program was moved from an agency account to reflect an auxiliary income and its corresponding expenditure accounting. All relevant fiscal years and ratios are adjusted accordingly.

- **Current Ratio:** An excess of current assets over current liabilities (the current ratio) is a measure of liquidity and provides a buffer against future uncertainties. The University's current assets of $41.3 million are sufficient to cover current liabilities of $25.3 million. The University's current ratio at June 30 is 1.6 to 1 for 2021, 1.3 to 1 for 2020, and 1.7 to 1 for 2019.

- **Return on Net Position Ratio**: Net position represents the residual interest in the University's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. Comparing the current change in total net position to total net position at the beginning of the period (return on net position) is an economic measure that determines if the University is financially better off than in previous years. The University's return on net position at June 30, 2021, 2020 and 2019 was 10.9%, -1.0% and 3%, respectively. The increase in 2021 return on net position ratio is caused by many factors. It is primarily the result of state funded on campus capital appropriation projects, federal grant expense reimbursements and loss revenue income, and a reduction in operating expenses. The decrease in 2020 return on net position ratio is primarily the

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Management's Discussion and Analysis
(Unaudited)

result of the increase in expenses relating to COVID-19 and a slight decrease in tuition income from the on-ground program. While the increase in 2019 return on net position ratio is primarily the result of the increase in tuition income from the Accelerated Online program, and an increase in capital appropriations from the state.

- **Primary Reserve Ratio:** This ratio indicates how long the University could function using its expendable reserves without relying on additional net position generated by operations. The University's primary reserve ratio at June 30, 2021, 2020 and 2019 was 40.3%, 27.1% and 32.3%, respectively.

- **Secondary Reserve Ratio:** This ratio measures the significance of non-expendable net position in relation to an institution's operating size. An improving trend shows an improved capital base and the higher the ratio value, the better the long term financial condition. The University's secondary reserve ratio at June 30, 2021, 2020 and 2019 was 115.2%, 105.5% and 106.3%, respectively.

- **Composite Financial Index:** In order to assess and evaluate the total financial health of an institution, core financial ratios are weighted and combined into a single factor called the Composite Financial Index (CFI). When calculated, a strength factor of three indicates a relatively healthy institution that can sustain moderate growth with expendable net position exceeding debt levels. The University's CFI at June 30, 2021, 2020 and 2019 was 3.3, 0.9 and 1.8, respectively.

Using the Financial Statements

Fitchburg State University reports its activity as a business type activity using the full accrual basis of accounting. The accrual basis of accounting ensures that all amounts owed to the University and all pending obligations of the University are accounted for in the appropriate period, thus giving a clear picture of the University's financial position. The University is a department of the Commonwealth of Massachusetts. A summary of the University's financial statements is incorporated in the Commonwealth's Comprehensive Annual Financial Report in its government-wide financial statements.

The University's financial statements include three major documents: The Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. These statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Statements of Net Position

The statement of net position presents the financial position of the University at the end of the year and includes all assets, liabilities and deferred inflows and outflows of resources of the University, with the difference reported as net position. Assets, liabilities and deferred inflows and outflows are generally measured using current values, with a notable exception in capital assets, which are stated at historical cost less an allowance for depreciation. Net position is one indicator of the financial condition of the University, while the change in net position from one period to the next is an indicator of whether the financial condition has improved or worsened.

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Management's Discussion and Analysis
(Unaudited)

The statements of net position (condensed, in thousands) at June 30, 2021, 2020 and 2019, are as follows:

	2021	2020	2019
Assets			
Current assets	$ 41,285	$ 30,142	$ 34,855
Capital assets, net	185,530	181,470	182,821
Other	33,131	27,877	26,767
Total assets	259,946	239,489	244,443
Deferred outflows of resources	13,188	8,276	8,913
Liabilities			
Current liabilities	25,290	22,779	20,799
Long-term liabilities	102,672	94,742	102,753
Total liabilities	127,962	117,521	123,552
Deferred inflows of resources	9,934	8,417	4,526
Net position			
Net investment in capital assets	129,113	125,002	121,719
Restricted			
Nonexpendable	567	504	523
Expendable	12,089	7,779	8,559
Unrestricted			
Designated	22,004	16,867	18,462
Undesignated (deficit)	(28,535)	(28,325)	(23,985)
Total net position	$ 135,238	$ 121,827	$ 125,278

Current assets consist mainly of cash and cash equivalents (68.8%) and accounts receivable (30.6%). Other assets include non-current restricted cash and cash equivalents, investments in marketable securities and loans receivable. Capital assets are used to provide services to students, faculty and staff. These assets are not available for current or future spending. Current liabilities primarily include revenue received in advance (35.2%), trade accounts and salaries payable, accounts payable - construction, the current portion of compensated absences and accrued faculty payroll. In the normal course of events and based on a consistent past history in this regard, it is anticipated that obligations due to employees will be funded by state appropriations. Deferred inflows and outflows of resources represent either the acquisition or use of net position applicable to future periods and are distinct from assets and liabilities. The change in fiscal year 2019 unrestricted net position, deferred inflows and deferred outflows of resources from prior year financial statement is a result of a restatement of GASB 75. The decrease in net position in fiscal year 2020 compared to increase in fiscal year 2019 was primarily the result of the pandemic. Although we have turned the corner on the pandemic in fiscal year 2021, we are still feeling the effects related to the undergraduate student population and on those students living in campus housing. On a hopeful note,

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Management's Discussion and Analysis
(Unaudited)

fiscal year 2021 saw an increase in the state's funding of the campus' deferred maintenance program and a one-time federal grant reimbursement of loss revenues due to COVID-19 for fiscal years 2020 and 2021. About a half of this loss revenue was recognized in fiscal year 2021 and the balance is to be recognized in fiscal year 2022. The individual elements of revenue and expenses and their corresponding effect on our net position are illustrated in the following schedule.

Statements of Revenues, Expenses and Changes in Net Position

The following Statements of Revenues, Expenses and Changes in Net Position (condensed, in thousands) presents information showing the University's results of operations for the fiscal years ended June 30, 2021, 2020 and 2019. Changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will result in cash flows in future periods (e.g. the accrual for compensated absences).

	2021	2020	2019
Operating revenues			
Tuition and fees (net)	$ 43,352	$ 43,717	$ 44,253
Grants	16,594	13,986	9,370
Sales and service of educational department	1,083	1,299	1,456
Auxiliary	8,583	10,628	14,915
Other operating revenue	551	1,154	831
Total operating revenue	70,163	70,784	70,825
Operating expenses			
Instruction	37,848	38,623	38,610
Research and public service	1,112	1,076	952
Academic support	8,538	8,830	8,596
Student services	14,437	13,419	13,603
Scholarships	4,327	5,202	2,841
Institutional support	17,041	14,499	13,632
Operations and maintenance	11,791	11,553	11,757
Depreciation	11,448	11,032	10,442
Auxiliary	8,552	14,563	15,322
Total operating expenses	115,094	118,797	115,755
Net operating loss	(44,931)	(48,013)	(44,930)
Non-operating revenue and expenses			
State appropriations	45,830	44,088	43,795
Investment income	3,172	867	1,218
Interest expense and debt issue costs	(1,307)	(1,967)	(2,008)
State capital appropriations	10,392	1,318	3,558
Capital gifts and grants	255	256	257
Total non-operating revenue	58,342	44,562	46,820
Increase (decrease) in net position	13,411	(3,451)	1,890
Net position, beginning of the year	121,827	125,278	123,388
Net position, end of the year	$ 135,238	$ 121,827	$ 125,278

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State appropriations are reported net of the amount of in state day school tuition collected by the University on behalf of the Commonwealth. The tuition collected (for in state supported courses taught by state employees) is then remitted to the Commonwealth as required by Massachusetts General Law. The following schedule details the Commonwealth appropriations received by the University. Included in appropriations are the fringe benefit costs for University employees, which are paid by the Commonwealth. The Commonwealth appropriates general funds to cover the cost of fringe benefits for state employees, but these funds are not appropriated directly to the University. Employees who are paid from local trust funds, grants or other sources receive the same fringe benefits. Generally, the University reimburses the Commonwealth for the benefit costs associated with these employees. In 2012 legislation was passed that allowed the state universities to retain out of state day tuition. The legislation further mandated that the Commonwealth would fund the fringe benefits for any employee paid from this funding source. The fringe benefit rate charged by the Commonwealth, exclusive of compensated absences, for fiscal years 2021, 2020 and 2019 was 36.38%, 35.48% and 34.89%, respectively. The current fringe benefit rate includes group medical insurance (20.65%); retirement (14.66%) and terminal leave (1.07%).

The following schedule (condensed, in thousands) details the Commonwealth appropriations received by the University:

	2021	2020	2019
Commonwealth general appropriations	$ 33,771	$ 33,297	$ 31,242
Commonwealth special appropriations	-	30	1,746
Appropriations to cover fringe benefits provided to employees of the Commonwealth	12,528	11,637	11,596
	46,299	44,964	44,584
Tuition remitted back to the Commonwealth	(469)	(876)	(789)
Net appropriations	45,830	44,088	43,795
Additional state capital appropriations	10,392	1,318	3,558
Total appropriations	$ 56,222	$ 45,406	$ 47,353

State appropriations are a significant source of funding for the University. According to the Governmental Accounting Standards Board, appropriations are considered non-operating revenue. As such, the University appears to experience a loss from operations. However, it should be noted that state appropriations are used to fund the operating activities of the University.

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The following schedule (condensed, in thousands) illustrates the University's incurred losses from operations for the fiscal years ended June 30, 2021, 2020 and 2019.

	2021	2020	2019
Tuition and fees revenue, net	$ 43,352	$ 43,717	$ 44,252
Other operating revenue	26,811	27,067	26,573
Total operating revenue	70,163	70,784	70,825
Operating expenses	(115,094)	(118,797)	(115,755)
Operating loss	(44,931)	(48,013)	(44,930)
Total state appropriations	45,830	44,088	43,795
Other revenue (expense), net	12,512	474	3,025
Increase (decrease) in net position	$ 13,411	$ (3,451)	$ 1,890

Net Operating Revenues Ratio: This ratio indicates whether total operating activities resulted in a surplus or deficit. A positive ratio indicates that the institution experienced an operating surplus and is indicative of efficient and effective operations. For the fiscal years ended June 30, 2021, 2020 and 2019, the University's net operating revenues ratio was 5.6%, -2.8% and .7%, respectively.

The following is a graphic illustration of total revenue (operating, non-operating and capital) by source. Total revenue for the fiscal years ended June 30, 2021, 2020 and 2019 was $129.8, $117.3, and $119.6 million, respectively.

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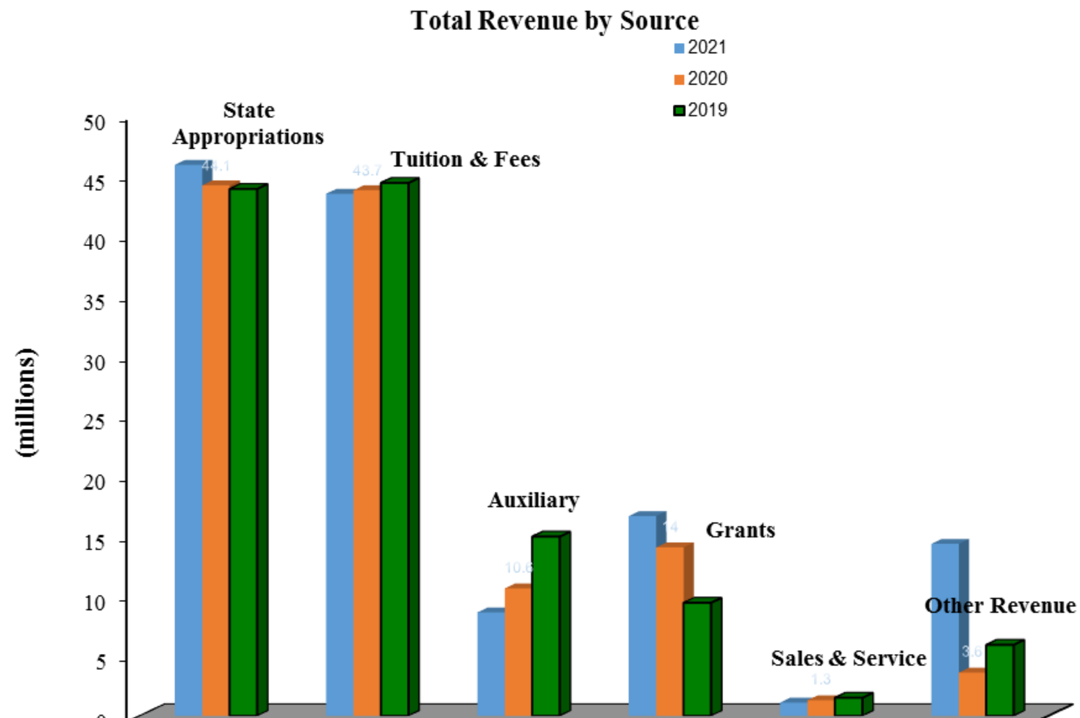

	State Appropriations	Tuition & Fees	Auxiliary	Grants	Sales & Service	Other Revenue
2021	45.8	43.4	8.6	16.6	1.1	14.3
2020	44.1	43.7	10.6	14	1.3	3.6
2019	43.8	44.3	14.9	9.4	1.5	5.9

State appropriations have increased slightly over the past three fiscal years (2019-2021), and these increases are a result of the state funding of the collective bargaining agreements which were ratified in 2018. Although ratified in 2018, the state did not start paying out the salary increases until fiscal year 2019 and at that time the state supplemented this increase with a one-time payment. In fiscal year 2020, we also had a supplement funding appropriation from the state because of the COVID-19 pandemic. Over the last twenty years, general appropriations (including fringe benefits) that support the operating costs of the University have decreased to 39.4% from 61.5% in fiscal year 2001. In addition to the increasing amount of local payroll, all other operating costs incurred by the University are funded from other non-state revenue sources. Tuition and fees are reported net of tuition waivers, exemptions, and scholarship allowances. The $485 per credit tuition charged per semester is controlled at the state level and remains unchanged since 2001. The board approved a few minimal fee increases in 2021 and these increases were mainly due to the need for improved and robust internet services and increased data protection. Because of the pandemic and the reduction of in face-to-face student activities on campus, the board waived the student activity fee of $45 per semester. In fiscal year 2020, the only fee increase approved was the University fee of $75 per semester. Because of the robust online program, overall total tuition and fee revenue had only a moderate decrease of 2.0% in fiscal year 2021 and a 1.5% decrease in fiscal year 2020 but saw an increase of 3% in fiscal year 2019. During fiscal year 2021, 2020 and 2019, in-state tuition, fees and room & board for full time resident students were $11,571, $10,578 and $10,492 per semester, respectively. In-state tuition and fees for commuting students in fiscal years 2021, 2020 and 2019 were $5,291, $5,261 and $5,177 per semester, respectively.

Auxiliary revenue represents revenue received from the operations of the University's residence and dining halls. Auxiliary revenue does not include fees charged for the student housing facility owned and operated

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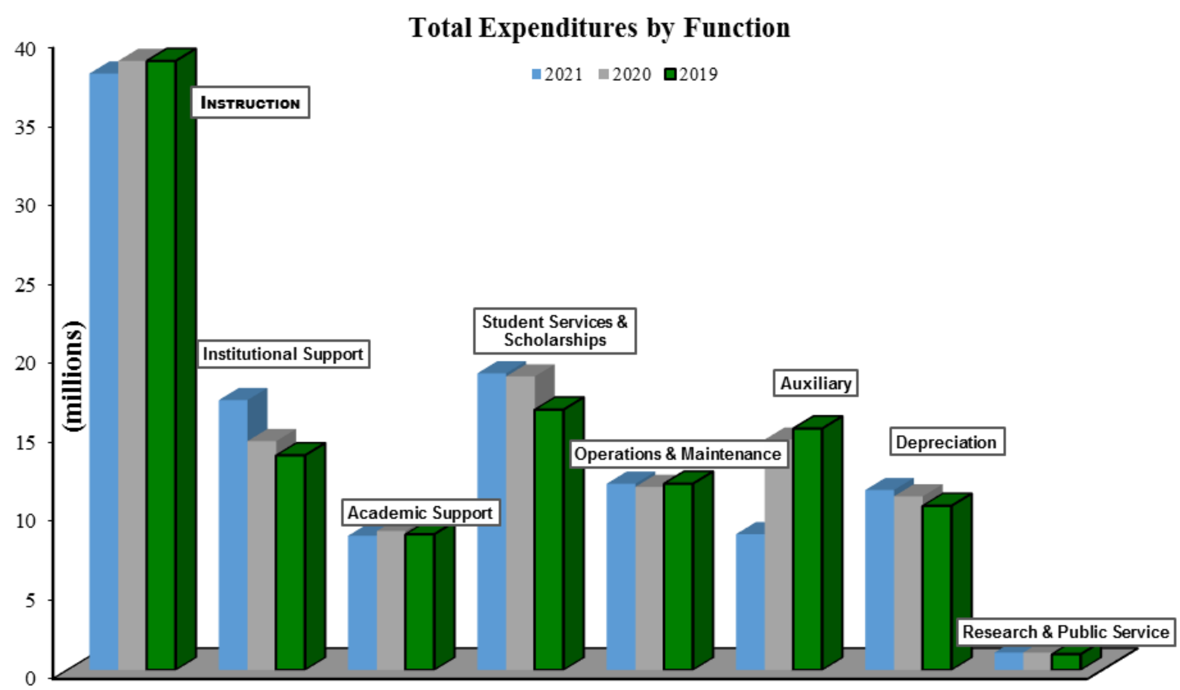
by the FSU Supporting Organization, Inc. (the "Supporting Organization"). The average residence hall occupancy rate for the fiscal year 2021 was 50.3% of capacity versus 76.2% of capacity in fiscal year 2020 and 89.4% capacity in fiscal year 2019.

Grant revenue is made up of federal, state and private grants. Grant revenue includes grants for financial aid programs such as PELL, SEOG and Federal Work Study and a federal pandemic related grant called HEERF – Higher Education Emergency Relief Fund - which was approved to support institutions of higher education to serve students and ensure learning continues during the COVID-19 pandemic. This grant was appropriated in three phases – the CARES Act in March 2020, the CRRSAA in December 2020 and the ARP grant in March 2021 and was to be expended within one year of performance. HEERF award was authorized and given to be used for student and institutional support respectively. A total of $2.1 million institutional support was authorized in FY20 and $11.3 million in FY21. While a total of $2 million student support was authorized in FY20 and $7.4 million in FY21.

Other revenue includes investment and miscellaneous revenue.

The following is a graphic illustration of total expenditures (operating) by function. Total expenditures for the fiscal years ended June 30, 2021, 2020 and 2019 were $115.1, $118.8 and $115.8 million, respectively.



Expenditures, exclusive of depreciation, decreased by 3.82% in 2021 and increased by 3.3% in FY2020 versus 9.0% in fiscal year 2019. The fiscal year 2021 decrease was mainly because of two reasons. The first reason was because of a one-time re-funding of the auxiliary debt payment thru MSCBA in July 2020. This refunding resulted in reduced interest expense payments made in fiscal year 2021 and a corresponding reduction of the principal debt liability payment also. Another reason for the reduction in expenditure relates to the reduced number of students living in student housing and those using the dining

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facilities. On the other hand, fiscal year 2020 increase was largely due to COVID-19 related expenses. The fiscal year 2019 increase was primarily due to payment of retroactive salary increases for fiscal years 2018, mandated increase in benefits payments, increase in resident hall debt payments to MSCBA and increase in the commission payment arising from the accelerated online program. The most significant area of expense remains Instruction, which represents 32.8% of total operating expenses in fiscal year 2021, 32.5% of total expenses in fiscal year 2020 and 33.05% of total expenses in fiscal year 2019. In fiscal year 2021 faculty payroll of ($24.5 million) and related benefits of ($9 million) represents approximately 86.3% of Instructional expenses while in fiscal year 2020 faculty payroll ($25.4 million) and related benefits ($9 million) represent approximately 89.2% of instructional expenditures. But in fiscal year 2019, faculty payroll ($24.4 million) and related benefits ($8.5 million) represent 85.2% of instructional expenditures. Institutional Support consists of the day-to-day operational support of the institution, excluding physical plant operations. Scholarships are funded from Title V entitlement programs such as PELL and SEOG, as well as, from institutional operating funds. Operations and Maintenance consists of expenditures related to physical plant. Expenditures in this functional area include general repair costs and deferred maintenance costs that are below the capitalization threshold of $50,000. The financial statements include $11.4, $11.0 and $10.0 million in depreciation expense for 2021, 2020 and 2019, respectively.

Demand Ratios: Demand ratios measure the extent to which each type of expense consumes operating and non-operating revenues. The following table displays the amount of operating and non-operating revenue, exclusive of capital grants and appropriations, consumed by the various functional expense categories:

Expense	2021	2020	2019
Instruction	31.80%	33.40%	33.30%
Institutional Support	14.30%	12.50%	11.00%
Academic Support	7.20%	7.60%	7.40%
Student Services & Scholarships	15.70%	16.10%	14.20%
Operations & Maintenance	9.90%	10.00%	10.10%
Auxiliary	7.20%	12.60%	13.20%
Depreciation	9.60%	9.50%	9.00%

Note: The total sum of all Demand Ratios will be greater (less) than 100 percent, with the difference representing the surplus (deficit).

Statement of Cash Flows

The statement of cash flows provides pertinent information about the cash receipts and cash payments during a certain period of time. The statement provides an additional tool to assess the financial health of the institution. As required by GASB, the statement is reported using the direct method. The direct method of cash flow reporting portrays net cash flows from operations as major classes of receipts (e.g. tuition and fees) and disbursements (e.g. cash paid to employees for services).

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The following are the University's statements of cash flows (condensed, in thousands) for the fiscal years ended June 30, 2021, 2020 and 2019:

	2021	2020	2019
Cash received from operations	$ 65,565	$ 70,669	$ 71,023
Cash expended for operations	(87,499)	(93,843)	(89,436)
Net cash used in operations	(21,934)	(23,174)	(18,413)
Net cash provided by noncapital financing activities	33,385	32,451	32,198
Net cash used in capital and related financing activities	(8,622)	(13,085)	(10,525)
Net cash provided by (used in) investing activities	598	(376)	273
Net increase (decrease) in cash and equivalents	3,427	(4,184)	3,533
Cash and equivalents, beginning of the year	35,461	39,645	36,112
Cash and equivalents, end of the year	$ 38,888	$ 35,461	$ 39,645

In fiscal year 2021, the University's cash and cash equivalents increased by $3.4 million to $38.9 million. This increase in cash and cash equivalents stemmed from reduced payments of $3.3 million to suppliers, $2.6 million reduction in payroll expenses, an increase of $0.9 million in state appropriations and reduction of $1.8 million in auxiliary expenses and $2 million in grant revenue. The University's cash and cash equivalents decreased by approximately $4.2 million during fiscal 2020, resulting in the cash and cash equivalents balance of $35.5 million at the fiscal year-end. The decrease in fiscal year 2020 is primarily due to an increase in coronavirus expenditure, increase in payroll expenses of $3.6 million, reduction in auxiliary income of $4.4 million and an increase in grant income of $4 million. Fiscal year 2019 had an increase which was primarily due to the increase in tuition and fees with negligible corresponding increase in accounts receivable and state and general capital appropriations and a decrease in capital expenditures.

Non-capital financing activities, as defined by GASB, include state appropriations. These appropriations fund the operating activities of the University. Investing activities include interest and dividends received from portfolio investments, as well as interest earned on university funds held in various short-term money management vehicles.

Capital Assets
Capital assets consist of land, land improvements, buildings and building improvements, equipment, library materials, and construction in progress. As of June 30, 2021, net capital assets increased by $4.1 million to $185.5 million net of current deprecation of $11.4 million. At fiscal year ending June 30, 2020, net capital assets decreased to $181.5 million net of current depreciation expense of $11.0 million. At June 30. 2019 net capital assets increased to $182.8 million net of depreciation expense of $10.4 million. During fiscal year 2021 there were $15.5 million additions to capital assets, $9.7 million in 2020 and $11.8 million in 2019.

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Major capital initiatives either continuing or undertaken during 2021 include:

➢ McKay projects	$7.4 million (to date)
➢ Electricity infrastructure upgrade	$8.5 million (to date)
➢ Percival projects	$2.6 million (to date)
➢ Theater Renovation	$1.9 million (to date)
➢ Recreation Center Roof	$1.6 million (to date)

Additional information on Fitchburg State University's capital assets can be found in footnote 5 to the accompanying financial statements.

Physical Asset Renewal Ratio: The extent to which capital renewal is occurring as compared to physical usage (depreciation) can be measured by the physical asset renewal ratio. A ratio above 1:1 indicates increasing investment in plant facilities. The University's physical asset renewal ratio for fiscal years ended June 30, 2021, 2020 and 2019 was 0.8, 1.2 and 1.1, respectively.

Long-term Debt
The University has long term debt obligations issued for various capital projects. The debt was issued through several financing agreements with the Massachusetts Development Finance Agency (MDFA) (formerly the Massachusetts Health and Educational Facilities Authority (MHEFA)), the Massachusetts State College Building Authority (MSCBA) and a capital lease through J P Morgan. The interest rate on the majority of MSCBA debt is based on fixed coupon rates ranging from 2.00% to 6.00% over the term of the debt as set by MSCBA. The interest rate on the capital lease is fixed at 1.81%.

MSCBA issued the Series 2020A Bonds on July 1, 2020 in part to refund Bonds maturing in fiscal years 2021 and 2022 to provide fiscal relief to the State Universities as they faced or are likely to face lower occupancy and a reduction in revenues in those fiscal years due to the COVID-19 outbreak. As a result, the fiscal year 2021 aggregate debt service assessment was reduced by $52.8 million (approximately 50%), and the fiscal year 2022 aggregate debt service assessment was reduced by $28.2 million (approximately 25%). In addition to the debt service assessment, operating and reserve assessments to the Universities were also reduced or deferred to more closely align expenses with the lower revenue. MSCBA released $15.8 million from the debt service reserve to fund a portion of the fall 2020 interest payment, and $400,000 to fund a portion of the spring 2021 interest payment, which further reduced the amount that needed to be assessed to the Universities. In the fall of 2020, MSCBA did not assess early principal at all.

The current MSCBA debt is being repaid by the University primarily through dedicated student fees (DSF).

The following table summarizes the various debt vehicles, interest rates, debt service and debt outstanding at June 30, 2021 and is inclusive of any bond premiums or discounts.

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Issuing Agency	Construction Project	Fiscal Year Originally Issued	Original Amount	Funding Source	Effective Interest Rate	Debt Service Payments	Debt Outstanding	Maturity
MDFA	Recreation Center	1997	$ 6,000,000	DSF	0.26%	$ 349,378	$ 1,301,094	2023
MSCBA	Holmes Dining Hall Renovations	2005	$ 1,090,000	DSF	2.54%	$ 38,797	$ 422,521	2034
MSCBA	Elliot Athletic Field Improvements	2005	$ 4,020,000	DSF	2.66%	$ 138,782	$ 1,495,105	2034
MSCBA	Holmes Dining Hall Renovations	2006	$ 2,060,000	DSF	2.57%	$ 70,776	$ 880,645	2031
MSCBA	Hammond Campus Center Renovations	2011	$ 15,935,656	DSF	5.54%	$ 414,074	$ 9,639,944	2030
MSCBA	Hammond Campus Center Renovations	2012	$ 7,043,416	DSF	2.50%	$ 193,991	$ 4,560,366	2035
MSCBA	Hammond Campus Center Renovations	2013	$ 11,300,906	DSF	3.22%	$ 300,283	$ 7,365,801	2034
MSCBA	Parking Expansion	2013	$ 2,563,127	DSF	3.03%	$ 69,360	$ 1,873,473	2034
MSCBA	Hammond Campus Center Renovations	2014	$ 12,235,614	DSF	3.29%	$ 296,977	$ 8,792,549	2038
MSCBA	Hammond Campus Center Renovations	2015	$ 10,669,503	DSF & Operating Funds	4.67%	$ 286,906	$ 6,739,850	2035
MSCBA	Landry Area Refurbishment	2017	$ 4,166,418	DSF & Operating Funds	4.01%	$ 95,610	$ 3,945,185	2037
DCAMM	CEIP Funds	2017	$ 5,420,360	DCAMM	3.00%	$ 214,007	$ 5,010,863	2039
JP Morgan	Campus Wireless Project	2017	$ 1,261,206	JP Morgan	1.81%	$ 131,295	$ 131,295	2021
MSCBA	Holmes Dining Hall Renovations	2019	$ 1,516,022	DSF	2.00%	$ 31,066	$ 1,689,389	2039
MSCBA	Recreation Center	2019	$ 1,107,123	DSF & Operating Funds	3.84%	$ 23,764	$ 1,305,672	2039
Total			$ 86,389,351			$ 2,655,066	$ 55,153,752	

For the fiscal years ended June 30, 2021, 2020 and 2019, the total debt (current and long term) attributable to interagency payments, bond premiums and capital lease payments amounted to $55.2, $58.3 and $62.6 million, respectively.

Additional information on Fitchburg State University's long term debt activity can be found in footnotes 12 and 13 to the accompanying financial statements.

Viability Ratio: The availability of expendable net assets to cover debt (the viability ratio) is a basic determinant of financial health. Expendable net assets are those assets not required to be retained in perpetuity, i.e., those assets available for use for operations. A ratio of 1:1 or greater would indicate, as of the balance sheet date, an institution has sufficient expendable net assets to satisfy debt obligations. However public institutions can operate effectively on a reduced ratio because of the benefit of state support which is not captured in the institution's expendable net assets. The University's viability ratio, which has remained relatively consistent over time, is 0.85 for June 30, 2021, 0.58 for 2020 and 0.61 for 2019.

Debt Burden: The debt burden ratio measures an institution's dependence on borrowed funds by comparing the level of debt service to total expenditures. In order to effectively manage resources, including debt, industry standards sets the upper threshold for institutional debt burden at 7%. As of June 30, 2021, 2020 and 2019, the University's debt burden was 2.0%, 5.5% and 5.2%, respectively.

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Looking Forward

Fitchburg State University is on a mission. A mission not only to change lives one student at a time but to change generations to come. Fitchburg State University's vision as noted on the Strategic Plan page of the Fitchburg State University website is to create "an inclusive, integrated, and equitable university" which is believed to be "the clearest path to social and economic prosperity for all."

There are six strategic goals to get to the desired outcome. I will paraphrase a few:

- Forge innovative paths
- Be an engine of change where you are
- Establish excellence as a strength
- Steward physical and financial resources responsibly

Most, if not all, departments on campus have taken up this mantle.

The University police department is forging new paths. "They did this recently when they added this new member to their department. It is said that this latest member was "recruited" by a fellow officer and the officers ensured that this new member would easily fit in the department, which means he had to be friendly, hard-working, and approachable and is able to quickly follow orders. What is also interesting is that this new member will not be trained to check for bombs, or contraband or to pursue suspects but his role is instead one of needed during stressful times. His role is to provide comfort to all, both students and non-students."

Not sure if you are able to put all the clues together, but just in case it is missed, the newest member of the police department is a dog. We would like to welcome Odin and thank the police department for forging new paths.

Fitchburg State University has accepted the challenge once again to be an engine for change. President Lapidus recently signed a memorandum of understanding with leaders from Mount Wachusett Community College, LUK Inc., and the Fitchburg Public Schools to support students with housing insecurity. The program called "Moving to College" was launched by the Massachusetts Department of Higher Education. The program is looking at the best way to end homelessness among college students. Way to go FSU.

Fitchburg State University's Engineering Technology is an example of a department forging new paths for their students and establishing excellence as a part of the course they travel. Professor Chenot's students are getting real world experience while in the classroom. The students from the architecture, energy management, electronics and construction management concentration in the Engineering Technology program recently competed in the U. S. Department of Energy's Solar Decathlon Design Challenge and they had the valuable assistance of the Senior Energy Efficiency Program Coordinator from Unitil. The challenge they accepted was to reimagine a vacant parcel as a hub of renewable energy. According to one of the students, "this was a real world project that emphasized team work and we were assigned roles based on our interest and strengths". What a way to learn!

U.S. News & World Report has once again recognized and ranked Fitchburg State University among colleges and universities that contributes to upward social mobility of its students. It has been noted, not only inside FSU but externally, that FSU is making a difference and graduating large numbers of economically disadvantaged students. The university's success in creating upward social mobility is one of the goals of Fitchburg State University latest strategic plan. According to President R. S. Lapidus "the

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pillars of this strategic plan are educational justice, being a student-ready campus, and inclusive excellence."

The University is on a mission to be a beacon of light in the Fitchburg community and beyond. And one way it does this is to ensure that the campus not only looks pristine but is pristine. Over the years, the University has continually invested in its infrastructure as that is one of the best ways of improving the well-being of its students and show that it is fiscally responsible by being good stewards of the property it has been entrusted with. A number of these projects undertaken in FY21 and FY22 are being done in collaboration with funding from DCAMM.

Renovations have been completed in the following areas:

- Percival Hall – the renovation of classrooms, offices, conference room, and small-group space.
- McKay Addition – new entrance, café, new faculty offices, etc.

Underway:

- McKay - Final phase – the remainder of the classrooms, computer lab, etc.
- Anthony Admissions Suite – to be updated to offer an expanded seating and welcoming area for new students and their families.
- Thompson Hall – to make it wheelchair accessible.
- Electric Infrastructure project – fully funded by DCAMM. Replaces an obsolete electrical distribution system.

Fitchburg State University is still committed to the upgrading of the Theater facility which will not only aid the community of Fitchburg, but as President Lapidus says is a way "to create a different front door for ourselves and a way to plant a flag downtown". The board of Fidelity bank have bought in our dream and have donated their building in downtown Fitchburg to the college. This property is adjacent to the Theater building and will be a good investment once the renovation to the Theater is complete. As a community resource, the institution continues to provide leadership and support for the economic, environmental, social, and cultural needs of Fitchburg, north central Massachusetts, and the Commonwealth.

Requests for Information

This financial report is designed to provide a general overview of the finances of Fitchburg State University for anyone interested in this information. Questions concerning any of the data provided in this report or requests for additional financial information should be addressed to Dr. Richard S. Lapidus, President, Fitchburg State University, 160 Pearl Street, Fitchburg, Massachusetts, 01420.

Complete financial statements for Fitchburg State University Foundation, Inc. the University's Component Unit, can be obtained from the office of the Vice President for Finance and Administration, Fitchburg State University, 160 Pearl Street, Fitchburg, Massachusetts, 01420.

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Statements of Net Position
June 30, 2021 and 2020

Assets

	2021	Component Unit Fitchburg State University Foundation, Inc. 2021	2020	Component Unit Fitchburg State University Foundation, Inc. 2020
Current assets				
Cash and equivalents	$ 21,401,963	$ 2,499,955	$ 20,103,032	$ 1,866,947
Restricted cash and cash equivalents	6,997,652	-	6,863,394	-
Investments	-	14,595,376	-	9,033,514
Accounts receivable, net	12,668,794	37,849	2,963,457	32,495
Contributions receivable, net	-	311,428	-	403,375
Loans receivable - current portion	-	-	1,055	-
Other current assets	216,532	69,247	209,713	121,355
Total current assets	41,284,941	17,513,855	30,140,651	11,457,686
Noncurrent assets				
Restricted cash and cash equivalents	10,489,013	-	8,494,542	-
Investments	20,429,198	-	17,161,427	-
Endowment investments	1,109,576	12,564,448	892,728	12,220,628
Accounts receivable, net of current portion	-	-	47,032	-
Contributions receivable, net	-	61,346	-	348,529
Loans receivable, net of current portion	1,041,035	-	1,273,489	-
Capital assets, net	185,530,026	7,218,761	181,470,066	6,737,875
Other noncurrent assets	61,942	140,920	8,895	146,788
Total noncurrent assets	218,660,790	19,985,475	209,348,179	19,453,820
Total assets	259,945,731	37,499,330	239,488,830	30,911,506
Deferred outflows of resources				
Deferred outflow-OPEB	5,802,040	-	5,014,453	-
Deferred outflow for pensions	7,386,093	-	3,262,016	-
Total deferred outflows of resources	13,188,133	-	8,276,469	-

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Statements of Net Position
June 30, 2021 and 2020

Liabilities and Net Position

	2021	Component Unit Fitchburg State University Foundation, Inc. 2021	2020	Component Unit Fitchburg State University Foundation, Inc. 2020
Current liabilities				
Interagency payables - current portion	2,523,772	-	4,038,987	-
Long-term debt - current portion	-	225,884	-	254,180
Bank lines of credit	-	-	-	250,000
Capital lease obligations - current portion	131,295	-	259,038	-
Accounts payable and accrued liabilities	4,624,741	85,085	4,213,648	102,705
Accounts payable - construction	1,396,551	536,901	1,369,689	100,000
Accrued workers' compensation - current portion	131,181	-	104,231	-
Compensated absences - current portion	3,243,931	-	3,584,425	-
Faculty payroll accrual	3,876,328	-	4,231,311	-
Revenue received in advance	8,891,959	30,000	4,534,790	32,500
Deposits	396,500	-	371,150	-
Other current liabilities	73,453	31,080	71,254	31,080
Total current liabilities	25,289,711	908,950	22,778,523	770,465
Noncurrent liabilities				
Interagency payables, net of current portion	52,498,686	-	53,901,118	-
Accrued workers' compensation, net of current portion	957,244	-	373,893	-
Compensated absences, net of current portion	2,117,468	-	2,157,318	-
Long-term debt, net of current portion	-	4,147,702	-	3,544,808
Capital lease obligations, net of current portion	-	-	131,325	-
Loan payable - federal financial assistance program	1,154,792	-	1,354,371	-
Net OPEB liability	25,852,605	-	24,061,207	-
Net pension liability	20,091,153	-	12,763,415	-
Total noncurrent liabilities	102,671,948	4,147,702	94,742,647	3,544,808
Total liabilities	127,961,659	5,056,652	117,521,170	4,315,273
Deferred inflows of resources				
Deferred inflow - debt refunding	2,125,859	-	-	-
Service concession arrangement	758,754	-	1,011,672	-
Deferred inflow - OPEB	6,269,569	-	6,233,735	-
Deferred inflow for pensions	779,813	-	1,171,344	-
Total deferred inflows of resources	9,933,995	-	8,416,751	-

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Statements of Net Position
June 30, 2021 and 2020

	2021	Component Unit Fitchburg State University Foundation, Inc. 2021	2020	Component Unit Fitchburg State University Foundation, Inc. 2020
Net investment in capital assets	129,112,613	3,239,383	125,001,606	2,983,093
Restricted for:				
Nonexpendable				
Scholarships and fellowships	567,112	6,453,507	504,243	6,194,533
Cultural programs	-	4,251,160	-	4,230,397
Centennial endowments	-	1,592,974	-	1,592,974
Other	-	266,808	-	202,725
Expendable				
Scholarships and fellowships	474,923	7,608,222	412,403	4,587,274
Cultural programs	-	5,047,976	-	3,498,687
Loans	168,109	-	197,348	-
Capital projects	86,750	-	50,000	-
Debt service	11,182,545	-	6,905,505	-
Other	176,755	685,962	214,661	665,653
Unrestricted (deficit)	(6,530,597)	3,296,686	(11,458,388)	2,640,897
Total net position	$ 135,238,210	$ 32,442,678	$ 121,827,378	$ 26,596,233

See Notes to Financial Statements.

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Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2021 and 2020

	2021	Component Unit Fitchburg State University Foundation, Inc. 2021	2020	Component Unit Fitchburg State University Foundation, Inc. 2020
Operating revenues				
Student tuition and fees	$ 44,257,345	$ -	$ 44,917,493	$ -
Student fees restricted for repayment of Interagency payables	5,276,977	-	5,591,162	-
Less: Scholarship allowances	(6,182,413)	-	(6,792,063)	-
Net student tuition and fees	43,351,909	-	43,716,592	-
Federal grants and contracts	14,698,939	-	11,982,884	-
State and local grants and contracts	987,641	-	962,732	45,000
Nongovernmental grants and contracts	907,446	-	1,040,326	-
Sales and services of educational departments	1,082,948	600,556	1,299,234	814,328
Gifts and contributions	-	1,432,611	-	903,788
Auxiliary enterprises:				
Residential life	6,470,991	95,326	7,450,821	263,623
Dining hall	2,094,729	-	3,157,802	-
Alcohol awareness and other programs	17,150	-	19,698	-
Other operating revenues	550,859	-	1,154,130	-
Total operating revenues	70,162,612	2,128,493	70,784,219	2,026,739
Operating expenses				
Educational and general				
Instruction	37,848,073	-	38,622,968	2,442
Research	118,083	-	76,841	14,008
Public service	994,361	19,198	998,932	70,509
Academic support	8,537,515	17,300	8,830,350	14,269
Student services	14,436,572	53,283	13,419,253	117,550
Institutional support	17,041,392	625,848	14,498,712	715,303
Operations and maintenance of plant	11,791,303	645,509	11,552,991	95,566
Depreciation and amortization	11,447,580	176,705	11,032,465	166,693
Scholarships and awards	4,326,742	535,218	5,201,434	446,743
Auxiliary enterprises				
Residential life	6,330,598	39,091	11,319,050	58,487
Dining hall	2,219,352	-	3,237,249	-
Alcohol awareness and other programs	1,961	-	7,052	-
Total operating expenses	115,093,532	2,112,152	118,797,297	1,701,570
Operating income (loss)	(44,930,920)	16,341	(48,013,078)	325,169

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Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2021 and 2020

	2021	Component Unit Fitchburg State University Foundation, Inc. 2021	2020	Component Unit Fitchburg State University Foundation, Inc. 2020
Nonoperating revenues (expenses)				
State appropriations	45,829,701	-	44,088,228	-
Investment income (loss), net of investment expense	3,126,637	1,610,654	717,555	383,194
Investment income (loss) on restricted assets, net of investment expense	45,573	4,665,478	149,260	1,037,071
Interest expense on Interagency payables and capital asset related debt	(1,307,130)	(192,661)	(1,966,664)	(171,277)
Loss on sale of capital assets	-	(587,581)	-	-
Net nonoperating revenues (expenses)	47,694,781	5,495,890	42,988,379	1,248,988
Income (loss) before capital and endowment additions	2,763,861	5,512,231	(5,024,699)	1,574,157
State capital appropriations	10,391,679	-	1,318,286	-
Capital grants	255,292	-	255,776	-
Private gifts for endowment purposes	-	334,214	-	1,449,520
Total capital and endowment additions	10,646,971	334,214	1,574,062	1,449,520
Increase (decrease) in net position	13,410,832	5,846,445	(3,450,637)	3,023,677
Net position - beginning of year	121,827,378	26,596,233	125,278,015	23,572,556
Net position - end of the year	$ 135,238,210	$ 32,442,678	$ 121,827,378	$ 26,596,233

See Notes to Financial Statements.

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Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Tuition and fees	$ 43,677,925	$ 43,389,728
Research grants and contracts	11,902,872	13,936,558
Payments to suppliers	(24,531,396)	(27,883,481)
Payments to utilities	(4,445,721)	(4,514,308)
Payments to employees	(49,402,176)	(51,484,225)
Payments for benefits	(3,849,370)	(4,340,208)
Payments for scholarships	(4,683,734)	(5,616,414)
Loans issued to students	(1,540)	(4,189)
Collection of loans to students	235,049	209,373
Auxiliary enterprise receipts		
Residential life	6,469,330	7,322,006
Dining hall	2,094,729	3,157,802
Alcohol awareness program	17,150	19,732
Receipts from sales and services of educational departments	1,167,142	1,388,826
Other receipts (disbursements)	(584,965)	1,244,380
Net cash provided by (used in) operating activities	(21,934,705)	(23,174,420)
Cash flows from noncapital financing activities		
State appropriations	33,771,117	33,326,949
Tuition remitted to State	(468,982)	(875,959)
Gifts from grants for other than capital purposes	83,330	-
Net cash provided by (used in) noncapital financing activities	33,385,465	32,450,990
Cash flows from capital and related financing activities		
State capital appropriations	9,169,661	1,574,062
Loan programs net funds received	40,607	32,808
Capital grants	-	2,224,395
Federal loan funds received	269,425	-
Private gifts for capital purchase	(1,200)	-
Payments for capital assets	(15,480,678)	(10,712,891)
Principal paid on capital debt	(1,050,856)	(3,996,280)
Interest paid on capital debt	(1,568,632)	(2,206,812)
Net cash provided by (used in) capital and related financing activities	(8,621,673)	(13,084,718)

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Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from investing activities		
Purchase of investments	(5,263,668)	(6,925,155)
Proceeds from sale of investments	4,819,705	6,816,394
Earnings on investments	625,955	(267,790)
Interest on investments	416,581	-
Net cash provided by (used in) investing activities	598,573	(376,551)
Net increase (decrease) in cash, cash equivalents and restricted cash	3,427,660	(4,184,699)
Cash, cash equivalents and restricted cash, beginning of year	35,460,968	39,645,667
Cash, cash equivalents and restricted cash, end of year	$ 38,888,628	$ 35,460,968

	2021	2020
Reconciliation of operating loss to net cash provided by (used in) operating activities		
Operating loss	$ (44,930,920)	$ (48,013,078)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities		
Bad debt expense	103,825	176,593
Depreciation and amortization	11,447,580	11,032,465
Fringe benefits paid by the Commonwealth of Massachusetts	12,527,566	11,637,238
Change in net pension liability	2,812,130	981,639
Change in net OPEB liability	1,039,645	820,088
Changes in assets and liabilities:		
Receivables	(9,778,459)	(991,259)
Other current and noncurrent assets	(38,418)	345,108
Accounts payable and accrued liabilities	411,078	(397,503)
Accrued workers' compensation	610,301	(112,682)
Compensated absences	(380,344)	236,393
Accrued faculty payroll	(354,983)	237,511
Revenue received in advance	5,495,857	575,821
Other current liabilities	(1,158,422)	10,062
Deposits	25,350	82,000
Loans to students	233,509	205,184
Net cash provided by (used in) operating activities	$ (21,934,705)	$ (23,174,420)

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Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Schedule of noncash investing and financing activities		
Acquisition of capital assets	$ 15,507,540	$ 9,681,801
Accounts payable thereon:		
Beginning of year	1,369,689	2,514,558
End of year	(1,396,551)	(1,369,689)
Net interest earned and incurred, capitalized in construction in progress	-	(113,779)
Payments for capital assets	$ 15,480,678	$ 10,712,891
Unrealized gain (loss) on investments	$ 2,381,159	$ (18,841)
Fringe benefits paid by the Commonwealth of Massachusetts	$ 12,527,566	$ 11,637,238
Capital grants - amortization of deferred inflows of resources - service concession arrangement	$ 252,918	$ 252,918
Capital debt and debt issuance costs		
Proceeds from capital debt	$ 47,638,203	$ -
Principal paid on capital debt	(47,180,057)	-
Debt issuance costs	(458,146)	-
Capital debt and debt issuance costs	$ -	$ -
Reconciliation of cash, cash equivalents and restricted cash balances		
Current assets		
Cash and cash equivalents	$ 21,401,963	$ 20,103,032
Restricted cash and cash equivalents	6,997,652	6,863,394
Noncurrent assets		
Restricted cash and cash equivalents	10,489,013	8,494,542
Total cash and cash equivalents	$ 38,888,628	$ 35,460,968

See Notes to Financial Statements.

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Notes to Financial Statements
June 30, 2021 and 2020

Note 1 - Summary of significant accounting policies

Organization

Fitchburg State University (the "University") is a public, State-supported comprehensive four-year University which offers a quality education leading to baccalaureate and master's degrees in many disciplines. With its campus located in Fitchburg, Massachusetts, the University provides instruction in a variety of liberal arts, allied health, and business fields of study. The University also offers, through the Division of Graduate and Continuing Education, credit and non-credit courses. The University is accredited by the New England Commission of Higher Education ("NECHE") (formerly known as the New England Association of Schools and Colleges ("NEASC")).

The University is a department of the Commonwealth of Massachusetts (the "State" or the "Commonwealth"). The accompanying financial statements reflect only the transactions of the University and its discretely presented component unit. Accordingly, the accompanying financial statements may not necessarily be indicative of the conditions that would have existed if the University had been operated independently of the State.

Fitchburg State University Foundation, Inc. (the "Foundation") is a component unit of Fitchburg State University. The Foundation is a legally separate, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. It was organized on June 6, 1978, exclusively for the benefit of Fitchburg State University, to establish scholarships and make awards to educationally talented and needy students; to establish a Distinguished Professor award within the faculty of the University; to subsidize inter-collegiate athletic programs; to subsidize budgets of departments of the University as needed for particular purposes; to encourage public use and support of functions and activities which further the mission of the University; and to encourage other activities necessary for, or incidental to, any or all of the foregoing. The following programs are supported under the auspices of the Foundation: Center Stage, Alumni Association, Women in Today's Society, Amelia V. Gallucci - Cirio endowment and the University's Booster Clubs. The Board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon that the Foundation holds and invests are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

FSU Foundation Supporting Organization, Inc. (the "Foundation Supporting Organization") was organized on October 29, 1999 for the exclusive benefit of the Foundation and all of its educational and charitable activities. The Foundation Supporting Organization is a legally separate, tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Foundation Supporting Organization's sole program activity, as of June 30, 2021, has been to acquire, hold, operate and lease real estate and related improvements for the benefit of the Foundation and the University. The financial information of the Foundation Supporting Organization is consolidated into the financial statements of the Foundation. The Foundation and Foundation Supporting Organization are collectively referred to hereinafter as the FSU Foundation.

During fiscal 2021, FSU Foundation distributed scholarships and awards in the amount of $535,218 directly to students and faculty of the University, and incurred an additional $2,357,176 in support of its mission in other ways. Complete financial statements for FSU Foundation can be obtained from the Office of the Vice President for Finance and Administration, Fitchburg State University, 160 Pearl Street, Fitchburg, MA 01420.

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During fiscal 2020, FSU Foundation distributed scholarships and awards in the amount of $446,743 directly to students and faculty of the University, and incurred an additional $1,426,104 in support of its mission in other ways.

Basis of presentation

The University's financial statements have been prepared using the "economic resources measurement focus" and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board ("GASB"). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

FSU Foundation, as a nonprofit organization, reports under Financial Accounting Standards Board ("FASB") guidance on financial reporting for Not-for-Profit Entities. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Other than the reclassification of certain items, no modifications have been made to FSU Foundation's consolidated financial information in the University's financial reporting entity for these differences.

The University's policy for defining operating activities in the statements of revenues, expenses and changes in net position are those that generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Certain other transactions are reported as nonoperating activities in accordance with GASB Statement No. 35. These nonoperating activities include the University's operating and capital appropriations from the Commonwealth, net investment income, gifts, and interest expense.

When both restricted and unrestricted resources are available for use, it is the University's policy to use the restricted resources first, then unrestricted resources as they are needed.

GASB Statement No. 34 requires that resources be classified for accounting purposes into the following three net position categories:

- **Net investment in capital assets:** Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt are also included in this component of net position.

- **Restricted:**

  Nonexpendable - Component of net position whose net assets are subject to externally-imposed stipulations that they be maintained permanently by the University. Such assets include the University's permanent endowment funds.

  Expendable - Component of net position whose use of net assets by the University is subject to externally-imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.

- **Unrestricted:** All other categories of net position. Unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees.

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In accordance with the requirements of the Commonwealth, the University's operations are accounted for in several trust funds. All of these trust funds have been consolidated and are included in these financial statements.

Use of estimates
The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Cash and cash equivalents and investments
The University's cash and cash equivalents are considered to be cash on hand, cash and cash equivalents held by the Commonwealth's Treasurer and Receiver-General, Massachusetts Development Finance Agency ("MDFA") and Massachusetts State College Building Authority ("MSCBA"), and short-term investments with original maturities of three months or less from the date of acquisition.

Investments for the University are reported at fair value. Any investments held with the Commonwealth's Treasurer and Receiver-General in the Massachusetts Municipal Depository Trust ("MMDT") are also at fair value. This external investment pool, run by the Treasurer and Receiver-General, operates in accordance with appropriate laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Investments include marketable debt and equity securities which are carried at their readily determinable fair values. Realized and unrealized gains and losses are included in nonoperating revenues. Gains and losses on the disposition of investments are determined based on specific identification of securities sold or the average cost method. Investment income is recognized when earned and is generally credited to the trust fund holding the related assets.

Dividends, interest and net gains or losses on investments are reported in the statements of revenues, expenses and changes in net position. Any net earnings not expended are included in net position categories as follows:

i. as increases in restricted - nonexpendable net position if the terms of the gift require that they be added to the principal of a permanent endowment fund;

ii. as increases in restricted - expendable net position if the terms of the gift or the University's interpretation of relevant state law impose restrictions on the current use of the income or net gains. The University has relied upon the Attorney General's interpretation of state law that unappropriated endowment gains should be classified as restricted - expendable; and

iii. as increases in unrestricted net position in all other cases.

At June 30, 2021 and 2020, the University had $474,388 and $411,868, respectively, in endowment income available for authorization for expenditure, which is included in restricted - expendable net position for scholarships and fellowships.

Massachusetts General Law, Chapter 15 grants authority to the University Board of Trustees to administer the general business of the University. Inherent in this authority is the authority to invest

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funds of the University. Chapter 15 further grants the Trustees the authority to delegate, to the President, any said powers or responsibilities. The Board of Trustees of Fitchburg State University has delegated the authority to make specific investment decisions to the President of the University and the Finance Committee of the Board of Trustees. The University's endowment investments consist of debt, marketable equity securities, mutual funds, and other investments which are carried at their fair values. The primary cash equivalent funds are within the MMDT, the external investment pool for political subdivisions of the Commonwealth.

The University's authorized spending rule provides that all earnings on endowment investments may be expended pursuant to the stipulations placed on these endowments. If a donor has not provided specific instructions, Massachusetts General Law permits the University's Board of Trustees to authorize for expense the net appreciation (realized and unrealized) of the investments of endowment funds. Any net appreciation that is spent is required to be spent for the purposes for which the endowment was established.

FSU Foundation's investments consist of debt, marketable equity securities, mutual funds and other investments which are carried at their fair values. Unrealized gains and losses are included in revenue. Restricted investment income and gains are reported as increases in unrestricted net position, unless a donor or law temporarily (expendable) or permanently (non-expendable) restricts their use. Gains and losses on the disposition of investments are principally determined based on the first-in, first-out method or specific identification of securities sold. Investment income is recognized when earned. Dividends are recorded on the ex-dividend date.

FSU Foundation maintains cash and equivalents and an investment pool that is available for use by all funds. Each fund's portion is reflected in the financial statements under cash and cash equivalents and investments. Earnings on cash and investments of the unrestricted net position and temporarily restricted (expendable) net position are reflected in the fund in which the assets are recorded.

The FSU Foundation's endowments consist of approximately 121 and 113 individual funds at June 30, 2021 and 2020, respectively, that are restricted by donors to function as endowments primarily for the granting of scholarships and to fund other academic and cultural programs. During fiscal 2018, FSU Foundation's Board of Directors voted to earmark $25,000 as a board-designated fund entitled The Fund for Fitchburg State to function as an endowment fund. The fund is designated for students with financial needs to be awarded financial aid scholarships. In accordance with accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. As of June 30, 2021 and 2020, the endowment is $25,000 each year.

FSU Foundation's Board of Directors has interpreted the Massachusetts Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, FSU Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The funds will remain in net assets with donor restrictions until those amounts are appropriated for expenditure by FSU Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

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In accordance with UPMIFA, FSU Foundation considers the following factors in making a determination to appropriate or accumulate restricted endowment funds: (i) the duration and preservation of the fund, (ii) the purposes of FSU Foundation and the donor-restricted endowment fund, (iii) general economic conditions, (iv) the possible effect of inflation and deflation, (v) the expected total return from income and the appreciation of investments, (vi) other resources of FSU Foundation, and (vii) the investment policies of FSU Foundation.

FSU Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that FSU Foundation must hold in perpetuity or for donor-specified periods as well as board-designated funds. Under this policy, as approved by FSU Foundation's Board of Directors, the endowment assets are invested in a variety of investments that aim to preserve principal, generate income and provide the opportunity for conservative growth.

FSU Foundation's performance goals are to provide an average annual total rate of return, net of fees that equals or exceeds its spending rate plus inflation ("CPI") over a rolling five-year period. Additionally, the endowment assets are invested in a manner that is intended to produce results that equal or exceed the average return of appropriate capital market indices weighted by FSU Foundation's asset allocation target percentages over a rolling five-year period. FSU Foundation's performance goals are also intended to produce results that equal or exceed the average return of a universe of similarly managed funds. FSU Foundation's performance goals are based upon a long-term investment horizon. Accordingly, actual returns in any given year may vary from these amounts.

To satisfy its long-term rate-of-return objectives, FSU Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). FSU Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

FSU Foundation has a spending policy of appropriating for distribution each year a percentage of its endowment fund's average fair value over the preceding three years. The amount to be appropriated for distribution shall not exceed 5%. In establishing this policy, FSU Foundation considered the long-term expected return on its endowment fund assets. Accordingly, over the long-term, FSU Foundation expects the current spending policy to be consistent with the FSU Foundation's objective of seeking to maintain the purchasing power of the endowment fund assets held in perpetuity or for a specified term as well as to provide additional real growth through investment return.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Massachusetts General Laws requires FSU Foundation to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in net assets with donor restrictions. As of June 30, 2021 and 2020, there were no deficiencies of this nature.

The University's and FSU Foundation's investment income are presented net of investment expense in the statements of revenues, expenses and changes in net position. The University's investment expense amounted to $111,077 and $92,556 for the years ended June 30, 2021 and 2020, respectively. FSU Foundation's investment expense amounted to $158,354 and $118,160 for the years ended June 30, 2021 and 2020, respectively.

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Accounts receivable

Accounts receivable are stated at the amount the University expects to collect from outstanding balances. The University provides for probable uncollectible amounts through a charge to operations and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after the University has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Accounts receivable also include a receivable from the operator of the University's food services operation in connection with a service concession arrangement between the University and the operator. The receivable has been recorded at the net present value of the installments to be received from the operator using a discount rate determined by management of the University.

Loans receivable and payable

Loans receivable consist, primarily, of the Federal Perkins Loan Program ("Perkins") and the Federal Nursing Student Loan Program ("NSL"). The federal government provides the majority of the funds to support these programs. Loan payments received from students made under the Perkins and NSL programs may be re-loaned after collection. The portion of the Perkins and NSL Loan Programs provided by the federal government is refundable to the federal government upon the ending (liquidation) of the University's participation in the programs. The amount due to the federal government upon liquidation by the University is $0 and $1,106,069 for Perkins and $0 and $248,302 for NSL at June 30, 2021 and 2020, respectively. These amounts are included as a noncurrent liability in the accompanying statements of net position.

The prescribed practices for the Perkins and NSL programs do not provide for accrual of interest on student loans receivable or for the provision of an allowance for doubtful loans. Accordingly, interest on loans is recorded as received and loan balances are reduced subsequent to the determination of their uncollectability and have been accepted (assigned) by the Department of Education and the Department of Health and Human Services. Management closely monitors outstanding balances and assigns loans to the Department of Education based upon such factors as student payment history, current status of applicable students, and the results of collection efforts.

Capital assets

Capital assets are controlled but not owned by the University. The University is not able to sell or otherwise pledge its assets, since the assets are all owned by the Commonwealth. Capital assets, which include land, land improvements, buildings, building improvements, equipment and other assets are reported in the statements of net position at cost or acquisition value, if donated. Capital assets are defined by the University as assets with an initial, individual cost of more than $50,000 in accordance with the Commonwealth's capitalization policy. The University does not hold collections of historical treasures, works of art, or other items not requiring capitalization or depreciation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets, with the exception of land, are depreciated using the straight-line method over estimated useful lives of 40 years for buildings, 20 years for building and land improvements, five years for furniture and three to 10 years for equipment.

Library materials acquired for the most recent five-year period are capitalized. The cost of library materials purchased in the current year is added and the cost of purchases made in the earliest year of the five-year period is deducted from the net position balance.

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The land on which the residence halls stand is leased by the MSCBA from the Commonwealth at a yearly cost of one dollar. The leases are long-term leases which can be extended at the end of their terms for additional 10-year periods.

The University, in accordance with a management and services agreement between the MSCBA and Commonwealth, is charged a semi-annual revenue assessment which is based on a certified occupancy report, the current rent schedule, and the design capacity for each of the residence halls. This revenue assessment is used by MSCBA to pay principal and interest due on its long-term debt obligations. These obligations may include the costs of periodic renovations and improvements to the residence halls. The revenue assessment amounts for the years ended June 30, 2021 and 2020 were $2,895,881 and $7,747,542, respectively, and are included in the Residential life auxiliary enterprises in the accompanying statements of revenues, expenses and changes in net position. All facilities and obligations of the MSCBA are included in the financial statements of the MSCBA. It is not practical to determine the specific asset cost or liability attributable to the University. The leases, therefore, are accounted for under the operating method for financial statement purposes.

FSU Foundation's capital assets are recorded at cost, if purchased or constructed and, if donated, at fair value at the date of donation. Capital assets, with the exception of land, are depreciated using the straight-line method over the estimated useful lives of the assets of 40 years for buildings, 20 years for building and land improvements, 7 and 10 years for furniture and fixtures, 5 years for equipment and 3 years for computer software and equipment. FSU Foundation generally capitalizes all additions and improvements with an individual cost or, if donated, fair value in excess of $5,000.

Contributions and bequests

FSU Foundation recognizes contributions revenue when the donor makes a promise to give, that is, in substance, unconditional. Unconditional promises to give are reported at net realizable value if at the time the promise is made collection is expected to be received in one year or less. Unconditional promises to give that are expected to be collected in more than one year are reported at fair value using present value techniques and a discount rate determined by management of FSU Foundation. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. Conditional promises to give that is, those with a measurable performance or other barrier, and right of return, are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Contributions in the form of property and equipment and other assets are recorded at the fair value on the date the donation is received. All contributions are considered to be available for unrestricted use by FSU Foundation unless specifically restricted by the donor. FSU Foundation provides for probable uncollectible amounts of unconditional promises to give through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual account balances.

Compensated absences

Employees earn the right to be compensated during absences for vacation leave and sick leave. Accrued vacation is the amount earned by all eligible employees through June 30 each year. Pursuant to statewide experience on sick pay buy-back agreements applicable to state employees, the University accrues sick leave to a level representing 20% of amounts earned by those University employees with ten or more years of State service at the end of the fiscal year. Upon retirement, these employees are entitled to receive payment for this accrued balance (see also Note 8).

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Student fees

Student tuition and fees are presented net of scholarships applied to students' accounts. Certain other scholarship amounts are paid directly to, or refunded to, the student and are generally reflected as expenses.

Revenue received in advance

Deposits and advance payments received for tuition and fees related to the University's summer programs and tuition billed for the following fiscal year are recorded as revenues received in advance. Funds received in advance from various grants and contracts are also included in revenues received in advance.

Agency funds

Agency funds consist of resources held by the University as custodian or fiscal agent of student organizations, the State Treasurer and others. Transactions are recorded to asset and liability accounts. There were no material balances at June 30, 2021 and 2020.

Bond premiums

Bond premiums are being amortized on a straight-line basis over the terms of the related debt agreements.

Interest expense and capitalization

The University follows the policy of capitalizing interest expense as a component of the cost of capital assets constructed for its own use. During 2021 and 2020, total interest costs incurred were accounted for as follows:

	2021	2020
Total interest costs incurred	$ 1,591,143	$ 2,365,449
Less: Interest income on unused funds from tax exempt borrowings	-	(11,566)
Bond premium amortization	(220,909)	(273,440)
Gain (loss) on refunding	(63,104)	-
	1,307,130	2,080,443
Less: Capitalized portion of net interest earned and incurred	-	(113,779)
Interest expense	$ 1,307,130	$ 1,966,664

Pension plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Massachusetts State Employees' Retirement System ("MSERS") and additions to/deductions from MSERS's fiduciary net position have been determined on the same basis as they are reported by MSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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OPEB plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to post-employment benefits other than pensions, and OPEB expense, information about the fiduciary net position of the OPEB Trust Fund and additions to/deductions from OPEB Trust Fund's fiduciary net position have been determined on the same basis as they are reported by the OPEB Trust Fund. Investments are reported at fair value.

Fringe benefits

The University participates in the Commonwealth's fringe benefit programs, including health insurance, unemployment, pension and workers' compensation benefits. Workers' compensation coverage is provided by the Commonwealth on a self-insured basis. Health insurance and pension costs are billed through a fringe benefit rate charged to the University. Workers' compensation and unemployment insurance costs are assessed separately based on the University's actual experience.

Tax status

The University is a department of the Commonwealth and is, therefore, exempt from federal and state income taxes.

Reclassifications

Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 presentation.

Impact of COVID-19 Crisis

Due to the global viral outbreak caused by a novel coronavirus ("COVID-19") in 2020, there have been lingering effects that currently have had only a marginal impact on the University's financial condition. During 2021, the University incurred approximately $2,000,000 in COVID-19 related expenses and $8,600,000 in lost revenue. The University recognized grant revenue of approximately $5,600,000 under the Higher Education Emergency Relief Act ("HEERF") during 2021 to help defray the cost of these expenses and the University had to defer $5,000,000 of income to be recognized in FY22. Because the University can only recognize in income the same proportion of allotted HEERF student funds disbursed to students, the University had to defer $5,000,000 even though those expenses were incurred in fiscal 2021. Currently, in fiscal 2022, the University is still battling the effects of COVID-19 and this is reflected in the reduced number of returning and transfer undergraduate day division students, and in those who returned to live and eat in the halls on campus.

Initially in response, the University had reduced its fiscal 2021 operating budget by approximately $15,000,000 but it restored approximately $8,000,000 of that budget in fiscal 2022 as it works to fully reopen the university and all its facilities to students and the public at large. Additionally, MSCBA closed on a bond refunding in July 2020 and agreed to distribute debt service reserves as part of a multifaceted plan to reduce expenses in response to the impact of COVID-19 on the nine State Universities, including Fitchburg State University (see Note 12). Management of the University anticipates that additional CARES funding and state assistance may be available in fiscal 2022.

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Note 2 - Cash and cash equivalents, and investments

Cash and cash equivalents - unrestricted and restricted - include the following at June 30, 2021 and 2020:

	2021		
	Current unrestricted	Current restricted	Noncurrent restricted
Cash and money market accounts	$ 11,115,787	$ 4,475,304	$ 7,841,273
Cash equivalents held by MDFA *	-	349,378	247,548
Cash equivalents held by MSCBA **	-	78,578	2,330,385
Massachusetts Municipal Depository Trust	6,212,969	-	69,807
Massachusetts State Treasurer ***	4,072,522	2,094,392	-
Petty cash	685	-	-
	$ 21,401,963	$ 6,997,652	$ 10,489,013

	2020		
	Current unrestricted	Current restricted	Noncurrent restricted
Cash and money market accounts	$ 9,401,327	$ 3,746,140	$ 4,769,555
Cash equivalents held by MDFA *	-	329,602	216,384
Cash equivalents held by MSCBA **	-	198,574	3,389,012
Massachusetts Municipal Depository Trust	6,201,338	-	119,591
Massachusetts State Treasurer ***	4,499,682	2,589,078	-
Petty cash	685	-	-
	$ 20,103,032	$ 6,863,394	$ 8,494,542

* This amount consists of cash equivalents which are restricted by the Massachusetts Development Finance Agency ("MDFA") for the funding of payments to retire the bonds (see Note 12). The University does not have access to these funds except by the authorization of MDFA.

** This amount consists of cash and cash equivalents which are restricted by the Massachusetts State College Building Authority ("MSCBA") for the funding of certain construction projects at the University and payments to retire bonds (see Note 12). The University does not have access to these funds except by authorization of MSCBA. Interest earned on debt service reserve funds is used on a current basis to offset annual debt service payments.

*** The University has recorded cash held for the benefit of the University by the State Treasurer in the amount of $4,072,522 and $4,499,682 at June 30, 2021 and 2020, respectively, for University funds and $2,094,392 and $2,589,078 at June 30, 2021 and 2020, respectively, to pay year-end liabilities. The latter balance represents amounts paid from State appropriations subsequent to the fiscal year-end.

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Money market funds include the Goldman Sachs Financial Square Government Fund in the aggregate amount of $48,451 and $48,040 at June 30, 2021 and 2020, respectively. The Goldman Sachs Financial Square Government Fund invests in U.S. Government securities and repurchase agreements. The fund seeks to maximum current income consistent with the preservation of capital and liquidity, and the maintenance of a stable $1.00 per share net asset value. At June 30, 2021 and 2020, the fund's investment securities had a weighted average maturity of 44 and 53 days, respectively. The fund had an average credit quality rating of AAAm at both June 30, 2021 and 2020.

Money market funds include the Northern Institutional U.S. Government Portfolio in the aggregate amount of $136,777 and $258,355 at June 30, 2021 and 2020, respectively. The Northern Institutional U.S. Government Portfolio invests primarily in marketable securities issued or guaranteed as to principal and interest by the U.S. Government, or any of its agencies or instrumentalities, and repurchase agreements backed by such securities. The fund seeks to maximize current income to the extent consistent with the preservation of capital and maintenance of liquidity. At June 30, 2021 and 2020, the fund's investment securities had a weighted average maturity of 43 days and 48 days, respectively. The fund had an average credit quality rating of AAAm at both June 30, 2021 and 2020.

Money market funds also include the RWM Cash Management money market account with a balance of $184,000 and $222,697 at June 30, 2021 and 2020, respectively.

The Massachusetts Municipal Depository Trust ("MMDT") is not subject to FDIC insurance. According to the MMDT, the Massachusetts Municipal Depository Trust is an investment pool for political subdivisions in the Commonwealth which was designed as a legal means to safely invest temporarily available cash. Its primary purpose is to provide a safe, liquid, high-yield investment vehicle offering participation in a diversified portfolio of high quality debt instruments. The MMDT is not a bank, savings institution, or financial institution. The MMDT is an instrumentality of the State Treasurer.

The University maintains a cash and investment pool that is available for use by all trust funds. Each fund type's portion of this pool is reflected in the financial statements under the caption, cash and cash equivalents and investments. The method of allocating interest earned on pooled cash and investments is to record all interest to the appropriate fund based on that fund's average monthly balance. Interest earnings attributable to each trust fund are included under investment income.

Custodial credit risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the University's deposits may not be returned to it. The University's deposit policy provides for bank balances to be held in interest-bearing checking accounts and, where account activity and balances warrant it, in money market accounts. All bank balances are to be held at financial institutions of high credit quality. At June 30, 2021 and 2020, the University had uninsured cash balances totaling approximately $5,059,100 and $6,020,800, respectively.

The University does not have a formal policy with respect to the custodial credit risk for investments. Custodial credit risk is that, in the event of the failure of the counterparty, the University will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

Certain investments are covered by the Securities Investor Protection Corporation ("SIPC") up to $500,000, including $250,000 of cash from sale or for purchase of investments, but not cash held solely for the purpose of earning interest. SIPC protects securities such as notes, stocks, bonds, debentures, certificates of deposit and money funds. Certain cash balances are covered by the National Credit Union Administration's Share Insurance Fund up to $250,000.

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The following University investments at June 30, 2021 and 2020 are held by the counterparty's trust department or agent but not in the University's name and, therefore, are subject to custodial credit risk as follows:

	2021	2020
U.S. Treasury Notes and Government Securities	$ 1,937,473	$ 1,675,739
Corporate Debt Securities	1,846,884	1,771,136
Equity Securities	10,011,807	6,913,782
Mutual Funds	7,742,610	7,693,498
Total	21,538,774	18,054,155
Less insured amounts	1,500,000	1,500,000
Amount subject to Custodial Credit Risk	$ 20,038,774	$ 16,554,155

Credit risk
The University is required to comply with the Commonwealth's deposit and investment policies which are principally defined in the Massachusetts General Laws, Chapter 29. State Statutes permit investment in obligations of the U.S. Treasury, authorized bonds of all states, bankers' acceptances, certificates of deposit, commercial paper rated within the three highest classifications established by Standard & Poor's Corporation and Moody's Commercial Paper Record and repurchase agreements secured by any of these obligations. The University has also adopted its own formal investment policy, the objectives of which are: safety of principal; liquidity for operating needs; return on investment; and diversification of risk. The University's investment policy generally limits the maturities of investments to not more than one year. However, the University may invest in securities with maturities in excess of one year if it is determined to be in the best interest of the University as described in the University's investment policy. The University may also appoint a professional fund manager and invest in equity and bond funds. Eligible investments shall be consistent with those permitted by State Statutes.

As of June 30, 2021 and 2020, the fair values of the University's deposits held at the MMDT were $6,282,776 and $6,320,930, respectively. At June 30, 2021, the approximate percentage of the University's deposits held at the MMDT and the respective investment maturities in days were as follows: 52% at 30 days or less; 32% at 31-90 days; 11% at 91-180 days; and 5% at 181 days or more. At June 30, 2021, approximately 100% of the MMDT's cash portfolio had a First Tier credit quality rating.

The University's funds held at MDFA are invested in the Short-Term Asset Reserve ("STAR") Fund and had a fair value of $596,926 and $545,986 at June 30, 2021 and 2020, respectively. The STAR Fund invests primarily in U.S. Treasury bills, notes, and other obligations guaranteed by the U.S. government or its agencies or instrumentalities. Additionally, the fund invests in repurchase agreements, bankers' acceptances, certificates of deposit, commercial paper, notes, and both corporate floating rate and corporate fixed-rate securities. The STAR Fund maintains a net asset value of $1 per share and had a fund credit quality rating of AAAm as of both June 30, 2021 and 2020. At June 30, 2021 and 2020, the fund's investment securities maintained a weighted average maturity of 52 and 40 days, respectively.

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At June 30, 2021, certain of the University's funds are held at MSCBA. Of the total, $878,776 is deposited in various cash accounts which are fully collateralized by securities in accounts in the name of MSCBA, and $1,530,187 is invested in various funds as listed below:

Investment type	Fair value	Investment maturities (in years) Less than 1	1 - 5	6 - 10	Greater than 10	Credit rating
Federal Home Loan Bank Discount Notes	$ 111,320	$ 111,320	$ -	$ -	$ -	N/A
Federal Farm Credit	677,846	677,846	-	-	-	N/A
Massachusetts ST Bonds	741,021	-	-	741,021	-	AAA
Total	$ 1,530,187	$ 789,166	$ -	$ 741,021	$ -	

At June 30, 2020, certain of the University's funds are held at MSCBA. Of the total, $1,516,293 is deposited in various cash accounts which are fully collateralized by securities in accounts in the name of MSCBA, and $2,071,293 is invested in various funds as listed below:

Investment type	Fair value	Investment maturities (in years) Less than 1	1 - 5	6 - 10	Greater than 10	Credit rating
Federal Home Loan Bank Discount Notes	$ 144,841	$ 144,841	$ -	$ -	$ -	N/A
Federal Farm Credit	881,963	881,963	-	-	-	AA+
Massachusetts ST Bonds	1,044,489	80,326	-	964,163	-	AAA
Total	$ 2,071,293	$ 1,107,130	$ -	$ 964,163	$ -	

The University's investments in marketable securities are represented by the following at June 30, 2021 and 2020:

	2021		2020	
	Cost	Fair value	Cost	Fair value
U.S. Treasury Notes and Government Securities	$ 1,891,624	$ 1,937,473	$ 1,577,803	$ 1,675,739
Corporate Debt Securities	1,783,159	1,846,884	1,658,397	1,771,136
Equity Securities	6,430,105	10,011,807	5,425,597	6,913,782
Mutual Funds	7,243,803	7,742,610	7,451,146	7,693,498
	$ 17,348,691	$ 21,538,774	$ 16,112,943	$ 18,054,155

The University's investments at fair value are presented in the accompanying statements of net position as follows:

	2021	2020
Investments	$ 20,429,198	$ 17,161,427
Endowment investments	1,109,576	892,728
	$ 21,538,774	$ 18,054,155

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At June 30, 2021, the University's U.S. Treasury Notes and Government Securities and corporate debt securities along with their investment maturities and credit quality ratings are as follows:

		Investment maturities (in years)				
Investment type	Fair value	Less than 1	1 - 5	6 - 10	Greater than 10	Credit rating
U.S. Treasury Notes and Government Securities 1.125% to 2.875%	$ 1,937,473	$ 100,703	$ 1,290,426	$ 546,344	$ -	AA+
Corporate Debt Securities 2.800% to 2.950%	205,175	60,858	62,458	81,859	-	A
Corporate Debt Securities 1.730% to 4.130%	335,304	-	192,143	143,161	-	A-
Corporate Debt Securities 3.000% to 3.750%	388,560	60,448	328,112	-	-	A+
Corporate Debt Securities 2.800% to 3.400%	124,939	61,119	63,820	-	-	AA
Corporate Debt Securities 3.000% to 3.630%	313,466	-	313,466	-	-	AA-
Corporate Debt Securities 3.200%	54,533	-	54,533	-	-	AA+
Corporate Debt Securities 3.130%	54,508	-	54,508	-	-	AAA
Corporate Debt Securities 3.000% to 3.880%	370,399	-	289,627	80,772	-	BBB+
Total	$ 3,784,357	$ 283,128	$ 2,649,093	$ 852,136	$ -	

At June 30, 2020, the University's U.S. Treasury Notes and Government Securities and corporate debt securities along with their investment maturities and credit quality ratings are as follows:

		Investment maturities (in years)				
Investment type	Fair value	Less than 1	1 - 5	6 - 10	Greater than 10	Credit rating
U.S. Treasury Notes and Government Securities 2.000% to 3.125%	$ 1,675,739	$ 253,266	$ 888,395	$ 534,078	$ -	AA+
Corporate Debt Securities 2.800% to 3.625%	275,431	-	191,260	84,171	-	A
Corporate Debt Securities 2.950% to 4.125%	340,505	-	193,156	147,349	-	A-
Corporate Debt Securities 2.875% to 3.300%	387,798	-	192,370	195,428	-	A+
Corporate Debt Securities 3.043% to 3.625%	188,626	60,033	128,593	-	-	AA
Corporate Debt Securities 2.800% to 3.625%	187,473	-	187,473	-	-	AA-
Corporate Debt Securities 3.200%	55,839	-	55,839	-	-	AA+
Corporate Debt Securities 3.125%	55,887	-	55,887	-	-	AAA
Corporate Debt Securities 3.750% to 4.650%	279,577	-	279,577	-	-	BBB+
Total	$ 3,446,875	$ 313,299	$ 2,172,550	$ 961,026	$ -	

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FSU Foundation's cash and cash equivalents consist of the following at June 30, 2021 and 2020:

	2021	2020
Cash and other demand deposits	$ 1,452,405	$ 1,188,810
Money Market Funds	1,047,550	678,137
	$ 2,499,955	$ 1,866,947

Money market funds include the SSGA US Government Money Market Fund, the Goldman Sachs Financial Square Government Fund, RWM Cash Management and the Fidelity Bank LifeDesign Business Cash Management Money Market accounts in the amounts of $288,117, $53,742, $233,743 and $471,948 at June 30, 2021.

Money market funds include the SSGA US Government Money Market Fund, the Goldman Sachs Financial Square Government Fund, RWM Cash Management and the Fidelity Bank LifeDesign Business Cash Management Money Market accounts in the amounts of $26,532, $52,419, $127,633 and $471,553 at June 30, 2020.

The cash balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At June 30, 2021 and 2020, FSU Foundation's uninsured cash and cash equivalent balances, including the SSGA US Government Money Market Fund, Goldman Sachs Financial Square Government Fund, RWM Cash Management and the Fidelity Bank LifeDesign Business Cash Management Money Market accounts, amounted to approximately $1,485,775 and $726,000, respectively.

FSU Foundation's investment policy consists of an asset allocation range of 50% to 70% equity securities, 30% to 50% fixed income securities and up to 10% in cash and cash equivalents.

FSU Foundation's investments are represented by the following at June 30:

	2021		2020	
	Cost	Fair value	Cost	Fair value
Equities	$ 7,887,838	$ 14,066,746	$ 5,965,766	$ 11,071,121
Preferred Stocks	25,220	26,665	50,683	49,820
Mutual Funds	3,452,953	6,907,972	4,496,953	5,063,054
Corporate Bonds	3,317,945	3,367,705	2,209,464	2,327,811
U.S. Government Securities	2,754,977	2,790,736	2,638,105	2,742,336
	$ 17,438,933	$ 27,159,824	$ 15,360,971	$ 21,254,142

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FSU Foundation's investments at fair value are presented in the accompanying statements of net position as follows:

	2021	2020
Current assets		
Investments	$ 14,595,376	$ 9,033,514
Noncurrent assets		
Endowment investments	12,564,448	12,220,628
	$ 27,159,824	$ 21,254,142

At June 30, 2021, net unrealized gains in FSU Foundation's investment portfolio amounted to $9,720,891. At June 30, 2020, net unrealized gains in FSU Foundation's investment portfolio amounted to $5,893,171.

At June 30, 2021 and 2020, equities include securities in the consumer goods sector which represent 16% and 12%, respectively, of the fair value of FSU Foundation's investment portfolio.

At June 30, 2021 and 2020, equities include securities in the technology sector which represent 10% and 10%, respectively, of the fair value of FSU Foundation's investment portfolio.

At June 30, 2021 and 2020, 6% and 4%, respectively, of the fair value of FSU Foundation's investment portfolio represents foreign investments.

Investments held by FSU Foundation with an equivalent fair value of $15,398,676 at June 30, 2021 collateralize certain debt agreements (see Notes 14 and 15).

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At June 30, 2021, FSU Foundation's U.S. Treasury Notes and Government Securities and corporate debt securities along with their investment maturities and credit quality ratings are as follows:

Investment type	Fair value	Investment maturities (in years) Less than 1	1 - 5	6 - 10	Greater than 10	Credit rating
U.S. Treasury Notes and Government Securities 0.125% to 2.875%	$ 2,790,736	$ 752,193	$ 1,746,723	$ 291,820	$ -	AA+
Corporate Debt Securities 0.450% to 3.750%	509,168	126,267	241,985	55,187	-	A
Corporate Debt Securities 0.810% to 3.650%	566,737	20,208	366,393	111,126	-	A-
Corporate Debt Securities 1.350% to 3.450%	681,437	50,373	519,731	84,347	-	A+
Corporate Debt Securities 3.400% to 3.700%	163,730	-	32,841	56,865	-	AA
Corporate Debt Securities 0.430% to 3.000%	347,145	-	277,004	-	-	AA-
Corporate Debt Securities 3.450%	54,080	-	54,080	-	-	AA+
Corporate Debt Securities 3.130%	27,254	-	27,254	-	-	AAA
Corporate Debt Securities 2.750% to 5.500%	240,853	-	240,853	-	-	BBB
Corporate Debt Securities 1.450% to 4.460%	70,741	-	70,741	-	-	BBB-
Corporate Debt Securities 1.650% to 4.750%	706,560	-	540,617	165,943	-	BBB+
Total	$ 6,158,441	$ 949,041	$ 4,118,222	$ 765,288	$ -	

At June 30, 2020, FSU Foundation's U.S. Treasury Notes and Government Securities and corporate debt securities along with their investment maturities and credit quality ratings are as follows:

Investment type	Fair value	Investment maturities (in years) Less than 1	1 - 5	6 - 10	Greater than 10	Credit rating
U.S. Treasury Notes and Government Securities 1.375% to 3.625%	$ 2,742,336	$ 1,309,926	$ 1,006,558	$ 425,852	$ -	AA+
Corporate Debt Securities 2.250% to 4.400%	867,953	51,018	451,189	365,746	-	A
Corporate Debt Securities 1.700% to 4.750%	298,860	-	183,075	115,785	-	A-
Corporate Debt Securities 2.450% to 3.450%	308,843	50,349	229,357	29,137	-	A+
Corporate Debt Securities 2.895% to 4.250%	293,723	51,050	183,608	59,065	-	AA
Corporate Debt Securities 2.200% to 3.300%	261,003	-	261,003	-	-	AA-
Corporate Debt Securities 2.000% to 3.450%	130,724	75,477	55,247	-	-	AA+
Corporate Debt Securities 3.125%	27,943	-	-	27,943	-	AAA
Corporate Debt Securities 4.000%	11,358	-	-	11,358	-	BBB
Corporate Debt Securities 2.200% to 3.050%	127,404	75,344	52,060	-	-	BBB+
Total	$ 5,070,147	$ 1,613,164	$ 2,422,097	$ 1,034,886	$ -	

The University's investments are measured at fair value on a recurring basis and have been categorized based upon the fair value hierarchy in accordance with GASB 72 below. Similarly, the FSU

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Foundation follows similar guidance in accordance with Financial Accounting Standards Board Accounting Standards Codification ASC 820-10, which prioritizes the inputs to valuation techniques used to measure fair value of investment assets into three levels also.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the University can access at measurement date.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 - Unobservable inputs for an asset or liability.

The University's investments' fair value measurements are as follows at June 30, 2021:

Investments	Fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
U.S. Treasury Notes and Government Securities	$ 1,937,473	$ -	$ 1,937,473	$ -
Corporate Debt Securities	1,846,884	-	1,846,884	-
Equity Securities	10,011,807	10,011,807	-	-
Mutual Funds	7,742,610	7,742,610	-	-
	$ 21,538,774	$ 17,754,417	$ 3,784,357	$ -

The University's investments' fair value measurements are as follows at June 30, 2020:

Investments	Fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
U.S. Treasury Notes and Government Securities	$ 1,675,739	$ -	$ 1,675,739	$ -
Corporate Debt Securities	1,771,136	-	1,771,136	-
Equity Securities	6,913,782	6,913,782	-	-
Mutual Funds	7,693,498	7,693,498	-	-
	$ 18,054,155	$ 14,607,280	$ 3,446,875	$ -

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FSU Foundation's investments' fair value measurements are as follows at June 30, 2021:

Investments	Fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
U.S. Treasury Notes and Government Securities	$ 2,790,736	$ -	$ 2,790,736	$ -
Preferred Stocks	26,665	-	26,665	-
Corporate Bonds	3,367,705	-	3,367,705	-
Equity Securities	14,066,746	14,066,746	-	-
Mutual Funds	6,907,972	6,907,972	-	-
	$ 27,159,824	$ 20,974,718	$ 6,185,106	$ -

FSU Foundation's investments' fair value measurements are as follows at June 30, 2020:

Investments	Fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
U.S. Treasury Notes and Government Securities	$ 2,742,336	$ -	$ 2,742,336	$ -
Preferred Stocks	49,820	-	49,820	-
Corporate Bonds	2,327,811	-	2,327,811	-
Equity Securities	11,071,121	11,071,121	-	-
Mutual Funds	5,063,054	5,063,054	-	-
	$ 21,254,142	$ 16,134,175	$ 5,119,967	$ -

Mutual funds and equity securities categorized as Level 1 are valued based on prices quoted in active markets for those securities. Debt securities categorized as Level 2 are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.

The FSU Foundation's endowment net asset composition by type of fund at June 30, 2021 is as follows:

Fund type	Without donor restrictions	With donor restrictions	Total
Donor-restricted funds	$ -	$ 12,054,659	$ 12,054,659
Donor-restricted amounts required to be held in perpetuity	-	12,564,449	12,564,449
Board-designated for endowment fund	25,000	-	25,000
Total funds	$ 25,000	$ 24,619,108	$ 24,644,108

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Changes in FSU Foundation's board-designated and donor-restricted endowment net position by type of fund for the year ended June 30, 2021 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net position, beginning of year	$ 25,000	$ 19,886,466	$ 19,911,466
Investment return			
Investment income	-	263,390	263,390
Appreciation (depreciation), realized and unrealized	-	4,517,470	4,517,470
Total investment return	-	4,780,860	4,780,860
Contributions	-	339,104	339,104
Appropriation of endowment assets for expenditure	-	(256,853)	(256,853)
Investment management fees	-	(117,583)	(117,583)
Reclassification of net position	-	(12,886)	(12,886)
Other changes			
Transfer upon removal of donor restrictions	-	-	-
Endowment net position, end of year	$ 25,000	$ 24,619,108	$ 24,644,108

The FSU Foundation's endowment net asset composition by type of fund at June 30, 2020 is as follows:

Fund type	Without donor restrictions	With donor restrictions	Total
Donor-restricted funds	$ -	$ 7,665,838	$ 7,665,838
Donor-restricted amounts required to be held in perpetuity	-	12,220,628	12,220,628
Board-designated for endowment fund	25,000	-	25,000
Total funds	$ 25,000	$ 19,886,466	$ 19,911,466

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Changes in FSU Foundation's board-designated and donor-restricted endowment net position by type of fund for the year ended June 30, 2020 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net position, beginning of year	$ 25,000	$ 17,499,346	$ 17,524,346
Investment return			
Investment income	-	259,267	259,267
Appreciation (depreciation), realized and unrealized	-	862,344	862,344
Total investment return	-	1,121,611	1,121,611
Contributions	-	1,731,167	1,731,167
Appropriation of endowment assets for expenditure	-	(368,354)	(368,354)
Investment management fees	-	(84,994)	(84,994)
Reclassification of net position	-	(11,222)	(11,222)
Other changes			
Transfer upon removal of donor restrictions	-	(1,088)	(1,088)
Endowment net position, end of year	$ 25,000	$ 19,886,466	$ 19,911,466

Note 3 - Accounts and contributions receivable

The University's accounts receivable include the following at June 30, 2021 and 2020:

	2021	2020
Student accounts receivable	$ 2,842,261	$ 2,897,193
Parking and other fines receivable	112,130	134,235
Commissions receivable	11,629	35,849
Grants receivable	191,449	471,817
Federal grants receivable	9,991,935	-
Compass receivable, including accrued interest of $4,155 and $1,781 (see Note 11)	49,406	47,032
FSU Foundation receivable	45,715	66,807
	13,244,525	3,652,933
Less allowance for doubtful accounts	(575,731)	(642,444)
	$ 12,668,794	$ 3,010,489

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FSU Foundation's contributions receivable consist of the following at June 30, 2021 and 2020:

	2021	2020
Receivable in less than one year	$ 311,428	$ 403,375
Receivable in one to five years	70,000	370,000
	381,428	773,375
Discount on pledges	(8,654)	(21,471)
	$ 372,774	$ 751,904

Contributions which are to be received in more than one year are reflected net of a discount determined at the time of contribution ranging from 1% to 2%.

Note 4 - Loans receivable

Loans receivable include the following at June 30, 2021 and 2020:

	2021	2020
Perkins loans receivable	$ 877,365	$ 1,059,477
Nursing loans receivable	163,340	214,012
Emergency student loans receivable	330	4,073
	1,041,035	1,277,562
Less allowance for doubtful accounts	-	(3,018)
	$ 1,041,035	$ 1,274,544

The federal law authorizing the disbursing of Perkins loans expired on September 30, 2017. As of October 1, 2017, the University is prohibited from issuing new Perkins loans to undergraduate students. As of October 1, 2016, the University is prohibited from issuing new Perkins loans to graduate students who received them prior to October 1, 2015. The Perkins loan program ended any further new loans being issued after September 30, 2017. The University may remit all federal proceeds and loans at any time thereafter to the Department of Education or continue to maintain them for five additional years.

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Note 5 - Capital assets

Capital assets activity of the University for the year ended June 30, 2021 is as follows:

Capital assets:	Totals June 30, 2020	Additions	Reclassifications* and reductions	Totals June 30, 2021
Non-depreciable capital assets				
Land	$ 5,478,125	$ -	$ -	$ 5,478,125
Construction in progress	9,913,164	9,356,575	(6,648,714)	12,621,025
Total non-depreciable assets	15,391,289	9,356,575	(6,648,714)	18,099,150
Depreciable capital assets				
Land improvements	17,935,801	516,572	-	18,452,373
Buildings	80,591,909	-	-	80,591,909
Building improvements	169,413,974	5,221,176	4,714,076	179,349,226
Equipment	28,763,642	388,095	1,934,638	31,086,375
Furniture	597,676	-	-	597,676
Library materials	455,133	25,122	(116,604)	363,651
Total depreciable assets	297,758,135	6,150,965	6,532,110	310,441,210
Total capital assets	313,149,424	15,507,540	(116,604)	328,540,360
Less: Accumulated depreciation				
Land improvements	8,739,033	893,225	-	9,632,258
Buildings	45,727,848	1,153,759	-	46,881,607
Building improvements	59,453,516	8,212,829	-	67,666,345
Equipment	17,161,285	1,071,163	-	18,232,448
Furniture	597,676	-	-	597,676
Library materials	-	116,604	(116,604)	-
Total accumulated depreciation	131,679,358	11,447,580	(116,604)	143,010,334
Capital assets, net	$ 181,470,066	$ 4,059,960	$ -	$ 185,530,026

As of June 30, 2021, capital assets of the University with a cost of approximately $55,623,233 were fully depreciated and still in service.

* Construction costs incurred for various capital projects were included in construction in progress and subsequently transferred to capital asset additions upon completion during the fiscal year ended June 30, 2021.

The University enters into various contract commitments with contractors, from time to time, for improvements to its facilities. Remaining contract commitments totaled approximately $1,792,700 and $4,496,100 at June 30, 2021 and 2020, respectively.

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Capital assets activity of the University for the year ended June 30, 2020 is as follows:

Capital assets:	Totals June 30, 2019	Additions	Reclassifications* and reductions	Totals June 30, 2020
Non-depreciable capital assets				
Land	$ 5,478,125	$ -	$ -	$ 5,478,125
Construction in progress	14,330,041	6,397,797	(10,814,674)	9,913,164
Total non-depreciable assets	19,808,166	6,397,797	(10,814,674)	15,391,289
Depreciable capital assets				
Land improvements	17,579,322	321,897	34,582	17,935,801
Buildings	80,591,909	-	-	80,591,909
Building improvements	165,286,659	2,321,203	1,806,112	169,413,974
Equipment	19,199,768	589,894	8,973,980	28,763,642
Furniture	597,676	-	-	597,676
Library materials	483,450	51,010	(79,327)	455,133
Total depreciable assets	283,738,784	3,284,004	10,735,347	297,758,135
Total capital assets	303,546,950	9,681,801	(79,327)	313,149,424
Less: Accumulated depreciation				
Land improvements	7,855,617	883,416	-	8,739,033
Buildings	44,574,089	1,153,759	-	45,727,848
Building improvements	51,396,833	8,056,683	-	59,453,516
Equipment	16,302,005	859,280	-	17,161,285
Furniture	597,676	-	-	597,676
Library materials	-	79,327	(79,327)	-
Total accumulated depreciation	120,726,220	11,032,465	(79,327)	131,679,358
Capital assets, net	$ 182,820,730	$ (1,350,664)	$ -	$ 181,470,066

As of June 30, 2020, capital assets of the University with a cost of approximately $55,413,000 were fully depreciated and still in service.

* Construction costs incurred for various capital projects were included in construction in progress and subsequently transferred to capital asset additions upon completion during the fiscal year ended June 30, 2020.

The University has considered the requirements of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, and has noted no implications of this standard to the University's financial statements for the years ended June 30, 2021 and 2020.

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Capital assets activity of FSU Foundation for the year ended June 30, 2021 is as follows:

Capital assets:	Totals June 30, 2020	Additions	Reclassifications and reductions	Totals June 30, 2021
Real estate under lease to the University:				
Land	$ 402,663	$ 1	$ -	$ 402,664
Building	1,557,724	-	-	1,557,724
Building improvements	100,452	241,627	-	342,079
	2,060,839	241,628	-	2,302,467
Real estate used for student housing:				
Land	253,555	-	(17,031)	236,524
Buildings	434,225	-	-	434,225
Building improvements	28,600	-	-	28,600
	716,380	-	(17,031)	699,349
Other:				
Land	2,072,730	444,311	(440,183)	2,076,858
Land improvements	158,127	-	(61,899)	96,228
Buildings	2,050,794	559,233	(141,253)	2,468,774
Building improvements	1,109,006	-	(1)	1,109,005
Equipment	759,307	-	-	759,307
Furniture and fixtures	60,773	-	-	60,773
Library materials	6,570	-	-	6,570
	6,217,307	1,003,544	(643,336)	6,577,515
Total capital assets	8,994,526	1,245,172	(660,367)	9,579,331
Less: Accumulated depreciation				
Real estate under lease to the University:				
Building	538,713	38,943	-	577,656
Building improvements	66,131	8,042	-	74,173
	604,844	46,985	-	651,829
Real estate used for student housing:				
Buildings	142,028	10,856	-	152,884
Building improvements	15,492	1,430	-	16,922
	157,520	12,286	-	169,806
Other:				
Land improvements	88,135	4,811	(61,899)	31,047
Buildings	268,968	53,463	(10,887)	311,544
Building improvements	324,186	55,451	-	379,637
Equipment	759,308	-	-	759,308
Furniture and fixtures	47,120	3,709	-	50,829
Library materials	6,570	-	-	6,570
	1,494,287	117,434	(72,786)	1,538,935
Total accumulated depreciation	2,256,651	176,705	(72,786)	2,360,570
Capital assets, net	$ 6,737,875	$ 1,068,467	$ (587,581)	$ 7,218,761

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Non-depreciable capital assets of FSU Foundation total $2,716,046 at June 30, 2021, which is comprised of land.

At June 30, 2021, capital assets of FSU Foundation with a cost of approximately $792,000 were fully depreciated and still in service.

On June 28, 2021, the Foundation Supporting Organization transferred seven properties, which consists of land and one building to the Commonwealth of Massachusetts acting by and through DCAM on behalf of Fitchburg State University. On the date the properties were transferred, the seven properties collectively had a cost basis and accumulated depreciation of $660,367 and $72,786, respectively. A loss of $587,581 was recorded from the transfers of the properties and recognized in loss on sale of capital assets in the accompanying statements of revenues, expenses and changes in net position for the year ended June 30, 2021.

On December 22, 2020, the Foundation Supporting Organization acquired a property in close proximity to the Fitchburg State University campus. The property which includes land and a building was purchased for a total cost of $121,813. The FSU Foundation intends to use this property for green space and possible future parking.

On November 30, 2020, the Foundation Supporting Organization received a donation of the former Fidelity Bank property in downtown Fitchburg. The property includes the bank building and three parcels of land. This property was recorded at fair market value of $709,500, $526,617 of which was recorded as building and $182,883 as land based on an appraisal completed utilizing the sales comparative approach. The property is being held for development of the Theater complex.

On September 18, 2020, the Foundation Supporting Organization acquired a property in close proximity to the Fitchburg State University campus. The property which includes land and a building was purchased for a total cost of $172,231. The Foundation intends to use this property for green space with possible future parking.

On November 13, 2019, the Foundation Supporting Organization acquired a property in close proximity to the Fitchburg State University campus. The property, which consists of land and a building, was purchased for $1 as current environmental remediation is needed before the property is usable. The property was acquired to support the downtown Theater project and the organization intends to raze the building on the property and convert the land to a parking lot. The FSU Foundation was notified by the Massachusetts Department of Environmental Protection ("DEP") about an environmental issue with the property that requires remediation. For the year ended June 30, 2020, the FSU Foundation had purchased an insurance policy with a determined deductible of $100,000, which it determined increased the value of the land and was recorded as land. For the year ended June 30, 2021, the FSU Foundation determined that additional costs of the remediation are expected above the insured policy limits in the amount of $465,696, which has been expensed in the current year and included in environmental costs in the accompanying schedule of functional expenses. As of June 30, 2021 and 2020, respectively, the remaining environmental liability of $536,901 and $100,000 is shown on the accompanying statements of net position.

In fiscal 2017, the Foundation Supporting Organization acquired a property in close proximity to the Fitchburg State University campus consistent with the Foundation Supporting Organization's mission and the University's strategic plan which includes campus expansion. The property, which includes land and a building, was purchased for an aggregate cost of $360,305. The acquisition was financed, in part, with a mortgage note on the property in the amount of $280,000 (see Note 14). The Foundation

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Supporting Organization is planning a major renovation and expansion of the property which, when completed, is expected to cost approximately $25,000,000 and consist of a multi-phased project providing academic space, student support services space, retail and community space and a theatre renovation. The space is expected to be used by the University and the Fitchburg and surrounding communities. Fitchburg State University will be responsible for the costs of the project's development and construction pursuant to the terms of the license agreement between the University and the Foundation Supporting Organization. Funding for the project is expected to come from a variety of sources including, but not limited to, New Market Tax Credits, Historic Tax Credits, bonds, grants and philanthropy. The project is in the very early stages of development and is estimated to require four years to completion. At some point during that period, the property will be transferred to a new entity. The Foundation Supporting Organization will pay for certain legal services incurred in connection with the project which the Foundation Supporting Organization currently estimates to be approximately $148,000 for the entire project. The Foundation Supporting Organization expects to fund these costs through operating cash. For the year ended June 30, 2020, the Foundation Organization has incurred $73,491 of legal costs related to the project which have been recorded in prepaid expenses and other current assets in the accompanying 2020 statements of net position.

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Capital assets activity of FSU Foundation for the year ended June 30, 2020 is as follows:

Capital assets:	Totals June 30, 2019	Additions	Reclassifications and reductions	Totals June 30, 2020
Real estate under lease to the University:				
Land	$ 402,663	$ -	$ -	$ 402,663
Building	1,557,724	-	-	1,557,724
Building improvements	100,452	-	-	100,452
	2,060,839	-	-	2,060,839
Real estate used for student housing:				
Land	253,555	-	-	253,555
Buildings	434,225	-	-	434,225
Building improvements	28,600	-	-	28,600
	716,380	-	-	716,380
Other:				
Land	1,949,324	123,406	-	2,072,730
Land improvements	158,127	-	-	158,127
Buildings	1,831,326	219,468	-	2,050,794
Building improvements	1,109,006	-	-	1,109,006
Equipment	759,307	-	-	759,307
Furniture and fixtures	60,773	-	-	60,773
Library materials	6,570	-	-	6,570
	5,874,433	342,874	-	6,217,307
Total capital assets	8,651,652	342,874	-	8,994,526
Less: Accumulated depreciation				
Real estate under lease to the University:				
Building	499,770	38,943	-	538,713
Building improvements	61,108	5,023	-	66,131
	560,878	43,966	-	604,844
Real estate used for student housing:				
Buildings	131,172	10,856	-	142,028
Building improvements	14,062	1,430	-	15,492
	145,234	12,286	-	157,520
Other:				
Land improvements	83,324	4,811	-	88,135
Buildings	223,187	45,781	-	268,968
Building improvements	268,735	55,451	-	324,186
Equipment	759,094	214	-	759,308
Furniture and fixtures	42,936	4,184	-	47,120
Library materials	6,570	-	-	6,570
	1,383,846	110,441	-	1,494,287
Total accumulated depreciation	2,089,958	166,693	-	2,256,651
Capital assets, net	$ 6,561,694	$ 176,181	$ -	$ 6,737,875

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Non-depreciable capital assets of FSU Foundation totaled $2,728,948 at June 30, 2020, which is comprised of land.

At June 30, 2020, capital assets of FSU Foundation with a cost of approximately $849,000 were fully depreciated and still in service.

On June 24, 2020, the Foundation Supporting Organization received a donation of property in close proximity to the Fitchburg State University campus. The property, which includes land only, was recorded at fair market value of $2,100 at the time of the donation. The Foundation Supporting Organization intends to use this property for open green space.

On June 2, 2020, the Foundation Supporting Organization acquired a property in close proximity to the Fitchburg State University campus. The property which includes land and a building was purchased for a total cost of $240,774. The Foundation Supporting Organization intends to use this property for open green space. The acquisition was funded, in part, through the proceeds of an advance of $250,000 on a letter of credit.

On November 13, 2019, the Foundation Supporting Organization acquired a property in close proximity to the Fitchburg State University campus. The property, which consists of land and a building, was purchased for $1 as current environmental remediation is needed before the property is usable. The Organization intends to raze the building and convert it to a parking lot. The Foundation Supporting Organization obtained an insurance policy to cover the costs of remediation needed. For the year ended June 30, 2020, the Foundation Supporting Organization has determined a probable liability for these costs equal to $100,000, which has been capitalized into the land.

Note 6 - Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include the following at June 30, 2021 and 2020:

	2021	2020
Accounts payable - trade	$ 864,962	$ 820,024
Salaries and fringe benefits payable	2,848,635	2,605,829
Accrued interest payable	357,062	334,550
Tuition due State	47,674	52,154
Other	506,408	401,091
	$ 4,624,741	$ 4,213,648

Note 7 - Accrued workers' compensation

Independent actuarial reviews of the outstanding loss reserve requirements for the Commonwealth's self-insured workers' compensation program were conducted as of June 30, 2021 and 2020. Based upon the Commonwealth's analyses, $1,088,425 and $478,124 of accrued workers' compensation has been recorded as a liability at June 30, 2021 and 2020, respectively.

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Note 8 - Accrued compensated absences

Accrued compensated absences are comprised of the following at June 30, 2021 and 2020:

	2021	2020
Vacation time payable	$ 2,872,809	$ 2,866,275
Sick time payable	2,488,590	2,875,468
Total	$ 5,361,399	$ 5,741,743
Amount representing obligations due to employees funded through sources other than State appropriations	$ 350,760	$ 329,819
Amount representing obligations due to employees compensated through State appropriations	5,010,639	5,411,924
Total	$ 5,361,399	$ 5,741,743

It is anticipated that the obligation due to employees funded through State appropriations will be discharged through future State appropriations and the balance is expected to be liquidated through trust funds. Had these amounts not been reflected as obligations of the University, the University's unrestricted net position (deficiency) balances would be $3,589,403 and $(6,046,464) at June 30, 2021 and 2020, respectively (see Note 1, Compensated absences).

Note 9 - Faculty payroll accrual

The contract for full-time faculty begins on September 1 and ends on May 31, of any given academic year. The Commonwealth and Fitchburg State University pay all faculty over the 12-month period from September through August. Consequently, on June 30 of each year there is a balance due on each faculty contract which is to be paid from the subsequent year's State appropriation. The total amount due at June 30, 2021 of $0 will be paid from the University's fiscal 2022 State appropriations. The total amount due at June 30, 2020 of $4,231,311 was paid from the University's fiscal 2021 State appropriations.

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Note 10 - Revenue received in advance

Revenue received in advance includes tuition received in advance from students for summer courses commencing after June 30 and grant funds received in advance. Revenue received in advance includes the following at June 30, 2021 and 2020:

	2021	2020
Tuition, fees and professional development	$ 2,182,704	$ 1,713,082
Capital projects	1,085,708	2,224,396
Grants	5,559,668	538,426
Other	63,879	58,886
	$ 8,891,959	$ 4,534,790

Note 11 - Deferred inflows of resources from service concession arrangement

Deferred inflows of resources from service concession arrangement at June 30, 2021 and 2020 in the amounts of $0 and $1,011,672, respectively, consist of the unamortized balances of a service concession arrangement with Compass Group USA, Inc. ("Compass") to manage and operate the University's food services operation at the University's dining services locations as more fully described in the arrangement. The service concession arrangement commenced on July 1, 1999 for a term of 10 years through June 30, 2009 and has been amended several times thereafter to modify its terms, provide for additional payments to the University for investment in improvements in or at the University as mutually agreed upon by the parties, and extend the term of the arrangement until June 30, 2024. The last such amendment to the service concession arrangement was effective May 1, 2014 and provides for the extension of the arrangement to June 30, 2024 and payments to the University totaling $2,500,000. These payments shall be made to the University by Compass in seven installments as follows: $300,000 in fiscal 2011; $1,200,000 in fiscal 2012; $200,000 in fiscal 2014; $500,000 in fiscal 2015; $200,000 in fiscal 2016; $50,000 in fiscal 2020; and $50,000 in fiscal 2022. As of June 30, 2020, the University has received the first six installments from Compass, of which $50,000 was received in fiscal 2020. In addition, Compass has agreed to pay the University specified percentages of 4%, 4 ½% or 12% of specified sales receipts from the food services operation as more fully described in the arrangement. All improvements and equipment purchased with the payments received from Compass shall remain the property of the University. The arrangement may be terminated by either party at any time, without cause, by giving not less than 60 days prior written notice to the other party. The arrangement contains provisions, whereby, in the event of termination of the arrangement, the University shall be required to repay a portion of any payments made to the University by Compass. The portion required to be repaid shall be determined in accordance with amortization schedules prepared by Compass. The amortization schedules assume that all funds will be received from Compass. The University does not anticipate that the arrangement will be terminated prior to its expiration date.

The University has recorded the service concession arrangement as a deferred inflow of resources at its present value using a 5% discount rate determined by management of the University. In fiscal 2011, the University recorded an accounts receivable from Compass at the present value of the future payments to be received from Compass, using a 5% discount rate determined by management of the University. At June 30, 2021, the accompanying statement of net position includes a remaining receivable from Compass in the amount of $49,406, which includes accrued interest receivable of

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$4,155 (see Note 3). At June 30, 2020, the accompanying statement of net position includes a remaining receivable from Compass in the amount of $47,032, which includes accrued interest receivable of $1,781 (see Note 3). The deferred inflow of resources is being amortized to revenue on a straight-line basis over the term of the arrangement. Amortization in the amount of $252,918 has been recognized in capital grants revenue in the accompanying statements of revenues, expenses and changes in net position for each of the years ended June 30, 2021 and 2020.

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Note 12 - Interagency payables

The University, in association with the Massachusetts State College Building Authority ("MSCBA"), the Massachusetts Development Finance Agency ("MDFA"), and the Commonwealth of Massachusetts Division of Capital Asset Management and Maintenance ("DCAMM"), has entered into financing and construction agreements for various campus projects.

The following table summarizes the University's Interagency payables as of June 30, 2021:

	Issue date	Original amount	Interest rates (%)	Due date	Effective interest rates (%)*	Interagency payable balance	Unamortized bond premiums	Total interagency payable
MDFA Series J-3	11/22/1996	$ 6,000,000	Floating	7/1/2023	0.26	$ 1,301,094	$ -	$ 1,301,094
MSCBA Series 2005A	3/1/2005	5,110,000	3.50-5.00	5/1/2034	2.66	1,907,048	10,578	1,917,626
MSCBA Series 2006A	3/8/2006	2,060,000	3.50-5.00	5/1/2031	1.86	876,513	4,132	880,645
MSCBA Series 2010B	12/17/2010	11,078,908	4.89-6.54	5/1/2030	5.96	9,639,944	-	9,639,944
MSCBA Series 2012A	1/4/2012	7,043,416	3.00-5.00	5/1/2035	2.83	4,552,835	7,531	4,560,366
MSCBA Series 2012C	12/20/2012	13,864,033	2.00-5.00	5/1/2034	2.65	8,994,925	244,350	9,239,275
MSCBA Series 2014A	1/7/2014	12,235,614	2.00-5.00	5/1/2038	2.52	8,676,463	116,086	8,792,549
MSCBA Series 2014C	12/17/2014	10,669,502	3.00-5.00	5/1/2035	2.54	6,366,086	373,764	6,739,850
DCAMM CEIP Funds	11/7/2016	5,420,360	3.00	1/1/2039	3.00	5,010,863	-	5,010,863
MSCBA Series 2017A	1/25/2017	4,166,418	3.00-5.00	6/30/2037	4.20	3,774,502	170,683	3,945,185
MSCBA Series 2019A	1/23/2019	2,623,145	3.00-5.00	6/30/2039	4.32	2,849,888	145,173	2,995,061
Total		$ 80,271,396				$ 53,950,161	$ 1,072,297	$ 55,022,458

*Effective Interest Rates are calculated by dividing total interest paid during the year by the average outstanding balance of the Interagency payable.

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The following table summarizes the University's interagency payables as of June 30, 2020:

	Issue date	Original amount	Interest rates (%)	Due date	Effective interest rates (%)*	Interagency payable balance	Unamortized bond premiums	Total interagency payable
MDFA Series J-3	11/22/1996	$ 6,000,000	Floating	7/1/2023	6.03	$ 1,601,094	$ -	$ 1,601,094
MSCBA Series 2005A	3/1/2005	5,110,000	3.50-5.00	5/1/2025	4.01	1,675,000	-	1,675,000
MSCBA Series 2006A	3/8/2006	2,060,000	3.50-5.00	5/1/2026	4.39	825,000	32,205	857,205
MSCBA Series 2010B	12/17/2010	11,078,908	4.89-6.54	5/1/2030	3.39	9,549,184	-	9,549,184
MSCBA Series 2012A	1/4/2012	7,043,416	3.00-5.00	5/1/2031	5.05	4,210,887	522,339	4,733,226
MSCBA Series 2012C	12/20/2012	13,864,033	2.00-5.00	5/1/2032	3.12	9,130,000	697,837	9,827,837
MSCBA Series 2014A	1/7/2014	12,235,614	2.00-5.00	5/1/2033	5.00	8,605,000	871,165	9,476,165
MSCBA Series 2014C	12/17/2014	10,669,502	3.00-5.00	5/1/2034	5.00	7,520,000	1,159,921	8,679,921
DCAMM CEIP Funds	11/7/2016	5,420,360	3.00	1/1/2039	3.00	5,218,638	-	5,218,638
MSCBA Series 2017A	1/25/2017	4,166,418	3.00-5.00	6/30/2037	3.93	3,564,000	202,663	3,766,663
MSCBA Series 2019A	1/23/2019	2,623,145	3.00-5.00	6/30/2039	3.69	2,385,000	170,172	2,555,172
Total		$ 80,271,396				$ 54,283,803	$ 3,656,302	$ 57,940,105

*Effective Interest Rates are calculated by dividing total interest paid during the year by the average outstanding balance of the Interagency payable.

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MDFA Series J-3 bond issuance
On November 22, 1996, the University signed a financing agreement to receive $6,000,000 from a MDFA (formerly Massachusetts Health and Educational Facilities Authority ("MHEFA")) bond issuance to be used for the construction of the University's athletic facility. This obligation is being repaid solely by the University. Construction of the athletic facility was completed in August 2000. MDFA retained $502,899 of the bond proceeds for a debt service retirement fund.

The University is required to make annual funding payments of principal on this debt each July 1. The principal payment due July 1, 2021 of $349,378 was made as scheduled. These payments are made to a restricted cash account held in escrow in the University's name and recorded on the books of the University. These amounts, along with the remaining balance of the debt service retirement fund, are held in an escrow account by MDFA. Earnings on this balance are transferred and used by the University to offset the administrative costs associated with this debt. In a prior year, the University elected to release the annual funding payments from the reserve to redeem portions of the debt obligation. Accordingly, each year the funding payments are now being released from the debt service reserve to redeem portions of the outstanding debt obligation. These debt payments are to be repaid by the University solely from student fees.

Interest on the debt is paid every 35 days at a floating rate of interest subject to market conditions. The interest rate is determined by MDFA conducting a true auction of their debt issuance every 35 days, in which the University's obligation is pooled with other higher education institutions within the Commonwealth who have debt funded through MDFA. The most recent auctioned interest rate in effect at June 30, 2021 and 2020 was .318% and 6.506%, respectively. The University is also responsible to pay for program expenses at an annual rate of 1.085% (2021) and 1.015% (2020) of the outstanding principal balance, calculated and payable every 35 days when the rate is auctioned.

MDFA is responsible to determine, subject to certain criteria, if income earned on unexpended bond proceeds exceeds the interest cost to the bondholders. Any excess income earned is held in a rebate fund by an appointed trustee. Such amounts are held until every fifth year, whereby payment is to be made as indicated by the bond indenture agreement.

MSCBA Series 2005A bond issuance
During March 2005, the University signed a financing agreement to receive $5,110,000 from a MSCBA bond issuance. These funds were used for renovations of the athletic fields and dining hall (the "Projects") at the University. This obligation will be repaid solely by the University through dedicated student fees.

The University is required to make annual principal payments on this debt each May 1. The final principal payment was originally due on May 1, 2025. During fiscal 2021, the series 2005A bond was refunded/restructured with the MSCBA series 2020A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2022 and the bonds are now due on May 1, 2034. Interest on the debt is payable May 1 and November 1 each year. Interest payments are based on an amortization schedule prepared by MSCBA using an increasing coupon rate of interest ranging from 3.50% to 5.00% over the term of the debt to maturity. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

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MSCBA Series 2006A bond issuance

During March 2006, the University signed a financing agreement to receive $2,060,000 from a MSCBA bond issuance. These funds were used for renovations of the dining hall (the "Project") at the University. This obligation will be repaid solely by the University through dedicated student fees.

The University is required to make annual principal payments on this debt each May 1. The final principal payment was originally due on May 1, 2026. During fiscal 2021, the series 2006A bond was refunded/restructured with the MSCBA series 2020A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2022 and the bonds are now due on May 1, 2031. Interest on the debt is payable May 1 and November 1 each year. Interest payments are based on an amortization schedule prepared by MSCBA using an increasing coupon rate of interest ranging from 3.50% to 5.00% over the term of the debt to maturity. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

As of June 30, 2021 and 2020, MSCBA held debt service reserve funds in the amount of $111,320 and $144,841, respectively, which are included in the accompanying statements of net position at June 30, 2021 and 2020 as noncurrent restricted cash and cash equivalents.

MSCBA Series 2010A bond issuance

During December 2010, the University signed a financing agreement to receive $4,856,749 from a MSCBA bond issuance. These funds, net of bond issuance costs and a debt service reserve fund, were used for renovations to the Hammond Campus Center. This obligation was repaid solely by the University through dedicated student fees and operating funds. During May 2018, the University made the final payment on the 2010A bonds.

As of June 30 2020, MSCBA held debt service reserve funds in the amount of $80,326, which is included in the accompanying statement of net position as noncurrent restricted cash and cash equivalents. During fiscal 2021, the entire balance of the debt service reserve was released to the University.

MSCBA Series 2010B bond issuance

During December 2010, the University signed a financing agreement to receive $11,078,908 from a MSCBA bond issuance. These funds, net of bond issuance costs and a debt service reserve fund, were used for renovations to the Hammond Campus Center. This obligation will be repaid solely by the University through dedicated student fees and operating funds.

The University is required to make annual principal payments on this debt each May 1. The final principal payment is due on May 1, 2030. During fiscal 2021, the series 2010B bond was refunded/restructured with the MSCBA series 2020A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2022. Interest on the debt is payable May 1 and November 1 each year. Interest payments are based on an amortization schedule prepared by MSCBA with interest rates ranging from 4.89% to 6.54% over the term of the debt to maturity. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

As of June 30, 2021 and 2020, MSCBA held debt service reserve funds in the amount of $741,021 and $964,163, respectively, which are included in the accompanying statements of net position at June 30, 2021 and 2020 as noncurrent restricted cash and cash equivalents.

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MSCBA Series 2012A bond issuance
During December 2011, the University signed a financing agreement to receive $7,043,416 from a MSCBA bond issuance. These funds, net of bond issuance costs, were used for renovations to the Hammond Campus Center. This obligation will be repaid solely by the University through dedicated student fees and operating funds.

The University is required to make annual principal payments on this debt each May 1. The final principal payment was originally due on May 1, 2031. During fiscal 2021, the series 2012A bond was refunded/restructured with the MSCBA series 2020A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2022 and the bonds are now due on May 1, 2035. Interest on the debt is payable May 1 and November 1 each year. Interest payments are based on an amortization schedule prepared by MSCBA with interest rates ranging from 3.00% to 5.00% over the term of the debt to maturity.

MSCBA Series 2012C bond issuance
During December 2012, the University signed a financing agreement to receive $13,864,033 from a MSCBA bond issuance. These funds, net of bond issuance costs and a debt service reserve fund, were used for Phase III of renovations to the Hammond Campus Center and parking expansion. This obligation will be repaid solely by the University through dedicated student fees and operating funds.

The University is required to make annual principal payments on this debt each May 1. The final principal payment was originally due on May 1, 2032. During fiscal 2021, the series 2012C bond was refunded/restructured with the MSCBA series 2020A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2022 and the bonds are now due on May 1, 2034. Interest on the debt is payable May 1 and November 1 each year. Interest payments are based on an amortization schedule prepared by MSCBA with interest rates ranging from 2.00% to 5.00% over the term of the debt to maturity. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

As of June 30, 2021 and 2020, MSCBA held debt service reserve funds in the amount of $164,599 and $214,164, respectively, which are included in the accompanying statements of net position at June 30, 2021 and 2020 as noncurrent restricted cash and cash equivalents.

MSCBA Series 2014A bond issuance
During January 2014, the University signed a financing agreement to receive $12,235,614 from a MSCBA bond issuance. These funds, net of bond issuance costs and a debt service reserve fund, were used for Phase IV of renovations to the Hammond Campus Center. This obligation will be repaid solely by the University through dedicated student fees and operating funds.

The University is required to make annual principal payments on this debt each May 1. The final principal payment was originally due on May 1, 2033. During fiscal 2021, the series 2014A bond was refunded/restructured with the MSCBA series 2020A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2022 and the bonds are now due on May 1, 2038. Interest on the debt is payable May 1 and November 1 each year. Interest payments are based on an amortization schedule prepared by MSCBA with interest rates ranging from 2.00% to 5.00% over the term of the debt to maturity. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

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As of June 30, 2021 and 2020, MSCBA held debt service reserve funds in the amount of $513,247 and $667,799, respectively, which are included in the accompanying statements of net position at June 30, 2021 and 2020 as noncurrent restricted cash and cash equivalents.

MSCBA Series 2014C bond issuance
During December 2014, the University signed a financing agreement to receive $10,669,502 from a MSCBA bond issuance. These funds, net of bond issuance costs and a debt service reserve fund, are being used for Phase V of renovations to the Hammond Campus Center. This obligation will be repaid solely by the University through dedicated student fees and operating funds.

The University is required to make annual principal payments on this debt each May 1. The final principal payment was originally due on May 1, 2034. During fiscal 2021, the series 2014C bond was refunded/restructured with the MSCBA series 2020A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2022 and the bonds are now due on May 1, 2035. Interest on the debt is payable May 1 and November 1 each year. Interest payments are based on an amortization schedule prepared by MSCBA with interest rates ranging from 3.00% to 5.00% over the term of the debt to maturity. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

As of June 30, 2021 and 2020, MSCBA held debt service reserve funds in the amount of $458,809 and $596,968, respectively, which are included in the accompanying statements of net position at June 30, 2021 and 2020 as noncurrent restricted cash and cash equivalents.

DCAMM Clean Energy Investment Program
In November 2016, the University entered into a Memorandum of Understanding with DCAMM to undertake a Comprehensive Energy Performance Contracting Project (the "Project"). The Project's goal is to upgrade boilers, replace the chiller, lighting, EMS expansion and improvements, HVAC upgrades, and various energy conservation measures.

The total cost for the Project was $9,451,868, including $498,975 incurred in 2020. The cost of the Project was funded from Clean Energy Investment Program Funds ("CEIP Funds") in the amount of $5,420,360, capital grants of $3,781,536, and energy incentives from the contractor in the amount of $249,972. CEIP Funds for the Project are to be repaid over 20 years at 3.00% interest. Annual payments of principal and interest for the Project in the amount of $364,333 commenced on January 1, 2020. Additionally, the agreement provides for the University to fund annual maintenance costs to be paid over the first five years of the Project totaling approximately $244,500. These maintenance costs are expected to be offset by energy savings as a result of the Project. The Project was completed and placed into service in August 2019.

MSCBA Series 2017A bond issuance
During January 2017, the University signed a financing agreement to receive $4,166,418 from a MSCBA bond issuance. These funds, net of bond issuance costs and a debt service reserve fund, are being used for renovations to the Landry Arena. This obligation will be repaid solely by the University through dedicated student fees and operating funds. The University also executed a management agreement with MSCBA whereby MSCBA is providing management services to the University for the renovations.

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The University is required to make annual principal payments on this debt each June 30 commencing in fiscal 2018. The final principal payment is due June 30, 2037. During fiscal 2021, the series 2017A bond was refunded/restructured with the MSCBA series 2020A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2022. Interest on the debt is payable June 30 and December 30 each year. Interest payments are based on an amortization schedule prepared by MSCBA with interest rates ranging from 3.00% to 5.00% over the term of the debt to maturity. Funds from the debt service reserve fund are expected to be applied to the final payment on the debt. Earnings on the balance in the debt service reserve fund are to be used to defray debt service costs.

As of June 30, 2021 and 2020, MSCBA held debt service reserve funds in the amount of $79,218 and $103,073, respectively, which are included in the accompanying statements of net position at June 30, 2021 and 2020 as noncurrent restricted cash and cash equivalents.

MSCBA Series 2019A bond issuance
During January 2019, the University signed a financing agreement to receive $2,623,145 from a MSCBA bond issuance. These funds, net of bond issuance costs and a debt service reserve fund, are being used for renovations to the Holmes Dining Commons and the Recreation Center. This obligation will be repaid solely by the University through dedicated student fees and operating funds. The University also executed a management agreement with MSCBA whereby MSCBA is providing management services to the University for the renovations.

The University is required to make annual principal payments on this debt each June 30 commencing in fiscal 2020. The final principal payment is due June 30, 2039. During fiscal 2021, the series 2019A bond was refunded/restructured with the MSCBA series 2020A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2022. Interest on the debt is payable June 30 and December 30 each year. Interest payments are based on an amortization schedule prepared by MSCBA with interest rates ranging from 3.00% to 5.00% over the term of the debt to maturity.

As of June 30, 2021, MSCBA held unexpended debt proceeds in the amount of $53,714, of which $2,886 is included in the accompanying 2021 statement of net position as current restricted cash and cash equivalents and $50,828 is included in the accompanying 2021 statement of net position as noncurrent restricted cash and cash equivalents. As of June 30, 2020, MSCBA held unexpended debt proceeds in the amount of $426,564, of which $31,189 is included in the accompanying 2020 statement of net position as current restricted cash and cash equivalents and $395,375 is included in the accompanying 2020 statement of net position as noncurrent restricted cash and cash equivalents.

MSCBA Series 2020A bond refunding
On July 1, 2020, MSCBA closed on Refunding Revenue Bonds Series 2020A for the purpose of providing budgetary relief in fiscal year 2021 and fiscal year 2022 to the nine State Universities including Fitchburg State University. These bonds were issued to refund/restructure debt outstanding from multiple series of bonds, as noted above. The reduction of the University's fiscal year 2021 debt service assessment was approximately $10,580,000. The reduction of the University's fiscal year 2022 debt service assessment is approximately $5,540,000. During August 2020, MSCBA's board approved the release of a portion of the funds held in the Debt Service Reserve Fund to pay the November 1, 2020 interest payment on behalf of the State Universities. Fitchburg State University received approximately $2,590,000 in funds held in reserve to be applied to the November interest payment to MSCBA. The bond restructuring resulted in a net deferred gain of $3,482,170, which will be amortized

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and recognized over the original term of the bonds. As of June 30, 2021, there were net deferred gains of $2,125,859, which is included in deferred inflows of resources on the accompanying 2021 statement of net position.

Aggregate principal and interest payments due to maturity consist of the following:

Year ending June 30:	Principal	Amortization of bond premium	Total principal	Estimated interest (1)	Total
2022	$ 2,302,873	$ 220,899	$ 2,523,772	$ 2,206,556	$ 4,730,328
2023	4,232,760	184,520	4,417,280	2,027,084	6,444,364
2024	4,577,598	156,021	4,733,619	1,847,487	6,581,106
2025	4,147,600	126,114	4,273,714	1,664,584	5,938,298
2026	3,764,426	95,952	3,860,378	1,267,417	5,127,795
2027 - 2031	19,195,244	225,997	19,421,241	4,092,524	23,513,765
2032 - 2036	12,295,379	55,755	12,351,134	1,506,603	13,857,737
2037 - 2041	3,434,281	7,039	3,441,320	304,823	3,746,143
Total	$ 53,950,161	$ 1,072,297	$ 55,022,458	$ 14,917,078	$ 69,939,536

(1) The interest rate in effect at June 30, 2021 of .318% was used to calculate the estimated interest on the MDFA Series J-3 bond included above.

Other Interagency activity

The oversight of various capital projects on campus is provided by MSCBA. To fund these projects, the University provides equity contributions, by advancing funds to MSCBA, which are then held by MSCBA until used for the payment of the capital project costs. During fiscal 2021, the University provided an equity contribution of $670,000 toward the Theater Project. During fiscal 2020, the University provided an equity contribution of $300,000 toward the Recreation Center Project, of which $102,837 of these funds were subsequently transferred to the Theater Project account at MSCBA for the Theater Project renovations. During fiscal 2020, funds totaling $13,473 were transferred from the Southside Chiller, Landry Project, Recreation Center Project and Theater Project accounts at MSCBA for the Holmes Dining renovations project. During fiscal 2020, Holmes Dining funds of $170,655 were transferred to the Theatre Project account MSCBA for the Theater Project renovations.

As of June 30, 2021, amounts held by MSCBA representing the unexpended portion of the University's contributions are as follows:

	Restricted cash and cash equivalents:	
University Projects	Current	Noncurrent
Recreation Center	$ -	$ 67,798
Theater	13,627	150,909
	$ 13,627	$ 218,707

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As of June 30, 2020, amounts held by MSCBA representing the unexpended portion of the University's contributions are as follows:

	Restricted cash and cash equivalents:	
University Projects	Current	Noncurrent
Recreation Center	$ -	$ 71,612
Theater	167,385	150,691
	$ 167,385	$ 222,303

Note 13 - Capital lease obligation

During fiscal year 2017, the University entered into a noncancellable capital lease agreement with a financial institution in the amount of $1,261,206 for an upgrade to its wireless network equipment. The lease has a term of five years and requires semi-annual payments of $132,483, which commenced on March 23, 2017 and continues through September 23, 2021. The assets and capital lease obligation were recorded at the present value of the future minimum lease payments based upon an interest rate of 1.81% which was determined to be applicable at the inception of the lease. The capital lease obligation is secured by the related assets.

The University's wireless network equipment held under capital lease totaled $1,261,206 as of both June 30, 2021 and 2020. The assets under the capital lease are being depreciated over their estimated useful lives and the depreciation of these assets is included in depreciation expense. The accumulated depreciation on the leased assets amounted to $1,198,145 and $945,904 at June 30, 2021 and 2020, respectively. Depreciation expense totaled $252,241 for each of the years ended June 30, 2021 and 2020.

Interest expense incurred on the capital lease totaled $5,899 and $10,525 in fiscal years 2021 and 2020, respectively.

The following is a schedule of future minimum lease payments under this capital lease at June 30, 2021:

Year ending June 30,	Amount
2022	$ 132,483
Total minimum lease payments	132,483
Less amount representing interest	(1,188)
Present value of future minimum lease payments	131,295
Less current portion	131,295
Present value of long-term portion	$ -

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Note 14 - FSU Foundation's long-term debt

FSU Foundation's long-term debt consists of the following at June 30, 2021 and 2020:

	2021	2020
First mortgage notes payable	$ 3,940,299	$ 3,339,115
Notes payable - bank	453,794	474,686
	4,394,093	3,813,801
Less net debt issuance costs	(20,507)	(14,813)
	4,373,586	3,798,988
Less current portion	(225,884)	(254,180)
	$ 4,147,702	$ 3,544,808

The Foundation has a mortgage note payable in the original amount of $550,000, dated April 16, 2008, with Fidelity Cooperative Bank. The proceeds of the note were used to acquire certain real estate properties on the Fitchburg State University campus. The note is secured by a first mortgage interest in the real estate and related personal property located thereon, and an assignment of leases and rents. Furthermore, any and all deposits held by the lender serve as additional collateral for the loan.

The loan agreement has a term of 20 years and provided for a fixed rate of interest of 5.75% per annum for the first 10 years of the loan term. Thereafter, the interest rate was to be fixed at the Federal Home Loan Bank Ten Year Cost of Funds Rate in effect as of the first day of the final 10 years of the term of the loan plus 118 basis points. The interest rate was adjusted to 4.27% per annum for the remainder of the loan term pursuant to the provisions of a Change in Terms Agreement dated October 19, 2016. The loan required monthly installments of principal and interest of $3,862 through October 16, 2016. Thereafter, the loan requires monthly installments of principal and interest of $2,454 commencing on November 16, 2016 with a final principal payment due in the amount of $210,752 at the loan's maturity date of April 16, 2028. The note may be prepaid at any time, in whole or in part, without premium or penalty.

At June 30, 2021 and 2020, the outstanding principal balance of this mortgage note payable amounted to $329,618 and $344,440, respectively.

In August 2006, the Foundation Supporting Organization acquired land and a building consisting of 4,179 square feet of office space and 53,429 square feet of warehouse space located in Fitchburg, Massachusetts near the University campus. The entire property has been leased to DCAMM on behalf of the University (see Note 23). The University is currently using the property for its print services, maintenance, and shipping and receiving and financial services.

The acquisition and related costs were funded with the proceeds of an offering of tax-exempt revenue bonds, Massachusetts Development Finance Agency Revenue Bonds, FSC Foundation Supporting Organization Issue, Series 2006 (the "bonds"), dated August 1, 2006, in the amount of $1,900,000, issued by the Massachusetts Development Finance Agency ("MDFA"), pursuant to a Loan and Trust Agreement. People's United Bank, as successor in interest to Chittenden Trust Company, is the bond Trustee. MDFA assigned all of its rights, title, and interest in and to the loan and related loan

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documents to the bond Trustee as security for repayment of the bonds. The loan is secured by a first mortgage interest in the real estate and related personal property located thereon, and an assignment of leases and rents. Payment and performance of the Foundation Supporting Organization's obligations under the loan agreement have been guaranteed by the Foundation.

The loan agreement has a term of 20 years and provides for a fixed rate of interest of 5.5% per annum for the first five years of the loan term. Thereafter, the interest rate will be adjusted at five-year intervals (August 16, 2011, 2016 and 2021) to a fixed rate of interest equal to 80% of the bank's prime rate, but no greater than 1% or less than 1% of the interest rate in effect for the immediately preceding five-year adjustment interval. The interest rate was adjusted to 4.5% per annum on August 16, 2011 pursuant to the provisions of the loan agreement. The loan required monthly installments of principal and interest of $13,154 through August 16, 2011 and $12,306 until August 16, 2016. The interest rate was adjusted to 3.5% per annum on August 16, 2016 pursuant to the provisions of the loan agreement. Commencing thereafter, the monthly installments of principal and interest are $11,739 until the next five-year interval adjustment date of August 16, 2021. The loan matures on August 16, 2026. The loan agreement requires the Foundation Supporting Organization to maintain a Debt Service Coverage Ratio, as defined, of not less than 1.10 to 1 to be measured annually at the end of its fiscal year.

The mortgage note was issued pursuant to the Loan and Trust Agreement and related loan documents and is subject to and governed by the terms and conditions of those agreements. The loan may be prepaid in accordance with the terms of the Loan and Trust Agreement for prepayment of the bonds as more fully described in the Loan and Trust Agreement.

The loan documents contain cross default provisions with the DCAMM lease.

As of June 30, 2021, the outstanding principal balance of the loan and debt issuance costs is $0.

Debt issuance costs, net of accumulated amortization, totaled $20,507 and $14,813 as of June 30, 2021 and 2020, respectively. During 2021, the loan associated with these debt issuance costs was repaid in full and as such the related debt issuance costs were fully amortized. During 2021, the Foundation Supporting Organization paid $20,507 in debt issuance costs related to the new mortgage provided by Rollstone Bank. For the year ended June 30, 2021 and 2020, amortization expenses of $14,813 and $2,404, respectively, were added to interest costs in the accompanying statement of revenues, expenses and changes in net position. Amortization of debt issuance costs on the above loan was amortized using an imputed interest of 3.64% as at June 30, 2020.

As of June 30, 2020, the outstanding principal balance of the mortgage note payable of $779,258, less net debt issuance costs of $14,813, amounted to $764,445.

MDFA is providing financing to the Foundation Supporting Organization in the form of a General Fund loan in the amount of $500,000 per the agreement dated June 28, 2021. The loan will be disbursed by a series of advances, per the terms and conditions stipulated in the Construction Loan Agreement. The proceeds are to be used for predevelopment costs in connection with the proposed redevelopment of the Theater Block. The note is secured by a first mortgage on and assignment of leases and rents for the real estate located at 675 Main Street, Fitchburg, Massachusetts. The note has a term of 5 years, maturing on June 28, 2026, and provides for a fixed rate of interest of 4% per annum. The loan requires monthly installments of interest effective August 1, 2021. The entire outstanding principal balance shall be due and paid at the earlier of (i) a triggering event or (ii) at maturity, June 28, 2026. A triggering event occurs when the property is transferred to another, abandoned, or financing of $20,000,000 or more is secured. No disbursements have been made as of June 30, 2021.

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Workers' Credit Union ("WCU") provided financing to the Foundation Supporting Organization in the form of a note, dated February 27, 2009, in the amount of $750,000. The note is secured by a first mortgage interest in certain real estate owned by the Foundation Supporting Organization and an assignment of certain leases and rents. The note is also collateralized by all funds held by the lender. At June 30, 2021 and 2020, the Foundation Supporting Organization has total cash balances of $8,456 and $8,097, respectively, held by the lender which serve as additional collateral for the loan.

The mortgage note had a term of 10 years, expiring on February 27, 2019, and provided for a fixed rate of interest of 5.74% per annum. The interest rate was adjusted to 4.99% per annum on June 20, 2015 pursuant to the provisions of a loan modification agreement. On February 27, 2019, pursuant to the provisions of a new loan modification agreement, the interest rate was adjusted to 5.25% per annum expiring on February 27, 2024. The note requires monthly installments of principal and interest of $4,517, through February 27, 2024. Commencing thereafter, the interest rate will be adjusted to the FHLB 5 year Classic Advance plus 2.25% until the new maturity date of February 27, 2029, and monthly payments for principal and interest will be determined at that point.

At June 30, 2021 and 2020, the outstanding principal balance of this first mortgage loan amounted to $498,266 and $525,566, respectively.

Rollstone Bank & Trust provided financing to the Foundation Supporting Organization in the form of a note, dated December 22, 2014 in the amount of $240,000. The note is secured by a first mortgage interest in the real estate property located at 131 Highland Avenue in Fitchburg, Massachusetts and an assignment of leases and rents on the property. The note has a term of 20 years, maturing on December 22, 2034, and provides for a fixed rate of interest of 3.25% per annum. The loan requires monthly installments of principal and interest of $1,367 based on a 20-year principal amortization. The loan agreement requires the Foundation Supporting Organization to maintain a ratio of Cash Flow (after distributions), as defined, to the Current Maturity of Long-Term Debt plus interest, as defined, of not less than 1.0 to 1 for any fiscal year. The loan agreement also contains, among other covenants, restrictions relating to future borrowings, capital expenditures by lease or purchase, distributions, making of advances or loans to other parties, making of investments, and sale, lease or transfer of assets, except as provided for and as more fully described in the loan agreement.

At June 30, 2021 and 2020, the outstanding principal balance of the mortgage note payable amounted to $178,567 and $188,898, respectively.

Rollstone Bank & Trust provided refinancing to the Foundation Supporting Organization in the form of a note, dated December 9, 2020 in the amount of $1,538,000. The proceeds of the note was used to (i) refinance existing debt owed by the Foundation Supporting Organization, (ii) to purchase, raze and develop the real property located at 175-179 Myrtle Street, Fitchburg, Massachusetts, (iii) to finance a new roof at the property located at 167 Klondike Avenue. This note is secured by a first mortgage interest in the real estate property located at 167 Klondike Avenue in Fitchburg, Massachusetts and an assignment of leases and rents on the property. The note bears interest at a fixed rate of 3.5% per annum until December 9, 2030. Thereafter, the note shall bear interest at a per annum rate equal to the Federal Home Loan Bank of Boston "Five Year Classic Advance Rate" plus 2.25%. The loan requires monthly installments of principal and interest of $11,032 based on a 15-year principal amortization. The loan agreement requires the Supporting Organization to maintain a debt service ratio equal to or greater than 1:1. The loan agreement also contains, among other covenants, restrictions relating to future borrowings, capital expenditures by lease or purchase, distributions, making of advances or loans to other parties, making of investments, and sale, lease or transfer of assets, except as provided for and as more fully described in the loan agreement.

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As of June 30, 2021, the outstanding principal balance of the mortgage loan amounted to $1,498,585.

Fidelity Co-Operative Bank provided financing to the Foundation Supporting Organization in the form of a note, dated June 26, 2013, in the amount of $83,200. The note is secured by a first mortgage interest in the real estate property located at 340 Highland Avenue in Fitchburg, Massachusetts and an assignment of leases and rents on the property. The mortgage note has a term of 20 years, maturing on June 26, 2033, and provides for a fixed rate of interest of 3.5% per annum for the first five years of the loan term. Thereafter, the interest rate will be adjusted at five-year intervals (June 26, 2018, 2023 and 2028) to the Federal Home Loan Bank Boston Classic Advance Five-Year Rate plus 2.75% per annum. The loan required monthly installments of principal and interest of $376 until the next five-year interval adjustment date of June 26, 2018. The interest rate was adjusted to 5.93% per annum on June 26, 2018 pursuant to the provisions of the loan agreement. The July and August 2018 monthly installments of principal and interest remained at $376. On August 27, 2018, the Foundation Supporting Organization entered into a Change in Terms Agreement with the lender in which the interest rate on the note was modified to a fixed rate of 5.20% per annum until June 26, 2023. At that time, the interest rate will be adjusted pursuant to the terms of the original note described above. All other terms, provisions and conditions of the original note agreement remain in full force and effect. Commencing with the September 2018 monthly installment of principal and interest, the monthly installments shall be $450. The note provides for the payment of a prepayment penalty if the loan is paid prior to maturity. The amount of the penalty shall be a specified percentage of the amount prepaid with such percentage ranging from 5% if paid before the loan's first anniversary and decreasing by 1% per year to 1% if paid before the loan's fifth anniversary. The prepayment penalty will reset as defined above at each five-year anniversary date of the note. The loan agreement contains, among other covenants, restrictions relating to future borrowings, making of advances or loans to other parties, sale, lease or transfer of assets, and the granting of further security interests, except as provided for and as more fully described in the loan agreement. The loan is cross-defaulted and cross-collateralized with any and all other loans made by the lender to the Foundation Supporting Organization.

At June 30, 2021 and 2020, the outstanding principal balance of the mortgage note payable amounted to $70,255 and $71,916, respectively.

In October 2016, Fidelity Co-Operative Bank provided financing to the Foundation Supporting Organization in the form of a promissory note, dated October 19, 2016, in the amount of $118,000. The note is secured by a Negative Pledge Agreement on the real estate property located at 198 Pearl Street in Fitchburg, Massachusetts.

The promissory note has a term of 10 years, maturing on October 21, 2026, and provides for a fixed rate of interest of 4.11% per annum. Commencing on November 21, 2016, the loan requires monthly installments of principal and interest of $726 based on a 20-year principal amortization until the maturity date, at which time the remaining outstanding principal balance of $71,599 and any accrued interest thereon is due and payable. The note provides for the prepayment of all or a portion of the amount owed without penalty. The business loan agreement contains, among other covenants, restrictions relating to future borrowings, making of advances or loans to other parties, sale, lease or transfer of assets, and the granting of further security interests, except as provided for and as more fully described in the business loan agreement. The loan is cross-defaulted and cross-collateralized with any and all other loans made by the lender to the Foundation Supporting Organization.

As of June 30, 2021 and 2020, the outstanding principal balance of the loan amounted to $98,339 and $102,826, respectively.

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In January 2017, Fidelity Co-Operative Bank provided financing to the Foundation Supporting Organization in the form of a promissory note, dated January 13, 2017, in the amount of $220,000. The note is secured by a Negative Pledge Agreement on the properties located at 9 Clinton Street and 85-87 Pearl Street in Fitchburg, Massachusetts.

The promissory note has a term of 10 years, maturing on January 13, 2027, and provides for a fixed rate of interest of 4.76% per annum. Commencing on February 13, 2017, the loan requires monthly installments of principal and interest of $1,431 based on a 20-year principal amortization until the maturity date, at which time the remaining outstanding principal balance of $136,868 and any accrued interest thereon is due and payable. The note provides for the payment of a prepayment penalty if the loan is paid prior to maturity. The amount of the penalty shall be a specified percentage of the amount prepaid with such percentage ranging from 5% if paid before the loan's first anniversary and decreasing by 1% per year to 1% if paid before the loan's fifth anniversary. The prepayment penalty will reset as defined above at each five-year anniversary date of the note. The loan agreement contains, among other covenants, restrictions relating to future borrowings, making of advances or loans to other parties, sale, lease or transfer of assets, and the granting of further security interests, except as provided for and as more fully described in the loan agreement. The loan is cross-defaulted and cross collateralized with any and all other loans made by the lender to the Foundation Supporting Organization.

As of June 30, 2021 and 2020, the outstanding principal balance of the loan amounted to $187,181 and $195,137, respectively.

In November 2016, Enterprise Bank and Trust Company provided financing to the Foundation Supporting Organization in the form of a promissory note, dated November 4, 2016, in the amount of $280,000. The note is secured by a first mortgage interest in the property and an assignment of rents on the property located at 689-717 Main Street in Fitchburg, Massachusetts.

The promissory note has a term of 10 years, maturing on November 4, 2026, and thereafter is payable on demand. The note provides for a fixed rate of interest of 4.33% per annum for the first ten years of the loan term. Thereafter, the interest rate will be adjusted at 10-year intervals to the Daily High Federal Home Loan Bank Boston Classic Advance Ten Year Regular Rate plus 1.95% per annum. Commencing on January 1, 2017, the loan requires monthly installments of principal and interest of $1,401 based on a 30-year principal amortization schedule. If the note is prepaid in whole or in part during the first 117 months of each fixed rate period for the purpose of refinancing the note with another financial institution, the note provides for a prepayment penalty equal to 3% of any principal reduction. Except for the forgoing, the note may be prepaid in whole or in part without penalty. The loan is cross-defaulted and cross-collateralized with any and all other loans made by the lender to the Foundation Supporting Organization.

As of June 30, 2021 and 2020, the outstanding principal balance of the loan amounted to $257,596 and $262,969, respectively.

In September 2017, Webster First Federal Credit Union provided financing to the Foundation Supporting Organization in the form of a commercial note, dated September 22, 2017, in the amount of $250,000. The note is secured by a first mortgage interest in the real estate properties located at 66 and 0 Day Street and 721-725 Main Street, Fitchburg, Massachusetts, and an assignment of leases and rents on the properties. The note has a term of 15 years, maturing on October 1, 2032, and provides for a fixed rate of interest of 3.75% per annum for the first 10 years of the loan term. Thereafter, the interest rate will be adjusted to the Federal Home Loan Bank of Boston Five Year Classic Rate plus 1.5% per annum for the remaining five years of the loan term, but no less than a rate

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of 3.75% per annum. Commencing on November 1, 2017, the loan requires monthly installments of principal and interest of $1,825 based on a 15-year principal amortization schedule with a final payment of all unpaid principal and accrued interest thereon due at maturity. The note may be prepaid in whole or in part at any time without penalty.

As of June 30, 2021 and 2020, the outstanding principal balance of the loan amounted to $201,340 and $215,293, respectively.

The Foundation Supporting Organization has a note payable in the original amount of $680,000, dated April 26, 2007, with Enterprise Bank and Trust Company. The note is secured by investments with an equivalent fair value of approximately $2,855,000 and $2,301,000 at June 30, 2021 and 2020, respectively. In addition, payment and performance of the Foundation Supporting Organization's obligations under the loan agreement have been guaranteed by the Foundation.

The promissory note has a term of 30 years, expiring on May 5, 2037, and provides for a fixed rate of interest of 6% per annum for the first five years of the loan term. Thereafter, the interest rate will be adjusted at five-year intervals (April 26, 2012, 2017, 2022, 2027 and 2032) to the Federal Home Loan Bank Boston Classic Advance Five-Year Rate plus 1.15% per annum. The rate was adjusted to 2.62% per annum on April 26, 2012 pursuant to the provisions of the loan agreement. The loan required monthly installments of principal and interest of $4,122 through May 7, 2012 and $2,875 until April 26, 2017. The interest rate was adjusted to 3.49% per annum on April 26, 2017 pursuant to the provisions of the loan agreement. Commencing thereafter, the monthly installments of principal and interest are $3,115 until the next five-year interval adjustment date of April 26, 2022. The note may be prepaid at any time, in whole or in part, without premium or penalty.

At June 30, 2021 and 2020, the outstanding principal balance of this note payable amounted to $453,794 and $474,685, respectively.

In November 2018, Enterprise Bank and Trust Company provided financing to the Foundation Supporting Organization in the form of a promissory note, dated November 5, 2018, in the amount of $148,000. The note is secured by a first mortgage interest in and an assignment of leases and rents on a real estate property located at 70-78 North Street in Fitchburg, Massachusetts.

The promissory note has a term of 20 years, maturing on November 5, 2038. The note provides for a fixed rate of interest of 5% per annum for the first ten years of the loan term. Thereafter, the interest rate will be adjusted at five-year intervals to the Daily High Federal Home Loan Bank Boston Classic Advance Five Year Regular Rate plus 1.95% per annum. The loan will have a minimum floor rate of 5%. Commencing on January 1, 2019, the loan requires monthly installments of principal and interest of $983 based on a 20-year principal amortization schedule. If the note is prepaid in whole or in part during the term of the loan for the purpose of refinancing the loan with another financial institution, the loan provides for a prepayment penalty equal to 3% of any principal reduction. Except for the forgoing, the note may be paid in whole or in part without penalty. The loan is cross-defaulted and cross-collateralized with any and all other loans made by the lender to the Foundation Supporting Organization.

As of June 30, 2021 and 2020, the outstanding principal balance of the loan amounted to $136,612 and $141,347, respectively.

In June 2019, Hometown Bank provided financing to the Foundation Supporting Organization in the form of a commercial note, dated June 18, 2019, in the amount of $312,000. The note is secured by a

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first mortgage interest in the property and a collateral assignment of rents and leases on the real estate property located at 164 Highland Avenue in Fitchburg, Massachusetts.

The commercial note has a term of 10 years, maturing on June 18, 2029, and provides for a fixed rate of interest of 4.60% per annum for the first five years of the loan term. Thereafter, the interest rate will be adjusted at five-year intervals (June 18, 2024) to the Federal Home Loan Bank Boston Classic Advance Five Year Rate plus 1.75% per annum. Commencing on July 18, 2019, the loan requires monthly installments of principal and interest of $1,752 based on a 25-year principal amortization schedule with a final payment of all unpaid principal and accrued interest thereon due at maturity.

As of June 30, 2021 and 2020, the outstanding principal balance of the loan amounted to $298,009 and $305,145, respectively.

In June 2019, Hometown Bank provided financing to the Foundation Supporting Organization in the form of a commercial note, dated June 18, 2019, in the amount of $138,400. The note is secured by a first mortgage interest in the property and a collateral assignment of rents and leases on the real estate property located at 174 Highland Avenue in Fitchburg, Massachusetts.

The commercial note has a term of 10 years, maturing on June 18, 2029, and provides for a fixed rate of interest of 4.60% per annum for the first five years of the loan term. Thereafter, the interest rate will be adjusted at five year intervals (June 18, 2024) to the Federal Home Loan Bank Boston Classic Advance Five Year Rate plus 1.75% per annum. Commencing on July 18, 2019, the loan requires monthly installments of principal and interest of $777 based on a 25-year principal amortization schedule with a final payment of all unpaid principal and accrued interest thereon due at maturity.

As of June 30, 2021 and 2020, the outstanding principal balance of the loan amounted to $132,193 and $135,359, respectively.

In April 2019, Fitchburg Historical Society provided financing to the Foundation Supporting Organization in the form of a promissory note, dated April 4, 2019, in the amount of $90,000. The note is secured by a first mortgage interest in the property and a collateral assignment of rents and leases on the real estate property located at 0 Main Street in Fitchburg, Massachusetts.

The commercial note has a term of five years, maturing on April 1, 2024, and provides for a fixed rate of interest of 5.00% per annum. Commencing on May 1, 2019, the loan requires monthly installments of principal and interest of $1,694 based on a 5-year principal amortization schedule with a final payment of all unpaid principal and accrued interest thereon due at maturity.

As of June 30, 2021 and 2020, the outstanding principal balance of the loan amounted to $53,738 and $70,962, respectively.

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Principal funding payments and estimated interest due to maturity consist of the following:

Year ending June 30:	Principal	Interest (1)	Total
2022	$ 225,884	$ 176,445	$ 402,329
2023	235,356	166,971	402,327
2024	241,536	157,396	398,932
2025	234,502	147,443	381,945
2026	615,144	186,165	801,309
2027-2031	1,900,160	308,671	2,208,831
2032-2036	881,211	82,747	963,958
2037-2041	60,300	2,409	62,709
Total	$ 4,394,093	$ 1,228,247	$ 5,622,340

(1) The interest rates in effect at June 30, 2021 on the first mortgage notes payable and the note payable - bank were used to calculate the estimated interest on these debt obligations.

Note 15 - FSU Foundation lines of credit

On August 23, 2017, the Foundation renewed, under substantially the same terms, its existing demand revolving working capital line of credit agreement with Workers' Credit Union which permits the Foundation to borrow up to $250,000. Pursuant to the provisions of the line of credit agreement, maximum advances under the line are limited to 70% of the pledged investment collateral unless otherwise approved by the lender. The renewed line of credit provided for interest at 5.25% through September 1, 2017 and, thereafter, at The Wall Street Journal Prime Rate plus 1%. The interest rate charged to the Foundation may not exceed a rate of 18%. On January 31, 2019, the line of credit agreement was modified to change the interest rate to The Wall Street Journal Prime Rate plus 0%. At June 30, 2021 and 2020, the effective interest rate was 3.00% per annum. In fiscal 2021, $250,000 was borrowed on the line of credit to assist with short-time cash flow in purchasing a property abutting the University. The amount was repaid in full in January 2021. Accordingly, as of June 30, 2021 and 2020, there was no outstanding liability under the line of credit.

Borrowings under the line are secured by investments with an equivalent fair value of approximately $12,544,000 and $9,916,000, respectively, at June 30, 2021 and 2020. The line is also collateralized by all funds held by the lender. At June 30, 2021, the Foundation has total cash balances of approximately $59,000 held by the lender. The Foundation may prepay outstanding revolving loans under the agreement in whole or in part without premium or penalty. The line of credit agreement expires on March 25, 2022.

On August 18, 2016, the Foundation Supporting Organization entered into a demand unsecured revolving line of credit agreement with Rollstone Bank and Trust which permits the Foundation Supporting Organization to borrow up to $250,000. The line of credit provides for interest at The Wall Street Journal Prime Rate less .25% (effective rates of 3.0% at June 30, 2021 and 3.25% at June 30, 2020). The line of credit agreement expired on August 18, 2017. The line of credit was extended through November 30, 2017, and again through November 30, 2018, under the same terms and conditions of the previous agreement. On November 30, 2018, the line of credit was renewed through November 30, 2020 and again through November 30, 2021. The Foundation Supporting Organization may prepay outstanding revolving loans under the agreement in whole or in part at any time without premium or penalty. The line of credit agreement contains, among other covenants, the maintenance of a debt service coverage ratio, as defined, of at least 1.00 to 1. In addition, the agreement provides that

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the line of credit be brought to a zero balance for 30 consecutive days annually during the term of the agreement. As of June 30, 2021, the Foundation Supporting Organization had no amounts outstanding on this line of credit. For the year ended June 30, 2020, the Foundation Supporting Organization made payments of $250,000 under the line of credit agreement. The balance outstanding as of June 30, 2021 and 2020 was $0 and $250,000, respectively.

Note 16 - Long-term liabilities

Long-term liability activity of the University for the year ended June 30, 2021 included the following:

	Totals June 30, 2020	Additions	Reductions	Totals June 30, 2021 Ending balance	Totals June 30, 2021 Current portion
Interagency payables	$ 57,940,105	$ -	$ 2,917,647	$ 55,022,458	$ 2,523,772
Total	57,940,105	-	2,917,647	55,022,458	2,523,772
Other liabilities:					
Capital lease obligation	390,363	-	259,068	131,295	131,295
Workers' compensation	478,124	714,532	104,231	1,088,425	131,181
Compensated absences	5,741,743	3,204,081	3,584,425	5,361,399	3,243,931
Loan payable - federal financial assistance	1,354,371	35,914	235,493	1,154,792	-
Net pension liability	12,763,415	7,327,738	-	20,091,153	-
Net OPEB liability	24,061,207	1,791,398	-	25,852,605	-
Total other liabilities	44,789,223	13,073,663	4,183,217	53,679,669	3,506,407
Long-term obligations	$ 102,729,328	$ 13,073,663	$ 7,100,864	$ 108,702,127	$ 6,030,179

Long-term liability activity of the University for the year ended June 30, 2020 included the following:

	Totals June 30, 2019	Additions	Reductions	Totals June 30, 2020 Ending balance	Totals June 30, 2020 Current portion
Interagency payables	$ 61,955,383	$ -	$ 4,015,278	$ 57,940,105	$ 4,038,987
Total	61,955,383	-	4,015,278	57,940,105	4,038,987
Other liabilities:					
Capital lease obligation	644,803	-	254,440	390,363	259,038
Workers' compensation	590,806	16,114	128,796	478,124	104,231
Compensated absences	5,505,350	3,574,035	3,337,642	5,741,743	3,584,425
Loan payable - federal financial assistance	1,871,966	28,884	546,479	1,354,371	-
Net pension liability	12,484,412	279,003	-	12,763,415	-
Net OPEB liability	27,318,264	-	3,257,057	24,061,207	-
Total other liabilities	48,415,601	3,898,036	7,524,414	44,789,223	3,947,694
Long-term obligations	$ 110,370,984	$ 3,898,036	$ 11,539,692	$ 102,729,328	$ 7,986,681

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Long-term liability activity of FSU Foundation for the year ended June 30, 2021 included the following:

	Totals June 30, 2020	Additions	Reductions	Totals June 30, 2021 Ending balance	Totals June 30, 2021 Current portion
First mortgage notes payable	$ 3,324,302	$ 1,559,169	$ 963,679	$ 3,919,792	$ 204,207
Notes payable - bank	474,686	-	20,892	453,794	21,677
Long-term obligations	$ 3,798,988	$ 1,559,169	$ 984,571	$ 4,373,586	$ 225,884

Long-term liability activity of FSU Foundation for the year ended June 30, 2020 included the following:

	Totals June 30, 2019	Additions	Reductions	Totals June 30, 2020 Ending balance	Totals June 30, 2020 Current portion
First mortgage notes payable	$ 3,545,519	$ -	$ 221,217	$ 3,324,302	$ 233,256
Notes payable - bank	494,807	-	20,121	474,686	20,924
Long-term obligations	$ 4,040,326	$ -	$ 241,338	$ 3,798,988	$ 254,180

Note 17 - Net position

Unrestricted net position is comprised of net position that is not subject to externally imposed stipulations; however, they may be subject to internal restrictions. For example, unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Certain unrestricted net position is internally designated for academic and research programs and initiatives, and graduate and continuing education programs. Designated unrestricted net position was $22,004,241 and $16,866,925 at June 30, 2021 and 2020, respectively. Undesignated unrestricted net position was $(28,534,838) and $(28,325,313) at June 30, 2021 and 2020, respectively.

At June 30, 2021 and 2020, the net investment in capital assets amount of $129,112,613 and $125,001,606, respectively, includes the effect of deferring the recognition of revenue from the installment payments associated with the dining facilities service concession arrangement. At June 30, 2021 and 2020, $739,306 and $985,740, respectively, of the balance of the deferred inflow of resources has been included, as a reduction, in the calculation of net investment in capital assets. This amount will be recognized as revenue and increase the net investment in capital assets net position over the remaining term of the arrangement.

Note 18 - Net position restricted by enabling legislation

Fitchburg State University Foundation, Inc.'s statements of net position as of June 30, 2021 and 2020 reflect a restricted net position of $25,906,609 and $20,972,243, respectively. Of these amounts, $2,357,931 for each year, are restricted by enabling legislation for the State Matching Funds Program.

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Note 19 - Operating expenses

The University's operating expenses for the years ended June 30, 2021 and 2020, on a natural classification basis, are comprised of the following:

	2021	2020
Salaries		
Faculty	$ 24,429,739	$ 25,440,450
Exempt wages	4,260,161	4,698,921
Non-exempt wages	20,526,788	21,363,362
Benefits	20,531,979	17,961,852
Scholarships	4,683,734	5,616,414
Utilities	4,384,739	4,301,064
Supplies and other services	24,724,987	28,206,176
Depreciation	11,447,580	11,032,465
Bad debt expense	103,825	176,593
Total operating expenses	$ 115,093,532	$ 118,797,297

Note 20 - State controlled accounts

Certain significant costs and benefits associated with the operations of the University are appropriated, expended, controlled, and reported by the Commonwealth through non-University line items in the Commonwealth's budget. Under generally accepted accounting principles, such transactions must be recorded in the financial statements of the University. These transactions include payments by the Commonwealth for the employer's share of funding the Massachusetts State Employees' Retirement System and for the employer's share of health care premiums.

The estimated amounts of funding attributable for the Commonwealth's retirement system contribution and the employer's share of health care premiums for the years ended June 30, 2021, 2020, and 2019 were as follows (see State appropriations under Note 24):

	2021	2020	2019
Commonwealth's retirement system contributions	$ 5,416,674	$ 5,021,593	$ 4,427,126
Employers share of health care premium	$ 7,110,892	$ 6,615,645	$ 7,169,153

Note 21 - Retirement plan

Substantially all of the University's full-time employees are covered by the Massachusetts State Employees' Retirement System ("MSERS"). MSERS, a public employee retirement system ("PERS"), is a cost-sharing multi-employer defined benefit plan that is administered by the Massachusetts State Retirement Board and covers substantially all non-student employees. The Commonwealth does not issue separately audited financial statements for the plan. The financial position and results of

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operations of the plan are incorporated into the Commonwealth's financial statements, a copy of which may be obtained from the Office of the State Comptroller, Commonwealth of Massachusetts, One Ashburton Place, Room 901, Boston, MA 02108.

MSERS provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws ("MGL") establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after 10 years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of creditable service or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65; for certain hazardous duty and public safety positions, normal retirement is at age 55. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

The MSERS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MSERS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

Member contributions for MSERS vary depending on the most recent date of membership:

Hire date	% of compensation
Prior to 1975	5% of regular compensation
1975 to 1983	7% of regular compensation
1984 to June 30, 1996	8% of regular compensation
July 1, 1996 to present	9% of regular compensation
1979 to present	An additional 2% of regular compensation in excess of $30,000

In addition, members of Group 1 who join the system on or after April 2, 2012 will have their withholding rate reduced to 6% after achieving 30 years of creditable service.

The University is not required to contribute from its appropriation allocation or other University funds to MSERS for employees compensated from State appropriations. For University employees covered by MSERS but compensated from a trust fund or other source, the University is required to contribute an amount determined as a percentage of compensation in accordance with a fringe benefit rate established by the State. The total amount of current funding by the State related to the University's employees during 2021, 2020, and 2019 was $5,416,674, $5,021,593, and $4,427,126, respectively. The total amount of funding by the University related to the University's employees compensated from a trust fund or other source during 2021, 2020, and 2019 was $913,619, $1,265,410, and $868,517, respectively. Annual covered payroll was approximately 58%, 81%, and 81% of annual total payroll for the University in 2021, 2020, and 2019, respectively.

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At June 30, 2021 and 2020, the University reported a liability of $20,091,153 and $12,763,415, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and 2019, respectively, and the State's total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019 and 2018. The University's proportion of the net pension liability was based on an effective contribution methodology, which allocates total contributions amongst the employers in a consistent manner based on an employer's share of total covered payroll. At June 30, 2021, the University's proportion was 0.1171%, which was an increase of 0.0299% from its proportion measured as of June 30, 2020. At June 30, 2020, the University's proportion was 0.0872%, which was an increase of 0.0072% from its proportion measured as of June 30, 2019.

For the years ended June 30, 2021 and 2020, the University recognized pension expense of $8,771,712 and $7,268,364, respectively.

At June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	$ 1,139,139	$ -
Net difference between projected and actual earnings on pension plan investments	1,104,419	-
Difference between expected and actual experience	639,271	130,005
Changes in proportion due to internal allocation	3,574,472	600,838
Changes in proportion from Commonwealth	15,173	48,970
University contributions subsequent to the measurement date	913,619	-
Total	$ 7,386,093	$ 779,813

The $913,619 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2022	$ 1,122,959
2023	1,647,940
2024	1,718,212
2025	1,131,078
2026	72,472
Total	$ 5,692,661

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At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	$ 946,080	$ -
Net difference between projected and actual earnings on pension plan investments	-	190,382
Difference between expected and actual experience	423,876	165,995
Changes in proportion due to internal allocation	604,115	814,319
Changes in proportion from Commonwealth	22,534	648
University contributions subsequent to the measurement date	1,265,411	-
Total	$ 3,262,016	$ 1,171,344

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of January 1, 2019 rolled forward to June 30, 2020. This valuation used the following assumptions:

1. (a) 7.15% investment rate of return (7.25% investment rate of return for the year ended June 30, 2019), (b) 3.50% interest rate credited to the annuity savings fund and (c) 3.00% cost of living increase per year on the first $13,000 of allowance each year.

2. Salary increases are based on analyses of past experience but range from 4.00% to 9.00% depending on group and length of service.

3. Mortality rates were as follows:

   (i) Pre-retirement - reflects RP-2014 Blue Collar Employees Table projected generationally with Scale MP-2016, set forward 1 year for females.

   (ii) Post-retirement - reflects RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2016, set forward 1 year for females.

   (iii) Disability - the mortality rate reflects RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2016, set forward 1 year.

4. Experience studies were performed as follows:

   (i) Dated February 27, 2014 and encompasses the period January 1, 2006 to December 31, 2011, updated to reflect actual experience from 2012 through 2016 for post-retirement mortality.

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Investment assets of MSERS are with the Pension Reserves Investment Trust ("PRIT") Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2020 and 2019 are summarized in the following table:

	Target allocation		Long-term expected real rate of return	
Asset class	2020	2019	2020	2019
Global equity	39.00%	39.00%	4.80%	4.90%
Core fixed income	15.00%	15.00%	0.70%	1.30%
Private equity	13.00%	13.00%	8.20%	8.20%
Portfolio completion strategies	11.00%	11.00%	3.20%	3.90%
Real estate	10.00%	10.00%	3.50%	3.60%
Value added fixed income	8.00%	8.00%	4.20%	4.70%
Timberland/natural resources	4.00%	4.00%	4.10%	4.10%
Total	100.00%	100.00%		

The discount rate used to measure the total pension liability for the measurement years ended June 30, 2020 and 2019 was 7.15% and 7.25%, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the University's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the University's proportionate share of the net pension liability calculated using the discount rates of 7.15% and 7.25%, respectively, for the measurement years ended June 30, 2020 and 2019, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15%, 2020, and 6.25%, 2019) or 1-percentage-point higher (8.15%, 2020, and 8.25%, 2019) than the current rates:

Measurement year ended	1% decrease	Discount rate	1% increase
June 30, 2020	$ 26,471,563	$ 20,091,153	$ 14,847,267
June 30, 2019	$ 16,988,523	$ 12,763,415	$ 9,153,268

Detailed information about the pension plan's fiduciary net position is available in the Commonwealth's financial statements.

Note 22 - Fringe benefits for current employees and post-employment obligations - pension and non-pension

The University participates in the Commonwealth's Fringe Benefit programs, including active employee and post - employment health insurance, unemployment, pension, and workers' compensation benefits.

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Health insurance and pension costs for active employees and retirees are paid through a fringe benefit rate charged to the University by the Commonwealth.

On-behalf payments of fringe benefits for benefited employees on the Commonwealth's payroll are recognized as revenues and expenses in the University's financial statements in each of the fiscal years presented.

Post-employment other than pensions
In addition to providing pension benefits, under Chapter 32A of the Massachusetts General Laws, the Commonwealth is required to provide certain health care and life insurance benefits for retired employees of the Commonwealth. Substantially all of the Commonwealth's employees may become eligible for these benefits if they reach retirement age while working for the Commonwealth. Eligible retirees are required to contribute a specified percentage of the health care/benefit costs, which are comparable to contributions required from employees.

The Commonwealth administers a single employer defined benefit Postemployment Benefits Other Than Pensions ("OPEB") Plan. Benefits are managed by the Group Insurance Commission ("GIC") and investments are managed by the Pension Reserves Investment Management ("PRIM") Board. The State Retirement Benefits Trust Fund ("SRBT") is set up solely to pay for OPEB benefits and the cost to administer those benefits. Management of the SRBT is vested with a board of trustees, which consists of 7 members. GIC administers benefit payments, while the Trustees are responsible for investment decisions. The SRBT is reported as an OPEB Trust Fund and does not issue a stand-alone audited financial report. The financial position and results of operations of the plan are incorporated in the Commonwealth's financial statements, a copy of which may be obtained from the Office of the State Comptroller, Commonwealth of Massachusetts, One Ashburton Place, Room 901, Boston, MA 02108.

During the fiscal years ended on June 30, 2021 and 2020, the GIC provided health insurance for its members through indemnity, PPO, and HMO plans. The GIC also administered carve-outs for the pharmacy benefit and mental health and substance abuse benefits for certain of its health plans. In addition to health insurance, the GIC sponsors life insurance, long-term disability insurance (for active employees only), dental and vision coverage for employees not covered by collective bargaining, a retiree discount vision plan and retiree dental plan, and finally, a pre-tax health care spending account and dependent care assistance program (for active employees only).

Employer and employee contribution rates are set in Massachusetts General Law. The Commonwealth recognizes its share of the costs on an actuarial basis. As of June 30, 2021 and 2020 and as of the valuation date (January 1, 2020), Commonwealth participants contributed 10% to 20% of premium costs, depending on the date of hire and whether the participant is active, retiree, or survivor status.

At June 30, 2021 and 2020, the University reported a liability of $25,852,605 and $24,061,207, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020 and 2019, and the Commonwealth's total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2020 and 2019. The University's proportion of the net OPEB liability was based on an effective contribution methodology which allocates total actual contributions amongst the employers in a consistent manner based on an employer's share of total covered payroll. At June 30, 2021, the University's proportion was 0.1249%, which was a decrease of 0.0066% from its proportion measured as of June 30, 2020. As of June 30, 2020, the University's proportion was 0.1315%, which was a decrease of 0.0156% from its proportion measured as of June 30, 2019.

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The amount of funding by the University related to benefits other than OPEB for the years ended June 30, 2021, 2020 and 2019 were $20,531,979, $17,961,852 and $17,941,745, respectively, which equaled the required contributions each year charged to it through the Commonwealth's fringe benefit recovery program. The total amount of current funding by the State related to the OPEB portion of fringe benefits for the University's employees during 2021, 2020 and 2019 was $2,650,879, $2,392,217 and $2,922,864, respectively. The total amount of funding by the University related to the OPEB portion of fringe benefits for the University's employees compensated from a trust fund or other source during 2021, 2020 and 2019 was $528,286, $655,514 and $633,318, respectively.

For the years ended June 30, 2021 and 2020, the University recognized OPEB expense of $4,218,809 and $4,523,332, respectively.

At June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	$ 2,129,005	$ 2,498,565
Net differences between projected and actual investment earnings on OPEB plan investments	74,750	-
Difference between expected and actual experience	713,482	638,130
Changes in proportion due to internal allocation	2,365,871	3,045,075
Changes in proportion from Commonwealth	39,180	87,799
University contributions subsequent to the measurement date	479,752	-
Total	$ 5,802,040	$ 6,269,569

The $479,752 reported as deferred outflows of resources related to OPEB resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources as a result of the University's requirement to contribute to the Plan will be recognized in expense as follows:

Year ending June 30:	
2022	$ (1,793,909)
2023	(1,273,024)
2024	495,024
2025	604,549
2026	1,020,079
Total	$ (947,281)

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At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Changes of assumptions	$ 18,514	$ 3,618,187
Net differences between projected and actual investment earnings on OPEB plan investments	-	11,066
Difference between expected and actual experience	964,967	30,812
Changes in proportion due to internal allocation	3,316,789	2,573,670
Changes in proportion from Commonwealth	58,669	-
University contributions subsequent to the measurement date	655,514	-
Total	$ 5,014,453	$ 6,233,735

The total OPEB liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of January 1, 2020 rolled forward to June 30, 2020. This valuation used the following assumptions:

1. The following annual healthcare cost trend rates: (1) 7.0%, decreasing by 0.5% each year to 5.5% in 2023 and then decreasing 0.25% each year to an ultimate rate of 4.5% in 2026 for medical (7.5%, decreasing by 0.5% each year to an ultimate rate of 5.5% in 2023 for medical for the year ended June 30, 2019) and (2) 4.0% for administration costs (4.5% for the year ended June 30, 2019). Healthcare costs are offset by reimbursements for Employer Group Waiver Plans ("EGWP"), which are assumed to increase 5.0% per year until 2025, then decrease to 4.5% in 2026.

2. The mortality rate was in accordance with RP 2014 Blue Collar Mortality Table projected with scale MP-2016 from the central year, with females set forward one year.

3. Participation rates:

   (i) 100% of all retirees who currently have health care coverage will continue with the same coverage, except that retirees under age 65 with POS/PPO coverage switch to Indemnity at age 65 and those over age 65 with POS/PPO coverage switch to HMO.

   (ii) All current retirees, other than those indicated on the census data as not being eligible by Medicare, have Medicare coverage upon attainment of age 65, as do their spouses. All future retirees are assumed to have Medicare coverage upon attainment of age 65.

   (iii) 85% for both years ended June 30, 2020 and 2019 of current and future contingent eligible participants will elect health care benefits at age 55, or current age if later.

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(iv) Actives, upon retirement, take coverage, and are assumed to have the following coverage:

	Retirement Age	
	Under 65	Age 65 +
Indemnity	28.0%	96.0%
POS/PPO	60.0%	0.0%
HMO	12.0%	4.0%

Investment assets of the Plan are with the Pension Reserves Investment Trust ("PRIT") Fund. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2020 and 2019 are summarized in the following table:

	Target allocation		Long-term expected real rate of return	
Asset class	2020	2019	2020	2019
Global equity	39.00%	39.00%	4.80%	4.90%
Core fixed income	15.00%	15.00%	0.70%	1.30%
Private equity	13.00%	13.00%	8.20%	8.20%
Portfolio completion strategies	11.00%	11.00%	3.20%	3.90%
Real estate	10.00%	10.00%	3.50%	3.60%
Value added fixed income	8.00%	8.00%	4.20%	4.70%
Timberland/natural resources	4.00%	4.00%	4.10%	4.10%
Total	100.00%	100.00%		

The discount rates used to measure the OPEB liability as of June 30, 2020 and 2019 were 2.28% and 3.63%, respectively. These rates were based on a blend of the Bond Buyer Index rates of 2.21% and 3.51%, respectively, as of the measurement dates June 30, 2020 and 2019, respectively, and the expected rates of return on plan investments of 7.15% and 7.25%, respectively. The plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current plan members. The projected "depletion date" when projected benefits are not covered by projected assets is 2028 (2029 for the year ended June 30, 2019). Therefore, the long-term expected rate of return on plan investments was not applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2020 and 2019.

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The following presents the University's proportionate share of the net OPEB liability calculated using the discount rate as well as what the University's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Measurement year ended	1% decrease	Discount rate	1% increase
June 30, 2020 (a)	$ 31,067,852	$ 25,852,605	$ 21,732,290
June 30, 2019 (b)	28,721,305	24,061,207	20,376,695

(a) The discount rates as of June 30, 2020 are as follows: 2.28% (current); 1.28% (1% decrease) and 3.28% (1% increase).

(b) The discount rates as of June 30, 2019 are as follows: 3.63% (current); 2.63% (1% decrease) and 4.63% (1% increase).

The following presents the University's proportionate share of the net OPEB liability calculated using the current healthcare cost trend rate as well as what the University's proportionate share of the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Measurement year ended	1% decrease (b)	Healthcare cost trend rates (a)	1% increase (c)
June 30, 2020	$ 21,075,698	$ 25,852,605	$ 32,302,227
June 30, 2019	19,819,472	24,061,207	29,644,526

(a) The current healthcare cost trend rates are as follows: 7.15% (June 30, 2020) and 7.5% (June 30, 2019) for medical, and 5.0% per year until 2025, then decrease to 4.0% in 2026 (June 30, 2020) and 4.5% (June 30, 2019) for Employer Group Waiver Plan and 4.0% (June 30, 2020) and 4.5% (June 30, 2019) for administration costs.

(b) The healthcare cost trend rates after a 1% decrease are as follows: 6.15% (June 30, 2020) and 6.5% (June 30, 2019) for medical, 4.0% per year until 2025, then decrease to 3.0% in 2026 (June 30, 2020) and 3.5% (June 30, 2019) for Employer Group Waiver Plan and 3.0% (June 30, 2020) and 3.5% (June 30, 2019) for administration costs.

(c) The healthcare cost trend rates after a 1% increase are as follows: 8.15% (June 30, 2020) and 8.5% (June 30, 2019) for medical, 6.0% per year until 2025, then decrease to 5.0% in 2026 (June 30, 2020) and 5.5% (June 30, 2019) for Employer Group Waiver Plan and 5.0% (June 30, 2020) and 5.5% (June 30, 2019) for administration costs.

Detailed information about the OPEB plan's changes in net OPEB liability, fiduciary net position, and employees covered by benefit terms separately identified by: a) Inactive employees currently receiving benefit payments, b) Inactive employees entitled to but not yet receiving benefit payments, and c) Active employees is available in the Commonwealth's financial statements.

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Note 23 - Lease and license agreements

As disclosed in Note 14, the Foundation Supporting Organization entered into a long-term operating lease agreement with DCAMM on behalf of the University. The lease commenced on August 16, 2006 and expired on August 16, 2016. The lease provided for base rent of $165,000 per year, payable in monthly installments of $13,750, for the entire lease term. The University was also responsible for the payment of normal operating, maintenance and repair costs associated with its use of the property. The lease continued in effect, after its expiration, under the same terms and conditions until March 9, 2017 when the Foundation Supporting Organization signed a new 10-year lease with the same terms and conditions as the previous agreement. The new lease agreement became effective as of August 16, 2016. For the years ended June 30, 2021 and 2020, rental income amounted to $165,000 in each year. The rental income is reflected in revenue from sales and services of educational departments in the accompanying statements of revenues, expenses and changes in net position. The corresponding rent expense of the University is reflected in operations and maintenance of plant.

The following is a schedule of future minimum rental income under the operating lease agreement at June 30, 2021:

Year ending June 30,	Amount
2022	$ 165,000
2023	165,000
2024	165,000
2025	165,000
2026	165,000
Later years	20,625
	$ 845,625

On August 6, 2008, the Foundation Supporting Organization entered into a 10-year operating lease agreement with an unrelated third party for 2,350 square feet of office space located in Fitchburg, Massachusetts. The lease commenced on November 1, 2008 and shall expire on October 31, 2018. The space is being used by Fitchburg State University as office and classroom space for its Center for Professional Studies. The lease provided for a base annual rent of $17,625 for each of the first three years of the lease term, payable in monthly installments of $1,469. Beginning with the fourth year of the lease there will be a 7.5% increase at the commencement of each three-year period of the lease term, including the continuous period of any extensions thereof. On November 1, 2011, the base annual rent increased to $18,947 for the next three-year period of the lease term payable in monthly installments of $1,579. On July 1, 2014, the Foundation Supporting Organization entered into an amended operating lease agreement with the unrelated third party adding 20 parking spaces for use in conjunction with the above mentioned office space and extending the lease term through June 30, 2019. The amended lease provides for a base annual rent of $28,495 for each of the first three years of the lease term, payable biannually in installments of $14,247. On July 1, 2017, the annual rent on the lease shall increase by 7.5% to $30,632 (biannual installments of $15,316). On July 1, 2019, the Foundation Supporting Organization extended the lease agreement for another three year term which provides for a base annual rent of $30,632 and will increase 2% annually. The Foundation Supporting Organization may extend the initial term of the lease, under the same terms and conditions, for successive periods of one year provided it is not then in default of the lease terms and it gives proper notice. The Foundation Supporting Organization may cancel the lease at any time with the payment of two months' base rent

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as a termination charge. The Foundation Supporting Organization is also responsible for the payment of normal operating, maintenance and repair costs associated with the use of the property. For the years ended June 30, 2021 and 2020, rent expense amounted to $30,632 in each year.

The future minimum rental payments under this operating lease agreement at June 30, 2021 are $31,870 and $32,507 for both fiscal years ending June 30, 2022 and 2023.

On February 1, 2013, the Foundation Supporting Organization entered into a 10-year operating lease agreement with the above noted unrelated third party for an additional 1,424 square feet of office space located in Fitchburg, Massachusetts. The lease commenced on February 1, 2013 and shall expire on January 31, 2023. The space is being used by Fitchburg State University for additional office and classroom space. The lease provides for a base annual rent of $5,696 payable in monthly installments of $475. Effective July 1, 2017, the lease agreement was amended to extend the term of the lease until June 30, 2023 and modify the lease payment provisions to be in biannual installments of $2,848. The Foundation Supporting Organization may extend the initial term of the lease, under the same terms and conditions, for successive periods of one year, provided it is not then in default of the lease terms and it gives proper notice. The Foundation Supporting Organization may cancel the lease at any time after February 1, 2014 with the payment of two months base rent as a termination charge. The Foundation Supporting Organization is also responsible for the payment of normal operating, maintenance and repair costs associated with the use of the property. For the years ended June 30, 2021 and 2020, rent expense amounted to $5,696 in each year.

The following is a schedule of future minimum rental payments under this operating lease agreement at June 30, 2021:

Year ending June 30,	Amount
2022	$ 5,696
2023	5,696
	$ 11,392

The Foundation Supporting Organization and the University are parties to License Agreements whereby the Foundation Supporting Organization granted to the University irrevocable and exclusive licenses to occupy, manage, maintain and operate certain property owned by the Foundation Supporting Organization. The License Agreements provide for initial terms of one year and automatic annual renewals thereafter. The License Agreements provide for annual license fees payable, in arrears, in four equal quarterly installments. All costs to operate and maintain the property, including any capital improvements made thereto, shall be borne by the University. The License Agreements may be terminated by either party upon the expiration of the initial term of the agreements and any subsequent renewal term with the giving of proper notice. In addition, the University may terminate the agreements at any time with the giving of proper notice. For the years ended June 30, 2021 and 2020, license fee income for the Foundation Supporting Organization amounted to $365,337 and $545,661, respectively. The license fee income is reflected in revenue from sales and services of educational departments in the accompanying statements of revenues, expenses and changes in net position. The corresponding license fee expense of the University is reflected in operations and maintenance of plant.

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On June 22, 2018, the Foundation Supporting Organization entered into a three-year operating lease agreement with an unrelated third party to lease a minor portion of a building acquired in fiscal year 2018. The lease agreement provides for monthly lease payments of $1,600 commencing on July 1, 2018. The lease agreement was amended effective July 1, 2019 and provided for monthly lease payment of $1,358. A new five-year lease commenced on July 1, 2021 with a monthly lease payment of $1,958. For the years ended June 30, 2021 and 2020, rental income amounted to $22,968 and $21,255, respectively.

Note 24 - Management Accounting and Reporting System

Section 15C of Chapter 15A of the Massachusetts General Laws requires Commonwealth colleges and universities to report activity of campus based funds to the Comptroller of the Commonwealth on the Commonwealth's Statewide Accounting System, Massachusetts Management Accounting and Reporting System ("MMARS"), on the statutory basis of accounting. The statutory basis of accounting is a modified accrual basis of accounting and differs from the information included in these financial statements. The amounts reported on MMARS meet the guidelines of the Comptroller's Guide for Higher Education Audited Financial Statements.

State appropriations

The University's State appropriations are comprised of the following for the years ended June 30, 2021 and 2020:

	2021	2020
Gross State appropriations	$ 44,162,796	$ 34,644,875
Add: Fringe benefits for benefited employees on the Commonwealth payroll	12,527,566	11,637,238
Less: Day school tuition remitted to the Commonwealth and included in tuition and fee revenue	(468,982)	(875,599)
Net State appropriations	$ 56,221,380	$ 45,406,514

$45,829,701 and $44,088,228 represent appropriations for maintenance and payroll and other noncapital appropriations during 2021 and 2020, respectively, and $10,391,679 and $1,318,286 represent appropriations for capital improvements for 2021 and 2020, respectively. These amounts are presented separately in the accompanying statements of revenues, expenses and changes in net position.

Day school tuition receipts and transfers have been recorded in an agency fund during the year and had no material balance outstanding at June 30, 2021 and 2020.

Note 25 - Risk management

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Commonwealth is self-insured. In addition, the University maintains commercial insurance coverage for certain of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. The separate insurance policies maintained by the University consist of Director and

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June 30, 2021 and 2020

Officer's liability, automobile liability, and a foreign package policy. There were no significant reductions in insurance coverage from coverage in the prior year. The costs of settled claims have not exceeded policy coverage in any of the past three years.

The University also participates in the Commonwealth's self-insured programs for employee workers' compensation, health care and other insurance. The Commonwealth assesses the costs of workers' compensation and unemployment insurance to the University based on the University's actual experience (see Note 7). The Commonwealth manages workers' compensation as part of its general operations. No separate fund for workers' compensation is provided for in Massachusetts General Laws. The Commonwealth assesses the costs of health care insurance to the University through a fringe benefit rate and the liability for such coverage is borne by the Commonwealth. The Commonwealth's Group Insurance Commission manages health insurance and other benefits for the Commonwealth's active and retired employees (see Note 22).

Massachusetts General Laws limit the risk assumed by the Commonwealth for claims of personal injury or property damages to $100,000 per occurrence, in most circumstances.

Note 26 - Commitments and contingencies

Pending or threatened lawsuits against governmental agencies arise in the ordinary course of operations. In the opinion of the University's administration, the ultimate resolution of any legal actions at this date will not result in a material loss to the University since most of any obligation is expected to be paid from state appropriated funds.

The University receives significant financial assistance from federal and state agencies in the form of grants. Expenditure of funds under these programs require compliance with the grant agreements and are subject to audit by representatives of these federal and state agencies. Any disallowed expenditures resulting from such audits become a liability of the University. In the opinion of management, such liabilities, if any, are not expected to materially affect the financial condition of the University.

The University participates in the Massachusetts College Savings 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 changes in the Consumer Price Index plus 2%. The University is obligated to accept as payment of tuition the amount determined by this program without regard to the standard tuition rate in effect at the time of the individual's enrollment at the University. The effect of this program cannot be determined as it is contingent on future tuition increases and the bond purchasers who attend the University.

The University can perform capital projects that are funded and controlled by another State agency. These projects would be paid from funds appropriated and under the control of DCAMM. The Projects generally consist of renovations and improvements and have been recorded in the respective accounts.

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Notes to Financial Statements
June 30, 2021 and 2020

Note 27 - McKay Agreement

The University has an agreement with the City of Fitchburg, whereby the City can use the McKay building to provide elementary education to local residents on a year to year basis. The University receives quarterly payments from the City to reimburse the University for its share of payroll and related operating expenses (the "McKay School expenditures"). Reimbursements received for both years ended June 30, 2021 and 2020 were $810,487. These reimbursements are included in the Sales and Services of Educational Departments revenue amount and the McKay School expenditures are included in the appropriate categories under Operating Expenses in the accompanying statements of revenues, expenses and changes in net position.

Note 28 - Civic Center

In August 2006, the University and the City of Fitchburg entered into a Memorandum of Understanding in which the University would assume responsibility for the operations, management and maintenance of the George R. Wallace, Jr. Civic Center and the Alice G. Wallace Planetarium (collectively, the "Civic Center"). The Civic Center includes two skating rinks and the adjoining planetarium. The Commonwealth of Massachusetts acting by and through DCAMM on behalf of the University entered into a lease agreement for the Civic Center with the City of Fitchburg and the Board of Trustees of the Civic Center. The lease commenced on October 1, 2007 and is for a term of 99 years. The lease provided for an initial nominal rent payment and is otherwise a net lease. Pursuant to the terms of the lease, the University has complete authority, at its sole discretion, to do all such acts and deeds as it deems reasonably necessary to manage, maintain and operate the Civic Center for the permitted uses specified in the lease agreement. The University is responsible for payment, from net revenues generated by its operation of the Civic Center, of all costs associated with the maintenance and operation of the Civic Center, and certain other payments as specified in the lease agreement. DCAMM, at the instruction of the University and with 60 days prior written notice, may terminate the lease in the event that the University, in its sole discretion, determines that continuation of the lease is not in the interest of the University.

During fiscal 2007, the University commenced initial management, maintenance and operations activities at the Civic Center in anticipation of the lease agreement being executed. The Commonwealth of Massachusetts Legislature appropriated an aggregate amount of $2,500,000 for repairs and upgrades to the Civic Center. During fiscal 2008, the University made repairs and upgrades to the Civic Center for an aggregate cost of $2,477,381. The University engaged the services of a professional management company, Facilities Management Corporation ("FMC"), to assist with management, maintenance and operations activities of the ice-skating rink program at the Civic Center. The initial management contract expired on December 31, 2008.

On February 1, 2009, the Commonwealth acting by and through DCAMM on behalf of the University entered into a sublease agreement with FMC for a term of 25 years commencing on the date of the agreement. The sublease agreement is a net lease and, accordingly, FMC is responsible for all costs associated with the operations, management, and maintenance of the sublease premises as well as repairs and required capital improvements. The sublease premises consist of the facilities and related equipment associated with the operation of a public ice-skating rink program. The planetarium is not part of the sublease premises and it is not currently operational. FMC is also responsible for certain other payments for and on behalf of the University related to obligations in existence at the date the University initially assumed management of the Civic Center. During the term of the sublease agreement, FMC is required to pay the University monthly percentage rent based upon the actual gross

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revenues from its operations, as defined. During each of the first 10 years of the sublease term, no percentage rent is required.

Thereafter, for each of the years 11 through 25, percentage rent at the rate of 1% of actual gross revenues shall be due and payable on a monthly basis. However, in no event shall the aggregate amount of percentage rent paid by FMC during the sublease term be less than $107,155. For fiscal year 2021 and 2020, the percentage rent incurred by FMC was not material to the financial statements.

The University, officials of the City of Fitchburg, and the Board of Trustees of the Civic Center believe that their collective efforts will return the Civic Center to a vibrant place where the citizenries of the City of Fitchburg and its surrounding cities and towns can enjoy athletic, educational and cultural activities.

Required Supplementary Information

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Schedule of the University's Proportionate Share of the Net Pension Liability and Schedule of University Contributions
Year Ended June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
University's proportion of the collective net pension liability (asset)	0.1171%	0.0872%	0.0944%	0.0891%	0.0912%	0.0878%	0.0684%
University's proportionate share of the collective net pension liability (asset)	$ 20,091,153	$ 12,763,415	$ 12,484,412	$ 11,430,648	$ 12,580,841	$ 9,995,092	$ 5,078,817
University's covered payroll	$ 40,651,993	$ 41,831,191	$ 40,564,017	$ 37,747,018	$ 37,408,274	$ 37,167,634	$ 35,389,121
University's proportionate share of the collective net pension liability (asset) as a percentage of its covered payroll	49.42%	30.51%	30.78%	30.28%	33.63%	26.89%	14.35%
Plan fiduciary net position as a percentage of the total pension liability	62.48%	66.28%	67.91%	67.21%	63.48%	67.87%	76.32%

* The amounts presented for each fiscal year were determined as of 6/30.

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 6,330,293	$ 6,287,003	$ 5,295,643	$ 4,756,899	$ 3,977,525	$ 3,799,572	$ 3,946,690
Contributions in relation to the contractually required contribution	(6,330,293)	(6,287,003)	(5,295,643)	(4,756,899)	(3,977,525)	(3,799,572)	(2,912,032)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,034,658
University's covered payroll	$ 40,651,993	$ 41,831,191	$ 40,564,017	$ 37,747,018	$ 37,408,274	$ 37,167,634	$ 35,389,121
Contributions as a percentage of covered payroll	15.57%	15.03%	13.06%	12.60%	10.63%	10.22%	11.15%

See Independent Auditor's Report on Page 2 and Notes to Required Supplementary Information.

Fitchburg State University
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Notes to Required Supplementary Information - Pension
June 30, 2021

Note 1 - Changes in Pension Plan Benefit Terms and Assumptions

FY2020 Changes in Actuarial Assumptions

Changes of assumptions:

<u>Changes in the investment rate of return</u>

MSERS changed its discount rate to 7.15% from 7.25%.

FY2019 Changes in Actuarial Assumptions

Changes of assumptions:

<u>Changes in the investment rate of return</u>

MSERS changed its discount rate to 7.25% from 7.35%.

FY2018 Changes in Actuarial Assumptions

Changes of assumptions:

<u>Changes in the investment rate of return</u>

MSERS changed its discount rate to 7.35% from 7.50%.

<u>Change in mortality</u>

The following mortality assumption changes were made in the January 1, 2018 Actuarial Valuation:

- <u>Disabled members</u> - would reflect the same assumptions as for superannuation retirees, but with an age set forward of one year.

FY2017 Changes in Actuarial Assumptions

<u>Changes in benefit terms</u>

Chapter 79 of the Acts of 2014 established an early retirement incentive ("ERI") program for certain employees of the highway division of the Massachusetts Department of Transportation whose positions have been eliminated due to the automation of toll collections. Most members retiring under the ERI program had a date retirement of October 28, 2016. 112 members took the ERI and retired during FY2017. As a result, the total pension liability of MSERS increased by approximately $10 million as of June 30, 2017.

Changes in assumptions:

<u>Change in mortality</u>

- <u>Pre-retirement</u> - was changed to RP-2014 Blue Collar Employees table projected generationally with Scale MP-2016 set forward 1 year for females from RP-2000 Employees table projected generationally with scale BB and a base year of 2009 (gender distinct).

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Notes to Required Supplementary Information - Pension
June 30, 2021

- Post-retirement - was changed to RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2016 set forward 1 year for females from RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2009 (gender distinct).
- Disabled members - is assumed to be in accordance with the RP-2000 Healthy Annuitant Table projected generationally with Scale BB and a base year of 2015 (gender distinct), and is unchanged from the prior valuation.

Note 2 - Other information

This schedule is intended to present 10 years of data. Additional years will be presented when available.

Fitchburg State University
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Schedule of the University's Proportionate Share of the Net OPEB Liability and Schedule of University Contributions
Year Ended June 30, 2021

	2021	2020	2019	2018
University's proportion of the collective net OPEB liability (asset)	0.1249%	0.1315%	0.1471%	0.1272%
University's proportionate share of the total OPEB liability (asset)	$ 27,609,783	$ 25,861,235	$ 29,068,920	$ 23,499,661
Less: University's proportionate share of Plan fiduciary net position	1,757,179	1,800,028	1,750,656	1,266,987
University's proportionate share of the collective net OPEB liability (asset)	$ 25,852,605	$ 24,061,207	$ 27,318,264	$ 22,232,674
University's covered payroll	$ 40,651,993	$ 41,831,191	$ 40,564,017	$ 37,747,018
University's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	63.59%	57.52%	67.35%	58.90%
Plan fiduciary net position as a percentage of the total OPEB liability	6.40%	6.96%	6.01%	5.39%

* The amounts presented for each fiscal year were determined as of 6/30.

	2021	2020	2019	2018
Contractually required contribution	$ 3,179,165	$ 3,047,731	$ 3,556,181	$ 3,366,603
Contributions in relation to the contractually required contribution	(3,179,165)	(3,047,731)	(3,556,181)	(3,366,603)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
University's covered payroll	$ 40,651,993	$ 41,831,191	$ 40,564,017	$ 37,747,018
Contributions as a percentage of covered payroll	7.82%	7.29%	8.77%	8.92%

See Independent Auditor's Report on Page 2 and Notes to Required Supplementary Information.

Fitchburg State University
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Notes to Required Supplementary Information - OPEB
June 30, 2021

Note 1 - Changes in OPEB plan benefit terms and assumptions

FY2020 Changes in Actuarial Assumptions

Changes of assumptions:

Change in discount rate

The discount rate was decreased to 2.28% (based on a blend of the Bond Buyer Index rate of 2.21%).

Change in excise tax

The excise tax was removed.

Change in per capita claims costs

Per capita claims costs were updated based on changes in underlying claims and benefit provisions.

Change in medical trend rates

The medical trend rates were updated.

Change in salary scale

The salary scale assumption was updated from a constant 4% assumption to rates that vary by years of service and group classifications.

Change in future retirees' plan participation rates

The portion of future retirees cover a spouse was reduced from 80% to 60%.

Change in medical plan election rates

Retirees and spouses (if covered) are assumed to be non-Medicare eligible prior to age 65 and Medicare eligible at age 65, unless their spouse is over age 65 and non-Medicare eligible.

FY2019 Changes in Actuarial Assumptions

Changes of assumptions:

Change in base OPEB rates for medical and prescriptions

Annually, a recalibration of the underlying healthcare costs is preformed using healthcare cost experience from the GIC and developing new per person annual costs under the different health plan options. The expectation is that the new rates will be equal to the prior year rates plus one year of healthcare trend (medical inflation).

Change in trend of future costs

The healthcare trend rate decreased from 8.0% in FY2018 to 7.5% in FY2019, which impacts the high cost excise tax.

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Notes to Required Supplementary Information - OPEB
June 30, 2021

<u>Change in medical plan election rates</u>

The pre age 65 medical plan election percentages were updated to better reflect plan experience.

<u>Change in future retirees' plan participant rates</u>

Plan participation rate for future retirees was changed from 80% to 85% to better reflect recent plan experience plan experience.

<u>Change in discount rate</u>

The discount rate was decreased to 3.63% (based on a blend of the Bond Buyer Index rate (3.51%) as of the measurement date and the expected rate of return on assets) as required by GASB Statement No. 74.

FY2018 Changes in Actuarial Assumptions

Changes of assumptions:

<u>Change in base OPEB rates for medical and prescriptions</u>

Annually, a recalibration of the underlying healthcare costs is preformed using healthcare cost experience from the GIC and developing new per person annual costs under the different health plan options. The expectation is that the new rates will be equal to the prior year rates plus one year of healthcare trend (medical inflation).

<u>Change in trend of future costs</u>

The healthcare trend rate decreased from 8.5% in FY2017 to 8.0% in FY2018, which impacts the high cost excise tax.

<u>Change in mortality</u>

The following mortality assumption changes were made in the January 1, 2018 Actuarial Valuation:

- <u>Disabled members</u> - would reflect the same assumptions as for superannuation retirees, but with an age set forward of one year.

<u>Change in discount rate</u>

The discount rate was increased to 3.92% (based on a blend of the Bond Buyer Index rate (3.87%) as of the measurement date and the expected rate of return on assets) as required by GASB Statement No. 74.

Fitchburg State University
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Notes to Required Supplementary Information - OPEB
June 30, 2021

FY2017 Changes in Actuarial Assumptions

Changes of assumptions:

Change in discount rate

The discount rate was increased to 3.63% (based on a blend of the Bond Buyer Index rate (3.58%) as of the measurement date and the expected rate of return on assets) as required by GASB Statement No. 74. The June 30, 2016 discount rate was calculated to be 2.88%.

Note 2 - Other information

This schedule is intended to present 10 years of data. Additional years will be presented when available.

Supplementary Information

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Residence Hall Fund and Residence Hall Damage Fund Activity
June 30, 2021

The University's Residence Hall Fund and Residence Hall Damage Fund non-classified Statements of Net Position at June 30, 2021 are as follows:

Statements of Net Position

	Residence Hall Fund	Residence Hall Damage Fund
Assets		
Cash	$ 3,347,074	$ 7,605
Cash held by State Treasurer	218,402	-
Investments	1,146,234	279,889
Prepaid expenses	5,037	-
Accounts receivable, net	136,909	15,103
Total assets	4,853,656	302,597
Liabilities		
Accounts payable	65,114	-
Deposits	396,500	-
Salaries payable	97,476	-
Compensated absences	139,803	-
Deferred rental income	2,200	-
Total liabilities	701,093	-
Net position	$ 4,152,563	$ 302,597

See Independent Auditor's Report.

Fitchburg State University
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Residence Hall Fund and Residence Hall Damage Fund Activity
Year Ended June 30, 2021

The University's Residence Hall Fund and Residence Hall Damage Fund Statements of Revenues, Expenses and Changes in Net Position (presented in accordance with the Commonwealth's Expenditure Classification plan) for the year ended June 30, 2021 are as follows:

	Residence Hall Fund	Residence Hall Damage Fund
Revenues		
Student fees	$ 6,026,811	$ -
Interest	18,908	2,692
Investment income	174,856	24,896
Commissions	4,518	-
Rentals	200,005	-
Room damage assessments	-	18,305
Total revenues	6,425,098	45,893
Expenses		
Regular employee compensation	1,200,894	-
Regular employee related expenses	2,060	-
Special employee/contract services	96,106	-
Pension and insurance	460,207	-
Facility operating supplies and related expenses	58,569	-
Administrative expenses	10,404	-
Energy and space rental	964,361	-
Operational services	11,181	-
Equipment purchases	8,494	-
Equipment lease - purchase, lease, rent, repair	2,985	-
Purchased client services and programs	105	-
Construction and improvements	479,983	-
Benefit program	78,203	-
Loans and special payments	2,911,062	-
Other - bad debt expense (recovery)	13,968	1,245
Information technology expenses	30,321	-
Miscellaneous	450	-
Total expenses	6,329,353	1,245
Transfers (in)/out		
Covid-19 - Grant income - HEERF	(4,000,000)	-
Covid-19 - Refund - other	(71,854)	-
Interdepartmental rental expense	10,305	-
Miscellaneous Income	-	(285)
Total transfers	(4,061,549)	(285)
Total expenses and transfers	2,267,804	960
Increase (decrease) in net position	4,157,294	44,933
Net position - beginning of year	(4,731)	257,664
Net position - end of year	$ 4,152,563	$ 302,597

The above Statements of Revenues, Expenses and Changes in Net Position do not include an allocation of the current year charge for workers' compensation as estimated by the Commonwealth's actuarial review. It is not practical to allocate any such amount to any specific trust fund.

See Independent Auditor's Report.

**Supplementary Information and Reports
Required by the Uniform Guidance**

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Independent Auditor's Report on Supplementary Information Required by the Uniform Guidance

To the Board of Trustees
Fitchburg State University

We have audited the financial statements of the business-type activities and the discretely presented component unit of Fitchburg State University (a department of the Commonwealth of Massachusetts) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Fitchburg State University's basic financial statements, and our report thereon dated December 9, 2021, which included an emphasis of matter paragraph as indicated on page 3, expressed unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the 2021 financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and is not a required part of the 2021 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 2021 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2021 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2021 financial statements or to the 2021 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the 2021 financial statements as a whole.

CohnReznick LLP

Boston, Massachusetts
September 19, 2022

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/ Program or Cluster Title	Assistance Listing Number	Passed through to Subrecipients	Federal Expenditures
Student Financial Assistance Cluster			
U.S. Department of Education			
Federal Supplemental Educational Opportunity Grants	84.007	$ -	$ 414,220
Federal Work-Study Program	84.033	-	112,979
Federal Perkins Loan Program	84.038	-	978,870
Federal Pell Grant Program	84.063	-	6,051,537
Federal Direct Student Loans	84.268	-	24,191,264
Total U.S. Department of Education		-	31,748,870
U.S. Department of Health and Human Services			
Nursing Student Loans	93.364	-	175,922
Total U.S. Department of Health and Human Services		-	175,922
Total Student Financial Assistance Cluster		-	31,924,792
TRIO Cluster			
U.S. Department of Education			
TRIO - Student Support Services	84.042A	-	242,209
TRIO - Upward Bound	84.047A	-	304,484
TRIO - Upward Bound Math and Science	84.047M	-	278,522
Total U.S. Department of Education		-	825,215
Total TRIO Cluster		-	825,215

See Independent Auditor's Report on Supplementary Information Required by the Uniform Guidance on Page 108 and Notes to Schedule of Expenditures of Federal Awards.

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/ Program or Cluster Title	Assistance Listing Number	Passed through to Subrecipients	Federal Expenditures
COVID-19 CARES Act - Education Stabilization Fund			
U.S. Department of Education			
COVID-19 Governor's Emergency Education Relief Fund (GEERF)	84.425C	-	280,875
COVID-19 Higher Education Emergency Relief Fund (HEERF) Student Aid Portion	84.425E	-	1,944,413
COVID-19 Higher Education Emergency Relief Fund (HEERF) Institutional Portion	84.425F	-	9,449,872
COVID-19 Higher Education Emergency Relief Fund (HEERF) Strengthening Institutions Program	84.425M	-	993,169
Total U.S. Department of Education		-	12,668,329
Total COVID-19 CARES Act - Education Stabilization Fund		-	12,668,329
National Science Foundation 19-609 - Ethical and Responsible Research (ER2)			
Education and Human Resources	47.076	-	12,281
Total National Science Foundation		-	12,281
Total National Science Foundation 19-609 - Ethical and Responsible Research (ER2)		-	12,281
Total Expenditures - U.S. Department of Education		-	45,242,414
Total Expenditures - U.S. Department of Health and Human Services		-	175,922
Total Expenditures - National Science Foundation		-	12,281
Total Expenditures of Federal Awards		$ -	$ 45,430,617

See Independent Auditor's Report on Supplementary Information Required by the Uniform Guidance on Page 108 and Notes to Schedule of Expenditures of Federal Awards.

Fitchburg State University
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Notes to Schedule of Expenditures of Federal Awards
June 30, 2021

Note 1 - Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards ("SEFA" or "Schedule") includes the federal award activity of Fitchburg State University (the "University"), under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net position, or cash flows of the University.

Note 2 - Summary of significant accounting policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Fitchburg State University has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 - Matching costs

Matching costs, i.e., the nonfederal share of certain program costs, are not included in the accompanying Schedule.

Note 4 - Relationship to federal financial reports

The regulations and guidelines governing the preparation of federal financial reports vary by federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the federal financial reports do not necessarily agree with the amounts reported in the accompanying Schedule.

Note 5 - Federal Direct Student Loans ("FDL")

The Schedule includes FDL ("Assistance Listing 84.268") which are made directly by the U.S. Department of Education to individual students.

Note 6 - Federal Perkins Loan Program

The Federal Perkins Loan Program ("Assistance Listing 84.038") is administered by Fitchburg State University. Fiscal year 2021 activity included loan funds disbursed of $0. The outstanding liability to the federal government under this loan program at June 30, 2021 totaled $978,870.

Note 7 - Nursing Student Loans

The Nursing Student Loan Program ("Assistance Listing 93.364") is administered by Fitchburg State University. Fiscal year 2021 activity included loan funds disbursed of $0. The outstanding liability to the federal government under this loan program at June 30, 2021 totaled $175,922.

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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
Fitchburg State University

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Fitchburg State University (the "University") (a department of the Commonwealth of Massachusetts), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated December 9, 2021, which included an emphasis of matter paragraph as indicated on page 3.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

CohnReznick

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CohnReznick LLP

Boston, Massachusetts
December 9, 2021

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Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Trustees
Fitchburg State University

Report on Compliance for Each Major Federal Program

We have audited Fitchburg State University's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Fitchburg State University's major federal programs for the year ended June 30, 2021. Fitchburg State University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Fitchburg State University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Fitchburg State University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Fitchburg State University's compliance.

Opinion on Each Major Federal Program

In our opinion, Fitchburg State University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

CohnReznick

Report on Internal Control over Compliance

Management of Fitchburg State University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Fitchburg State University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Fitchburg State University's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CohnReznick LLP

Boston, Massachusetts
September 19, 2022

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified opinion
Internal control over financial reporting	
• Material weakness(es) identified?	__ yes ✓ no
• Significant deficiency(ies) identified?	__ yes ✓ none reported
Noncompliance material to financial statements noted?	__ yes ✓ no

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	__ yes ✓ no
• Significant deficiency(ies) identified?	__ yes ✓ none reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified opinion
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	__ yes ✓ no

Fitchburg State University
(a department of the Commonwealth of Massachusetts)

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Identification of major federal programs:

Agency	Title	Assistance Listing #
Student Financial Assistance Cluster:		
U.S. Department of Education	Federal Supplemental Educational Opportunity Grants	84.007
U.S. Department of Education	Federal Work-Study Program	84.033
U.S. Department of Education	Federal Perkins Loan Program	84.038
U.S. Department of Education	Federal Pell Grant Program	84.063
U.S. Department of Education	Federal Direct Student Loans	84.268
U.S. Department of Health and Human Services	Nursing Student Loans	93.364
HEERF & GEERF Education Stabilization Fund under the Coronavirus Aid, Relief, and Economic Security Act		
U.S. Department of Education	COVID-19 - Higher Education Emergency Relief Fund Student Aid Portion	84.425E
U.S. Department of Education	COVID-19 - Higher Education Emergency Relief Fund Institutional Portion	84.425F
U.S. Department of Education	COVID-19 - Higher Education Emergency Relief Fund Strengthening Institutions Program	84.425M
U.S. Department of Education	COVID-19 - Governor's Emergency Education Relief Fund	84.425C

Dollar threshold used to distinguish between type A and B programs: $750,000

Auditee qualified as low-risk auditee? ___ yes ✓ no

Section II - Findings - Audit of Financial Statements

None reported.

Section III - Findings and Questioned Costs - Major Federal Programs Audit

None reported.

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Attachment L

Fitchburg State University

MOSFA 2021 Final

Fitchburg State University

Independent Accountant's Report on Management's Assertion on Compliance with Specified Requirements Applicable to the Massachusetts Office of Student Financial Assistance Program Cluster

June 30, 2021

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Fitchburg State University

Index

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Independent Accountant's Report on Management's Assertion on Compliance with Specified Requirements Applicable to the Massachusetts Office of Student Financial Assistance Program Cluster

The Board of Trustees
Fitchburg State University

We have examined management of Fitchburg State University's assertion, included in its representation letter dated September 12, 2022, that Fitchburg State University complied with the following compliance requirements (the "specified requirements") as specified in The Massachusetts Office of Student Financial Assistance ("MOSFA") *Student Financial Assistance Attestation Guide, Fifth Edition* (the "Guide"), during the year ended June 30, 2021:

- Institutional eligibility
- Student eligibility
- Reporting
- Disbursements
- Refunds

Fitchburg State University's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion about Fitchburg State University's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the Guide. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether Fitchburg State University complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether Fitchburg State University complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on Fitchburg State University's compliance with the specified requirements.

In our opinion, management's assertion that Fitchburg State University complied with the specified requirements during the year ended June 30, 2021, included in its representation letter dated September 12, 2022, is fairly stated, in all material respects.

This report is intended solely for the information and use of the Massachusetts Department of Higher Education, the Office of the State Auditor, the Office of the State Comptroller of the Commonwealth of Massachusetts and the Board of Trustees, management and others within Fitchburg State University, and is not intended to be and should not be used by anyone other than these specified parties.

CohnReznick LLP

Hartford, Connecticut
September 12, 2022

Fitchburg State University

Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

None

Fitchburg State University

Summary Schedule of Prior Review Findings
Year Ended June 30, 2021

None

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Independent Auditor's Report on Supplementary Information

The Board of Trustees
Fitchburg State University

We have audited the financial statements of Fitchburg State University as of and for the year ended June 30, 2021, and have issued our report thereon dated December 9, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements as a whole.

The Schedule of Population, Items Tested and Findings for Massachusetts State Financial Aid Program Cluster (the "Schedule") is presented for purposes of additional analysis as required by the Massachusetts Office of Student Financial Assistance ("MOSFA") *Student Financial Assistance Attestation Guide, Fifth Edition*, 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CohnReznick LLP

Hartford, Connecticut
September 12, 2022

Fitchburg State University

**Schedule of Population, Items Tested and Findings for
Massachusetts State Financial Aid Program Cluster
Year Ended June 30, 2021**

	Description of category	Number of students	Percent of population	Amount of awards	Percent of population
General Scholarship (MASSGrant)	Population	1,049	100%	$ 1,230,995	100%
	Tested	34	3.24%	39,650	3.22%
	Findings	-	0.00%	-	0.00%
Christian A. Herter Memorial Scholarship	Population	1	100%	9,350	100%
	Tested	1	100%	9,350	100.00%
	Findings	-	0.00%	-	0.00%
Part Time Student Grant	Population	16	100%	7,500	100%
	Tested	1	6.25%	375	5.00%
	Findings	-	0.00%	-	0.00%
Need Based Cash Grant Program	Population	578	100%	811,398	100%
	Tested	13	2.25%	17,000	2.10%
	Findings	-	0.00%	-	0.00%
Massachusetts Foster Child Grant	Population	10	100%	52,710	100%
	Tested	1	10.00%	2,150	4.08%
	Findings	-	0.00%	-	0.00%
Early Childhood Educators Scholarship	Population	5	100%	27,600	100%
	Tested	1	20.00%	7,200	26.09%
	Findings	-	0.00%	-	0.00%
John & Abigail Adams Scholarship	Population	305	100%	271,231	100%
	Tested	5	1.64%	4,365	1.61%
	Findings	-	0.00%	-	0.00%

Fitchburg State University

Schedule of Population, Items Tested and Findings for Massachusetts State Financial Aid Program Cluster Year Ended June 30, 2021

	Description of category	Number of students	Percent of population	Amount of awards	Percent of population
GEAR UP Scholarship	Population	7	100%	$ 3,600	100%
	Tested	1	14.29%	400	11.11%
	Findings	-	0.00%	-	0.00%
National Guard Tuition & Fee Assistance	Population	68	100%	27,689	100%
	Tested	1	1.47%	206	0.74%
	Findings	-	0.00%	-	0.00%
Need Based Tuition Waiver	Population	581	100%	502,300	100%
	Tested	12	2.07%	9,942	1.98%
	Findings	-	0.00%	-	0.00%
Categorical Tuition Waiver	Population	115	100%	96,217	100%
	Tested	5	4%	2,425	3%
	Findings	-	0%	-	0%
Massachusetts Education Financing Authority Prepaid Tuition Waiver	Population	2	100%	13,264	100%
	Tested	1	50%	10,655	0%
	Findings	-	0%	-	0%
Joint Admission Tuition Advantage Program Tuition Waiver	Population	76	100%	56,896	100%
	Tested	1	1.32%	727	1.28%
	Findings	-	0.00%	-	0.00%

Fitchburg State University

Schedule of Population, Items Tested and Findings for Massachusetts State Financial Aid Program Cluster Year Ended June 30, 2021

	Description of category	Number of students	Percent of population		Amount of awards	Percent of population
Senator Paul E. Tsongas Scholarship Tuition Waiver	Population	4	100%	$	41,290	100%
	Tested	1	25.00%		9,595	23.24%
	Findings	-	0.00%		-	0.00%
Washington Center Program Tuition Waiver	Population	3	100%		1,455	100%
	Tested	1	33.33%		485	33.33%
	Findings	-	0.00%		-	0.00%
DCF Adopted Child Tuition Waiver and Fee Assistance Program	Population	32	100%		147,027	100%
	Tested	1	3.13%		10,565	7.19%
	Findings	-	0.00%		-	0.00%
DCF Foster Child Tuition Waiver and Fee Assistance Program	Population	18	100%		16,044	100%
	Tested	1	5.56%		970	6.05%
	Findings	-	0.00%		-	0.00%
Stanley Z. Koplik Certificate of Mastery Tuition Waiver	Population	5	100%		4,850	100%
	Tested	1	20.00%		970	20.00%
	Findings	-	0.00%		-	0.00%
Early College Grant	Population	57	100%		23,295	100%
	Tested	1	2%		616	0%
	Findings	-	0%		-	0%
Foster Child Fee Waiver	Population	18	100%		147,494	100%
	Tested	1	5.56%		9,595	6.51%
	Findings	-	0.00%		-	0.00%

Fitchburg State University

Schedule of Population, Items Tested and Findings for Massachusetts State Financial Aid Program Cluster Year Ended June 30, 2021

	Description of category	Number of students	Percent of population	Amount of awards	Percent of population
Agnes Lindsey Scholarship	Population	1	100%	$ 800	100%
	Tested	1	100.00%	800	100.00%
	Findings	-	0.00%	-	0.00%
MA Grant Plus	Population	517	100%	488,650	100%
	Tested	17	3.29%	14,900	3.05%
	Findings	-	0.00%	-	0.00%
MSCBA Housing Grant	Population	203	100%	237,249	100%
	Tested	4	1.97%	3,000	1.26%
	Findings	-	0.00%	-	0.00%
Public Service Grant	Population	1	100%	10,654	100%
	Tested	1	100.00%	10,654	100.00%
	Findings	-	0.00%	-	0.00%
State University Internship Incentive Program	Population	27	100%	126,030	100%
	Tested	1	3.70%	3,150	2.50%
	Findings	-	0.00%	-	0.00%

Fitchburg State University

Notes to Schedule of Population, Items Tested and Findings for Massachusetts State Financial Aid Program Cluster June 30, 2021

Note 1 - Basis of presentation

The accompanying schedule of population, items tested and findings for Massachusetts State Financial Aid Program Cluster (the "Schedule") includes items tested and findings as a percentage of the total grant of Fitchburg State University under programs of the Commonwealth of Massachusetts for the year ended June 30, 2021. Various departments and agencies of the Commonwealth of Massachusetts have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the Commonwealth of Massachusetts. Because the Schedule presents only a selected portion of the operations of Fitchburg State University, it is not intended to, and does not, present the financial position, changes in net position or cash flows of Fitchburg State University.

Note 2 - Summary of significant accounting policies

Basic financial statements

The accounting policies of Fitchburg State University conform to accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board ("GASB").

Schedule of population, items tested and findings for Massachusetts State Financial Aid Program Cluster

The accompanying schedule is presented on the accrual basis of accounting. For cost-reimbursement awards, expenditures have been recognized to the extent of allowable costs incurred. For performance-based awards, expenditures reported represent amounts earned.

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Coversheet

FY2022 Audit - VOTE (9-22/23)

Section:	II. Finance and Administration
Item:	B. FY2022 Audit - VOTE (9-22/23)
Purpose:	Vote
Submitted by:	
Related Material:	VOTE FY2022 Audit 10-18-22.pdf

Fitchburg State University
REQUEST FOR BOARD ACTION

TO: **Board of Trustees**	DATE: October 18, 2022
FROM: The President	REQUEST NUMBER: 09-22/23
SUBJECT: FY2022 Audit	

It is requested that the Board of Trustees accept the FY2022 audit as recommended by the Finance Committee.

Coversheet

Personnel Actions (N02-22/23)

Section:	III. Notifications
Item:	A. Personnel Actions (N02-22/23)
Purpose:	FYI
Submitted by:	
Related Material:	Personnel Actions 10-18-22.pdf

TO: Board of Trustees
FROM: The President
SUBJECT: Personnel Actions

DATE: October 18, 2022
REQUEST NUMBER: N02-22/23

New Hire

Kristina Baker, BS Effective: 9/26/2022	Staff Assistant, Human Resources Coordinator Human Resources and Payroll Services	$62,500.00
Barbara Parece, BA Effective: 9/26/2022	Assistant Director Admissions	$52,000.00
Jennifer Scott, BA Effective: 10/11/2022	Staff Assistant, ASL/English Staff Interpreter (10 month) Human Resources and Payroll Services	$32,500.00 22.5 hours per week

Resignation

Christopher Medley Effective: 10/14/2022	Director of Housing and Residential Services Housing and Residential Services	$91,000.00

Retirement

Robin Dinda Effective: 9/17/2022	Professor Humanities	$124,345.95

Continuation of Interim Appointment

Nancy Murray Effective: 7/1/2022	Interim Dean of Education and Interim Dean of Business Academic Affairs	$153,563.04

Out of Title Pay

Philip Fennell Effective: 9/5/2022	Staff Assistant, Area Coordinator Housing and Residential Services	From: $47,214.08 To: $52,414.08
Sean McNalley Effective: 10/3/2022	Associate Director of Housing & Residential Services Housing and Residential Services	From: $63,984.61 To: $69,184.61

Rebecca Shersnow Effective: 8/22/2022	Staff Associate, Athletic Trainer Athletics	From: $63,619.35 To: $68,819.35
Todd Souliere Effective: 8/22/2022	Assistant Director Athletics	From: $74,118.94 To: $79,318.94

Coversheet

News Articles

Section: VI. President's Report
Item: F. News Articles
Purpose: FYI
Submitted by:
Related Material: REVISED Oct 2022 clips.pdf

September 26, 2022

Fitchburg State to offer digital media bachelor's degree

PHOTO | COURTESY FITCHBURG STATE UNIVERSITY

Fitchburg State University announced on Monday it is launching a new bachelor's degree program in digital media innovation.

By Timothy Doyle

Fitchburg State University announced on Monday it is launching a new bachelor's degree program in digital media innovation.

The STEM-designated program is intended to prepare students related to media and journalism, social media, and content development.

The program, part of the Communications Media Department, will teach students about social media, multimedia storytelling, information design, data studies, and coding, according to a Monday press release.

"Fitchburg State's new major in digital media innovation weaves innovative interdisciplinary coursework and research already being done on our campus into a curriculum designed to teach students the advanced digital skills they will need to succeed on the job market today and into the future," university President Richard Lapidus said in the press release.

Sentinel & Enterprise

Monday, October 10, 2022 $2.00 FACEBOOK.COM/SENTINELANDENTERPRISE TWITTER.COM/SENTANDENT sentinelandenterprise.com

FITCHBURG STATE UNIVERSITY

FSU launches Digital Media Innovation program

Program to teach cutting-edge skills through hands-on experience

By Sara Arnold
Correspondent

FITCHBURG » A brand new Bachelor's degree program in Digital Media Innovation is coming to Fitchburg State University, providing students with a state-of-the-art interdisciplinary education on the topics of the future.

According to the university's website, degree participants will "develop a wide range of new digital skills that span social media, multimedia storytelling, information design, data studies, coding, and more to meet the needs of a flexible and changing global economy."

Matthew Bruun, director of communications and public affairs at FSU, said that it "offers students an innovative and adaptive pathway model that provides cutting-edge digital skills through hands-on experiential learning. The pathways offer opportunities to study digital storytelling, culture, and societal applications of data and its ultimate goal is to have students activate their learned digital skills by way of experiential projects throughout their coursework and especially in their capstone course."

He added that "these hands-on projects demonstrate the way that digital technology and computing are changing social and cultural systems in commerce, the law, the arts, and the broader human experience."

Students choose a pathway and then select 33 credits worth of courses, which may include a semester overseas in Greece or Japan and internships. The three pathways are "Storytelling, Narrative, and Design", "Data Studies", and "Digital Culture, Heritage, History, and Preservation."

In those courses, students will integrate academic work with community engagement "to produce tangible, engaging, audience-aware products, produce engaging digital narratives using emerging tools (such as 3D printing, 360-degree video, augmented reality and creative multimedia coding), and evaluate and critique the impacts of data on society and how data can be used to address issues such as social justice and inequality," as per FSU's website.

Before obtaining their degree, students will also have to complete a capstone project, which will be community-oriented and geared around both scholarship and professional development, giving students the ability to develop portfolio pieces for their future employment.

Although the program will be housed in the Communications Media department, faculty members span multiple university departments, including Computer Science, Earth and Geographic Sciences, English Studies, and Humanities.

"Many members of (FSU's) community of faculty scholars reach across disciplinary silos to explore multifaceted topics," Bruun said.

To add a new academic program, it first goes through a lengthy internal review process with campus stakeholders including students, faculty,

FSU » P

FSU

FROM PAGE 1

administrators, and trustees. For a degree-granting major, the state Board of Higher Education has to allow it. The board approved Digital Media Innovation this past summer.

The new major "weaves innovative interdisciplinary coursework and research already being done on our campus into a curriculum, designed to teach students the advanced digital skills they will need to succeed on the job market today and into the future," University President Richard Lapidus said.

The degree is federally STEM-designated, which means that the coursework includes topics that are in the areas of science, technology, engineering, and math as defined by the U.S. Department of Education's classification of instructional programs.

The degree is federally STEM-designated, which means that the coursework includes topics that are in the areas of science, technology, engineering, and math as defined by the U.S. Department of Education's classification of instructional programs.

It is also unique among the state's public universities to be offering this degree, providing a diverse group of students with opportunities rivaling those of more expensive private institutions.

Graduates of the new program could find themselves in a variety of careers including journalism, social media management, web development, digital media startups, data analytics, multimedia production, and still emerging roles like digital data detectives and augmented reality journey building.

Whatever students decide to do going forward, it will allow them to "communicate with fluency and translate between the languages of ethics, business, and technical knowledge," said a recent press release.

"It's a fresh approach to getting students involved in building a more humane digital society in a hands-on way in their own communities," said Professor Elise Takehana of the English Studies department, who helped create the new program.

Professor J.J. Sylvia IV of the Communications Media Department, another program creator, added "Our graduates will be equipped with the tools to tackle these challenges, and I can't wait to see the impact that they make."

Digital Media Innovation is given as a Bachelor of Science degree unless the student has advanced intermediate proficiency in a world language, in which case a Bachelor of Arts will be awarded.

It can be taken as a double major, where students can count requirements that fulfill both majors for up to three courses.

An 18-credit minor in Digital Media Innovation is also being offered, giving students in other majors the ability to add it as part of their existing degree programs "to learn the fundamentals of emerging digital media tools and apply them across a wide variety of disciplines and careers to achieve technical media competency", according to the university catalog.

Additional information on the Digital Media Innovation program can be found on FSU's website at fitchburgstate.edu.

Sentinel & Enterprise

Sunday, September 18, 2022 $3.00 FACEBOOK.COM/SENTINELANDENTERPRISE TWITTER.COM/SENTANDENT sentinelandenterprise.com

POLICE

Fitchburg celebrates graduation of 21 new officers

By Matthew Bruun
Fitchburg State University

FITCHBURG » The fifth Recruit Officer Course of Fitchburg State University's groundbreaking police program graduated from the police academy Friday, Sept. 9, ready to report for duty in municipal police departments across Massachusetts and New Hampshire.

The 21 members of the fifth ROC completed bachelor's degrees in criminal justice and spent the past 17 weeks in the police academy. The majority of the graduates have already been hired by police departments in Massachusetts.

Academy Director Lisa Lane McCarty recounted meeting Officer Sean McCue when he visited campus as a high school student. His dream then was to one day serve his hometown of Fitchburg as a police officer. On Friday, he graduated from the program and has already been hired by the Fitchburg Police Department.

Lane said that was just one example of a "truly remarkable" group of officers, who possess practical police skills as well as compassion and empathy. "If I have done my job, they all possess the knowledge, skills and tactics to be good police officers," she said. "What will make them exceptional, is they know they have the ability to make people a little better than they found them."

Class leader Michael Masterson of Pepperell addressed the families, elected officials and police leaders gathered in Weston Auditorium and recounted the camaraderie that was forged among the 5th ROC members. In fall 2018, 90 recruit officers began the five-year program, and just 21 remained by the academy's conclusion on Friday.

"I can proudly say that I wouldn't trade this group for the world," said Masterson, who thanked the academy staff for being role models and modeling the highest standards. "The lessons taught by all of you will forever be ingrained in how we perform our duties."

Masterson said the new officers should hold their new profession to the highest possible standards. "True perfection is unattainable," he said. "Strive for excellence, not perfection, because the world we live in is not perfect."

Fitchburg State's police program, developed in collaboration with the state's Municipal Police Training Committee, allows graduates to complete — in five years — their bachelor's and master's degrees as well as municipal certification to serve departments in Massachusetts and New Hampshire. It is believed to be the first program of its kind in the nation.

Fitchburg State President Richard Lapidus saluted the fifth ROC

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Police

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members for successfully completing a rigorous program amid the singular disruptions of the pandemic.

"Your commitment and your passion for your chosen career is impressive and commendable," said Lapidus, who encouraged the students to continue with their master's degrees. Police reform in Massachusetts will make their advanged degrees highly desired, he said. "The hard work and sacrifice will ultimately pay off."

MPTC Executive Director Robert Ferullo Jr., retired chief of the Woburn Police Department, said graduates of this program are not only well-prepared to serve their communities, they are positioned to be future leaders in the field.

"Welcome to the greatest profession on earth," he said.

Ferullo described the rapid evolution of the profession just in the past few years, and said the graduates are ready to face the challenges ahead if they follow a simple rule: "Do the right thing," he said. "Do what you learned at this phenomenal institution."

Natick Police Chief James Hicks, chairman of the MPTC, has already hired two of the fifth ROC graduates, twins John and Stephen Delehanty. Hicks said the Fitchburg State police program, embedding academic and skills training over four years, is a model that will serve the profession well.

"Continue to take what you learned over these last four-plus years, because that's going to be the essence of your success," he said.

The fifth ROC graduates include:

Benjamin Ashton of Leominster (hired by the Portsmouth, N.H. Police Department)

Scott Cormier of Ashburnham (hired by the Ashburnham Police Department)

John Delehanty of Natick (hired by the Natick Police Department)

Stephen Delehanty of Natick (hired by the Natick Police Department)

David Fors of Lunenburg

Shane Gilman of (hired by the Clinton Police Department)

Emily Grant of Mansfield

Brett Halloran of West Yarmouth

Steven Ingman of Winchendon

Joseph Mancuso of Dracut

Michael Masterson of Pepperell

Toros Matellian of (hired by the Mendon Police Department)

Sean McCue of (hired by the Fitchburg Police Department)

Jake Minear of (hired by the Ayer Police Department)

Travis Morcaldi of (hired by the Fitchburg Police Department)

Michael Sellards of (hired by the Concord Police Department)

Kyle Smith of Lincoln, R.I.

Matthew Smith of (hired by the Sherborn Police Department)

Tristan Straker of Lawrence (hired by the Georgetown Police Department)

Alexia Surprenant of Dracut (hired by the Ayer Police Department)

George Tibbets III of Lunenburg

Those interested can learn more about the program and Fitchburg State's other undergraduate and graduate level criminal justice programs at fitchburgstate.edu/criminaljustice.

COURTESY FITCHBURG STATE UNIVERSITY

The 5th Recruit Officer Course of Fitchburg State University's groundbreaking police program graduated from the police academy on Sept. 9, ready to report for duty in municipal police departments across Massachusetts and New Hampshire.

A3 LOCAL NEWS

Wednesday, September 21, 2022 » MORE AT FACEBOOK.COM/SENTINELANDENTERPRISE AND TWITTER.COM/SENTANDENT sentinelandenterprise.com

FITCHBURG STATE

Salvatore to discuss 'The Future of Storytelling'

By Matthew Bruun
Fitchburg State University

Salvatore

FITCHBURG » Best-selling author R.A. Salvatore, a two-time graduate of Fitchburg State University, will return to campus this month to discuss "The Future of Storytelling."

The talk, to be held at 3:30 p.m. Wednesday, Sept. 21 in the main lounge of Hammond Hall, is free and open to the public.

Salvatore, who completed degrees in communications and English at Fitchburg State in 1981 and 1991, is a top author of fantasy novels with an ever-expanding and loyal following.

Thirty-five years ago, Salvatore created the character of Drizzt Do'Urden, the dark elf who ha stood the test of time to stand today as an icon in the fantasy genre. With his work in the Forgotten Realms, Crimson Shadow, DemonWars, and other series, Salvatore has sold more than 34 million books worldwide and has appeared on the New York ler list more than two dozen times.

The Amelia V. Gallucci-Cirio Library at Fitchburg State is home to Salvatore's collected papers, including original manuscripts and translations of some of his most celebrated works. Salvatore gave the address at the university's 115th commencement exercises in 2011 and was awarded an honorary doctorate in recognition of his achievements.

The presentation, which will be livestreamed, is sponsored by the Fitchburg State University Alumni Association. To watch the livestream, visit youtube.com/watch?v=W8BKk6Oeeyw.

A3 LOCAL NEWS

Friday, September 30, 2022 » MORE AT FACEBOOK.COM/SENTINELANDENTERPRISE AND TWITTER.COM/SENTANDENT sentinelandenterprise.com

FITCHBURG STATE

COURTESY FITCHBURG STATE UNIVERSITY

Author R.A. Salvatore, right, a two-time alumnus of Fitchburg State University, returned to campus on Sept. 21 to discuss 'the future of storytelling' with faculty members Frank Mabee, far left, and J.J. Sylvia IV.

Salvatore talks 'The Future of Storytelling'

By Matthew Bruun
Fitchburg State University

FITCHBURG » Best-selling author and two-time Fitchburg State University alumnus R.A. Salvatore returned to campus in September for a day-long residency that included addresses to student groups and a public audience on the topic of "The Future of Storytelling."

Salvatore, who completed degrees from Fitchburg State in 1981 and 1991, and who delivered the commencement address at the university's graduation ceremony in 2011, talked about the expanding media footprint of storytelling. With 20 million books sold since he was first published in the 1980s, Salvatore now plies his trade across media platforms, including graphic novels and games.

His newest book, The Dao of Drizzt, is a collection of journal entries written in the character of Salvatore's most popular creation, the dark elf Drizzt Do'Urden.

During Salvatore's visit to his alma mater on Sept. 21, he spoke about the evolution of storytelling as media has evolved, including his own work in new platforms like video games. He compared

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Salvatore

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his role to that of a dungeon master leading a game of Dungeons & Dragons.

"A good dungeon master lets the players tell them where they're going next; a bad dungeon master hooks his fingers up their nose and drags them where he needs them to go," Salvatore said. "When I'm writing books, I am giving you characters through whom you can live vicariously. You will see the world through (their) eyes. When you're writing for video games, the most important character to the player is the player's character. Your job is to try to give that player a world to explore that makes sense, that will allow them to go on grand adventures, and improve their character."

Salvatore also took questions from the audience. One student asked for guidance on how to present backstory and "lore" into their creation. Salvatore replied that creating characters to whom readers could relate was the key to successful storytelling, a lesson he learned from the late Robert Cormier, another celebrated writer who hailed from Salvatore's hometown of Leominster.

"He said, 'Character is more important than plot,'" Salvatore said, quoting Cormier. "You can have the greatest story ever, but if people don't care about your characters, you'll never put any tension in that story. But if you have a character that people have come to love, give them a hangnail and the reader will say, 'Ouch.' And I've lived by that in my writing. That's how I show people my world."

Salvatore's visit to campus included meeting with students in several classes, including courses in the university's newly-launched major in digital media innovation. The courses in this major allow students to develop a range of new digital skills that span social media, multimedia storytelling, information design, data studies, coding, and more.

To watch, or re-watch the conversation, visit tinyurl.com/4944mvv8.

Sentinel & Enterprise

Saturday, October 1, 2022 $2.00 FACEBOOK.COM/SENTINELANDENTERPRISE TWITTER.COM/SENTANDENT sentinelandenterprise.com

DISABILITY AWARENESS MONTH

Fitchburg State to host Hugo Treviño

By Matthew Bruun
Fitchburg State University

FITCHBURG » Fitchburg State University's observance of Disability Awareness Month in October will include a keynote presentation by advocate and activist Hugo Treviño.

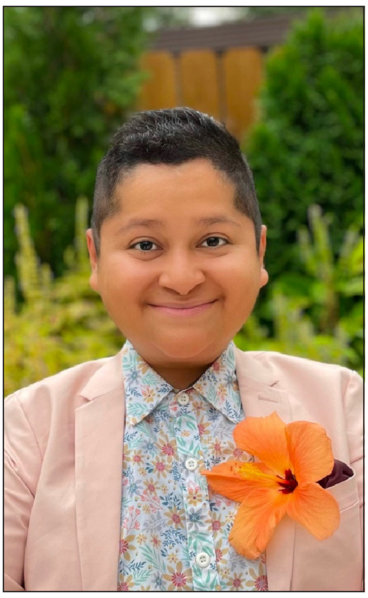
The online address will be given at 7 p.m. Tuesday, Oct. 4. To watch the discussion, go to meet.google.com/ice-fhxd-iei or dial in to +1 414-909-6738 and enter PIN: 453 656 159#.

Treviño is a first-generation Mexican-American, born and raised in Chicago, where he works as a disability specialist at the University of Illinois. He has a physical disability called spinal muscular atrophy which requires him to use a power wheelchair.

As a student activist, he advocated for the rights of Latinxs, LGBTQIA, students with disabilities and other marginalized communities. He earned his B.A. at the University of Illinois at Champaign Urbana in 2014 and, later, obtained his Master of Education in International Higher Education from Loyola University Chicago in 2018.

While Treviño's presentation will be virtual, those interested in a shared viewing experience are invited to watch from the Falcon Hub in Hammond Hall.

The presentation is offered in conjunction with the university's observance of LGBTQ+ History Month, which is celebrated throughout October.



COURTESY FITCHBURG STATE UNIVERSITY

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