Fitchburg State University

Board of Trustees

Joint Meeting (Foundation/Supporting Org)

Published on October 18, 2024 at 1:13 PM EDT

Date and Time

Wednesday October 23, 2024 at 12:00 PM EDT

Location

This is a virtual meeting and will be live streamed.

Agenda

		Purpose	Presenter	Time
I.	**Opening Items**			**12:00 PM**
	A. Record Attendance			1 m
	B. Call the Meeting to Order			
II.	**Review FY24 Financials**			**12:01 PM**
	Bollus Lynch, LLP will present the FY24 Financials (James Johnston and Laura Pizzimenti)			
	A. FY24 Financials	FYI	Bollus Lynch, LLP	59 m
	James Johnston and Laura Pizzimenti from Bollus Lynch, LLP will present the financials.			
III.	**Closing Items**			**1:00 PM**

		Purpose	Presenter	Time
A.	Adjourn Meeting	Vote		

Coversheet

FY24 Financials

Section:	II. Review FY24 Financials
Item:	A. FY24 Financials
Purpose:	FYI
Submitted by:	
Related Material:	FY24-FSU, FSUF and FSUFSO FS Board Package.pdf

FITCHBURG STATE UNIVERSITY

(AN AGENCY OF THE COMMONWEALTH OF MASSACHUSETTS)

FINANCIAL STATEMENTS
AND MANAGEMENT'S DISCUSSION AND ANALYSIS
WITH SUPPLEMENTARY INFORMATION AND
OTHER REPORTS

YEARS ENDED JUNE 30, 2024 AND 2023

AND

INDEPENDENT AUDITOR'S REPORT

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

FINANCIAL STATEMENTS
AND MANAGEMENT'S DISCUSSION AND ANALYSIS
WITH SUPPLEMENTARY INFORMATION AND OTHER REPORTS

YEARS ENDED JUNE 30, 2024 AND 2023

TABLE OF CONTENTS

BOLLUS LYNCH
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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 financial statements of the business-type activities and the discretely presented component unit of Fitchburg State University (an agency of the Commonwealth of Massachusetts) (the "University"), as of and for the years ended June 30, 2024 and 2023 and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Fitchburg State University, as of June 30, 2024 and 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 University's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages XX through XX and certain information pertaining to liabilities recorded in accordance with Government Accounting Standards Board Statement Number 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* on pages XX through XX be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The supplementary information on pages XX and XX and accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 basic financial statements or to the 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 information is fairly stated, in all material respects, in relation to the 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 __________________, 2024, 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.

Worcester, Massachusetts
____________________, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2024, 2023 and 2022. 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 38 undergraduate degree programs in fifteen academic departments, 24 graduate degree programs and several Graduate Certificates of Advanced Study. During fall 2023, there were approximately 2,913 full-time students and hundreds of part-time students enrolled. For fiscal 2024, there was a combined full-time equivalent annual enrollment of approximately 3,933. 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 1,887 graduate and undergraduate degrees in fiscal 2024. The University is accredited by the New England Commission of Higher Education (NECHE), 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 2024 resulting in an increase in net position of approximately 0.2%. 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 $42 million in fiscal 2024, compared to $37.7 million in fiscal 2023 and $37.4 million in fiscal 2022.

- The University undergraduate fees increased slightly in fiscal year 2024. The Technology fees increased by $63 per semester for a total of $312.50 per semester. Total mandatory fees per semester were $5,038, $4,976 and $4,843 in fiscal years 2024, 2023, and 2022, 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 Tuition and fees were $1,041 in fiscal years 2024 and 2023 and $1,002 for fiscal years 2022. The Accelerated Online Program now ranges from $963 to $1,308 per 3 credit class in fiscal years 2024 and 2023 from $963 to $1,251 for fiscal year 2022.

- The University expended $5.2 million from current funds for capital additions in fiscal 2024. Projects completed during the year included the FSC Campus Wide-Elec Infrastructure Upgrade and Thompson Hall Renovations. The major projects that are still in process at June 30, 2024 are: renovations to the Theater Building-Black Box, replacement of the Recreation Center's roof and Conlon IA/FA.

- Total assets and deferred outflows of resources at the end of fiscal 2024 were approximately $301 million and exceeded liabilities and deferred inflows of resources of $157 million by $144 million (i.e., net position).

- Total operating, non-operating, and gift revenue for fiscal 2024 was $128.5 million, while expenses totaled $128.2 million, resulting in an increase to net position of $0.3 million. The slight increase in net position results from increase in investment income and state appropriations and an increase in operating expenses which mainly due to salary increase.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Financial Highlights (Continued)

- 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. The University's portion of the Commonwealth's unfunded post-employment benefits other than pension ("OPEB") liability is calculated at $7.9 million, $7.3 million, and $14.1 million at June 30, 2024, 2023, and 2022, respectively.

- 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 $6.9 million, $6.3 million, and $8.0 million at June 30, 2024, 2023, and 2022, respectively.

- 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 of June 30, 2024, 2023 and 2022, 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 balances of the right of use asset in fiscal year 2024, 2023 and 2022 are $45.0 million, $51.7 million and $56.5 million, respectively.

- GASB Statement No. 96 requires that subscription-based information technology 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 liability measured at the present value of the fixed minimum lease payments. The related asset will be amortized over the subscription term or the life of the asset and the subscription related liabilities will be treated as a financing lease and interest expense will be recognized. As of July 1, 2022 and retroactive to fiscal year 2022, a number of subscription-based IT contracts have been recognized as Fitchburg State University's assets. The balances of the subscription-based asset IT contracts in fiscal year 2024, 2023 and 2023 are $1.9 million, $2.8 million and $1.9 million, respectively.

- Unrestricted net position (before benefits adjustment of $38.7 million at June 30, 2024) available to support short- term operations was $35 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 its 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 $38.7 million in 2024, $41.2 million in 2023, and $44.9 million in 2022, respectively.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Financial Highlights (Continued)

- **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 $32 million are sufficient to cover current liabilities of $2 million. The University's current ratio at June 30 is 1.1 to 1 for 2024, 1.3 to 1 for 2023, and 1.5 to 1 for 2022.

- **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, 2024, 2023, and 2022 was -1.2%, -1.5%, and 7.2%, respectively. Although fiscal year 2024 had a negative net position ratio, it was slightly better than fiscal year 2023. And this was mostly due to the increase in state appropriation in 2024 of $4.3 million. Our operating revenue from the normal course of business, also saw an increase of $1.6 million in fiscal year 2024, with the auxiliary services accounting for $0.9 million of that increase. Most of the fiscal year 2024 operating expense increase was due to increases in salary expenditure due to the yearly cost of living salary increases. In fiscal year 2023, although student tuition and fees remained relatively unchanged from prior year, the decrease in 2023 return on net position was mainly due to income decreasing at a faster rate than decreases in the operating expenses. The substantial increase in 2022 return on net position ratio is mainly caused by getting and spending the federal government HEERF grant loss income recovery amount in 2022 and also by the receipt of state capital grant income.

- **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, 2024, 2023 and 2022 was 28.7%, 30.2% and 37.5%, 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, 2024, 2023 and 2022 was 110.9%, 118.5 %, and 111.7%, 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, 2024, 2023 and 2022 was 1.27, 1.0, and 2.28, 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").

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Using the Financial Statements (Continued)

Statement 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. The statements of net position (condensed, in thousands) at June 30, 2024, 2023 and 2023, are as follows:

	2024	2023	2022
Assets			
Current assets	$ 32,278	$ 32,026	$ 41,976
Capital assets, net	188,770	195,727	194,042
Right-of-use asset, net	46,823	54,571	58,403
Other	29,830	27,403	29,271
Total assets	297,701	309,727	323,692
Deferred outflows of resources	3,334	4,362	7,398
Liabilities			
Current liabilities	27,729	25,720	27,605
Long-term liabilities	109,258	118,903	134,704
Total liabilities	136,987	144,623	162,309
Deferred inflows of resources	20,129	25,791	26,094
Net position			
Net investment in capital assets	134,257	138,697	132,719
Restricted			
Nonexpendable	562	523	531
Expendable	12,767	11,741	14,967
Unrestricted			
Designated	17,490	18,630	20,157
Undesignated (deficit)	(21,157)	(25,916)	(25,687)
Total net position	$ 143,919	$ 143,675	$ 142,687

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Overview of the Financial Statements (Continued)

Statement of Net Position (continued)

Current assets consist mainly of cash and cash equivalents (90%) and accounts receivable (9%). Other assets include non-current restricted cash and cash equivalents reserved for debt payments, 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 (20%), bond and lease liability, trade accounts and salaries payable, accounts payable - construction, the current portion of compensated absences and accrued faculty payroll. In the normal course of business and based on past history, it is anticipated that current obligations due to employees will be funded by state appropriations.

Deferred inflows and outflows of resources represent either the acquisition or use of resources applicable to future periods and are distinct from assets and liabilities.

Although we have turned the corner on the pandemic we are still feeling the lingering effects related to it, in the undergraduate student population and on those students living in campus housing. On a hopeful note, fiscal year 2024 saw a larger than normal increase in the state's appropriation. In fiscal year 2023, we saw a large decrease in long term liability and this was mainly due to a $8 million decrease in OPEB and pension liability and a $4.3 million decrease in bonds payable. The individual elements of revenue and expenses and their corresponding effect on our net position are illustrated in the following schedule.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Overview of the Financial Statements (Continued)

Statement of Revenues, Expenses and Changes in Net Position (continued)

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, 2024, 2023 and 2022. 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).

	2024	2023	2022
Operating revenues			
Tuition and fees (net)	$ 40,051	$ 41,446	$ 39,459
Grants	11,557	9,714	20,457
Sales and service of educational department	1,465	1,397	1,192
Auxiliary	11,903	10,964	11,384
Right-of-use asset revenue	-	-	54
Other operating revenue	781	633	755
Total operating revenues	65,757	64,154	73,301
Operating expenses			
Instruction	38,895	35,185	37,048
Research and public service	1,539	1,384	1,356
Academic support	12,520	10,933	10,385
Student services	18,094	17,812	17,633
Scholarships	3,453	3,037	6,569
Institutional support	9,498	10,333	13,321
Operations and maintenance	9,088	6,982	6,427
Depreciation	12,656	11,942	11,854
Amortization	5,788	5,857	5,387
Auxiliary	13,246	13,034	12,277
Total operating expenses	124,777	116,499	122,257
Net operating loss	(59,020)	(52,345)	(48,956)
Non-operating revenue and expenses			
State appropriations	58,876	52,189	51,097
Investment income	3,101	2,084	(2,638)
Interest expense and debt issue costs	(3,481)	(4,086)	(4,218)
State capital appropriations	516	2,894	16,336
Capital gifts and grants	252	252	252
Total non-operating revenue	59,264	53,333	60,829
Increase in net position	244	988	11,873
Net position, end of year	143,675	142,687	130,814
Net position, end of year	$ 143,919	$ 143,675	$ 142,687

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Overview of the Financial Statements (Continued)

Statement of Revenues, Expenses and Changes in Net Position (continued)

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 2024, 2023 and 2022 was 43.2%, 39.5%, and 37.5%, respectively. The current fringe benefit rate includes group medical insurance (24.93%), retirement (16.69%) and terminal leave (1.58%).

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

	2023	2023	2022
Commonwealth general appropriations	$ 41,994	$ 37,688	$ 37,406
Commonwealth special appropriations	-	-	-
Appropriations to cover fringe benefits provided to employees of the Commonwealth	17,681	15,038	14,183
	59,675	52,726	51,589
Tuition remitted back to the Commonwealth	(799)	(537)	(492)
Net appropriations	58,876	52,189	51,097
Additional state capital appropriations	516	2,894	16,336
	$ 59,392	$ 55,083	$ 67,433

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.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

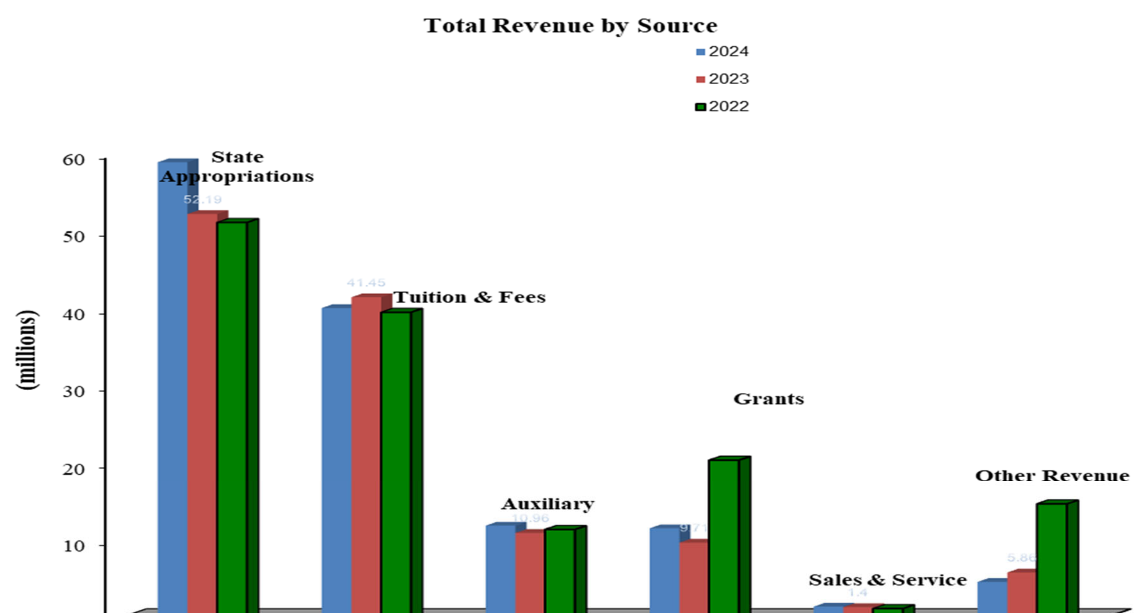
Loss from Operations

The following schedule (condensed, in thousands) illustrates the University's incurred losses from operations for the fiscal years ended June 30, 2024, 2023 and 2022.

	2023	2023	2022
Tuition and fees revenue, net	$ 40,051	$ 41,446	$ 39,459
Other operating revenue	25,706	22,708	33,842
Total operating revenue	65,757	64,154	73,301
Operating expenses	(124,777)	(116,499)	(122,257)
Operating loss	(59,020)	(52,345)	(48,956)
Total state appropriations	58,876	52,189	51,097
Other revenue, net	388	1,144	9,732
Increase in net position	$ 244	$ 988	$ 11,873

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, 2024, 2023 and 2022, the University's net operating revenues ratio was -2.4%, -5.0%, and -3.3%, 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, 2024, 2023 and 2022 was $128.5 million, $121.6 million, and $138.3 million, respectively.



	State Appropriations	Tuition & Fees	Auxiliary	Grants	Sales & Service	Other Revenue
2024	58.88	40.05	11.9	11.56	1.46	4.65
2023	52.19	41.45	10.96	9.71	1.4	5.86
2022	51.1	39.5	11.4	20.4	1.2	14.7

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Loss from Operations (Continued)

State appropriations have been increasing yearly but not at the same rate as salary increases paid to employees. The discrepancy is due to the state funding only a portion of the collective bargaining agreements and also because not all our employees are on the state payroll. Over the last twenty years, general appropriations (including fringe benefits) that support the operating costs of the University have increased for fiscal year 2024 to 74% from a low of 40%.

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 slight fee increase in 2024 of $62.50 for the technology fees bringing this total to 312.50 per semester. This followed the 2023 fee increases of a $8 per credit graduate ed service fee. A $5 increase for the graduate GCE program. A $6 increase per credit for the UG GCE program. And a $19 per credit increase for the accelerated online MBA program to $436 per credit hour. In 2022, the board restored the student activity fee that they waived because of the pandemic and the reduction in on-campus student activities. During fiscal years 2024, 2023 and 2022, in-state tuition, fees and room and board for full- time resident students were $11,358, $11,358 and $11,132 per semester, respectively. In-state tuition and fees for commuting students in fiscal years 2024, 2023 and 2022 were $5,523, $5,460 and $5,336, respectively. After years of constant growth, it is significant to note that in fiscal year 2023, 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 2024 was 54.4% of capacity, 2023 was 52.2% of capacity versus 60.4% of capacity in fiscal year 2022. In fiscal year 2024, the auxiliary department had a 2.2% increase in revenue over 2023 fiscal year.

Grant revenue is made up of federal, state and private grants. Grant revenue also includes grants for financial aid programs such as PELL, SEOG and Federal Work Study. Grant income increased by $1.8 million in fiscal year 2024 while overall operating revenue increased by only $1.6 million. Operating income decreased in fiscal year 2023 because of the HEERF funds received in fiscal year 2022. 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, which 64% of the federal grants and contract income in fiscal year 2022 relates to such. Although there was a slight decrease in tuition and housing income and a slight increase in dining income, the overall change was not by much from fiscal year 2022 to fiscal year 2023. 2023 increase mainly came from a rebound in investment income and a decrease in OPEB and Pension expense of $4.6 million in fiscal year 2023.

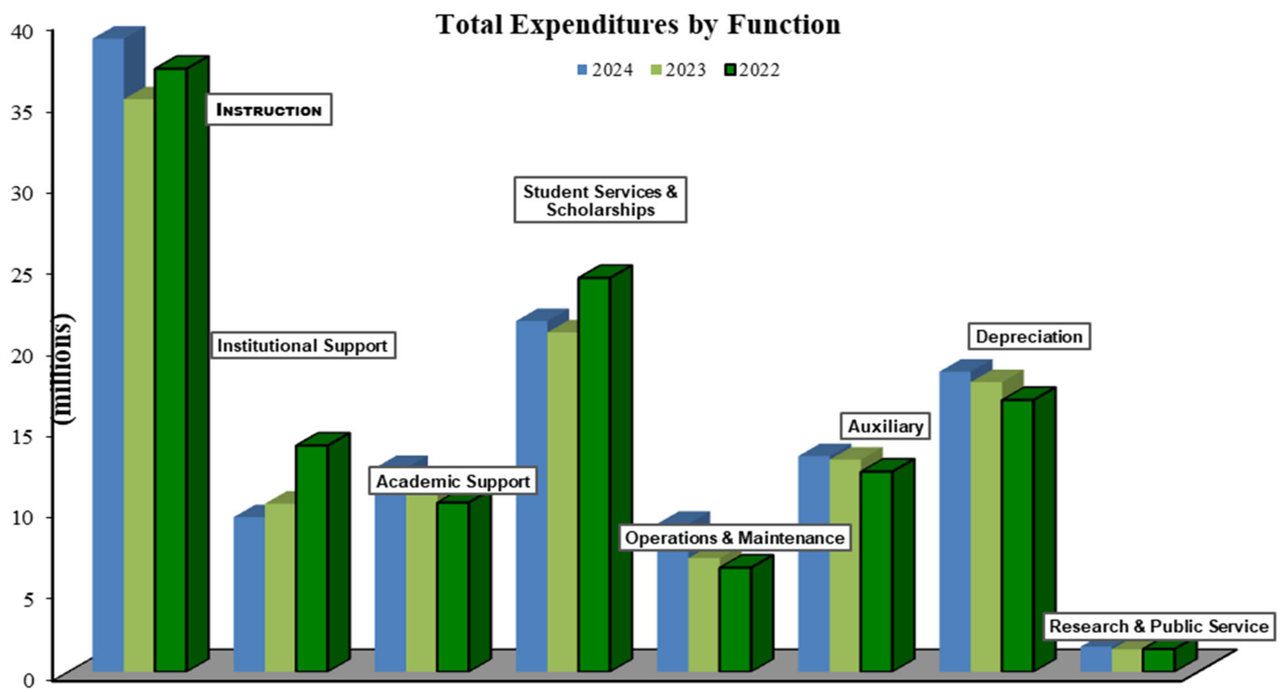
Other revenue includes investment and miscellaneous revenue.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Loss from Operations (Continued)

The following is a graphic illustration of total expenditures (operating) by function. Total operating expenditures for the fiscal years ended June 30, 2024, 2023 and 2022 were $124.8 million and $116.5 million, and $122.3 million, respectively.



Expenditures, exclusive of depreciation, amortization, increased by 7% between fiscal year 2024 and fiscal year 2023, going from $103 million in 2023 to $110 million in 2024. The fiscal year 2024 increase occurred in 2 main areas – Instructional expense and Operations and Maintenance of plant. The most significant area of expense continues to be in the Instructional department, which represents 34% of total operating expenses in fiscal year 2024, 28.2% of total expenses in fiscal year 2023 and 30.3% of total expenses in fiscal year 2022. In fiscal year 2024, faculty payroll of ($26.2 million) and related benefits of ($11.3 million) represents approximately 97.6% of Instructional expenses, in 2023 faculty payroll of ($25.8 million) and related benefits of ($10.2 million) represents approximately 97.2% of Instructional expenses while in fiscal year 2022 faculty payroll of ($25.9 million) and related benefits ($9.7 million) represent approximately 96.1% of instructional expenditures. Institutional Support consists of the day-to-day operational support of the institution, excluding physical plant operations. While there was an overall $0.9 million increase in payroll in fiscal year 2024 over fiscal year 2023, institutional support expenses decreased in total and this was mostly due to external factors - GASB. In fiscal year 2022, there was a slight increase in payroll and software expenditures, and in fiscal year 2022 and fiscal year 2023 a realignment of GASB OPEB and pension benefit balances resulted in adjustments to the asset and liability accounts and a net credit expense. 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. Fiscal year 2024 increase over fiscal year 2023 is mainly due to increase in utility and repairs costs. 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 $12.6 million, $11.9 million and $11.8 million in depreciation expense for 2024, 2023 and 2022, respectively, and $4.75 million and $4.8 million of GASB87 lease amortization expenses for fiscal year 2024 and 2023, respectively.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Loss from Operations (Continued)

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	2024	2023	2022
Instruction	30.50%	29.7%	30.40%
Institutional support	7.40%	8.70%	11.40%
Academic support	9.80%	9.20%	8.50%
Student services and scholarships	16.90%	17.6%	19.90%
Operations and maintenance	7.10%	5.90%	5.30%
Auxiliary	10.40%	11.0%	7.20%
Depreciation and amortization	14.40%	15.0%	9.60%

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, 2024, 2023 and 2022:

	2024	2023	2022
Cash received from operations	$ 67,878	$ 64,328	$ 77,794
Cash expended for operations	(91,966)	(89,698)	(91,086)
Net cash used in operations	(24,088)	(25,370)	(13,292)
Net cash provided by noncapital financing activities	41,195	37,150	36,915
Net cash used in capital and related financing activities	(17,164)	(25,799)	(12,630)
Net cash provided by (used in) investing activities	656	1,012	(633)
Net increase (decrease) in cash and equivalents	599	(13,007)	10,360
Cash and equivalents, beginning of the year	36,241	49,248	38,888
Cash and equivalents, end of year	$ 36,840	$ 36,241	$48,60449,248

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Statement of Cash Flows (continued)

In fiscal year 2024, the University's cash and cash equivalents increased by $0.6 million to $36.8 million. The increase in cash and cash equivalents in fiscal year 2024 was largely due to an increase in investment income and an increase in state appropriations. The decrease in cash and cash equivalents in fiscal year 2023, was largely due to a stabilization of normal recurring income, which is a large decrease from HEERF income received in fiscal years 2020-2022. The increase in cash and cash equivalents in fiscal year 2022 was primarily because of the HEERF federal grant payout we received for the recovery of loss income to restrictions caused by COVID-19, and an increase in auxiliary enterprise income.

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, leased assets, equipment, library materials, and construction in progress. As of June 30, 2024, net capital assets decreased by $14.7 million to $236 million, net of current depreciation of $18.4 million. As of June 30, 2023, net capital assets increased by $2.1 million to $250 million, net of current depreciation of $17.8 million. At fiscal year ended June 30, 2022, net capital assets increased by $3.4 million to $252 million, net of current depreciation of $17.2 million. During fiscal year 2024 there were $5.7 million additions to capital assets, $13.6 million in 2023 and $19.9 million in 2022. Major capital initiatives either continuing or undertaken during 2024 include:

Electricity infrastructure upgrade	$23 million (to date)
Thompson Hall Renov projects	$9.2 million (to date)
Theater renovation	$2.4 million (to date)
Recreation Center Roof	$1.6 million (to date)
Theater Storefront	$2.2 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, 2024, 2023 and 2022 was 0.5, 1.21 and 1.69, respectively.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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"). MDFA 1997 debt used for the recreation center project was paid off in 2024. The interest rate on the majority of MSCBA debt is based on fixed coupon rates ranging from 3.00% to 6.54% over the term of the debt as set by MSCBA.

MSCBA issued the Series 2024A Bonds on February 1, 2024 in part to refund outstanding Series 2014A, 2014B and 2014C bonds, which had a call date of 5/01/2024. As a result of this refinancing, Fitchburg State University will save $2.3 million and will release $750,296 in deferred service revenue funds. In the prior fiscal year 2022 refunding, aggregate debt service assessment was reduced by $52.8 million (approximately 50%), and the fiscal year 2023 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 2021 interest payment, and $400,000 to fund a portion of the spring 2022 interest payment, which further reduced the amount that needed to be assessed to the Universities. In the fall of 2021, 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, 2024 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
MSCBA	Holmes Dining Hall Renovations	2005	$1,090,000	DSF	5.93%	$0	$307,025	2034
MSCBA	Elliot Athletic Field Improvements	2005	$4,020,000	DSF	5.93%	$0	$1,051,910	2034
MSCBA	Holmes Dining Hall Renovations	2006	$2,060,000	DSF	2.87%	$0	$573,646	2031
MSCBA	Hammond Campus Center Renovations	2011	$11,078,908	DSF	3.98%	$893,994	$7,371,578	2030
MSCBA	Hammond Campus Center Renovations	2012	$7,043,416	DSF	2.00%	$0	$3,900,497	2035
MSCBA	Hammond Campus Center Renovations	2013	$11,300,906	DSF	0.97%	$439,301	$5,436,947	2034
MSCBA	Parking Expansion	2013	$2,563,127	DSF	0.97%	$98,242	$1,426,546	2034
MSCBA	Hammond Campus Center Renovations	2014	$12,235,614	DSF	1.74%	$826,050	$6,746,512	2038
MSCBA	Hammond Campus Center Renovations	2015	$10,669,502	DSF & Operating Funds	-3.35%	$693	$5,415,923	2035
MSCBA	Landry Area Refurbishment	2017	$4,166,418	DSF & Operating Funds	3.21%	$169,000	$3,463,443	2037
DCAMM	CEIP Funds	2017	$5,420,360	DCAMM	3.15%	$220,428	$4,349,388	2039
MSCBA	Holmes Dining Hall Renovations	2019	$1,516,022	DSF	3.68%	$55,000	$1,524,699	2039
MSCBA	Recreation Center	2019	$1,107,123	DSF & Operating Funds	3.68%	$40,000	$1,178,519	2039
Total			$74,271,396			$2,742,708	$42,746,632	

Long-Term Debt (Continued)

For the fiscal years ended June 30, 2024, 2023 and 2022, the total debt (current and long-term) attributable to interagency payments, bond premiums amounted to $42.7 million, $47.4 million and $51.7 million, respectively.

For the fiscal years ended June 30, 2024, 2023 and 2022, the total debt (current and long-term) attributable to lease and SBITA liability amounted to $57.1 million, $62.7 million and $65.6 million, respectively. Additional information on Fitchburg State University's long-term debt activity can be found in Notes 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 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 0.97 for June 30, 2024, 0.88 for 2023 and 0.98 for 2022.

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, 2024, 2023 and 2022, the University's debt burden was 3.9%, 4.7% and 3.7%, respectively.

Looking Forward

In April 2024, the Fitchburg State University Board of Trustees nominated Donna Souder Hodge President of Fitchburg State University. President Hodge officially began her tenure on July 1, 2024 and succeeds President Richard Lapidus who retired in June after 9 years leading Fitchburg State University.

Dr. Donna Hodge serves as the 12th President of Fitchburg State University and is the first woman to hold this prestigious position. With over two decades of experience in higher education leadership, strategy, and operations, Dr. Hodge brings a wealth of knowledge and expertise to her role.

Before joining Fitchburg State, Dr. Hodge was the Vice President of Operations and Advancement at Colorado State University Pueblo (CSU Pueblo), a public university serving 4,000 students, many from minoritized and low-income backgrounds. Since August 2021, she has been instrumental in driving CSU Pueblo's #VISION2028 strategic plan, a transformative $19 million initiative aimed at establishing the university as a regional hub of innovation, education, and community engagement.

In her capacity as Vice President, Dr. Hodge oversaw all facilities, auxiliary enterprises, marketing, communications, HSI grants, and advancement functions. She managed budgets exceeding $100 million, including E&G, Auxiliary Services, Capital Construction, facilities recharge, and all federal Title V programs. Additionally, she led a cross-functional team of over 140 internal and external stakeholders and played a crucial role in securing and administering more than $22 million in federal and state grants to support the university's mission and programs.

Dr. Hodge is deeply committed to creating opportunities and solutions for underrepresented communities. Her exceptional work in this area has been recognized by the American Association of State Colleges and Universities (AASCU), which honored her with the 2021 Excellence and Innovation award.

Dr. Hodge holds a Ph.D. in Rhetoric, Master's degrees in English and Women's Studies, and executive certificates from MIT and Harvard. Her academic and professional achievements underscore her dedication to advancing higher education and fostering inclusive environments for all students.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Looking Forward (Continued)

The University has again been listed in the U.S. News & World report's 2025 Best Colleges rankings. They listed Fitchburg State among "The top Regional Universities in the North; among the top public schools in Regional Universities in the north." "Fitchburg State was among the highest performing institutions in Massachusetts for social mobility, which was measured by weighing institutional success in enrolling and graduating economically disadvantaged students".

Fitchburg State was awarded a National Science Foundation S-Stem Grant. Through the project, Fitchburg State University (FSU) aims to build institutional capacity for an inclusive and asset-based pedagogical approach to support domestic, low-income STEM students with academic ability, talent, or potential, and with demonstrated unmet financial need. This initiative will focus on S-STEM eligible students in our programs of biology, chemistry, computer science, computer information systems, engineering technology, and mathematics. The departments represented in this project are active participants in several significant, ongoing initiatives to transform student success at FSU.

A number of the projects undertaken in fiscal year 2024 are being done in collaboration with funding from the Commonwealth of Massachusetts Division of Capital Asset Management and Maintenance ("DCAMM").

Renovations have been completed in the following areas:

- FSC – Campus wide Electric Infrastructure Project
- Southside Chiller plant expansion -supporting the Thompson renovation and future capacity for renovations to include Edgerly Hall.
- Thompson Hall update
- Sanders IRP Office Suite

Underway:

- Theater Renovations, parking deck preconstruction, roof replacement and Theater storefront preconstruction.
- Weston Auditorium roof replacement
- Holmes dining common roof replacement
- Edgerly Electrical Engineer Service
- Power Plant Take Repairs
- Conlon IA/Kent recital
- MLSC Capital Grant Bio Lab

Fitchburg State University continues to look forward to upgrading the Theater Block on Main Street as an exciting way to revitalize downtown Fitchburg and the environ. In a May 2024 email from President Lapidus, he stated that "Thanks to a generous appropriation from the state and federal government, we will begin work on the Main portion of the Theater itself. The next major construction Phase will be the creation of a "black box" that will become the hub of Fitchburg State's theater program, where students will learn state of the art skills in modern performance space".

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

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. Donna Hodge, 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.

FINANCIAL STATEMENTS

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

STATEMENTS OF NET POSITION

JUNE 30, 2024 AND 2023

	2024	Component Unit Fitchburg State University Foundation, Inc. 2024	2023	Component Unit Fitchburg State University Foundation, Inc. 2023
ASSETS				
Current assets:				
Cash and equivalents	$ 19,061,511	$ 4,712,265	$ 21,333,154	$ 3,361,880
Restricted cash and cash equivalents	9,895,378	-	7,259,728	-
Investments	-	11,686,044	-	9,639,863
Accounts receivable, net	3,022,842	75,103	3,143,083	265,238
Contributions receivable, net	-	689,332	-	1,563,577
Due from afiliate	-	74,408		
Other current assets	297,753	12,020	290,270	52,808
Total current assets	32,277,484	17,249,172	32,026,235	14,883,366
Non-current assets:				
Restricted cash and cash equivalents	7,883,014	-	7,649,002	-
Investments	20,743,300	-	18,630,878	-
Endowment investments	1,119,173	18,357,000	980,146	15,975,563
Contributions receivable, net	-	-	-	-
Loans receivable, net of current portion	72,074	-	99,975	-
Capital assets, net	188,769,680	6,889,055	195,726,771	7,256,688
Right-to-use asset - property, net	44,966,265	-	51,680,056	-
Right-to-use asset - SBITA, net	1,856,977	-	2,891,407	-
Other non-current assets	12,848	67,458	42,135	78,042
Total non-current assets	265,423,331	25,313,513	277,700,370	23,310,293
Total assets	297,700,815	42,562,685	309,726,605	38,193,659
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow for OPEB	957,030	-	1,576,035	-
Deferred outflow for pensions	2,376,408	-	2,786,519	-
Total deferred outflows of resources	3,333,438	-	4,362,554	-

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

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

STATEMENTS OF NET POSITION

JUNE 30, 2024 AND 2023
(Continued)

	2024	Component Unit Fitchburg State University Foundation, Inc. 2024	2023	Component Unit Fitchburg State University Foundation, Inc. 2023
LIABILITIES				
Current liabilities:				
Interagency payables, current portion	$ 4,098,577	$ -	$ 4,587,341	$ -
Long-term debt, current portion	-	229,086	-	390,309
Lease obligations - property, current portion	3,157,349	-	3,055,458	-
Lease obligations - SBITA, current portion	1,014,100	-	1,029,041	-
Accounts payable and accrued liabilities	4,238,320	97,198	4,400,047	599,219
Accounts payable - construction	516,440	120,430	1,157,191	161,148
Accrued workers' compensation, current portion	190,305	-	175,952	-
Compensated absences, current portion	3,900,919	-	3,583,230	-
Faculty payroll accrual	4,701,202	-	4,238,147	-
Revenue received in advance	5,621,711	80,000	3,272,868	-
Deposits	191,850	-	195,450	-
Other current liabilities	97,981	61,080	25,516	31,080
Total current liabilities	27,728,754	587,794	25,720,241	1,181,756
Non-current liabilities:				
Interagency payables , net of current portion	38,648,054	-	42,840,438	-
Lease obligations - property, net of current portion	52,117,374	-	56,759,897	-
Lease obligations - SBITA, net of current portion	800,910	-	1,815,011	-
Accrued workers' compensation, net of current portion	965,177	-	944,571	-
Compensated absences, net of current portion	2,473,132	-	2,221,880	-
Long-term debt, net of current portion	-	3,599,008	-	4,020,170
Loan payable - federal financial assistance program	-	-	33,542	-
Net OPEB liability	7,346,167	-	7,961,317	-
Net pension liability	6,907,003	-	6,326,084	-
Total non-current liabilities	109,257,817	3,599,008	118,902,740	4,020,170
Total liabilities	136,986,571	4,186,802	144,622,981	5,201,926
DEFERRED INFLOWS OF RESOURCES				
Service concession arrangement	-	-	252,918	-
Deferred inflow for OPEB	12,230,376	-	15,583,682	-
Deferred inflow for pensions	5,282,711	-	7,628,785	-
Deferred inflow for debt refunding	2,615,734	-	2,325,693	-
Total deferred inflows of resources	20,128,821	-	25,791,078	-

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

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

STATEMENTS OF NET POSITION

JUNE 30, 2024 AND 2023
(Continued)

	2024	Component Unit Fitchburg State University Foundation, Inc. 2024	2023	Component Unit Fitchburg State University Foundation, Inc. 2023
NET POSITION				
Net investment in capital assets	$ 134,256,652	$ 2,760,961	$ 138,697,199	$ 2,445,291
Restricted for				
Non-expendable				
Scholarships and fellowships	562,458	10,404,440	522,969	8,767,229
Cultural programs	-	5,872,408	-	5,242,638
Centennial endowments	-	1,592,974	-	1,592,974
Other	-	487,178	-	372,721
Expendable				
Scholarships and fellowships	437,359	7,468,120	339,746	6,621,423
Cultural programs	-	4,903,696	-	4,076,189
Loans	117,356	-	219,407	-
Capital projects	2,146,397	-	1,453,443	-
Debt service	9,843,789	-	9,514,015	-
Other	222,468	2,025,049	214,038	1,375,115
Unrestricted (deficit)	(3,667,618)	2,861,057	(7,285,717)	2,498,153
Total net position	$ 143,918,861	$ 38,375,883	$ 143,675,100	$ 32,991,733

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

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2024 AND 2023

	2024	Component Unit Fitchburg State University Foundation, Inc. 2024	2023	Component Unit Fitchburg State University Foundation, Inc. 2023
REVENUES				
Operating revenues:				
Student tuition and fees	$ 41,277,093	$ -	$ 42,194,445	$ -
Student fees restricted for repayment of interagency payables	4,496,734	-	4,545,889	-
Less: Scholarship allowance	(5,722,395)	-	(5,294,046)	-
Net student tuition and fees	40,051,432	-	41,446,288	-
Federal grants and contracts	7,180,003	-	6,529,871	-
State and local grants and contracts	2,418,086	991,555	1,740,655	1,936,110
Non-governmental grants and contracts	1,959,401	-	1,443,951	-
Sales and services of educational departments	1,464,775	761,116	1,397,258	1,277,068
Gifts and contributions	-	1,355,405	-	1,107,171
Auxiliary enterprises				
Residential life	8,449,871	-	8,027,456	-
Dining hall	3,433,044	-	2,917,840	-
Alcohol awareness and other programs	19,850	-	18,200	-
Other operating revenues	780,591	-	632,631	-
Total operating revenues	65,757,053	3,108,076	64,154,150	4,320,349
EXPENSES				
Operating expenses:				
Educational and general				
Instruction	38,895,280	24,744	35,184,661	61,133
Research	157,702	-	75,927	-
Public service	1,381,130	101,750	1,308,122	82,358
Academic support	12,519,818	340,534	10,933,293	126,921
Student services	18,094,202	160,184	17,812,465	135,208
Institutional support	9,498,471	774,623	10,332,718	665,591
Operation and maintenance of plant	9,087,820	343,184	6,981,948	1,191,663
Depreciation	12,655,815	205,145	11,942,021	188,731
Amortization	5,787,855	-	5,857,206	-
Scholarship and awards	3,453,449	576,219	3,036,699	630,864
Auxiliary enterprises				
Residential life	9,869,278	-	10,079,759	-
Dining hall	3,338,912	-	2,930,994	-
Alcohol awareness and other programs	37,553	-	23,687	-
Total operating expenses	124,777,285	2,526,383	116,499,500	3,082,469
Operating income (loss)	(59,020,232)	581,693	(52,345,350)	1,237,880

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

(An Agency of the Commonwealth of Massachusetts)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2024 AND 2023
(Continued)

	2024	Fitchburg State University Foundation, Inc. 2024	2023	Fitchburg State University Foundation, Inc. 2023
NON-OPERATING REVENUES (EXPENSES)				
State appropriations	$ 58,875,784	$ -	$ 52,188,530	$ -
Investment income, net of investment expense	2,257,519	653,190	1,603,796	575,518
Investment income on restricted assets, net of investment expense	843,127	3,075,110	479,518	1,997,665
Interest expense on interagency payables and capital asset related debt	(3,481,170)	(199,818)	(4,085,632)	(194,300)
Net non-operating revenues (expenses)	58,495,260	3,528,482	50,186,212	2,378,883
Income (loss) before capital and endowment additions	(524,972)	4,110,175	(2,159,138)	3,616,763
State capital appropriations	515,814	-	2,894,216	-
Capital grants	252,918	-	252,918	-
Private gifts for endowment purposes	-	1,273,975	-	835,344
Change in net position	243,760	5,384,150	987,996	4,452,107
NET POSITION				
Beginning of year	143,675,100	32,991,733	142,687,104	28,539,626
End of year	$ 143,918,860	$ 38,375,883	$ 143,675,100	$ 32,991,733

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

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash flows from operating activities:		
Tuition and fees	$ 39,775,787	$ 40,860,495
Research grants and contracts	13,921,278	10,265,507
Payments to suppliers	(24,938,970)	(25,581,219)
Payments to utilities	(6,022,984)	(5,154,248)
Payments to employees	(54,156,872)	(51,880,399)
Payments for benefits	(3,350,495)	(2,925,999)
Payments for scholarships	(3,495,172)	(3,036,699)
Loans issued to students	(1,900)	(5,286)
Collection of loans to students	29,801	791,896
Auxiliary enterprise receipts		
Residential life	8,374,137	7,983,767
Dining hall	3,433,044	2,917,840
Alcohol awareness program	19,850	18,200
Receipts from sales and services of educational departments	1,437,579	1,490,352
Other receipts (disbursements)	887,012	(1,114,218)
Net cash used in operating activities	(24,087,905)	(25,370,011)
Cash flows from noncapital financing activities:		
State appropriations	41,993,969	37,687,595
Tuition remitted to state	(799,075)	(537,099)
Net cash provided by noncapital financing activities	41,194,894	37,150,496
Cash flows from capital and related financing activities:		
State capital appropriations	515,814	2,894,216
Loan programs net funds receivable	2,799	4,268
Capital grants and gifts activity (DCAM and other)	(703)	(1,700,535)
Federal loan funds received	138,392	741,363
Payments for capital assets	(8,003,257)	(14,377,836)
Principal paid on capital debt	(6,336,630)	(9,274,900)
Interest paid on capital debt	(3,481,170)	(4,085,632)
Net cash used in capital and related financing activities	(17,164,755)	(25,799,056)
Cash flows from investing activities:		
Purchases of investments	(6,113,562)	(5,954,687)
Proceeds from sale of investments	5,324,586	5,782,974
Earnings on investments	1,445,401	1,177,929
Interest on investments	(640)	5,858
Net cash provided by investing activities	655,785	1,012,074
Net change in cash, cash equivalents, and restricted cash	598,019	(13,006,497)
Cash, cash equivalents and restricted cash, beginning of year	36,241,884	49,248,381
Cash, cash equivalents and restricted cash, end of year	$ 36,839,903	$ 36,241,884

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

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023
(Continued)

	2024	2023
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (59,020,232)	$ (52,345,350)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Bad debt expense (recovery)	(37,058)	106,850
Depreciation and amortization	18,443,669	17,799,227
Right-of-use asset revenue applied to bonds	(93)	(61)
Fringe benefits paid by the Commonwealth of Massachusetts	17,700,364	15,038,034
Change in net pension liability	(2,551,113)	(1,641,779)
Change in net OPEB liability	(2,153,382)	(2,970,592)
Changes in assets and liabilities		
Receivables	157,299	(1,088,662)
Other current and noncurrent assets	21,804	20,040
Accounts payable and accrued liabilities	(161,727)	(5,767)
Accrued workers' compensation	34,959	(23,730)
Compensated absences	568,941	(9,110)
Accrued faculty payroll	463,055	62,591
Revenue received in advance	2,348,843	(1,107,999)
Other current liabilities	72,465	(7,263)
Deposits	(3,600)	16,950
Loans to students	27,901	786,610
Net cash used in operating activities	$ (24,087,905)	$ (25,370,011)

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

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023
(Continued)

	2024	2023
Schedule of noncash and financing activities:		
Acquisition of capital assets	$ 5,698,723	$ 13,626,941
Accounts payable thereon		
Beginning of year	1,157,191	1,908,088
End of year	(516,440)	(1,157,193)
Payments for capital assets	$ 6,339,474	$ 14,377,836
Unrealized gain (loss) on investments	$ 1,072,707	$ 701,330
Fringe benefits paid by the Commonwealth of Massachusetts	$ 17,700,364	$ 15,038,034
Capital grants - amortization of deferred inflows of resources - service concession arrangement	$ 252,918	$ 252,918
Reconciliation of cash, cash equivalents and restricted cash balances:		
Current assets		
Cash and cash equivalents	$ 19,061,511	$ 21,333,154
Restricted cash and cash equivalents	9,895,378	7,259,728
Noncurrent assets		
Restricted cash and cash equivalents	7,883,014	7,649,002
	$ 36,839,903	$ 36,241,884

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

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS

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 an agency 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, 2023, 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 2024, the Foundation distributed scholarships and awards in the amount of $576,219 directly to students and faculty of the University, and incurred an additional $1,914,688 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.

During fiscal 2023, the Foundation distributed scholarships and awards in the amount of $630,864 directly to students and faculty of the University and incurred an additional $2,645,905 in support of its mission in other ways.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Net position

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

Net investment in capital assts - 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.

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.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting 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, 2024 and 2023, the University had $437,359 and $339,746, 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 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.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents and investments (continued)

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.

The 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.

The 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 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 Foundation's endowments consist of approximately 120 individual funds at June 30, 2024 and 2023 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, the 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, 2024, and 2023, the endowment is $83,993 and $25,000, respectively.

The Board of Directors of the Foundation 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 Foundation 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 Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the 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 the 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 the Organization, and (vii) the investment policies of the Foundation.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents and investments (continued)

The 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 the Foundation must hold in perpetuity or for donor- specified periods as well as board-designated funds. Under this policy, as approved by the 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.

The 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 the Foundation's asset allocation target percentages over a rolling five-year period. The Foundation's performance goals are also intended to produce results that equal or exceed the average return of a universe of similarly managed funds. The 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, the 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). The 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.

The 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, the Foundation considered the long-term expected return on its endowment fund assets. Accordingly, over the long-term, the Foundation expects the current spending policy to be consistent with the 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 the 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, 2024, and 2023, there were no deficiencies of this nature.

The University's and the 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 $103,080 and $103,484 for the years ended June 30, 2024 and 2023, respectively. The Foundation's investment expense amounted to $172,203 and $151,126 for the years ended June 30, 2024 and 2023, respectively.

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.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts receivable (continued)

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 of the Federal Perkins Loan Program ("Perkins"). The federal government provides the majority of the funds to support these programs. Loan payments received from students made under the Perkins programs may be re-loaned after collection. The portion of the Perkins Loan Program funds provided by the federal government is refundable to the federal government upon the ending (liquidation) of the University's participation in the program. There were no amounts due to the federal government related to this liquidation by the University at June 30, 2024. The amount due to the federal government related to this liquidation is $33,542 at June 30, 2023. This amount is included as a noncurrent liability in the accompanying statements of net position.

The prescribed practices for the Perkins program 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, 5 years for furniture and 3 to 10 years for equipment.

Library materials acquired for the most recent 5-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 5-year period is deducted from the net position balance.

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.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets (continued)

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, 2024 and 2023 were $9,633,290 and $11,356,392, 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.

The 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. The Foundation generally capitalizes all additions and improvements with an individual cost or, if donated, fair value in excess of $5,000.

Contributions and bequests

The Foundation recognizes contributions 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.

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 30th 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).

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.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Agency funds

Agency funds consist of resources held by the University or Foundation 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, 2024 and 2023.

Bond premiums

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

Interest expense

During 2024 and 2023, total interest costs incurred were accounted for as follows:

	2024	2023
Total interest costs incurred	$ 1,485,212	$ 1,638,751
Add: Right to use asset interest costs incurred	2,756,684	2,934,263
Less:		
Bond premium amortization	(465,007)	(202,952)
Loss on refunding	(295,720)	(284,430)
Interest expense	$ 3,481,169	$ 4,085,632

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.

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.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain reclassifications have been made to the 2023 financial statements to conform to the 2024 presentation.

2 - CASH AND CASH EQUIVALENTS, AND INVESTMENTS

Cash and cash equivalents - unrestricted and restricted - include the following at June 30, 2024 and 2023:

	2024		
	Current unrestricted	Current restricted	Noncurrent restricted
Cash, Money Market, Massachusetts			
Municipal depository trust accounts	$ 14,089,603	$ 9,767,213	$ 5,937,204
Cash and cash equivalents held by MDFA*	-	-	-
Cash equivalents held by MSCBA**	-	128,165	1,945,810
Massachusetts State Treasurer***	4,971,167	-	-
Petty cash	741	-	-
	$ 19,061,511	$ 9,895,378	$ 7,883,014

	2023		
	Current unrestricted	Current restricted	Noncurrent restricted
Cash, Money Market, Massachusetts			
Municipal depository trust accounts	$ 14,347,007	$ 6,473,390	$ 4,776,154
Cash and cash equivalents held by MDFA*	-	573,847	-
Cash equivalents held by MSCBA**	-	211,788	2,872,848
Massachusetts State Treasurer***	6,985,406	703	-
Petty cash	741	-	-
	$ 21,333,154	$ 7,259,728	$ 7,649,002

* 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 $4,971,167 and $6,985,406 at June 30, 2024 and 2023, respectively, for University funds and $0 and $703 at June 30, 2024 and 2023, 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 Dreyfus Government Cash Fund in the aggregate amount of $53,780 and $57,520 at June 30, 2024 and 2023, respectively. Dreyfus Government Cash Fund invests in U.S. Government securities and repurchase agreements.

2 - CASH AND CASH EQUIVALENTS, AND INVESTMENTS (Continued)

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, 2024 and 2023, the fund's investment securities had a weighted average maturity of 35 days. The fund had an average credit quality rating of AAAm at both June 30, 2024 and 2023.

Money market funds include the Northern Institutional U.S. Government Portfolio in the aggregate amount of $276,759 and $514,037 at June 30, 2024 and 2023, 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, 2024 and 2023, the fund's investment securities had a weighted average maturity of 31 days and 12 days, respectively. The fund had an average credit quality rating of AAAm at both June 30, 2024 and 2023.

Money market funds also include the RWM Cash Management money market account with a balance of $58,871 and $54,664 at June 30, 2024 and 2023, 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, 2024 and 2023, the University had uninsured cash balances totaling $________ and $5,068,654, 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.

2 - CASH AND CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Custodial credit risk (continued)

The following University investments at June 30, 2024 and 2023 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:

	2024	2023
U.S. Treasury notes and government securities	$ 1,870,541	$ 1,808,040
Corporate debt securities	2,086,830	2,015,633
Equity securities	9,514,662	7,586,421
Mutual funds	8,390,440	8,200,930
Total	21,862,473	19,611,024
Less: insured amounts	1,500,000	1,500,000
Amount subject to custodial credit risk	$ 20,362,473	$ 18,111,024

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, 2024, and 2023, the fair values of the University's deposits held at the MMDT were $18,365,077 and $22,478,286, respectively. At June 30, 2024, 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; 13% at 31-90 days; 4% at 91-180 days; and 11% at 181 days or more. At June 30, 2024, 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 $0 and $573,847 at June 30, 2024 and 2023, 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, 2024 and 2023. At June 30, 2024 and 2023, the fund's investment securities maintained a weighted average maturity of 25 days.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - CASH AND CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Credit risk (continued)

At June 30, 2024, certain funds of the University are held at MSCBA. Of the total, $________ is deposited in various cash accounts which are fully collateralized by securities in accounts in the name of MSCBA, and $1,169,416 is invested in various funds as listed below:

		Investment Maturities (in years)				
Investment type	Fair Value	Less Than 1	1 to 5	6 to 10	Greater than 10	Credit Rating
Federal Home Bank						
Interest bearing accounts	$ 169,586	$ 169,586	$ -	$ -	$ -	N/A
Federal farm credit	458,809	-	458,809	-	-	AA+
Massachusetts ST bonds	541,021	-	-	541,021	-	AAA
Total	$ 1,169,416	$ 169,586	$ 458,809	$ 541,021	$ -	

At June 30, 2023, certain funds of the University are held at MSCBA. Of the total, $1,973,486 is deposited in various cash accounts which are fully collateralized by securities in accounts in the name of MSCBA, and $1,111,150 is invested in various funds as listed below:

		Investment Maturities (in years)				
Investment type	Fair Value	Less Than 1	1 to 5	6 to 10	Greater than 10	Credit Rating
Federal Home Bank						
Discount notes	$ 111,320	$ 111,320	$ -	$ -	$ -	N/A
Federal farm credit	458,809	-	458,809	-	-	N/A
Massachusetts ST bonds	541,021	-	-	541,021	-	AA+
Total	$ 1,111,150	$ 111,320	$ 458,809	$ 541,021	$ -	

Investment composition

The University's investments in marketable securities are represented by the following at June 30, 2024 and 2023:

	2024		2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
U.S. Treasury notes and government securities	$ 1,988,959	$ 1,870,541	$ 1,960,326	$ 1,808,040
Corporate debt securities	2,236,173	2,086,830	2,187,771	2,015,633
Equity securities	6,766,657	9,514,662	5,652,098	7,586,421
Mutual funds	8,772,584	8,390,440	8,781,699	8,200,930
	$ 19,764,373	$ 21,862,473	$ 18,581,894	$ 19,611,024

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - CASH AND CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Investment composition (continued)

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

	2024	2023
Investments	$ 20,743,300	$ 18,630,878
Endowment investments	1,119,173	980,146
	$ 21,862,473	$ 19,611,024

At June 30, 2024, 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 to 5	6 to 10	Greater than 10	Credit Rating
U.S. Treasury notes and government securities 1.125 % to 4.875%	$ 1,870,542	$ 359,697	$ 1,077,480	$ 433,365	$ -	AA+
Corporate debt securities 2.950% to 4.875%	375,458	-	301,399	74,059	-	AA+
Corporate debt securities 1.734% to 5.250%	653,963	-	517,648	136,315	-	A-
Corporate debt securities 2.150% to 4.625%	404,360	58,924	240,958	104,478	-	A+
Corporate debt securities 2.800% to 2.875%	125,563	59,759	-	65,804	-	AA+
Corporate debt securities 1.995% to 4.950%	216,869	-	141,845	75,024	-	AA-
Corporate debt securities 3.200% to 3.200%	49,146	49,146	-	-	-	AA+
Corporate debt securities 3.125% to 3.125%	48,763	-	48,763	-	-	AAA
Corporate debt securities 3.000% to 3.875%	212,708	73,779	-	138,929	-	BBB+
Total	$ 3,957,372	$ 601,305	$ 2,328,093	$ 1,027,974	$ -	

At June 30, 2023, 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 to 5	6 to 10	Greater than 10	Credit Rating
U.S. Treasury notes and government securities 1.125 % to 4.000%	$ 1,808,040	$ 198,412	$ 1,111,782	$ 497,846	$ -	AAA
Corporate debt securities 2.000% to 4.875%	438,657	-	164,753	273,904	-	A
Corporate debt securities 1.734% to 4.000%	437,107	-	380,609	56,498	-	A-
Corporate debt securities 2.00% to 3.200%	269,855	-	165,512	104,343	-	A+
Corporate debt securities 2.800% to 3.625%	381,352	-	315,369	65,983	-	AA-
Corporate debt securities 3.200% to 3.200%	48,365	-	48,365	-	-	AA+
Corporate debt securities 3.125% to 3.125%	48,113	-	48,113	-	-	AAA
Corporate debt securities 3.000% to 3.875%	317,267	59,766	190,880	66,621	-	BBB+
Corporate debt securities 3.625% to 3.625%	74,917	74,917	-	-	-	BBB
Total	$ 3,823,673	$ 333,095	$ 2,425,383	$ 1,065,195	$ -	

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - CASH AND CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Investment composition (continued)

The Foundation's cash and cash equivalents consist of the following at June 30, 2024 and 2023:

	2024	2023
Cash and other demand deposits	$ 3,645,630	$ 2,098,830
Monday Market fund	1,066,635	1,263,050
	$ 4,712,265	$ 3,361,880

Money market funds include the Charles Schwab Premier Money Market, Schwab Government Money Market, the Dreyfus Government Cash Management Fund, RWM Cash Management Money Market and the Fidelity Bank LifeDesign Business Cash Management Money Market accounts in the amounts of $437,588, $50,974, $105,416 and $472,657, respectively, at June 30, 2024.

Money market funds include the SSGA US Government Money Market Fund, the Dreyfus Government Cash Management Fund, RWM Cash Management Money Market and the Fidelity Bank LifeDesign Business Cash Management Money Market accounts in the amounts of $579,019, $84,941, $106,669 and $472,421, respectively, at June 30, 2023.

The 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:

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

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Equities	$ 7,918,785	$ 16,159,647	$ 7,149,970	$ 12,700,361
Preferred stock	6,416	6,460	12,758	12,520
Mutual funds	5,462,855	5,841,851	5,493,132	5,917,998
Corporate bonds	4,905,137	4,713,590	4,250,847	3,994,937
U.S. government securities	3,443,779	3,321,496	3,181,494	2,989,610
	$ 21,736,972	$ 30,043,044	$ 20,088,201	$ 25,615,426

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

	2024	2023
Current assets		
Investments	$ 11,686,044	$ 9,639,863
Noncurrent assets		
Endowment investments	18,357,000	15,975,563
	$ 30,043,044	$ 25,615,426

At June 30, 2024 and 2023, net unrealized gains in the Foundation's investment portfolio amounted to $8,306,072 and $5,527,225, respectively.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - CASH AND CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Investment composition (continued)

At June 30, 2024, the 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 Maturities (in years)				
Investment type	Fair Value	Less Than 1	1 to 5	6 to 10	Greater than 10	Credit Rating
U.S. Treasury notes and government securities 0.375 % to 4.875%	$ 3,321,496	$ 930,439	$ 2,095,254	$ 295,803	$ -	AA+
Corporate debt securities 1.375% to 5.000%	1,129,114	247,445	604,647	277,022	-	A
Corporate debt securities 1.200% to 5.250%	1,136,288	236,417	697,468	202,403	-	A-
Corporate debt securities 2.375% to 5.550%	458,908	157,667	224,137	77,104	-	A+
Corporate debt securities 1.650% to 4.000%	181,103	-	115,299	65,804	-	AA
Corporate debt securities 2.709% to 4.950%	235,573	122,793	37,755	75,025	-	AA-
Corporate debt securities 3.125%	24,381	24,381	-	-	-	AAA
Corporate debt securities 2.625% to 5.850%	541,277	235,457	305,820	-	-	BBB
Corporate debt securities 0.80% to 4.750%	1,006,946	364,481	592,623	49,842	-	BBB+
Total	$ 8,035,086	$ 2,319,080	$ 4,673,003	$ 1,043,003	$ -	

At June 30, 2023, the 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 Maturities (in years)				
Investment type	Fair Value	Less Than 1	1 to 5	6 to 10	Greater than 10	Credit Rating
U.S. Treasury notes and government securities 1.125 % to 2.875%	$ 2,989,610	$ 705,970	$ 1,892,176	$ 391,464	$ -	AAA
Corporate debt securities 2.000% to 4.500%	651,599	-	371,497	280,102	-	A
Corporate debt securities 0.810% to 4.750%	1,109,181	62,391	835,445	211,345	-	A-
Corporate debt securities 2.375% to 3.950%	254,129	-	187,878	66,251	-	A+
Corporate debt securities 2.709% to 3.875%	410,653	49,127	295,543	65,983	-	AA-
Corporate debt securities 3.450% to 3.450%	49,273	49,273	-	-	-	AA+
Corporate debt securities 3.125% to 3.125%	24,057	-	24,057	-	-	AAA
Corporate debt securities 0.600% to 5.850%	442,338	139,662	259,068	43,608	-	BBB
Corporate debt securities 1.450% to 3.700%	181,195	37,490	36,002	107,703	-	BBB-
Corporate debt securities 0.800% to 4.493%	872,512	167,019	705,493	-	-	BBB+
Total	$ 6,984,547	$ 1,210,932	$ 4,607,159	$ 1,166,456	$ -	

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - CASH AND CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Investment fair value

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 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, 2024:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
U.S. Treasury notes and government securities	$ 1,870,541	$ -	$ 1,870,541	$ -
Corporate debt securities	2,086,830	-	2,086,830	-
Equity securities	9,514,662	9,514,662	-	-
Mutual funds	8,390,440	8,390,440	-	-
	$ 21,862,473	$ 17,905,102	$ 3,957,371	$ -

The University's investments' fair value measurements are as follows at June 30, 2023:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
U.S. Treasury notes and government securities	$ 1,808,040	$ -	$ 1,808,040	$ -
Corporate debt securities	2,015,633	-	2,015,633	-
Equity securities	7,586,421	7,586,421	-	-
Mutual funds	8,200,930	8,200,930	-	-
	$ 19,611,024	$ 15,787,351	$ 3,823,673	$ -

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - CASH AND CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Investment fair value (continued)

The Foundation's investments' fair value measurements are as follows at June 30, 2024:

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	$ 16,159,647	$ 16,159,647	$ -	$ -
Preferred stock	6,460	-	6,460	-
Mutual funds	5,841,851	5,841,851	-	-
Corporate bonds	4,713,590	-	4,713,590	-
U.S. government securities	3,321,496	-	3,321,496	-
	$ 30,043,044	$ 22,001,498	$ 8,041,546	$ -

The Foundation's investments' fair value measurements are as follows at June 30, 2023:

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	$ 12,700,361	$ 12,700,361	$ -	$ -
Preferred stock	12,520	-	12,520	-
Mutual funds	5,917,998	5,917,998	-	-
Corporate bonds	3,994,937	-	3,994,937	-
U.S. government securities	2,989,610	-	2,989,610	-
	$ 25,615,426	$ 18,618,359	$ 6,997,067	$ -

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.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - CASH AND CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Investment fair value (continued)

The Foundation's endowment net asset composition by type of fund at June 30, 2024 is as follows:

Fund Type	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted funds	$ -	$ 11,882,646	$ 11,882,646
Donor restricted amounts required to be held in perpetuity	-	18,357,000	18,357,000
Board-designated for endowment fund	83,993	-	83,993
Total funds	$ 83,993	$ 30,239,646	$ 30,323,639

Endowment

Changes in the Foundation's board-designated and donor-restricted endowment net position by type of fund for the year ended June 30, 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 25,000	$ 25,478,543	$ 25,503,543
Investment return			
Investment income	-	509,410	509,410
Depreciation, realized and unrealized	-	2,706,662	2,706,662
Total investment return	-	3,216,072	3,216,072
Contributions	-	1,835,005	1,835,005
Other income	-	12,796	12,796
Appropriation of endowment assets for expenditure	-	(451,289)	(451,289)
Investment management fees	-	(142,053)	(142,053)
Reclassification of net assets	-	290,572	290,572
Transfer of board designated funds	58,993	-	58,993
Endowment net assets, end of year	$ 83,993	$ 30,239,646	$ 30,323,639

The FSU Foundation's endowment net asset composition by type of fund at June 30, 2023 is as follows:

Fund Type	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted funds	$ -	$ 9,502,980	$ 9,502,980
Donor restricted amounts required to be held in perpetuity	-	15,975,563	15,975,563
Board-designated for endowment fund	25,000	-	25,000
Total funds	$ 25,000	$ 25,478,543	$ 25,503,543

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - CASH AND CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Endowment (continued)

Changes in FSU Foundation's board-designated and donor-restricted endowment net position by type of fund for the year ended June 30, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 25,000	$ 21,919,575	$ 21,944,575
Investment return			
Investment income	-	382,545	382,545
Appreciation, realized and unrealized	-	1,734,319	1,734,319
Total investment return	-	2,116,864	2,116,864
Additions	-	1,954,884	1,954,884
Other income	-	6,950	6,950
Appropriation of endowment assets for expenditure	-	(479,126)	(479,126)
Investment management fees	-	(119,887)	(119,887)
Reclassification of net assets	-	79,283	79,283
Endowment net assets, end of year	$ 25,000	$ 25,478,543	$ 25,503,543

3 - ACCOUNTS AND CONTRIBUTIONS RECEIVABLE

The University's accounts receivable include the following at June 30, 2024 and 2023:

	2024	2023
Student accounts receivable	$ 3,038,314	$ 2,681,204
Parking and other fines receivable	139,342	121,071
Commissions receivable	-	2,000
Grants receivable	287,677	259,723
Fitchburg State University Foundation, Inc.	-	524,158
	3,465,333	3,588,156
Less allowance for doubtful accounts	(442,491)	(445,073)
	$ 3,022,842	$ 3,143,083

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

3 - ACCOUNTS RECEIVABLE AND CONTRIBUTION RECEIVABLE (Continued)

FSU Foundation's contributions receivable consist of the following at June 30, 2024 and 2023:

	2024	2023
Receivable in less than one year	$ 603,100	$ 1,563,577
Receivable in one to five years	100,000	-
	703,100	1,563,577
Discount on pledges	(13,768)	-
	$ 689,332	$ 1,563,577

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 6.2%.

4 - LOANS RECEIVABLE

Loans receivable include the following at June 30, 2024 and 2023:

	2024	2023
Nursing loans receivable	$ 71,924	$ 99,175
Emergency student loans receivable	150	800
	$ 72,074	$ 99,975

During fiscal 2023, the University remitted all federal proceeds and loans to the Department of Education.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

5 - CAPITAL ASSETS

Capital assets activity of the University for the year ended June 30, 2024 is as follows:

	Totals June 30, 2023 As Restated	Additions	Reclassifications* and Reductions	Totals June 30, 2024
Capital Assets				
Non-depreciable capital assts				
Land	$ 5,478,125	$ -	$ -	$ 5,478,125
Construction in progress	40,077,169	3,729,261	(34,431,626)	9,374,804
Total non-depreciable assets	45,555,294	3,729,261	(34,431,626)	14,852,929
Depreciable capital assets				
Land improvements	19,942,365	-	-	19,942,365
Buildings	80,591,909	-	-	80,591,909
Building improvements	183,988,033	35,283,173	-	219,271,206
Leased buildings and assets	66,224,484	-	(1,960,366)	64,264,118
Subscription based IT	4,489,805	-	-	4,489,805
Equipment	31,421,056	1,073,901	-	32,494,957
Furniture	597,676	-	-	597,676
Library materials	228,259	44,014	(79,072)	193,201
Total depreciable assets	387,483,587	36,401,088	(2,039,438)	421,845,237
Total capital assets	433,038,881	40,130,349	(36,471,064)	436,698,166
Less accumulated depreciation				
Land improvements	11,486,140	1,075,941	-	12,562,081
Buildings	49,189,125	1,153,759	-	50,342,884
Building improvements	85,231,781	9,474,174	-	94,705,955
Leased buildings and assets	14,544,428	4,753,425	-	19,297,853
Subscription based IT	1,598,398	1,034,430	-	2,632,828
Equipment	20,093,099	872,868	-	20,965,967
Furniture	597,676	-	-	597,676
Library materials	-	79,072	(79,072)	-
Total accumulated depreciation	182,740,647	18,443,669	(79,072)	201,105,244
	$250,298,234	$ 21,686,680	$ (36,391,992)	$235,592,922

At June 30, 2024, capital assets of the University with a cost of $59,814,035 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, 2024.

The University enters into various contract commitments with contractors, from time to time, for improvements to its facilities. Remaining contract commitments totaled approximately $985,113 and $1,250,503 at June 30, 2024 and 2023, respectively.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

5 - CAPITAL ASSETS (Continued)

Capital assets activity of the University for the year ended June 30, 2023 is as follows:

	Totals June 30, 2022 As Restated	Additions	Reclassifications* and Reductions	Totals June 30, 2023
Capital Assets				
Non-depreciable capital assts				
Land	$ 5,478,125	$ -	$ -	$ 5,478,125
Construction in progress	29,083,661	11,860,155	(866,647)	40,077,169
Total non-depreciable assets	34,561,786	71,160,930	(5,199,882)	45,555,294
Depreciable capital assets				
Land improvements	18,452,373	1,078,729	411,263	19,942,365
Buildings	80,591,909	-	-	80,591,909
Building improvements	183,052,672	935,361	-	183,988,033
Leased buildings and assets	66,224,484	-	-	66,224,484
Subscription based IT	2,464,140	2,025,665	-	4,489,805
Equipment	31,254,403	166,653	-	31,421,056
Furniture	597,676	-	-	597,676
Library materials	284,982	41,426	(98,149)	228,259
Total depreciable assets	382,922,639	4,247,834	313,114	387,483,587
Total capital assets	417,484,425	75,408,764	(4,886,768)	433,038,881
Less accumulated depreciation				
Land improvements	10,559,199	926,941	-	11,486,140
Buildings	48,035,366	1,153,759	-	49,189,125
Building improvements	76,363,989	8,867,792	-	85,231,781
Leased buildings and assets	9,721,652	4,822,776	-	14,544,428
Subscription based IT	563,968	1,034,430	-	1,598,398
Equipment	19,197,719	895,380	-	20,093,099
Furniture	597,676	-	-	597,676
Library materials	-	98,149	(98,149)	-
Total accumulated depreciation	165,039,569	17,799,227	(98,149)	182,740,647
	$252,444,856	$ 57,609,537	$ (4,788,619)	$250,298,234

At June 30, 2023, capital assets of the University with a cost of $59,591,652 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, 2023.

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, 2024 and 2023.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

5 - CAPITAL ASSETS (Continued)

Capital assets activity of the Foundation for the year ended June 30, 2024 is as follows:

	Totals June 30, 2023	Additions	Reclassifications* and Reductions	Totals June 30, 2024
Capital Assets				
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
Building	434,225	-	-	434,225
Building improvements	28,600	-	-	28,600
	4,196,094	-	-	699,349
Other				
Land	2,246,989	-	(86,542)	2,160,447
Land improvements	106,222	-	-	106,222
Buildings	2,647,786	-	(89,348)	2,558,438
Building improvements	1,109,005	-	-	1,109,005
Equipment	814,190	-	-	814,190
Furniture and fixtures	60,773	-	-	60,773
Library materials	6,570	-	-	6,570
	6,991,535	-	(175,890)	6,815,645
Total capital assets	13,490,096	-	(175,890)	9,817,461
Less accumulated depreciation				
Real estate under lease to the University				
Buildings	655,543	38,943	-	694,486
Building improvements	108,381	17,104	-	125,485
	763,924	56,047	-	819,971
Real estate used for student housing				
Buildings	174,596	10,854	-	185,450
Building improvements	19,780	1,432	-	21,212
	194,376	12,286	-	206,662
Other				
Land improvements	40,794	5,311	-	46,105
Buildings	426,613	62,229	(13,403)	475,439
Building improvements	488,559	55,450	-	544,009
Equipment	759,308	10,976	-	770,284
Furniture and fixtures	56,519	2,845	-	59,364
Library materials	6,570	-	-	6,570
	1,778,363	136,811	(13,403)	1,901,771
Total accumulated depreciation	2,736,663	205,145	(13,403)	2,928,406
	$ 10,753,433	$ (205,145)	$ (162,487)	$ 6,889,055

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

5 - CAPITAL ASSETS (Continued)

At June 30, 2024 and 2023, property and equipment with a cost of approximately $798,204 were fully depreciated and still in service.

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 Foundation Supporting Organization razed the building and incurred an impairment loss of $100,956 in 2023. The land is being used for green space.

On November 13, 2019, the Foundation Supporting Organization acquired a property in close proximity to the Fitchburg State University campus to support the downtown Theater project. The property, which consists of land and a building, was purchased for $1 after the Foundation Supporting Organization was notified by the Massachusetts Department of Environmental Protection ("DEP") about an environmental issue with the property that requires remediation before the property is usable. The Foundation Supporting Organization razed the building on the property and is actively working on converting the land to a parking lot. During the year ended June 30, 2022, the Foundation Supporting Organization determined that additional costs of the remediation are expected above insured policy limits in the amount of $465,696, which was accrued as a liability for environmental remediation accordingly. As of June 30, 2024, and 2023, the remaining environmental liability of $120,430 and $161,148, respectively, 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 12). 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 theatre renovation. The space is expected to be used by the University, 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 Foundation Supporting 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 for 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. The Foundation Supporting Organization incurred $26,448 of legal costs related to the project which have been recorded in prepaid expenses and other assets on the statement of net position as of June 30, 2024 and 2023.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

5 - CAPITAL ASSETS (Continued)

Capital assets activity of the Foundation for the year ended June 30, 2023 is as follows:

	Totals June 30, 2022	Additions	Reclassifications* and Reductions	Totals June 30, 2023
Capital Assets				
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
Building	434,225	-	-	434,225
Building improvements	28,600	-	-	28,600
	4,196,094	-	-	699,349
Other				
Land	2,136,371	110,618	-	2,246,989
Land improvements	96,228	9,994	-	106,222
Buildings	2,468,774	279,968	(100,956)	2,647,786
Building improvements	1,109,005	-	-	1,109,005
Equipment	759,307	54,883	-	814,190
Furniture and fixtures	60,773	-	-	60,773
Library materials	6,570	-	-	6,570
	6,637,028	455,463	(100,956)	6,991,535
Total capital assets	13,135,589	455,463	(100,956)	9,993,351
Less accumulated depreciation				
Real estate under lease to the University				
Buildings	616,599	38,944	-	655,543
Building improvements	91,277	17,104	-	108,381
	707,876	56,048	-	763,924
Real estate used for student housing				
Buildings	163,740	10,856	-	174,596
Building improvements	18,351	1,429	-	19,780
	182,091	12,285	-	194,376
Other				
Land improvements	35,858	4,936	-	40,794
Buildings	369,446	57,167	-	426,613
Building improvements	433,109	55,450	-	488,559
Equipment	759,308	-	-	759,308
Furniture and fixtures	53,674	2,845	-	56,519
Library materials	6,570	-	-	6,570
	1,657,965	120,398	-	1,778,363
Total accumulated depreciation	2,547,932	188,731	-	2,736,663
	$ 10,587,657	$ 266,732	$ (100,956)	$ 7,256,688

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

6 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
Accounts payable - trade	$ 1,234,504	$ 1,426,598
Salaries and fringe benefit payable	2,499,458	2,506,430
Accrued interest payable	309,879	326,825
Tuition due state	38,626	30,469
Other	155,853	109,725
	$ 4,238,320	$ 4,400,047

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, 2024 and 2023. Based upon the Commonwealth's analyses, $1,155,482 and $1,120,523 of accrued workers' compensation has been recorded as a liability at June 30, 2024 and 2023, respectively.

8 - ACCRUED COMPENSATED ABSENCES

Accrued compensated absences are comprised of the following at June 30, 2024 and 2023:

	2024	2023
Vacation time payable	$ 3,126,136	$ 2,939,943
Sick time payable	3,247,915	2,865,167
Total	$ 6,374,051	$ 5,805,110

	2024	2023
Amount representing obligations due to employees funded through sources other than state appropriations	$ 402,985	$ 337,534
Amount representing obligations due to employees compensated through state appropriations	5,971,066	5,467,576
Total	$ 6,374,051	$ 5,805,110

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 $(2,706,434) and $1,480,607 at June 30, 2024 and 2023, respectively (see Note 1, Compensated absences).

9 - FACULTY PAYROLL RECEIVABLE

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, 2024 of $4,701,202 will be paid from the University's fiscal 2025 State appropriations. The total amount due at June 30, 2023 of $4,238,147 was paid from the University's fiscal 2024 State appropriations.

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, 2024 and 2023:

	2024	2023
Tuition, fees and processional development	$ 1,902,569	$ 1,935,630
Capital projects	1,701,489	431,688
Grants	1,924,083	802,845
Other	93,570	102,705
	$ 5,621,711	$ 3,272,868

11 - DEFERRED INFLOWS OF RESOURCES FROM SERVICE CONCESSION ARRAGEMENT

Deferred inflows of resources from service concession arrangement at June 30, 2024 and 2023 in the amounts of $0 and $252,918, 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 provided for payments to the University totaling $2,500,000. These payments shall be made to the University by Compass in seven installments over the course of 2011 through 2022. To date, the University has received all seven installments from Compass. In addition, Compass has agreed to pay the University specified percentages of 4%, 4.5% 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 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 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. 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, 2024 and 2023.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 2024:

	Issue Date	Original Amount	Interest Rates (%)	Due Date	Effective Interest Rates (%)*	Interagency Payable Balance	Unamortized Bond Premiums	Total Interagency Payable
MSCBA Series 2005A	3/1/2005	$ 5,110,000	3.50-5.00	5/1/2034	5.93	$ 1,291,104	$ 67,831	$ 1,358,935
MSCBA Series 2006A	3/8/2006	2,060,000	3.50-5.00	5/1/2031	2.87	518,736	54,910	573,646
MSCBA Series 2010B	12/17/2010	11,078,908	4.89-6.54	5/1/2030	3.98	7,348,021	23,557	7,371,578
MSCBA Series 2012A	1/4/2012	7,043,416	3.00-5.00	5/1/2035	2.00	3,830,407	70,090	3,900,497
MSCBA Series 2012C	12/20/2012	13,864,033	2.00-5.00	5/1/2034	0.97	6,194,858	668,635	6,863,493
MSCBA Series 2014A	1/7/2014	12,235,614	2.00-5.00	5/1/2038	1.74	6,636,623	109,889	6,746,512
MSCBA Series 2014C	12/17/2014	10,669,502	3.00-5.00	5/1/2035	3.35	5,136,957	278,966	5,415,923
DCAMM CEIP Funds	11/7/2016	5,420,360	3.00	1/1/2039	3.15	4,349,388	-	4,349,388
MSCBA Series 2017A	1/25/2017	4,166,418	3.00-5.00	6/30/2037	3.21	3,344,748	118,695	3,463,443
MSCBA Series 2019A	1/23/2019	2,623,145	3.00-5.00	6/30/2039	3.68	2,577,220	125,996	2,703,216
		$ 74,271,396				$ 41,228,062	$ 1,518,569	$ 42,746,631

* Effective interest rates are calculated by dividing total interest paid during the yr by the average outstanding balance of the interagency payable.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

12 - INTERAGENCY PAYABLES (Continued)

The following table summarizes the University's Interagency payables as of June 30, 2023:

	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	7.65	$ 501,095	$ -	$ 501,095
MSCBA Series 2005A	3/1/2005	5,110,000	3.50-5.00	5/1/2034	5.32	1,394,940	-	1,394,940
MSCBA Series 2006A	3/8/2006	2,060,000	3.50-5.00	5/1/2031	2.68	666,209	-	666,209
MSCBA Series 2010B	12/17/2010	11,078,908	4.89-6.54	5/1/2030	3.92	8,362,779	-	8,362,779
MSCBA Series 2012A	1/4/2012	7,043,416	3.00-5.00	5/1/2035	1.99	3,977,242	-	3,977,242
MSCBA Series 2012C	12/20/2012	13,864,033	2.00-5.00	5/1/2034	1.76	6,775,727	790,238	7,565,965
MSCBA Series 2014A	1/7/2014	12,235,614	2.00-5.00	5/1/2038	0.78	7,886,463	37,650	7,924,113
MSCBA Series 2014C	12/17/2014	10,669,502	3.00-5.00	5/1/2035	3.19	5,744,014	209,667	5,953,681
DCAMM CEIP Funds	11/7/2016	5,420,360	3.00	1/1/2039	3.00	4,576,428	-	4,576,428
MSCBA Series 2017A	1/25/2017	4,166,418	3.00-5.00	6/30/2037	3.65	3,537,477	132,109	3,669,586
MSCBA Series 2019A	1/23/2019	2,623,145	3.00-5.00	6/30/2039	2.77	2,719,888	115,853	2,835,741
		$ 80,271,396				$ 46,142,262	$ 1,285,517	$ 47,427,779

* Effective interest rates are calculated by dividing total interest paid during the yr by the average outstanding balance of the interagency payable.

12 - INTERAGENCY PAYABLES (Continued)

MDFA Series J-3 bond issuance

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. Construction of the athletic facility was completed in August 2000. The MDFA bond was paid in full July 2023.

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 2022, the series 2005A bond was refunded/restructured with the MSCBA series 2021A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2023 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.

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 2022, the series 2006A bond was refunded/restructured with the MSCBA series 2021A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2023 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, 2024 and 2023, MSCBA held debt service reserve funds in the amount of $33,972 and $111,320 respectively, which are included in the accompanying statements of net position at June 30, 2024 and 2023 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, MSCBA held debt service reserve funds in the amount of $80,326. During fiscal 2023, the entire balance of the debt service reserve was released to the University.

12 - INTERAGENCY PAYABLES (Continued)

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 2022, the Series 2010B bond was refunded/restructured with the MSCBA series 2021A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2023. 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, 2024 and 2023, MSCBA held debt service reserve funds in the amount of $507,900 and $541,021 respectively, which are included in the accompanying statements of net position at June 30, 2024 and 2023 as noncurrent restricted cash and cash equivalents. $33,122 of the debt service reserve funds was used to defray expense in 2024 and $200,000 in 2023.

MSCBA Series 2012A bond issuance

During January 2012, 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 2022, the series 2012A bond was refunded/restructured with the MSCBA series 2021A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2023 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 2022, the Series 2012C bond was refunded/restructured with the MSCBA Series 2021A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2023 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.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

12 - INTERAGENCY PAYABLES (Continued)

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 2022, the Series 2014A bond was refunded/restructured with the MSCBA Series 2021A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2023 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.

During fiscal 2024, the Series 2014A bond was refunded/restructured with the MSCBA Series 2024A bonds. In accordance with the terms of the bond restructuring, principal payments were required until May 2023 and the bonds are now due on Nov1, 2043. 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 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, 2024 and 2023, MSCBA held debt service reserve funds in the amount of 338,773 and $513,247 respectively, which are included in the accompanying statements of net position at June 30, 2024 and 2023 as noncurrent restricted cash and cash equivalents. $174,473 of the debt service reserve funds was used to defray expense in 2024.

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 2022, the Series 2014C bond was refunded/restructured with the MSCBA Series 2021A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2023 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, 2024 and 2023, MSCBA held debt service reserve funds in the amount of $212,015 and $458,809 respectively, which are included in the accompanying statements of net position at June 30, 2024 and 2023 as noncurrent restricted cash and cash equivalents.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

12 - INTERAGENCY PAYABLES (Continued)

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. 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, 2021. 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 an 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.

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 2022, the series 2017A bond was refunded/restructured with the MSCBA series 2021A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2023. 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, 2024 and 2023, MSCBA held debt service reserve funds in the amount of $76,756 and $79,218 respectively, which are included in the accompanying statements of net position at June 30, 2024 and 2023 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 2021. The final principal payment is due June 30, 2039. During fiscal 2022, the Series 2019A bond was refunded/restructured with the MSCBA Series 2021A bonds. In accordance with the terms of the bond restructuring, no principal payments were required until May 2023. 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.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

12 - INTERAGENCY PAYABLES (Continued)

MSCBA Series 2019A bond issuance (continued)

As of June 30, 2024, the MSCBA did not hold any unexpended debt proceeds. As of June 30, 2023, MSCBA held unexpended debt proceeds in the amount of $7,200, which is included in the accompanying statement of net position as current restricted cash and cash equivalents.

MSCBA Series 2021A bond refunding

On July 1, 2021, MSCBA closed on Refunding Revenue Bonds Series 2021A for the purpose of providing budgetary relief in fiscal year 2022 and fiscal year 2023 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 2022 debt service assessment was approximately $10,580,000. The reduction of the University's fiscal year 2023 debt service assessment was $3,289,664. During August 2021, MSCBA's board approved the release of a portion of the funds held in the Debt Service Reserve Fund to pay the November 1, 2021 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 and recognized over the original term of the bonds. As of June 30, 2024 and 2023, there were net deferred gains of $2,122,140 and $2,325,693, respectively, which is included in deferred inflows of resources on the accompanying statements of net position.

MSCBA Series 2024A bond refunding

On February, 1, 2024, MSCBA closed on Refunding Revenue Bonds Series 2024A for the purpose of refinancing outstanding series 2014A, 2014B and 2014C bonds, which were callable, or had a call date of May 01, 2024. These bonds were issued to refund/restructure debt outstanding from multiple series of bonds, as noted above. The reduction of the University's debt service assessment was approximately $2,320,000. The reduction of the University's fiscal year 2024 debt service assessment was $1,621,000. The bond restructuring resulted in a net deferred gain of $568,813 which will be amortized and recognized over the original term of the bonds. As of June 30, 2024 and 2023, there were net deferred gains of $2,615,734 and $2,325,693, respectively, which is included in deferred inflows of resources on the accompanying statements 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	Total
2025	$ 3,902,271	$ 206,336	$ 4,108,607	$ 1,598,309	$ 5,706,916
2026	3,528,323	204,100	3,732,423	1,427,198	5,159,621
2027	3,705,669	190,986	3,896,655	1,259,219	5,155,874
2028	3,413,376	173,004	3,586,380	1,095,575	4,681,955
2029	3,927,344	158,367	4,085,711	936,100	5,021,811
2030-2034	13,853,911	510,056	14,363,967	2,550,410	16,914,377
2035-2039	8,897,168	75,720	8,972,888	732,157	9,705,045
	$ 41,228,062	$ 1,518,569	$ 42,746,631	$ 9,598,968	$ 52,345,599

12 - INTERAGENCY PAYABLES (Continued)

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 2024, the University received a $1,500,000 of a $3 million earmark to be used to renovate the Theater Block. The final $1,500,000 will be paid on completion of the project. Internal transfers were made in fiscal year 2024 to fund the following projects: $992,143 towards the Theater Black Box project, and $864,000 towards the Theater roof project. $350,389 was transferred from projects in fiscal year 2024, such as the Southside Chiller project and the Theater Renovation project and transferred into the Theater Roof Replacement and Holding account.

As of June 30, 2024, amounts held by MSCBA representing the unexpended portion of the University's contributions are as follows:

	Restricted cash and cash equivalents	
	Current	Noncurrent
University Projects		
Recreation center	$ 1,636	$ 74,682
Theater	-	78,143
Theater black box phase 2	71,542	690,501
Theater storefront	-	30,783
Theater roof	54,987	841,942
Miscellaneous funds	-	229,759
	$ 768,990	$ 11,674,860

As of June 30, 2023, amounts held by MSCBA representing the unexpended portion of the University's contributions are as follows:

	Restricted cash and cash equivalents	
	Current	Noncurrent
University Projects		
Recreation center	$ 65,876	$ 23,600
Theater	14,570	315,581
Theater parking	-	1,805
Theater storefront	80,430	233,330
Theater roof	-	250
Southside chiller	50,912	229,511
Miscellaneous funds	-	365,156
	$ 211,788	$ 1,169,233

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

13 - LEASES AND SUBSCRIPTION BASED IT ARRANGEMENTS

University's leases as lessee

The University's lease agreements are summarized as follows:

Leesee	Issued	Payment Terms	Expiration Date	Renewal Options	Monthly Payment at June 30, 2024	Balance at June 30, 2024
09C-FIT_Renewal	12/22/2009	5.28% - 5.83%	6/30/2030	N/A	$ 9,108	$ 742,478
10b-FIT_Renewal	12/17/2010	5.79% - 6.39%	5/1/2030	N/A	15,622	1,291,851
15A-FIT_Renewal	12/17/2015	5.00%	5/1/2036	N/A	10,833	2,160,000
16A-FIT_Cedar [REF 08A]	2/25/2016	4.00%	6/30/2030	N/A	5,209	449,586
16A-FIT_Mara Expansion [REF 08A]	2/25/2016	4.00%	6/30/2030	N/A	32,055	4,582,132
16A-FIT_Mara Renovation [REF 08A]	2/25/2016	4.00%	6/30/2030	N/A	9,617	806,596
16A-FIT_Renewal [REF 09A]	2/25/2016	4.00%	5/1/2029	N/A	19,534	1,325,616
17A-FIT_Simonds	1/25/2017	3.00% - 5.00%	6/30/2037	N/A	31,583	6,605,000
17A-FIT_Townhouses	1/25/2017	3.00% - 5.00%	5/1/2037	N/A	10,583	2,200,000
17B-FIT_Highland	12/21/2017	4.00% - 5.00%	5/1/2038	N/A	5,000	1,250,000
17B-FIT_Russell	12/21/2017	4.00% - 5.00%	5/1/2038	N/A	14,167	3,470,000
19A-FIT_Mara Accessibility	1/23/2019	3.00% - 5.00%	5/1/2039	N/A	1,667	390,000
19A-FIT_Russell Bathrooms	1/23/2019	3.00% - 5.00%	5/1/2039	N/A	10,833	2,750,000
19C-FIT_Renewal [REF 05A] [REF 12E	11/19/2019	1.90%-2.60%	5/1/2026	N/A	-	1,043,904
19C-FIT_Renewal [REF 12A]	11/19/2019	1.90%-2.60%	5/1/2026	N/A	-	95,061
03B-FIT_system debt [REF 99A]	7/1/2020	Pooled debt	5/1/2028	N/A	32,961	1,518,026
20A-FIT	7/1/2020	1.41% - 2.57%	5/1/2039	N/A	-	18,265,257
22A-FIT_Renewal [REF 12C]	2/15/2022	5.00%	5/1/2032	N/A	6,250	1,275,319
24A-FIT	2/1/2024	5.00%	11/1/2037	N/A	-	5,053,897
						$ 55,274,723

The lease agreements noted above include leases with MSCBA for the use of student dormitories, parking, lecture halls and student center.

At June 30, 2024, the total costs of the University's right to use assets were $64,264,118 less accumulated amortization of $19,297,853. At June 30, 2023, the total costs of the University's right to use assets were $66,224,484, less accumulated amortization of $14,544,428.

Annual requirements to amortize long-term obligations and related interest are as follows:

	Principal	Interest
Year ending June 30:		
2025	$ 3,157,349	$ 2,741,830
2026	3,309,293	2,635,793
2027	3,341,941	2,521,201
2028	3,752,200	2,780,459
2029	4,527,008	1,387,298
2030 - 2034	23,734,473	4,346,060
2035 - 2039	13,452,459	1,084,984
	$ 55,274,723	$ 17,497,625

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

13 - LEASES AND SUBSCRIPTION BASED IT ARRANGEMENTS (Continued)

Foundation Supporting Organization leases as lessee

On July 1, 2019, the Foundation Supporting Organization entered into an operating lease agreement with an unrelated third party for the office space located in Fitchburg, Massachusetts. The space is being used by Fitchburg State University as office and classroom space for its Center for Professional Studies. The new lease provides a base annual rent of $30,632 per annum. The agreement includes an option to renew annually with an increase of 2% commencing July 1st of the following year. The Foundation Supporting Organization considers this agreement to fall under the short-term lease exemption under ASC 842.

On July 1, 2022, the Foundation Supporting Organization entered into a three-year operating lease agreement with an unrelated third party for 2,350 square feet of office space and 20 parking spaces located in Fitchburg, Massachusetts. The lease has a base annual rent of $31,870 per annum increasing 1% annually effective July 1st. 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, 2024 and 2023, rent expense amounted to $31,860 and $31,870, respectively.

On July 1, 2017, the Foundation Supporting Organization entered into a six-year operating lease agreement with the above-mentioned unrelated third party for an additional 1,424 square feet of office space located in Fitchburg, Massachusetts. The lease has a base annual rent of $5,696 per annum. 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, 2024, and 2023, rent expense amounted to $5,696 in each year.

The Foundation Supporting Organization may extend the initial terms of each 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 considers both agreements to fall under the short-term lease exemption under ASC 842.

The following is a schedule of future minimum rental payments under these operating lease agreements at June 30, 2024:

Year ending June 30,	
2025	$ 38,206

Foundation Supporting Organization leases as lessor

On August 16, 2016, the Foundation Supporting Organization leased 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 to the Massachusetts Division of Capital Asset Maintenance (DCAM) on behalf of the University. The lease has a base rent of $165,000 per year payable in monthly installments of $13,750 for the entire lease term of ten years. The University 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, 2024 and 2023, rental income amounted to $165,000 in each year.

On June 1, 2019, the Foundation Supporting Organization leased property in Fitchburg, Massachusetts to an unrelated third party. The lease has base rent of $22,968 payable in monthly installments of $1,914 for the entire lease term of five years. The property was sold to the lessee in June 2024. For the years ended June 30, 2024, and 2023 rental income amounted to $21,538 and $23,496, respectively.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

13 - LEASES AND SUBSCRIPTION BASED IT ARRANGEMENTS (Continued)

Foundation Supporting Organization leases as lessor (continued)

On June 30, 2022, the Foundation Supporting Organization leased property located in Fitchburg, Massachusetts to an unrelated third party. The lease has an annual base rent of $6,000 payable in monthly installments of $500 for the entire lease term of two years. The lease is to be terminated effective July 2024. For the years ended June 30, 2024, and 2023 rental income amounted to $6,000 and $4,500, respectively.

On August 6, 2020, the Foundation Supporting 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 Supporting Organization is leasing the property solely for convenience to FHA, and no revenue is being generated by this lease agreement.

On September 10, 2023, the Foundation Supporting Organization leased property located in Fitchburg Massachusetts to an unrelated third party for an initial term of 5 years. The lease has a monthly rent of $2,625 for the initial period of twelve months and the rent will increase by 3% for each successive twelve-month period. For the years ended June 30, 2024, rental income amounted to $26,250.

The following is a schedule of future minimum rental income under the lease agreements at June 30, 2024:

Year ended June 30,	
2025	$ 197,790
2026	198,258
2027	54,875
2028	35,276
2029	5,908
	$ 492,107

University Subscription Based IT Arrangements

Annual requirements to amortize long-term obligations and related interest are as follows:

	Principal	Interest
Year ending June 30:		
2025	$ 1,014,100	$ 98,319
2026	549,423	74,252
2027	251,488	45,556
	$ 1,815,011	$ 218,127

14 - FOUNDATION'S LONG-TERM DEBT

Fidelity Bank

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

The note has a term of 20 years, maturing on April 16, 2028, with a fixed interest rate of 4.27% per annum and a monthly installment of principal and interest of $2,454 through the maturity date. At that point, a final principal payment for the remaining amount outstanding will be due. The note may be prepaid at any time, in whole or in part, without premium or penalty.

At June 30, 2024 and 2023, the outstanding principal balance of this mortgage note payable amounted to $281,175 and $297,982, respectively. At June 30, 2024 and 2023, the outstanding principal balance of this mortgage note payable amounted to $281,176 and $297,982, respectively.

Avidia Bank

Avidia Bank provided financing to the Foundation Supporting Organization in the form of a note, dated September 28, 2022, in the amount of $281,200. 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 on the property. Furthermore, any deposits held by the lender serve as additional collateral for the loan.

The mortgage note has a term of 25 years maturing on September 28, 2047, with a fixed rate of interest of 4.25% per annum and a monthly installment of principal and interest of $1,533 through September 27, 2027. At that point, the interest rate will be adjusted every 60 months with a floor of 4.25% per annum.

The note has a fixed rate prepayment charge in the event of the prepayment of the note before September 27, 2027. 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.

As of June 30, 2024 and 2023, the outstanding principal balance of the mortgage loan amounted to $269,814 and $276,397, respectively.

Massachusetts Development Finance Agency (MDFA) - General Fund Loan

Massachusetts Development Financing Agency (MDFA) provided financing to the Foundation Supporting Organization in the form of a General Fund loan dated June 28, 2021 in an amount of $500,000. The note is secured by a first mortgage in real estate located at 675 Main Street, Fitchburg, Massachusetts and an assignment of leases and rents on the property. The loan will be disbursed by a series of construction advances, per the terms and conditions of the agreement.

The note has a term of 5 years, maturing on June 28, 2026 with a fixed rate of interest of 4% per annum and monthly installments of interest only. 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.

This loan was paid in full ahead of schedule during the year ended June 30, 2024. As of June 30, 2023, the outstanding principal balance of the mortgage loan amounted to $52,878.

14 - FOUNDATION'S LONG-TERM DEBT (Continued)

Massachusetts Development Finance Agency (MDFA) - Brownfields Loan

MDFA provided additional financing to the Foundation Supporting Organization in the form of a Brownfields loan dated June 28, 2021 in an amount of $500,000. The note is secured by mortgages and security arrangements in real estate located at 675 Main Street, 689-717 Main Street, and 15 Central Street, Fitchburg, Massachusetts and remediation work performance by the contactor. The loan will be disbursed by a series of advances, per the terms and conditions of the agreement.

The loan has a term of 10 years, with a fixed rate of interest of 3% per annum and monthly installments of interest for the first twelve months. Thereafter, monthly payments of principal and interest of $1,677 through June 2026. If the Foundation Supporting Organization has a Debt Service Coverage Ratio in any given fiscal year of less than 1.2:1, then the Foundation Supporting Organization may choose to defer payments due by due by notifying the lender within thirty days of commencement.

This loan was paid in full ahead of schedule during the year ended June 30, 2024. As of June 30, 2023, the outstanding principal balance of the mortgage loan amounted to $57,287.

Workers' Credit Union

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 related leases and rents on the property. Furthermore, any deposits held by the lender serve as additional collateral for the loan.

The mortgage note has a term of 20 years maturing on February 27, 2029, with a fixed rate of interest of 5.25% and monthly installments of principal and interest of $4,517 through February 27, 2024, at which point the interest rate was adjusted to a fixed rate of 6.79% per annum until February 27, 2029 with a monthly installment of principal of interest of $4,812.

As of June 30, 2024, and 2023, the outstanding principal balance of the mortgage loan amounted to $408,333 and $439,265, respectively.

Rollstone Bank & Trust - 131 Highland Avenue

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 with monthly installments of principal and interest of $1,367.

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.

As of June 30, 2024, and 2023, the outstanding principal balance of the mortgage loan amounted to $145,465 and $156,855, respectively.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

14 - FOUNDATION'S LONG-TERM DEBT (Continued)

Rollstone Bank & Trust - 167 Klondike Avenue

Rollstone Bank & Trust provided additional financing to the Foundation Supporting Organization in the form of a note, dated December 9, 2020 in the amount of $1,538,000. 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 has a term of 15 years maturing on December 9, 2035 with a fixed rate of interest of 3.5% per annum and monthly installments of principal and interest of $11,032 through December 9, 2030. At that point, the interest rate shall be adjusted to the Federal Home Loan Bank of Boston Five Year Classic Advance Rate plus 2.25% and monthly payments adjusted accordingly.

The loan agreement requires the Foundation 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, 2024 and 2023, the outstanding principal balance of the mortgage loan amounted to $1,248,402 and $1,334,686, respectively.

Fidelity Co-Operative Bank - 340 Highland Avenue

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 note has a term of 20 years, maturing on June 26, 2033 with a fixed rate of interest of 5.20% per annum through June 26, 2023, at which point, the interest rate was adjusted to a fixed rate of 6.98% per annum until June 26, 2028 with a monthly installment of principal and interest of $521.

The note includes 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, 24, and 2023, the outstanding principal balance of the mortgage loan amounted to $65,087 and $66,661, respectively.

Fidelity Co-Operative Bank - 198 Pearl Street

Fidelity Co-Operative Bank provided additional financing to the Foundation Supporting Organization in the form of a note, dated October 19, 2016, in the amount of $118,000. The note is secured by a Negative Pledge Agreement on the real estate located at 198 Pearl Street in Fitchburg, Massachusetts.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

14 - FOUNDATION'S LONG-TERM DEBT (Continued)

Fidelity Co-Operative Bank - 198 Pearl Street (continued)

The promissory note has a term of 10 years, maturing on October 21, 2026 with a fixed rate of interest of 4.11% per annum and monthly installments of principal and interest of $726 through the maturity date, at which time the remaining outstanding principal balance and any accrued interest thereon is due.

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, 2024, and 2023, the outstanding principal balance of the loan amounted to $83,626 and $88,726, respectively.

Fidelity Co-Operative Bank - 9 Clinton Street and 85-7 Pearl Street

Fidelity Co-Operative Bank provided additional financing to the Foundation Supporting Organization in the form of a note dated January 13, 2017, in the amount of $220,000. The note is secured by a Negative Pledge Agreement on the real estate located at 9 Clinton Street and 85-7 Pearl Street in Fitchburg, Massachusetts.

The promissory note has a term of 10 years, maturing on January 13, 2037 with a fixed rate of interest of 4.76% per annum and 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.

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, 2024 and 2023, the outstanding principal balance of the loan amounted to $160,963 and $170,104, respectively.

BankHometown - 164 Highland Avenue

BankHometown provided financing to the Foundation Supporting Organization in the form of a note, dated June 18, 2019, in the amount of $312,000. The note is secured by a first mortgage interest in the real estate property located at 164 Highland Avenue in Fitchburg, Massachusetts and an assignment of leases and rents on the property.

The commercial note has a term of 10 years, maturing on June 18, 2029, with a fixed rate of interest of 4.60% per annum and monthly installments of principal and interest of $1,752 through June 18, 2024, at which point, the interest rate was adjusted to 6.20% per annum with a monthly principal and interest payment of $1,999. A final payment of all unpaid principal and accrued interest thereon is due at maturity.

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 Foundation Organization to maintain a Loan-to-Value Ratio of no more than 80% at any time during the term of the loan.

As of June 30, 2024, and 2023, the outstanding principal balance of the loan amounted to $274,525 and $282,715, respectively.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

14 - FOUNDATION'S LONG-TERM DEBT (Continued)

BankHometown - 174 Highland Avenue

BankHometown provided additional financing to the Foundation Supporting Organization in the form of a note, dated June 18, 2019, in the amount of $138,400. The note is secured by a first mortgage interest in the real estate property located at 174 Highland Avenue in Fitchburg, Massachusetts and an assignment of rents and leases on the property.

The commercial note has a term of 10 years, maturing on June 18, 2029, with a fixed rate of interest of 4.60% per annum and monthly installments of principal and interest of $771 through June 18, 2024, at which point, the interest rate was adjusted to 6.2% per annum with a monthly principal and interest payment of $887. A final payment of all unpaid principal and accrued interest thereon is due at maturity.

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 Foundation Supporting Organization to maintain a Loan-to-Value Ratio of no more than 80% at any time during the term of the loan.

As of June 30, 2024, and 2023, the outstanding principal balance of the loan amounted to $121,776 and $125,409,a respectively.

Fitchburg Historical Society

Fitchburg Historical Society provided financing to the Foundation Supporting Organization in the form of a note, dated April 4, 2019, in the amount of $90,000. The note is secured by a first mortgage interest in the real estate property located at 0 Main Street in Fitchburg, Massachusetts and a collateral assignment of rents and leases on the property.

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 and monthly installments of principal and interest of $1,694.

This loan was paid in full as scheduled during the year ended June 30, 2024. As of June 30, 2023, the outstanding principal balance of the loan amounted to $16,601.

Enterprise Bank and Trust Company - 689 - 717 Main Street

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

The promissory note has a term of 30 years, maturing on November 4, 2046, with a fixed rate of interest of 4.33% per annum with monthly installments of principal and interest of $1,401 through the maturity date. At that point, a final principal payment for the remaining amount will be due.

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 foregoing, 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, 2024, and 2023, the outstanding principal balance of the loan amounted to $240,020 and $246,118, respectively.

14 - FOUNDATION'S LONG-TERM DEBT (Continued)

Enterprise Bank and Trust Company - 70 - 78 North Street

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

The promissory note has a term of 20 years, maturing on November 5, 2038 with a fixed rate of interest of 5% per annum and monthly installments of principal and interest of $986 through November 5, 2028. At that point, 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 with a minimum floor rate of 5% per annum.

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 foregoing, 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.

This loan was paid in full ahead of schedule during the year ended June 30, 2024. As of June 30, 2023, the outstanding principal balance of the loan amounted to $126,391.

Enterprise Bank and Trust Company

Enterprise Bank and Trust Company provided financing to the Foundation Supporting Organization in the form of a note payable dated April 26, 2007 in the amount of $680,000. The note is secured by investments owned by the Foundation with a fair value of approximately $2,959,000 and $2,615,000 at June 30, 2024 and 2023, respectively. In addition, payment and performance of the Foundation Supporting Organization obligations under the loan agreement have been guaranteed by the Foundation.

The note payable has a term of 30 years, expiring on May 5, 2037, with a fixed rate of interest of 6% per annum and monthly installments of principal and interest of $3,280 through April 26, 2027. At this point, the interest rate will be adjusted to the Federal Home Loan Bank Boston Classic Advance Five Year Rate plus 1.15% per annum through maturity.

As of June 30, 2024 and 2023, the outstanding principal balance of the loan amounted to $389,026 and $411,113, respectively.

Webster First Federal Credit Union

Webster First Federal Credit Union provided financing to the Foundation Supporting Organization in the form of a 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 commercial note has a term of 15 years, maturing on October 1, 2032, with a fixed rate of interest of 3.75% per annum and monthly installments of principal and interest of $1,825 through October 1, 2027. At that point, 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 with a floor of 3.75% per annum. A final payment of all unpaid principal and accrued interest thereon is due at maturity.

As of June 30, 2024, and 2023, the outstanding principal balance of the loan amounted to $156,147 and $171,793, respectively.

14 - FOUNDATION'S LONG-TERM DEBT (Continued)

Aggregate Principal Maturities

Principal funding payments and estimated interest due to maturity consist of the following:

Year ending June 30:	Principal	Interest	Total
2025	$ 229,086	$ 169,885	$ 398,971
2026	239,790	159,406	399,196
2027	317,809	146,699	464,508
2028	461,410	133,435	594,845
2029	814,391	109,206	923,597
Thereafter	1,781,827	404,652	2,186,479
Total	$ 3,844,313	$ 1,123,283	$ 4,967,596

15 - FOUNDATION'S LINES OF CREDIT

Foundation

In October 2022, the Foundation renewed its existing demand revolving working capital line of credit agreement with Workers' Credit Union which permits the Foundation to borrow up to $250,000 for a period of five years. 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. Interest rate as at June 30, 2024 was 9.25%. As of June 30, 2024 and 2023, there were no outstanding liability under the line of credit.

Borrowings under the line are secured by investments with an equivalent fair value of $14,463,652 at June 30, 2024. The line was also collateralized by all funds held by the lender. At June 30, 2024, the Foundation has total cash balances of approximately $58,000 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 October 24, 2027.

Supporting Organization

In November 2021, the Foundation 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 8.25% at June 30, 2024 and 8.00% at June 30, 2023). The agreement renews annually.

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. There was no balance outstanding on the line of credit at June 30, 2024. The balance outstanding as of June 30, 2023 was $125,000. The line of credit agreement expires on November 30, 2024.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

16 - LONG-TERM LIABILITIES

Long-term liability activity of the University included the following:

	Totals June 30, 2023	Additions	Reductions	Totals June 30, 2024 Ending Balance	Totals June 30, 2024 Current Balance
Interagency payables	$ 47,427,779	$ -	$ 4,681,148	$ 42,746,631	$ 4,098,577
Total	47,427,779	-	4,681,148	42,746,631	4,098,577
Other liabilities					
Leases	59,815,355	-	4,540,632	55,274,723	3,157,349
SBITA	2,844,052	-	1,029,042	1,815,010	1,014,100
Worker's compensation	1,120,523	210,911	175,952	1,155,482	190,305
Compensated balances	5,805,110	4,152,171	3,583,230	6,374,051	3,900,919
Loan payable - federal financial assistance	33,542	-	33,542	-	-
Net pension liability	6,326,084	580,919	-	6,907,003	-
Net OPEB liability	7,961,317	-	615,150	7,346,167	-
Total other liabilities	83,905,983	4,944,001	9,977,548	78,872,436	8,262,673
Long-Term Obligations	$ 131,333,762	$ 4,944,001	$ 14,658,696	$ 121,619,067	$ 12,361,250

	Totals June 30, 2022	Additions	Reductions	Totals June 30, 2023 Ending Balance	Totals June 30, 2023 Current Balance
Interagency payables	$ 51,732,794	$ -	$ 4,305,015	$ 47,427,779	$ 4,587,341
Total	51,732,794	-	4,305,015	47,427,779	4,587,341
Other liabilities					
Leases	63,730,019	-	3,914,664	59,815,355	3,055,458
SBITA	1,873,608	2,025,665	1,055,221	2,844,052	1,029,041
Worker's compensation	1,144,253	151,808	175,538	1,120,523	175,952
Compensated balances	5,814,220	3,583,230	3,592,340	5,805,110	3,583,230
Loan payable - federal financial assistance	794,969	-	761,427	33,542	-
Net pension liability	8,015,299	-	1,689,215	6,326,084	-
Net OPEB liability	14,073,004	-	6,111,687	7,961,317	-
Total other liabilities	95,445,372	5,760,703	17,300,092	83,905,983	7,843,681
Long-Term Obligations	$ 147,178,166	$ 5,760,703	$ 21,605,107	$ 131,333,762	$ 12,431,022

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

16 - LONG-TERM LIABILITIES (Continued)

Long-term liability activity of Foundation for the year ended June 30, 2024 and 2023 included the following:

	Totals June 30, 2022	Additions	Reductions	Totals June 30, 2023 Ending Balance	Totals June 30, 2023 Current Balance
First mortgage notes payable	$ 3,823,385	$ 281,200	$ 230,219	$ 3,874,366	$ 243,231
Line of credit	-	125,000	-	125,000	125,000
Notes payable - bank	432,326	-	21,468	410,858	22,078
	$ 4,255,711	$ 406,200	$ 251,687	$ 4,410,224	$ 390,309

	Totals June 30, 2022	Additions	Reductions	Totals June 30, 2023 Ending Balance	Totals June 30, 2023 Current Balance
First mortgage notes payable	$ 3,823,385	$ 281,200	$ 230,219	$ 3,874,366	$ 243,231
Line of credit	-	125,000	-	125,000	125,000
Notes payable - bank	432,326	-	21,468	410,858	22,078
	$ 4,255,711	$ 406,200	$ 251,687	$ 4,410,224	$ 390,309

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 $17,478,718 and $18,630,040 at June 30, 2024 and 2023, respectively. Undesignated unrestricted net position was $(21,157,335) and $(25,915,757) at June 30, 2024 and 2023, respectively.

At June 30, 2024 and 2023, the net investment in capital assets amount of $134,256,652 and $138,697,199, 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, 2024 and 2023, $0 and $246,435, 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.

18 - NET POSITION ESTRICTED BY ENABLING LEGISLATION

Fitchburg State University Foundation, Inc.'s statements of net position as of June 30, 2024 and 2023 reflect a restricted net position of $32,753,863 and $28,048,289, respectively. Of these amounts, $4,101,038 and $3,467,931 are restricted by enabling legislation for the State Matching Funds Program.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

19 - OPERATING EXPENSES

The University's operating expenses for the years ended June 30, 2024 and 2023, on a natural classification basis, are comprised of the following:

	2024	2023
Salaries		
Faculty	$ 26,249,793	$ 25,178,624
Exempt wages	5,263,164	4,937,390
Non-exempt wages	23,905,239	21,901,763
Benefits	16,125,548	13,306,190
Scholarships	3,495,172	3,036,699
Utilities	6,069,283	5,260,447
Supplies and other services	25,262,473	24,972,310
Depreciation	12,655,814	11,942,021
Amortization	5,787,856	5,857,206
Bad debt expense (recovery)	(37,057)	106,850
	$124,777,285	$116,499,500

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, 2024, 2023, and 2022 were as follows (see State appropriations under Note 23):

	2024	2023	2022
Commonwealth’s retirement system contributions	$ 7,477,543	$ 6,837,546	$ 6,515,847
Employers share of health care	$ 10,203,347	$ 8,200,487	$ 7,666,816

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 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.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

21 - RETIREMENT PLAN (Continued)

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 o June 30, 1996	8% of regular compensation
July 1, 1996 to present	9% of regular compensation
1979 to present	An additional 12% 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 2024, 2023, and 2022 was $7,477,543, $6,837,546, and $6,515,847, respectively. The total amount of funding by the University related to the University's employees compensated from a trust fund or other source during 2024, 2023, and 2022 was $662,605, $695,279, and $640,112, respectively. Annual covered payroll was approximately 82%, 81%, and 80% of annual total payroll for the University in 2024, 2023, and 2022, respectively.

At June 30, 2024 and 2023, the University reported a liability of $6,907,004 and $6,326,084, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and 2022, 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, 2023 and 2022. 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, 2024, the University's proportion was 0.0519%. At June 30, 2023, the University's proportion was 0.0496%.

For the years ended June 30, 2024 and 2023, the University recognized pension expense of $8,185,924 and $7,532,825 respectively.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

21 - RETIREMENT PLAN (Continued)

At June 30, 2024, 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	$ 116,084	$ -
Net difference between projected and actual earnings on pension plan investments	185,888	-
Difference between expected and actual experience	245,357	170,671
Changes in proportion due to internal allocation	1,166,417	5,059,274
Changes in proportion from Commonwealth	57	52,766
University contributions subsequent to the measurement date	662,605	-
	$ 2,376,408	$ 5,282,711

The $662,605 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, 2024. 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 ended June 30,	
2025	$ (171,116)
2026	1,782,166
2027	(4394,852)
2028	(785,106)
	$ (3,568,908)

At June 30, 2023, 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	$ 174,167	$ -
Net difference between projected and actual earnings on pension plan investments	-	33,725
Difference between expected and actual experience	157,364	246,909
Changes in proportion due to internal allocation	1,759,276	7,331,039
Changes in proportion from Commonwealth	433	17,112
University contributions subsequent to the measurement date	695,279	-
	$ 2,786,519	$ 7,628,785

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

21 - RETIREMENT PLAN (Continued)

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of January 1, 2023 rolled forward to June 30, 2023. This valuation used the following assumptions:

1. (a) 2.50% inflation rate (b) 7.00% investment rate of return (7.00% investment rate of return for the year ended June 30, 2022), (c) 3.50% interest rate credited to the annuity savings fund and (d) 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-2021, set forward one year for females.

   (ii) Post-retirement - reflects RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2021, set forward one year for females.

   (iii) Disability - the mortality rate reflects the post-retirement mortality described above, set forward one 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 2021 for post-retirement mortality.

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, 2023 and 2022 are summarized in the following table:

	Target Allocation		Long-term Expected Real Rate of Return	
Asset Class	2023	2022	2023	2022
Global equity	37.00%	38.00%	4.90%	4.20%
Core fixed income	15.00%	15.00%	1.90%	0.50%
Private equity	16.00%	15.00%	7.40%	7.30%
Portfolio completion strategies	10.00%	10.00%	3.80%	2.70%
Real estate	10.00%	10.00%	3.00%	3.30%
Value added fixed income	8.00%	8.00%	5.10%	3.70%
Timberland/natural resources	4.00%	4.00%	4.30%	3.90%
Total	100.00%	100.00%		

21 - RETIREMENT PLAN (Continued)

The discount rate used to measure the total pension liability for the measurement years ended June 30, 2023 and 2022 was 7.00%. 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% for the measurement years ended June 30, 2023 and 2022, 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% for 2023 and 2022) or 1-percentage-point higher (8.00% for 2023 and 2022) than the current rates:

Measurement year ended	1% Decrease	Discount Rate	1% Increase
June 30, 2023	$ 9,492,745	$ 6,907,004	$ 4,718,787
June 30, 2022	$ 8,725,105	$ 6,326,084	$ 4,296,159

Detailed information about the pension plan's fiduciary net position is available in the Commonwealth's financial statements.

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. 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 seven 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.

22 - FRINGE BENEFITS FOR CURENT EMPLOYEES AND POST-EMPLOYMENT OBLIGATIONS - PENSION AND NON-PENSION (Continued)

During the fiscal years ended on June 30, 2024 and 2023, 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, 2023 and 2022 and as of the valuation date (January 1, 2023), 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, 2024 and 2023, the University reported a liability of $7,346,167 and $7,961,317, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023 and 2022, and the Commonwealth's total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2023 and 2022. 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, 2024, the University's proportion was 0.0548%. As of June 30, 2023, the University's proportion was 0.0596%.

The amount of funding by the University related to benefits other than OPEB for the years ended June 30, 2024, 2023 and 2022 were $16,090,589, $13,306,190, and $15,073,299, 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 2024, 2023 and 2022 was $3,204,451, $2,770,945, and $2,896,669, 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 2024, 2023 and 2022 was $310,836, $302,996, and $303,997, respectively.

For the years ended June 30, 2024 and 2023, the University recognized OPEB expense of $6,553,902 and $5,741,538, respectively.

At June 30, 2024, 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	$ 322,721	$ 1,894,841
Net difference between projected and actual investment earnings on OPEB plan investments	24,011	-
Difference between expected and actual experience	298,789	825,157
Changes in proportion due to internal allocation	-	9,440,083
Changes in proportion from Commonwealth	673	70,295
University contributions subsequent to the measurement date	310,836	-
	$ 957,030	$ 12,230,376

22 - FRINGE BENEFITS FOR CURENT EMPLOYEES AND POST-EMPLOYMENT OBLIGATIONS - PENSION AND NON-PENSION (Continued)

The $310,836 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, 2024. 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 ended June 30,	
2024	$ (3,802,224)
2025	(3,579,695)
2026	(3,319,772)
2027	(1,013,911)
2028	131,420
	$ (11,584,182)

At June 30, 2023, 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	$ 586,377	$ 2,881,360
Net difference between projected and actual investment earnings on OPEB plan investments	12,102	1,576,035
Difference between expected and actual experience	146,557	1,318,082
Changes in proportion due to internal allocation	524,345	11,344,923
Changes in proportion from Commonwealth	3,659	39,317
University contributions subsequent to the measurement date	302,995	1,576,035
	$ 1,576,035	$ 18,735,752

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

22 - FRINGE BENEFITS FOR CURENT EMPLOYEES AND POST-EMPLOYMENT OBLIGATIONS - PENSION AND NON-PENSION (Continued)

The total OPEB liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of January 1, 2023 rolled forward to June 30, 2023. This valuation used the following assumptions:

1. The annual healthcare cost trend rates were developed based on the most recent published SOA Getzen trend rate model, version 2023_1f. The short-term trend assumptions were based on a review of the Commonwealth's emerging experience and enrollment by plan type (including migration assumptions for discontinued plans), along with industry surveys, separately for non-Medicare and Medicare benefits. The industry surveys were used to predict short-term future per capita cost increases. The most recently published SOA-Getzen model was then used to determine the trend rates beginning in 2027 and thereafter, based on the plan's long-term inflation assumption and reasonable macro-economic assumptions for the growth of health care expenditures during this period relative to the general economy.

Year	Medicare Benefits		Non-Medicare Benefits
2023	5.79%		7.50%
2024	7.25%		8.59%
2025	7.14%		8.29%
2026	5.45%		6.59%
2027	5.33%		6.28%
2032		4.77%	
2042		4.50%	
2052		4.44%	
2062		4.38%	
2072		4.06%	
2075+		3.94%	

2. The mortality rate was in accordance with RP 2014 Blue Collar Mortality Table projected with scale MP-2021 with females set forward one year.

3. Participation rates:

   (i) 100% of employees currently electing healthcare coverage are assumed to elect coverage at retirement.

   (ii) 35% of employees currently opting out of active employee health coverage are assumed to elect to enroll in retiree coverage.

   (iii) 85% of current and future vested terminated participants will elect health care benefits at age 55, or if later, the participant's current age.

   (iv) Retirees who currently elect to waive their coverage are assumed to remain uncovered in the future.

   (v) 100% of spouses are assumed to elect to continue coverage after the retiree's death.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

22 - FRINGE BENEFITS FOR CURENT EMPLOYEES AND POST-EMPLOYMENT OBLIGATIONS - PENSION AND NON-PENSION (Continued)

(i) Current non-Medicare eligible retirees and spouses (if covered) under age 65 who are in a POS/PPO plan are assumed to move to an Indemnity plan if they are Medicare eligible at 65. All others are assumed to remain in their currently elected product type (Indemnity/POS/PPO/HMO).

Future retirees are assumed to enroll in the existing plans in the same proportion as the current retiree mix, as shown in the table below. These proportions are established separately for non-Medicare and Medicare coverage for each product type.

	Retirement Age	
	Under 65	Age 65 +
Indemnity	27.0%	96.0%
POS/PPO	63.0%	0.0%
HMO	10.0%	4.0%

The long-term expected rate of return as of June 30, 2023 was 7.00%. Investment assets of the Plan are held by 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, 2023, are summarized in the following table:

	Target Allocation		Long-term Expected Real Rate of Return	
Asset Class	2023	2022	2023	2022
Global equity	37.00%	38.00%	4.90%	4.20%
Core fixed income	15.00%	15.00%	1.90%	0.50%
Private equity	16.00%	15.00%	7.40%	7.30%
Portfolio completion strategies	10.00%	10.00%	3.80%	2.70%
Real estate	10.00%	10.00%	3.00%	3.30%
Value added fixed income	8.00%	8.00%	5.10%	3.70%
Timberland/natural resources	4.00%	4.00%	4.30%	3.90%
Total	100.00%	100.00%		

The discount rates used to measure the OPEB liability as of June 30, 2023 and 2022 were 4.34% and 4.30%, respectively. These rates were based on a blend of the Bond Buyer Index rates of 3.65% and 3.54%, respectively, as of the measurement dates June 30, 2023 and 2022, respectively, and the expected rate of return on plan investments of 7.00%. 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 2041 (2028 for the year ended June 30, 2021). 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, 2023 and 2022.

22 - FRINGE BENEFITS FOR CURRENT EMPLOYEES AND POST-EMPLOYMENT OBLIGATIONS - PENSION AND NON-PENSION (Continued)

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, 2023 (a)	$ 8,583,275	$ 7,346,167	$ 6,331,049
June 30, 2022 (b)	$ 9,287,736	$ 7,961,317	$ 6,871,761

(a) The discount rates as of June 30, 2023 are as follows: 4.34% (current); 3.34% (1% decrease) and 5.34% (1% increase).

(b) The discount rates as of June 30, 2022 are as follows: 4.3% (current); 3.3% (1% decrease) and 5.3% (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, as disclosed on page 88:

Measurement year ended	1% Decrease	Healthcare Cost Trend Rates	1% Increase
June 30, 2023	$ 6,155,530	$ 7,346,167	$ 8,852,249
June 30, 2022	$ 6,673,862	$ 7,961,317	$ 9,591,080

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.

23 - MANAGEMENT ACCOUNTING AND REPORTING

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.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

23 - MANAGEMENT ACCOUNTING AND REPORTING SYSTEM (Continued)

State appropriations

The University's State appropriations are comprised of the following for the years ended June 30, 2024 and 2023:

	2024	2023
Gross state appropriations	$ 42,509,783	$ 40,581,812
Add: Fringe benefits for benefited employees on the Commonwealth payroll	17,680,890	15,038,033
Less: Day school tuition remitted to the Commonwealth and included in tuition and fee revenue	(799,075)	(537,099)
	$ 59,391,598	$ 55,082,746

$58,875,784 and $52,188,530 represent appropriations for maintenance and payroll and other noncapital appropriations during 2024 and 2023, respectively, and $515,814 and $2,894,216 represent appropriations for capital improvements for 2024 and 2023, 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, 2024 and 2023.

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.

25 - COMMITMENT 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.

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 years ended June 30, 2024 and 2023 were $950,421 and $848,168 respectively. 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.

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 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.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO FINANCIAL STATEMENTS
(Continued)

27 - CIVIC CENTER (Continued)

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 2023 and 2022, 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

Schedule 1

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Massachusetts State Employees' Retirement Plan

YEAR ENDED JUNE 30, 2024
(With Comparative Totals for 2015 through 2023)

	2024	2023	2022	2021	2020
University's proportion of the collective net pension liability	0.0519%	0.0496%	0.0768%	0.1171%	0.0872%
University's proportionate share of the collective net pension liability	$ 6,907,003	$ 6,326,084	$ 8,015,299	$ 20,091,153	$ 12,763,415
University's covered payroll	$ 44,898,054	$ 42,234,316	$ 41,834,201	$ 40,651,993	$ 41,831,191
University's proportionate share of the collective net pension liability as a percentage of its covered payroll	15.38%	14.98%	19.16%	49.42%	30.51%
Plan fiduciary net position as a percentage of the total pension liability	70.71%	77.54%	77.54%	62.48%	66.28%

	2019	2018	2017	2016	2015
University's proportion of the collective net pension liability	0.0944%	0.0891%	0.0912%	0.0878%	0.0684%
University's proportionate share of the collective net pension liability	$ 12,484,412	$ 11,430,648	$ 12,580,841	$ 9,995,092	$ 5,078,817
University's covered payroll	$ 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 as a percentage of its covered payroll	30.78%	30.28%	33.63%	26.89%	14.35%
Plan fiduciary net position as a percentage of the total pension liability	67.91%	67.21%	63.48%	67.87%	76.32%

See accompanying independent auditor's report.

Schedule 2

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

SCHEDULE OF UNIVERSITY PENSION CONTRIBUTIONS
Massachusetts State Employees' Retirement Plan

YEAR ENDED JUNE 30, 2024
(With Comparative Totals for 2015 through 2023)

	2024	2023	2022	2021	2020
Contractually required contribution	$ 8,185,924	$ 7,999,630	$ 7,155,959	$ 6,330,293	$ 6,287,003
Contributions in relation to the contractually required contribution	(8,185,924)	(7,999,630)	(7,155,959)	(6,330,293)	(6,287,003)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 44,898,054	$ 42,234,316	$ 41,834,201	$ 40,651,993	$ 41,831,191
Contributions as a percentage of covered payroll	18.23%	18.94%	17.11%	15.57%	15.03%

	2019	2018	2017	2016	2015
Contractually required contribution	$ 5,295,643	$ 4,756,899	$ 3,977,525	$ 3,799,572	$ 3,946,690
Contributions in relation to the contractually required contribution	(5,295,643)	(4,756,899)	(3,977,525)	(3,799,572)	(3,946,690)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$ 40,564,017	$ 37,747,018	$ 37,408,274	$ 37,167,634	$ 35,389,121
Contributions as a percentage of covered payroll	13.06%	12.60%	10.63%	10.22%	11.15%

See accompanying independent auditor's report.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND SCHEDULE OF UNIVERSITY CONTRIBUTIONS

JUNE 30, 2015 THROUGH 2024

1 - CHANGES IN PENSION PLAN BENEFIT TERMS AND ASSUMPTIONS

FY2023 Changes in Actuarial Assumptions

Changes in assumptions:

Change in the annual health care cost trend rates:

Developed rates based on the Getzen trend rate model, version 2023_1f.

- The annual healthcare cost trend rates were developed based on the most recent published SOA Getzen trend rate model, version 2023_1f. The short-term trend assumptions were based on a review of the Commonwealth's emerging experience and enrollment by plan type (including migration assumptions for discontinued plans), along with industry surveys, separately for non-Medicare and Medicare benefits. The industry surveys were used to predict short-term future per capita cost increases. The most recently published SOA-Getzen model was then used to determine the trend rates beginning in 2027 and thereafter, based on the plan's long-term inflation assumption and reasonable macro-economic assumptions for the growth of health care expenditures during this period relative to the general economy.

FY2022 Changes in Actuarial Assumptions

Changes in assumptions:

Change in the annual healthcare cost trend rates:

Developed rates based on the Getzen trend rate model, version 2022_f4.

- The healthcare cost trend rate changed from 4.40% in 2021 to 5.00% in 2022 for Medicare benefits and from 7.3% in 2021 to 7.60% in 2022 for non-Medicare benefits, then increasing in 2023 and 2024 before decreasing in 2025 and 2026 to a blended rate of 4.97% in 2031 and additional decrease in 2041, 2051, 2061, 2071, and 2075. The Getzen trend rate model also assumes inflation of 2.5%, real GDP growth of 1.4% and excess medical growth of 1.1%.

FY2021 Changes in Actuarial Assumptions

Changes in assumptions:

Changes in the investment rate of return

MSERS changed its discount rate to 7.00% from 7.15%

See accompanying independent auditor's report.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND SCHEDULE OF UNIVERSITY CONTRIBUTIONS

JUNE 30, 2015 THROUGH 2024
(Continued)

1. CHANGES IN ACTUARIAL ASSUMPTIONS (Continued)

FY2021 Changes in Actuarial Assumptions (continued)

Changes in mortality

- Pre-retirement - was changed to RP-2014 Blue Collar Employees table projected generationally with Scale MP-2021 set forward 1 year for females from MP-2016 Employees table.
- Post-retirement - was changed to RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2021 set forward 1 year for females from MP-2016 Healthy Annuitant table.
- Disabled members - is assumed to be in accordance with the post-retirement mortality described above, set forth one year.

FY2020 Changes in Actuarial Assumptions

Changes in 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 in 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 in assumptions:

Changes in the investment rate of return

MSERS changed its discount rate to 7.35% from 7.50%.

Changes 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.

See accompanying independent auditor's report.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND SCHEDULE OF UNIVERSITY CONTRIBUTIONS

JUNE 30, 2015 THROUGH 2024
(Continued)

1. CHANGES IN ACTUARIAL ASSUMPTIONS (Continued)

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:

Changes in mortality

The following mortality assumption changes were made in the January 1, 2018 Actuarial Valuation:

- 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.

See accompanying independent auditor's report.

Schedule 3

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
Commonwealth of Massachusetts Postemployment Benefits Other Than Pensions (OPEB) Plan

YEAR ENDED JUNE 30, 2024
(With Comparative Totals for 2018 through 2023)

	2024	2023	2022	2021
University's proportion of the collective net OPEB liability (asset)	0.0548%	0.0596%	0.0880%	0.1249%
University's proportionate share of the total OPEB liability (asset)	$ 8,518,620	$ 9,146,898	$ 15,753,852	$ 27,609,783
Less: University's proportionate share of Plan fiduciary net position	1,172,453	1,185,581	1,680,848	1,757,179
University's proportionate share of the collective net OPEB liability (asset)	$ 7,346,167	$ 7,961,317	$ 14,073,004	$ 25,852,604
University's covered payroll	$ 44,898,054	$ 42,234,316	$ 41,834,201	$ 40,651,993
University's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	16.36%	18.85%	33.64%	63.59%
Plan fiduciary net position as a percentage of the total OPEB liability	13.76%	12.97%	10.70%	6.96%

	2020	2019	2018
University's proportion of the collective net OPEB liability (asset)	0.1315%	0.1471%	0.1272%
University's proportionate share of the total OPEB liability (asset)	$ 25,861,235	$ 29,068,920	$ 23,499,661
Less: University's proportionate share of Plan fiduciary net position	1,800,028	1,750,656	1,266,987
University's proportionate share of the collective net OPEB liability (asset)	$ 24,061,207	$ 27,318,264	$ 22,232,674
University's covered payroll	$ 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	57.52%	67.35%	58.90%
Plan fiduciary net position as a percentage of thetotal OPEB liability	0.00%	6.01%	5.39%

See accompanying independent auditor's report.

Schedule 4

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

SCHEDULE OF UNIVERSITY OPEB CONTRIBUTIONS
Commonwealth of Massachusetts Postemployment Benefits Other Than Pensions (OPEB) Plan

YEAR ENDED JUNE 30, 2024
(With Comparative Totals for 2018 through 2023)

	2024	2023	2022	2021
Contractually required contributions	$ 3,515,287	$ 3,073,941	$ 32,000,666	$ 3,179,165
Contributions in relation to contractually required contribution	(3,515,287)	(3,073,941)	(32,000,666)	(3,179,165)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
University's covered payroll	$ 44,898,054	$ 42,234,316	$ 41,834,201	$ 40,651,993
Contributions as a percentage of covered payroll	7.83%	7.28%	7.65%	7.82%

	2020	2019	2018
Contractually required contributions	$ 3,047,731	$ 3,556,181	$ 3,366,603
Contributions in relation to contractually required contribution	(3,047,731)	(3,556,181)	(3,366,603)
Contribution deficiency (excess)	$ -	$ -	$ -
University's covered payroll	$ 41,831,191	$ 40,564,017	$ 37,747,018
Contributions as a percentage of covered payroll	7.29%	8.77%	8.92%

See accompanying independent auditor's report.

FITCBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND SCHEDULE OF UNIVERSITY OPEB CONTRIBUTIONS

JUNE 30, 2018 THROUGH 2024

1 - CHANGES IN OPEB PLAN BENEFIT TERMS AND ASSUMPTIONS

FY2023 Changes in Actuarial Assumptions

Changes in assumptions:

Change in the annual healthcare cost trend rate:

Developed rates based on the Getzen trend rate model, version 2023_1f

- The annual healthcare cost trend rates were developed based on the most recent published SOA Getzen trend rate model, version 2023_1f. The short-term trend assumptions were based on a review of the Commonwealth's emerging experience and enrollment by plan type (including migration assumptions for discontinued plans), along with industry surveys, separately for non-Medicare and Medicare benefits. The industry surveys were used to predict short-term future per capita cost increases. The most recently published SOA-Getzen model was then used to determine the trend rates beginning in 2027 and thereafter, based on the plan's long-term inflation assumption and reasonable macro-economic assumptions for the growth of health care expenditures during this period relative to the general economy.

FY2022 Changes in Actuarial Assumptions

Changes in assumptions:

Change in the annual healthcare cost trend rates:

- Developed based on the Getzen trend rate model, version 2022_f4. The healthcare cost trend rate changed from 4.40% in 2021 to 5.00% in 2022 for Medicare benefits and from 7.3% in 2021 to 7.60% in 2022 for non-Medicare benefits, then increasing in 2023 and 2024 before decreasing in 2025 and 2026 to a blended rate of 4.97% in 2031 and additional decrease in 2041, 2051, 2061, 2071, and 2075. The Getzen trend rate model also assumes inflation of 2.5%, real GDP growth of 1.4% and excess medical growth of 1.1%.

FY2021 Changes in Actuarial Assumptions

Changes in assumptions:

Changes in discount rate

The discount rate was increased to 2.77% (based on a blend of the Bond Buyer Index rate of 2.16%).

Changes in mortality

The mortality projection scale was updated from MP-2016 to MP-2021.

Change in per capita claims costs

Per capita claims costs were updated based on changes in underlying claims and benefit provisions

Change in health care trend rates

The healthcare trend rates were updated.

Change in demographic and benefit

Demographics and benefits were updated based on changes to the underlying payment process.

See accompanying independent auditor's report.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND SCHEDULE OF UNIVERSITY OPEB CONTRIBUTIONS

JUNE 30, 2018 THROUGH 2024
(Continued)

1 - CHANGES IN ACTUARIAL ASSUMPTIONS (Continued)

FY2020 Changes in Actuarial Assumptions

Changes in assumptions:

Changes 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.

FY2020 Changes in Actuarial Assumptions (continued)

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 covering 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 in assumptions:

Changes in base OPEB rates for medical 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).

Changes 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.

See accompanying independent auditor's report.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND SCHEDULE OF UNIVERSITY OPEB CONTRIBUTIONS

JUNE 30, 2018 THROUGH 2024
(Continued)

1 - CHANGES IN ACTUARIAL ASSUMPTIONS (Continued)

FY2019 Changes in Actuarial Assumptions (continued)

Change in medical plan election rates

The pre age 65 medical plan election percentages were updated to better reflect plan experience.

Change in future retirees' plan participant rates

Plan participation rate for future retirees was changed from 80% to 85% to better reflect recent plan experience plan experience.

Changes in discount rate

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 in assumptions:

Changes in base OPEB rates for medical 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).

Changes 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.

Changes 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%.

2 - OTHER INFORMATION

This schedule is intended to present 10 years of data. Additional years will be presented when available.

See accompanying independent auditor's report.

Schedule 5

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

RESIDENCE HALL FUND AND RESIDENCE HALL DAMAGE FUND ACTIVITY

STATEMENT OF NET POSITION

JUNE 30, 2024

	Residence Hall Fund	Residence Hall Damage Fund
ASSETS		
Cash	$ 200,000	$ 32,532
Cash held by State Treasurer	271,060	-
Investments	149,978	305,794
Prepaid expenses	7,086	-
Accounts receivable, net	223,276	22,013
Total assets	851,400	360,339
LIABILITIES		
Accounts payable	125,364	-
Deposits	191,850	-
Salaries payable	132,239	-
Compensated absences	118,000	-
Total liabilities	567,453	-
NET POSITION	$ 283,947	$ 360,339

See accompanying independent auditor's report.

Schedule 6

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

RESIDENCE HALL FUND AND RESIDENCE HALL DAMAGE FUND ACTIVITY

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2024

	Residence Hall Fund	Residence Hall Damage Fund
REVENUES		
Student fees	$ 8,061,647	$ -
Interest	88,794	12,012
Investment income (loss)	84,036	11,367
Commissions	63,917	-
Rentals	104,985	-
Room damage assessments	-	23,102
Total revenues	8,403,379	46,481
EXPENSES		
Regular employee compensation	1,328,404	-
Regular employee related expenses	3,166	-
Special employees/contracted services	153,739	-
Pension and insurance	601,525	-
Facility operations supplies and related expenses	73,603	-
Administrative expenses	6,330	-
Energy and space rental	1,214,910	-
Performers	735	-
Operational expenses	1,219	-
Equipment purchases	17,122	-
Equipment lease - purchase, lease, rent and repair	10,711	-
Purchased client services and programs	1,046	-
Construction and improvements	490,702	-
Benefits programs	41,723	-
Loans and special payments	5,911,781	-
Other - bad expense (recovery)	(10,271)	(931)
Information technology expenses	23,753	-
Total expenses	9,870,198	(931)
TRANSFERS (IN)/OUT		
Interdepartmental expense	450	-
Miscellaneous income	(331,803)	-
Total transfers	(331,353)	-
Total expenses and transfers	9,538,845	(931)
Change in net position	(1,135,466)	47,412
NET POSITION		
Beginning of year	1,419,413	312,927
End of year	$ 283,947	$ 360,339

See accompanying independent auditor's report.

SUPPLEMENTAL SCHEDULE
PURSUANT TO THE UNIFORM GUIDANCE

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U. S. Department of Education:				
Student Financial Assistance Cluster				
Federal Supplemental Educational Opportunity Grants	84.007	N/A	$ -	$ 245,710
Federal Work-Study Program	84.033	N/A	-	218,596
Federal Pell Grant Program	84.063	N/A	-	5,585,549
Federal Direct Student Loans	84.268	N/A	-	18,931,743
Total Student Financial Assistance Cluster			-	24,981,598
TRIO Cluster				
TRIO - Student Support Services	84.042	N/A	-	320,005
TRIO - Upward Bound	84.047A	N/A	-	447,178
TRIO - Upward Bound Math and Science	84.047M	N/A	-	304,292
Total TRIO Cluster				1,071,475
Total U. S. Department of Education				26,053,073
National Science Foundation				
STEM Education (formerly Education and Human Resources)	47.076	N/A	-	14,105
National Aeronautics and Space Administration				
Science	43.001	N/A	-	44,569
Total Expenditures of Federal Awards			$ -	$ 26,111,747

See accompanying independent auditor's report and notes to schedule.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Fitchburg State University (the "University") under programs of the Federal government for the year ended June 30, 2024. 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.

For purposes of the Schedule, federal awards include all grants, contracts and similar agreements entered into directly between the University and departments of the federal government.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Indirect cost rate

The University has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3 - MATCHING COSTS

Matching costs, i.e., the nonfederal share of certain program costs, are not included in the accompanying Schedule.

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.

5 - FEDERAL STUDENT LOAN PROGRAMS

Federally-guaranteed loans issued to students of the University during the year ended June 30, 2024 are summarized as follows:

	Outstanding Balance as of June 30, 2024
CFDA Number 84.268	
Federal Direct Student Loans	$ 18,931,743

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

5 - FEDERAL STUDENT LOAN PROGRAMS (Continued)

The University is only responsible for the performance of certain administrative duties with respect to federally-guaranteed student loan programs and, accordingly, balances and transactions relating to these loan programs are not included in the University's general purpose financial statements. It is not practical to determine the balance of loans outstanding to students and former students of the University as of June 30, 2024.

6 - ADMINISTRATIVE COST ALLOWANCES

The Student Financial Aid Administrative Cost Allowances for the year ended June 30, 2024 are as follows:

Federal Work Study	$

OTHER REPORTS

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*

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 (*Government Auditing Standards)*, the financial statements of the business-type activities and discretely presented component unit of Fitchburg State University (an agency of the Commonwealth of Massachusetts) (the "University"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated ________________, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free 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*.

Bollus Lynch, LLP
An Independent Member of the BDO Alliance USA
89 Shrewsbury Street • Worcester, MA 01604
p - 508.755.7107 • f - 508.755.3896
Bolluslynch.com

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
_______________, 2024

BOLLUS LYNCH
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Fitchburg State University

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Fitchburg State University's (an agency of the Commonwealth of Massachusetts) (the "University") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of University's major federal programs for the year ended June 30, 2024. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the 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, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of University's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the University's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major federal program as a whole.

Bollus Lynch, LLP
An Independent Member of the BDO Alliance USA
89 Shrewsbury Street • Worcester, MA 01604
p - 508.755.7107 • f - 508.755.3896
Bolluslynch.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Worcester, Massachusetts
__________________, 2024

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	____Yes	_X_ No
Significant deficiency(ies) identified?	____Yes	_X_ None Reported
Noncompliance material to financial statements noted?	____Yes	_X_ No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	____Yes	_X_ No
Significant deficiency(ies) identified?	____Yes	_X_ 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 section 2 CFR 200.516(a)?	____Yes	_X_ No

Identification of major programs:

Federal Assistance Listing Number(s)	Name of Federal Program or Cluster
Student Financial Assistance Cluster:	
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans

Dollar threshold used to distinguish between type A and type B programs	$750,000	
Auditee qualified as low-risk auditee?	_X_ Yes	____No

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024
(Continued)

II. FINANCIAL STATEMENT FINDINGS

A. Internal Control Findings

As disclosed in Section I, the audit of the basic financial statements of Fitchburg State University as of and for the year ended June 30, 2024, disclosed no matters involving the internal control over financial reporting and its operations that are considered to be significant deficiencies or material weaknesses.

B. Compliance Findings

As disclosed in Section I, the audit disclosed no instances of noncompliance which are material to the financial statements of Fitchburg State University as of and for the year ended June 30, 2024.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

A. Internal Control Over Compliance

No matters were reported as of and for the year ended June 30, 2024.

B. Compliance Findings

No matters were reported as of and for the year ended June 30, 2024.

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2024

The prior year single audit disclosed no findings in the Schedule of Findings and Questioned Costs, and no uncorrected or unresolved findings exist from the prior audit's Summary of Prior Audit Findings.

BOLLUS LYNCH
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

October ___, 2024

The Board of Trustees
Fitchburg State University
Fitchburg, Massachusetts

This letter is to inform the Board of Trustees of Fitchburg State University (the "University") about significant matters related to the conduct of our audit as of and for the year ended June 30, 2024, so that it can appropriately discharge its oversight responsibility and we comply with our professional responsibilities.

Auditing standards generally accepted in the United States of America (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 Responsibilities 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 engagement letter dated June 17, 2024. 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 17, 2024, 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 University's significant accounting practices, including significant accounting policies, significant unusual transactions, 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 University. The University did not adopt any significant new accounting policies during the year ended June 30, 2024, nor have there been any changes in significant existing accounting policies.

- *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.

Bollus Lynch, LLP
An Independent Member of the BDO Alliance USA
89 Shrewsbury Street • Worcester, MA 01604
p - 508.755.7107 • f - 508.755.3896
Bolluslynch.com

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 allowance for uncollectible accounts receivable, pension and other post-employment benefit liabilities required by GASB 68 and 75, valuation of leased assets and the related liabilities, valuation of subscription-based IT assets and the related liabilities, and accumulated depreciation allowances for capital assets. The Board of Trustees 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.

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.

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 University.

Other Matters - New Accounting Pronouncements

GASB Statement No. 101, *Compensated Absences* is effective for reporting periods beginning after December 15, 2023. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences, aligning such guidance under a unified model and by amending certain previously required disclosures. Management has not completed its review of the requirements of this Standard and its applicability.

GASB Statement No. 102, *Certain Risk Disclosures* is effective for reporting periods beginning after June 15, 2024. The objective of this Statement is to provide users of GASB financial statements with essential information about risks related to a vulnerabilities due to certain concentrations or constraints. Management has not completed its review of the requirements of this Standard and its applicability.

GASB Statement No. 103, *Financial Reporting Model Improvements* is effective for reporting periods beginning after June 15, 2025. The objective of this Statement is to improve key components of the GASB financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a accountability. Management has not completed its review of the requirements of this Standard and its applicability.

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.

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

BOLLUS LYNCH
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

November ___, 2024

Management and the Board of Trustees
Fitchburg State University
Fitchburg, Massachusetts

In planning and performing our audit of the financial statements of Fitchburg State University (the "University") as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

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

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

Bollus Lynch, LLP
An Independent Member of the BDO Alliance USA
89 Shrewsbury Street • Worcester, MA 01604
p - 508.755.7107 • f - 508.755.3896
Bolluslynch.com

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

AND

INDEPENDENT AUDITOR'S REPORT

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS

BOLLUS LYNCH
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

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, 2024, 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, 2024, 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 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 Foundation'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 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 substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

Bollus Lynch, LLP
An Independent Member of the BDO Alliance USA
89 Shrewsbury Street • Worcester, MA 01604
p - 508.755.7107 • f - 508.755.3896
Bolluslynch.com

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated _______________, 2024, on our consideration of the Foundation'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 Foundation'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 Foundation's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 8, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Worcester, Massachusetts
__________________, 2024

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2024
(With Summarized Comparative Information for 2023)

	2024	2023
Assets		
Cash and equivalents	$ 4,712,265	$ 3,361,880
Investments	30,043,044	25,615,426
Due from affiliate	74,408	-
Accrued investment income receivable	74,743	57,736
Grants receivable	360	207,502
Contributions receivable, net	689,332	1,563,577
Prepaid expenses and other assets	79,478	130,850
Property and equipment, net of accumulated depreciation	6,889,055	7,256,688
Total assets	$ 42,562,685	$ 38,193,659
Liabilities and Net Assets		
Liabilities		
Accounts payable, trade	$ 89,789	$ 64,916
Environmental remediation liability	120,430	161,148
Accrued interest payable	7,409	8,794
Deferred revenue	80,000	-
Agency fund	61,080	31,080
Due to affiliate	-	525,509
Bank line of credit	-	125,000
Notes payable - bank	389,026	411,113
First mortgage notes payable	3,439,068	3,874,366
Total liabilities	4,186,802	5,201,926
Net assets		
Without donor restrictions	5,622,018	4,943,444
With donor restrictions	32,753,865	28,048,289
Total net assets	38,375,883	32,991,733
Total liabilities and net assets	$ 42,562,685	$ 38,193,659

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, 2024
(With Summarized Comparative Information for 2023)

	Without Donor Restrictions	With Donor Restrictions	Total 2024	Total 2023
Revenue and support				
Program revenues				
Gifts and donations	$ 60,283	$ 1,887,910	$ 1,948,193	$ 1,942,515
Grants and contracts, state	-	555,555	555,555	1,111,110
Grants and contracts, other	-	436,000	436,000	825,000
Sales and services	14,935	82,670	97,605	138,353
Rental income	233,188	-	233,188	205,016
License fee income	430,324	-	430,324	496,350
Contribution of nonfinancial assets and services	235,293	-	235,293	212,525
Other revenue				
Other income	445,893	-	445,893	437,349
Interest and dividends	112,814	509,992	622,806	484,015
Gain on investments, net	540,377	2,565,117	3,105,494	2,089,168
Net assets released from restriction	1,331,668	(1,331,668)	-	-
Total revenue and support	3,404,775	4,705,576	8,110,351	7,941,401
Expenses and losses				
Program services	2,330,788	-	2,330,788	2,989,120
Management and general	286,877	-	286,877	252,866
Fundraising	108,536	-	108,536	146,352
Total expenses	2,726,201	-	2,726,201	3,388,338
Impairment loss on property	-	-	-	100,956
Total expenses and loses	2,726,201	-	2,726,201	3,489,294
Change in net assets	678,574	4,705,576	5,384,150	4,452,107
Net assets, beginning of year	4,943,444	28,048,289	32,991,733	28,539,626
Net assets, end of year	$ 5,622,018	$ 32,753,865	$ 38,375,883	$ 32,991,733

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, 2024
(With Summarized Comparative Information for 2023)

	Program Services	Management and General	Fundraising	Totals 2024	Totals 2023
Scholarships	$ 568,116	$ -	$ -	$ 568,116	$ 569,110
Community services	27,578	-	-	27,578	28,358
Speakers and cultural programs	157,602	-	-	157,602	31,114
Outside services	33,310	-	-	33,310	53,111
Accounting and audit	-	36,000	-	36,000	10,000
Insurance	129,634	36,327	-	165,961	152,710
Affiliated personnel costs	-	162,167	73,127	235,294	212,524
Supplies	4,232	-	-	4,232	3,044
Equipment and maintenance	266,625	-	-	266,625	686,179
Printing and publications	13,019	-	1,774	14,793	30,259
Travel	10,817	-	-	10,817	14,164
Meetings and conferences	37,410	-	25,017	62,427	40,080
Awards and grants	276,944	-	6,105	283,049	766,170
Contribution made to University	362,000	-	-	362,000	326,000
Fees, fines, licenses and permits	4,748	10,824	-	15,572	5,576
Repairs and maintenance	15,190	-	-	15,190	10,985
Rent	37,566	-	-	37,566	37,566
Interest	187,192	12,626	-	199,818	194,300
Miscellaneous	-	8,603	-	8,603	-
Other financial fees	4,930	7,335	2,513	14,778	26,686
Credit card fees	-	1,075	-	1,075	1,671
Bad debt expense	-	150	-	150	-
Donations	-	500	-	500	-
Depreciation	193,875	11,270	-	205,145	188,731
	$ 2,330,788	$ 286,877	$ 108,536	$ 2,726,201	$ 3,388,338

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, 2024
(With Summarized Comparative Information for 2023)

	2024	2023
Cash flows from operating activities:		
Change in net assets	$ 5,384,150	$ 4,452,107
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Gain on investments	(3,277,311)	(2,240,294)
Depreciation	205,145	188,731
Amortization of debt issuance costs	19,236	2,546
Gain on sale of property	(102,512)	-
Impairment loss on property	-	100,956
Contributions restricted for long-term investment	(1,829,530)	(2,405,259)
Decrease (increase) in operating assets:		
Due from affiliate	(74,408)	-
Accrued investment income receivable	(17,007)	(12,172)
Grants receivable	207,142	(207,502)
Contributions receivable, net	389,128	58,600
Prepaid expenses and other assets	51,372	18,480
Increase (decrease) in operating liabilities:		
Accounts payable, trade	24,873	(42,466)
Agency fund	30,000	-
Due to affiliate	(525,509)	525,509
Environmental remediation liability	(40,718)	(37,636)
Accrued interest payable	(1,385)	2,090
Deferred revenue	80,000	-
Net cash provided by operating activities	522,666	403,690
Cash flows from investing activities:		
Payments for property and equipment	-	(455,463)
Proceeds from sale of property	265,000	-
Proceeds from sale of investments	5,098,095	4,293,681
Purchase of investments	(6,248,402)	(4,569,866)
Net cash used in investing activities	(885,307)	(731,648)
Cash flows from financing activities:		
Proceeds of first mortgage notes payable	-	281,200
Payments on first mortgage notes payable	(454,534)	(232,765)
Payments on note payable - bank	(22,087)	(21,213)
Net borrowings (repayments) on bank line of credit	(125,000)	125,000
Contributions received for long-term investment	2,314,647	861,486
Net cash provided by financing activities	1,713,026	1,013,708
Net change in cash and equivalents	1,350,385	685,750
Cash and equivalents, beginning of year	3,361,880	2,676,130
Cash and equivalents, end of year	$ 4,712,265	$ 3,361,880

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, 2024, 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."

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.

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 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.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Basis of presentation (continued)

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. 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.

Summarized comparative 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, 2024, from which the summarized information was derived.

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.

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.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Contributions and bequests (continued)

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.

Contributions of nonfinancial assets

The Organization receives contributions in a form other than cash or investments. If material, donated supplies and other items are recorded as contributions at the date of gift and as expenses when the donated items are placed into service or distributed. If the Organization receives a contribution of land, buildings, or equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets the Organization's capitalization policy. Donated use of facilities is reported as contributions and as expenses at the estimated fair value of similar space for rent under similar conditions. If the use of the space is promised unconditionally for a period greater than one year, the contribution is reported as a contribution and an unconditional promise to give at the date of gift, and the expense is reported over the term of use.

The Organization benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the Organization's program operations and in its fund-raising events. However, the majority of the contributed services do not meet the criteria for recognition in financial statements. GAAP allows recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

Donated services with an estimated fair value of $235,294 met those criteria and are included in contributions of nonfinancial assets in the statement of activities. Those services were primarily received from Fitchburg State University for management and operating services.

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.

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. The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Grants and accounts receivable

Grants and 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. There is no allowance for uncollectible grants and accounts receivable as of June 30, 2024 and 2023.

Investments

Investments consist of debt, marketable equity securities, mutual funds and other investments, which are carried at fair value. Unrealized gains and losses are included in revenue. Restricted 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 120 individual funds at June 30, 2024 and 2023, 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, 2024 and 2023, 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, 7 and 10 years for furniture and fixtures, 5 years for equipment and 3 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.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Leases as lessee

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization recognizes most leases on its consolidated statement of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the consolidated statement of activities.

The Organization made an accounting policy election available not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives received. To determine the present value of lease payments, the Organization utilizes the discount rate implicit in the lease agreement, if known, or the Organization's incremental borrowing rate for a loan with terms similar to the lease's terms.

Leases as lessor

The Organization's leases are considered operating leases and rental income is recognized on a straight-line basis over the term of the lease. Deferred rent receivables represent the amount by which the cumulative straight-line rental revenue recorded to date exceeds cash rents billed to date under the lease agreement and are included in accounts receivable, net on the consolidated statement of financial position. Deferred rent receivables as of June 30, 2024 and 2023 were not material to the financial statements.

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.

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.

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. Unamortized debt issuance costs are $16,264 and $35,500 at June 30, 2024 and 2023, respectively.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

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, 2024 and 2023. 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, 2024 and 2023. 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, 2024. 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, 2024 and 2023 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, 2021, 2022, and 2023.

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, printing and publications, meetings and conferences, and other costs, which have been allocated among the program and supporting services benefited using a reasonable allocation method consistently applied.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Foundation generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

Subsequent event

The Organization has evaluated subsequent events through ________________, 2024, 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:

	2024	2023
Cash and other demand deposits	$ 3,645,630	$ 2,098,830
Money market funds	1,066,635	1,263,050
	$ 4,712,265	$ 3,361,880

Money market funds include general Charles Schwab Premier Money Market and Schwab Government Money Market funds in the aggregate amount of $437,588 at June 30, 2024. The Schwab Government Money Market invests in U.S. government securities and other obligations issued or guaranteed by the U.S. government, its agencies or instrumentalities. The fund seeks to obtain the highest current income consistent with stability of capital and liquidity. At June 30, 2024, the fund's investment securities had a weighted average maturity of 31 days. The fund had an average credit quality rating of AAAm at June 30, 2024.

Money market funds include the SSGA US Government Money Market Fund in the aggregate amount of $599,019 at June 30, 2023. 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. At June 30, 2023, the fund's investment securities had a weighted average maturity of 22 days. The fund had an average credit quality rating of AAAm at June 30, 2023.

Money market funds include Dreyfus Government Cash Management Fund in the aggregate amount of $50,974 and $84,941 at June 30, 2024 and 2023, respectively. The Dreyfus Government Cash Management 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. The fund had an average credit quality rating of AAAm at June 30, 2024 and June 30, 2023, respectively.

Money market funds include the RWM Cash Management Money Market account in the aggregate amount of $105,416 and $106,669 at June 30, 2024 and 2023, respectively.

Money market funds also include the Fidelity Bank LifeDesign Business Cash Management Money Market account with a balance of $472,657 and $472,421 at June 30, 2024 and 2023, respectively.

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, 2024 and 2023 consist of the following:

	2024	2023
Financial assets at year end		
Cash and cash equivalents (excluding agency fund)	$ 4,651,185	$ 3,330,800
Grants receivable	360	207,052
Contributions receivable (net of purpose or time restrictions)	689,332	20,150
Investments (net of donor-restricted endowment)	-	136,883
Total financial assets	$ 5,340,877	$ 3,694,885

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

4 - LIQUIDITY AND AVAILABILITY (Continued)

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

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 Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted sources.

5 - INVESTMENTS

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

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Equities	$ 7,918,785	$ 16,159,647	$ 7,149,970	$ 12,700,361
Preferred stock	6,416	6,460	12,758	12,520
Mutual funds	5,462,855	5,841,851	5,493,132	5,917,998
Corporate bonds	4,905,137	4,713,590	4,250,847	3,994,937
U.S. government securities	3,443,779	3,321,496	3,181,494	2,989,610
	$ 21,736,972	$ 30,043,044	$ 20,088,201	$ 25,615,426

At June 30, 2024 and 2023, net unrealized gains in the Organization's investment portfolio amounted to $8,306,073 and $5,527,225, respectively.

At June 30, 2024, 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	$ 1,388,641	$ 2,577,749	$ 747,200	$ -	$ 4,713,590
U.S. government securities	930,439	2,095,254	295,803	-	3,321,496
	$ 2,319,080	$ 4,673,003	$ 1,043,003	$ -	$ 8,035,086

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, 2024.

	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	$ 1,537	$ 24,223	$ -	$ -	$ 1,537	$ 24,223
Mutual funds	19,066	205,723	60,602	40,997	79,668	246,720
Corporate bonds	564,000	15,275	370,000	5,425	934,000	20,700
U.S. government securities	-	-	269,000	4,446	269,000	4,446
Total	$ 584,603	$ 245,221	$ 699,602	$ 50,868	$ 1,284,205	$ 296,089

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, 2023.

	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	$ 563,456	$ 45,256	$ 352,266	$ 152,787	$ 915,722	$ 198,043
Preferred stocks	-	-	12,520	238	12,520	238
Mutual funds	716,673	117,220	1,667,967	206,808	2,384,640	324,028
Corporate bonds	1,417,449	35,629	2,387,625	221,752	3,805,074	257,381
U.S. government securities	135,938	1,394	2,489,442	193,021	2,625,380	194,415
Total	$ 2,833,516	$ 199,499	$ 6,909,820	$ 774,606	$ 9,743,336	$ 974,105

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

5 - INVESTMENTS (Continued)

Equities and preferred stocks

The Organization has 80 investments in equities, of which 9 were in an unrealized loss position at June 30, 2024. The Organization also has 1 investment in preferred stock, of which was in an unrealized gain position at June 30, 2024. 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, 2024.

Mutual funds

The Organization has 38 mutual fund investments, of which 18 were in an unrealized loss position at June 30, 2024. 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, 2024.

Corporate bonds

At June 30, 2024, the Organization's investments in corporate debt securities were in the form of interest-bearing securities of top-rated corporate issuers. The Organization has 102 corporate debt security investments, of which 63 was in an unrealized loss position at June 30, 2024.

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, 2024.

U.S. government obligations

The Organization has 11 U.S. government investment securities at June 30, 2024, of which 3 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, 2024.

Endowment

The following table represents the composition of the Organization's endowment net assets by type of fund at June 30, 2024:

Fund Type	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted funds	$ -	$ 11,882,646	$ 11,882,646
Donor restricted amounts required to be held in perpetuity	-	18,357,000	18,357,000
Board-designated for endowment fund	83,993	-	83,993
Total funds	$ 83,993	$ 30,239,646	$ 30,323,639

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

5 - INVESTMENTS (Continued)

Endowment (continued)

The Board-designated endowment as of June 30, 2024 and 2023, 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, 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 25,000	$ 25,478,543	$ 25,503,543
Investment return			
Investment income	-	509,410	509,410
Depreciation, realized and unrealized	-	2,706,662	2,706,662
Total investment return	-	3,216,072	3,216,072
Contributions	-	1,835,005	1,835,005
Other income	-	12,796	12,796
Appropriation of endowment assets for expenditure	-	(451,289)	(451,289)
Investment management fees	-	(142,053)	(142,053)
Reclassification of net assets	-	290,572	290,572
Transfer to create board designated funds	58,993	-	58,993
Endowment net assets, end of year	$ 83,993	$ 30,239,646	$ 30,323,639

The following table represents the composition of the Organization's endowment net assets by type of fund at June 30, 2023:

Fund Type	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted funds	$ -	$ 9,502,980	$ 9,502,980
Donor restricted amounts required to be held in perpetuity	-	15,975,563	15,975,563
Board-designated for endowment fund	25,000	-	25,000
Total funds	$ 25,000	$ 25,478,543	$ 25,503,543

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

5 - INVESTMENTS (Continued)

Endowment (continued)

The Board-designated endowment as of June 30, 2024 and 2023, 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, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 25,000	$ 21,919,575	$ 21,944,575
Investment return			
Investment income	-	382,545	382,545
Appreciation, realized and unrealized	-	1,734,319	1,734,319
Total investment return	-	2,116,864	2,116,864
Additions	-	1,954,884	1,954,884
Other income	-	6,950	6,950
Appropriation of endowment assets for expenditure	-	(479,126)	(479,126)
Investment management fees	-	(119,887)	(119,887)
Reclassification of net assets	-	79,283	79,283
Endowment net assets, end of year	$ 25,000	$ 25,478,543	$ 25,503,543

The Board-designated endowment as of June 30, 2024 and 2023, represents funds designated for students with financial needs to be awarded financial aid scholarships.

6 - CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable consist of the unpaid balances (net of discount and any allowance for uncollectible contributions) pledged as contributions to 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:

	2024	2023
Receivable in less than one year	$ 603,100	$ 1,563,577
Receivable in one to five years	100,000	-
	703,100	1,563,577
Discount on pledges	(13,768)	-
	$ 689,332	$ 1,563,577

Contributions which are to be received in more than one year are reflected net of a discount of 6.2% determined at the time of the contribution.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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, 2024 and 2023, 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, 2024 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	$ 16,159,647	$ 16,159,647	$ -	$ -
Preferred stock	6,460	-	6,460	-
Mutual funds	5,841,851	5,841,851	-	-
Corporate bonds	4,713,590	-	4,713,590	-
U.S. government securities	3,321,496	-	3,321,496	-
	$ 30,043,044	$ 22,001,498	$ 8,041,546	$ -

The fair value of assets measured on a recurring basis at June 30, 2023 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	$ 12,700,361	$ 12,700,361	$ -	$ -
Preferred stock	12,520	-	12,520	-
Mutual funds	5,917,998	5,917,998	-	-
Corporate bonds	3,994,937	-	3,994,937	-
U.S. government securities	2,989,610	-	2,989,610	-
	$ 25,615,426	$ 18,618,359	$ 6,997,067	$ -

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

8 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2024 and 2023 consist of the following:

	2024	2023
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	198,648	198,648
Land improvements	9,994	9,994
Building	813,475	813,475
	1,022,117	1,022,117
Other		
Land	1,961,799	2,048,341
Land improvements	96,228	96,228
Buildings	1,744,963	1,834,311
Building improvements	1,109,005	1,109,005
Equipment	172,312	172,312
Computer software	641,878	641,878
Furniture and fixtures	60,773	60,773
Library materials	6,570	6,570
	5,793,528	5,969,418
	9,817,461	9,993,351
Less accumulated depreciation	2,928,406	2,736,663
	$ 6,889,055	$ 7,256,688

Accumulated depreciation on real estate under lease amounted to $819,971 and $763,923 at June 30, 2024 and 2023, respectively. Accumulated depreciation on real estate used for student housing amounted to $206,662 and $194,376 at June 30, 2024 and 2023, respectively. Accumulated depreciation on real estate used for faculty and staff housing amounted to $77,489 and $65,402 at June 30, 2024 and 2023, respectively.

At June 30, 2024 and 2023, property and equipment with a cost of approximately $798,204 were fully depreciated and still in service.

8 - PROPERTY AND EQUIPMENT (Continued)

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 razed the building and incurred an impairment loss of $100,956 in 2023. The land is being used for green space.

On November 13, 2019, the Supporting Organization acquired a property in close proximity to the Fitchburg State University campus to support the downtown Theater project. The property, which consists of land and a building, was purchased for $1 after the Organization was notified by the Massachusetts Department of Environmental Protection ("DEP") about an environmental issue with the property that requires remediation before the property is usable. The Organization razed the building on the property and is actively working on converting the land to a parking lot. During the year ended June 30, 2022, the Organization determined that additional costs of the remediation are expected above insured policy limits in the amount of $465,696, which was accrued as a liability for environmental remediation accordingly. As of June 30, 2024, and 2023, the remaining environmental liability of $120,430 and $161,148, respectively, is shown on the accompanying statements of financial position.

In fiscal 2017, the Supporting 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 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 theatre renovation. The space is expected to be used by the University, 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 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 for 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. The Supporting Organization incurred $26,448 of legal costs related to the project which have been recorded in prepaid expenses and other assets on the statement of financial position as of June 30, 2024 and 2023.

9 - OTHER ASSETS

Prepaid expenses and other assets at June 30, 2024 and 2023 includes the cash surrender value of life insurance in the amount of $1,985 and $12,569, 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 in both years.

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, 2024 and 2023, the Supporting Organization did not collect or disburse any monies in connection with this collaboration. At June 30, 2024 and 2023, 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)

10 - AGENCY FUND (Continued)

The Supporting Organization is also holding $30,000 in funds received in June 2024 for the renovation of Abolitionist Park in Fitchburg, Massachusetts. The Supporting Organization is acting solely as the fiscal agent for these funds as owner of the land to be renovated. At June 30, 2024, the Supporting Organization was holding $30,000 of funds that is to be used exclusively for work to be done at Abolitionist Park.

11 - LINES OF CREDIT

Foundation

In October 2022, the Foundation renewed its existing demand revolving working capital line of credit agreement with Workers' Credit Union which permits the Foundation to borrow up to $250,000 for a period of five years. 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. Interest rate as at June 30, 2024 was 9.25%. As of June 30, 2024 and 2023, there were no outstanding liability under the line of credit.

Borrowings under the line are secured by investments with an equivalent fair value of $14,463,652 at June 30, 2024. The line was also collateralized by all funds held by the lender. At June 30, 2024, the Foundation has total cash balances of approximately $58,000 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 October 24, 2027.

Supporting Organization

In November 2021, 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 8.25% at June 30, 2024 and 8.00% at June 30, 2023). The agreement renews annually.

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. There was no balance outstanding on the line of credit at June 30, 2024. The balance outstanding as of June 30, 2023 was $125,000. The line of credit agreement expires on November 30, 2024.

12 - FIRST MORTGAGE NOTES PAYABLE

Foundation

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

The note has a term of 20 years, maturing on April 16, 2028, with a fixed interest rate of 4.27% per annum and a monthly installment of principal and interest of $2,454 through the maturity date. At that point, a final principal payment for the remaining amount outstanding will be due. The note may be prepaid at any time, in whole or in part, without premium or penalty.

At June 30, 2024 and 2023, the outstanding principal balance of this mortgage note payable amounted to $281,175 and $297,982, respectively.

12 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Supporting Organization

Avidia Bank

Avidia Bank provided financing to the Supporting Organization in the form of a note, dated September 28, 2022, in the amount of $281,200. 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 on the property. Furthermore, any deposits held by the lender serve as additional collateral for the loan.

The mortgage note has a term of 25 years maturing on September 28, 2047, with a fixed rate of interest of 4.25% per annum and a monthly installment of principal and interest of $1,533 through September 27, 2027. At that point, the interest rate will be adjusted every 60 months with a floor of 4.25% per annum.

The note has a fixed rate prepayment charge in the event of the prepayment of the note before September 27, 2027. 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.

As of June 30, 2024 and 2023, the outstanding principal balance of the mortgage loan amounted to $269,814 and $276,397, respectively.

Massachusetts Development Finance Agency (MDFA) - General Fund Loan

Massachusetts Development Financing Agency (MDFA) provided financing to the Supporting Organization in the form of a General Fund loan dated June 28, 2021 in an amount of $500,000. The note is secured by a first mortgage in real estate located at 675 Main Street, Fitchburg, Massachusetts and an assignment of leases and rents on the property. The loan will be disbursed by a series of construction advances, per the terms and conditions of the agreement.

The note has a term of 5 years, maturing on June 28, 2026 with a fixed rate of interest of 4% per annum and monthly installments of interest only. 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.

This loan was paid in full ahead of schedule during the year ended June 30, 2024. As of June 30, 2023, the outstanding principal balance of the mortgage loan amounted to $52,878.

Massachusetts Development Finance Agency (MDFA) - Brownfields Loan

MDFA provided additional financing to the Supporting Organization in the form of a Brownfields loan dated June 28, 2021 in an amount of $500,000. The note is secured by mortgages and security arrangements in real estate located at 675 Main Street, 689-717 Main Street, and 15 Central Street, Fitchburg, Massachusetts and remediation work performance by the contactor. The loan will be disbursed by a series of advances, per the terms and conditions of the agreement.

The loan has a term of 10 years, with a fixed rate of interest of 3% per annum and monthly installments of interest for the first twelve months. Thereafter, monthly payments of principal and interest of $1,677 through June 2026. If the Supporting Organization has a Debt Service Coverage Ratio in any given fiscal year of less than 1.2:1, then the Supporting Organization may choose to defer payments due by due by notifying the lender within thirty days of commencement.

This loan was paid in full ahead of schedule during the year ended June 30, 2024. As of June 30, 2023, the outstanding principal balance of the mortgage loan amounted to $57,287.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

12 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Supporting Organization (continued)

Workers' Credit Union

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 on the property. Furthermore, any deposits held by the lender serve as additional collateral for the loan.

The mortgage note has a term of 20 years maturing on February 27, 2029, with a fixed rate of interest of 5.25% and monthly installments of principal and interest of $4,517 through February 27, 2024, at which point the interest rate was adjusted to a fixed rate of 6.79% per annum until February 27, 2029 with a monthly installment of principal of interest of $4,812.

As of June 30, 2024, and 2023, the outstanding principal balance of the mortgage loan amounted to $408,333 and $439,265, respectively.

Rollstone Bank & Trust - 131 Highland Avenue

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 with monthly installments of principal and interest of $1,367.

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, 2024, and 2023, the outstanding principal balance of the mortgage loan amounted to $145,465 and $156,855, respectively.

Rollstone Bank & Trust - 167 Klondike Avenue

Rollstone Bank & Trust provided additional financing to the Supporting Organization in the form of a note, dated December 9, 2020 in the amount of $1,538,000. 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 has a term of 15 years maturing on December 9, 2035 with a fixed rate of interest of 3.5% per annum and monthly installments of principal and interest of $11,032 through December 9, 2030. At that point, the interest rate shall be adjusted to the Federal Home Loan Bank of Boston Five Year Classic Advance Rate plus 2.25% and monthly payments adjusted accordingly.

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, 2024 and 2023, the outstanding principal balance of the mortgage loan amounted to $1,248,402 and $1,334,686, respectively.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

12 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Supporting Organization (continued)

Fidelity Co-Operative Bank - 340 Highland Avenue

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 with a fixed rate of interest of 5.20% per annum through June 26, 2023, at which point, the interest rate was adjusted to a fixed rate of 6.98% per annum until June 26, 2028 with a monthly installment of principal and interest of $521.

The note includes 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, 24, and 2023, the outstanding principal balance of the mortgage loan amounted to $65,087 and $66,661, respectively.

Fidelity Co-Operative Bank - 198 Pearl Street

Fidelity Co-Operative Bank provided additional financing to the Supporting Organization in the form of a note, dated October 19, 2016, in the amount of $118,000. The note is secured by a Negative Pledge Agreement on the real estate located at 198 Pearl Street in Fitchburg, Massachusetts.

The promissory note has a term of 10 years, maturing on October 21, 2026 with a fixed rate of interest of 4.11% per annum and monthly installments of principal and interest of $726 through the maturity date, at which time the remaining outstanding principal balance and any accrued interest thereon is due.

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, 2024, and 2023, the outstanding principal balance of the loan amounted to $83,626 and $88,726, respectively.

Fidelity Co-Operative Bank - 9 Clinton Street and 85-7 Pearl Street

Fidelity Co-Operative Bank provided additional financing to the Supporting Organization in the form of a note dated January 13, 2017, in the amount of $220,000. The note is secured by a Negative Pledge Agreement on the real estate located at 9 Clinton Street and 85-7 Pearl Street in Fitchburg, Massachusetts.

The promissory note has a term of 10 years, maturing on January 13, 2037 with a fixed rate of interest of 4.76% per annum and 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.

12 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Supporting Organization (continued)

Fidelity Co-Operative Bank - 9 Clinton Street and 85-7 Pearl Street (continued)

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, 2024 and 2023, the outstanding principal balance of the loan amounted to $160,963 and $170,104, respectively.

BankHometown - 164 Highland Avenue

BankHometown provided financing to the Supporting Organization in the form of a note, dated June 18, 2019, in the amount of $312,000. The note is secured by a first mortgage interest in the real estate property located at 164 Highland Avenue in Fitchburg, Massachusetts and an assignment of leases and rents on the property.

The commercial note has a term of 10 years, maturing on June 18, 2029, with a fixed rate of interest of 4.60% per annum and monthly installments of principal and interest of $1,752 through June 18, 2024, at which point, the interest rate was adjusted to 6.20% per annum with a monthly principal and interest payment of $1,999. A final payment of all unpaid principal and accrued interest thereon is due at maturity.

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.

As of June 30, 2024, and 2023, the outstanding principal balance of the loan amounted to $274,525 and $282,715, respectively.

BankHometown - 174 Highland Avenue

BankHometown provided additional financing to the Supporting Organization in the form of a note, dated June 18, 2019, in the amount of $138,400. The note is secured by a first mortgage interest in the real estate property located at 174 Highland Avenue in Fitchburg, Massachusetts and an assignment of rents and leases on the property.

The commercial note has a term of 10 years, maturing on June 18, 2029, with a fixed rate of interest of 4.60% per annum and monthly installments of principal and interest of $771 through June 18, 2024, at which point, the interest rate was adjusted to 6.2% per annum with a monthly principal and interest payment of $887. A final payment of all unpaid principal and accrued interest thereon is due at maturity.

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.

As of June 30, 2024, and 2023, the outstanding principal balance of the loan amounted to $121,776 and $125,409,a respectively.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

12 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Supporting Organization (continued)

Fitchburg Historical Society

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

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 and monthly installments of principal and interest of $1,694.

This loan was paid in full as scheduled during the year ended June 30, 2024. As of June 30, 2023, the outstanding principal balance of the loan amounted to $16,601.

Enterprise Bank and Trust Company - 689 - 717 Main Street

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

The promissory note has a term of 30 years, maturing on November 4, 2046, with a fixed rate of interest of 4.33% per annum with monthly installments of principal and interest of $1,401 through the maturity date. At that point, a final principal payment for the remaining amount will be due.

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 foregoing, 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 Supporting Organization.

As of June 30, 2024, and 2023, the outstanding principal balance of the loan amounted to $240,020 and $246,118, respectively.

Enterprise Bank and Trust Company - 70 - 78 North Street

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

The promissory note has a term of 20 years, maturing on November 5, 2038 with a fixed rate of interest of 5% per annum and monthly installments of principal and interest of $986 through November 5, 2028. At that point, 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 with a minimum floor rate of 5% per annum.

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 foregoing, 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 Supporting Organization.

This loan was paid in full ahead of schedule during the year ended June 30, 2024. As of June 30, 2023, the outstanding principal balance of the loan amounted to $126,391.

12 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Supporting Organization (continued)

Webster First Federal Credit Union

Webster First Federal Credit Union provided financing to the Supporting Organization in the form of a 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 commercial note has a term of 15 years, maturing on October 1, 2032, with a fixed rate of interest of 3.75% per annum and monthly installments of principal and interest of $1,825 through October 1, 2027. At that point, 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 with a floor of 3.75% per annum. A final payment of all unpaid principal and accrued interest thereon is due at maturity.

As of June 30, 2024, and 2023, the outstanding principal balance of the loan amounted to $156,147 and $171,793, respectively.

Aggregate Principal Maturities

Aggregate principal maturities for all first mortgage notes payable for each of the next five years and thereafter, using the interest rate in effect at June 30, 2024, are estimated to be as follows:

2025	$ 205,960
2026	215,684
2027	292,647
2028	435,180
2029	786,975
Thereafter	1,518,886
	3,455,332
Less: Unamortized debt issuance costs	16,264
	$ 3,439,068

13 - NOTE PAYABLE - BANK

Supporting Organization

Enterprise Bank and Trust Company provided financing to the Supporting Organization in the form of a note payable dated April 26, 2007 in the amount of $680,000. The note is secured by investments owned by the Foundation with a fair value of approximately $2,959,000 and $2,615,000 at June 30, 2024 and 2023, respectively. In addition, payment and performance of the Supporting Organization obligations under the loan agreement have been guaranteed by the Foundation.

The note payable has a term of 30 years, expiring on May 5, 2037, with a fixed rate of interest of 6% per annum and monthly installments of principal and interest of $3,280 through April 26, 2027. At this point, the interest rate will be adjusted to the Federal Home Loan Bank Boston Classic Advance Five Year Rate plus 1.15% per annum through maturity.

As of June 30, 2024 and 2023, the outstanding principal balance of the loan amounted to $389,026 and $411,113, respectively.

13 - NOTE PAYABLE - BANK (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, 2024, are estimated to be as follows:

Year	Amount
2025	$ 23,126
2026	24,106
2027	25,162
2028	26,230
2029	27,416
Thereafter2028	262,986
	$ 389,026

14 - LEASES AS LESSEE

On July 1, 2019, the Supporting Organization entered into an operating lease agreement with an unrelated third party for the office space located in Fitchburg, Massachusetts. The space is being used by Fitchburg State University as office and classroom space for its Center for Professional Studies. The new lease provides a base annual rent of $30,632 per annum. The agreement includes an option to renew annually with an increase of 2% commencing July 1st of the following year. The Supporting Organization considers this agreement to fall under the short-term lease exemption under ASC 842.

On July 1, 2022, the Supporting Organization entered into a three-year operating lease agreement with an unrelated third party for 2,350 square feet of office space and 20 parking spaces located in Fitchburg, Massachusetts. The lease has a base annual rent of $31,870 per annum increasing 1% annually effective July 1st. 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, 2024 and 2023, rent expense amounted to $31,860 and $31,870, respectively.

On July 1, 2017, the Supporting Organization entered into a six-year operating lease agreement with the above-mentioned unrelated third party for an additional 1,424 square feet of office space located in Fitchburg, Massachusetts. The lease has a base annual rent of $5,696 per annum. 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, 2024, and 2023, rent expense amounted to $5,696 in each year.

The Supporting Organization may extend the initial terms of each 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 considers both agreements to fall under the short-term lease exemption under ASC 842.

The following is a schedule of future minimum rental payments under these operating lease agreements at June 30, 2024:

2025	$ 38,206

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

15 - LEASES AS LESSOR AND LICENSE AGREEMENTS

On August 16, 2016, the Supporting Organization leased 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 to the Massachusetts Division of Capital Asset Maintenance (DCAM) on behalf of the University. The lease has a base rent of $165,000 per year payable in monthly installments of $13,750 for the entire lease term of ten years. The University 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, 2024 and 2023, rental income amounted to $165,000 in each year.

On June 1, 2019, the Supporting Organization leased property in Fitchburg, Massachusetts to an unrelated third party. The lease has base rent of $22,968 payable in monthly installments of $1,914 for the entire lease term of five years. The property was sold to the lessee in June 2024. For the years ended June 30, 2024, and 2023 rental income amounted to $21,538 and $23,496, respectively.

On June 30, 2022, the Supporting Organization leased property located in Fitchburg, Massachusetts to an unrelated third party. The lease has an annual base rent of $6,000 payable in monthly installments of $500 for the entire lease term of two years. The lease is to be terminated effective July 2024. For the years ended June 30, 2024, and 2023 rental income amounted to $6,000 and $4,500, respectively.

On August 6, 2020, the Supporting 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 Supporting Organization is leasing the property solely for convenience to FHA, and no revenue is being generated by this lease agreement.

On September 10, 2023, the Supporting Organization leased property located in Fitchburg Massachusetts to an unrelated third party for an initial term of 5 years. The lease has a monthly rent of $2,625 for the initial period of twelve months and the rent will increase by 3% for each successive twelve-month period. For the years ended June 30, 2024, rental income amounted to $26,250.

The following is a schedule of future minimum rental income under the operating lease agreement at June 30, 2024:

2025	$ 197,790
2026	198,258
2027	54,875
2028	35,276
2029	5,908
	$ 492,107

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 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, 2024, and 2023, license fee income amounted to $430,324 and $496,350, respectively.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

16 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions in the amount of $14,396,865, as of June 30, 2024, 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 $12,072,726 as of June 30, 2023, 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 $18,357,000 and $15,975,563 as of June 30, 2024 and 2023, respectively, are invested in perpetuity.

Net assets released from restrictions during 2024 represent the satisfaction of program restrictions in the amount of $763,553 and the satisfaction of scholarship-related restrictions in the amount of $568,115.

17 - TRANSACTIONS WITH RELATED PARTY

Fitchburg State University renders certain administrative services to the Foundation and Supporting Organization. These services, with a value of $235,294 and $212,525, respectively, have been recognized as contribution in kind income in the accompanying consolidated statement of for the years ended June 30, 2024 and 2023.

During fiscal 2024 and 2023, the Foundation made contributions without donor restrictions to Fitchburg State University in the amount of $362.000 and $326,000, 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, 2024, the Organization has miscellaneous accounts receivable totaling $74,408 from the Fitchburg State University, which is reflected as due from affiliate in the accompanying consolidated statements of financial position.

As of June 30, 2023, the Organization has miscellaneous payables in the amount of $525,509 respectively to the Fitchburg State University, which is included in accounts payable, trade in the accompanying consolidated statement of financial position.

18 - MAJOR DONORS

During fiscal 2024, the Organization received restricted gift and grant donations totaling $1,302,864 from eight donors which represents approximately 55% of total gifts, donations and grant revenue for 2024.

During fiscal 2023, the Organization received restricted grant donations totaling $1,575,960 from three donors which represents approximately 57% of total gifts, donations and grant revenue for 2023.

19 - SUPPLEMENTAL CASH FLOW INFORMATION

	2024	2023
Cash paid for interest during the year	$ 201,203	$ 192,210

OTHER REPORT

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*

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 statement of Fitchburg State University Foundation, Inc., which comprise the consolidated statement of financial position as of June 30, 2024, 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), and have issued our report thereon dated ___________, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the 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 in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fitchburg State University Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of 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 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*.

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

________________, 2024

BOLLUS LYNCH
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

October _____, 2024

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 as of and for the year ended June 30, 2024, so that it can appropriately discharge its oversight responsibility and we comply with our professional responsibilities.

Auditing standards generally accepted in the United States of America (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 Responsibilities 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 engagement letter dated June 17, 2024. 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 17, 2024 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 significant accounting policies, significant unusual transactions, 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. The Organization did not adopt any significant new accounting policies during the year ended June 30, 2024, nor have there been any changes in significant existing accounting policies.

- *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.

Bollus Lynch, LLP
An Independent Member of the BDO Alliance USA
89 Shrewsbury Street • Worcester, MA 01604
P - 508.755.7107 • F - 508.755.3896
Bolluslynch.com

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.

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.

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.

BOLLUS LYNCH
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

November ___, 2023

Management and the Board of Directors
Fitchburg State University Foundation, Inc.
Fitchburg, Massachusetts

In planning and performing our audit of the consolidated financial statements of Fitchburg State University Foundation, Inc. and FSU Foundation Supporting Organization, Inc. (collectively, the "Organization") as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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

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

Bollus Lynch, LLP
An Independent Member of the BDO Alliance USA
89 Shrewsbury Street • Worcester, MA 01604
p - 508.755.7107 • f - 508.755.3896
Bolluslynch.com

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

FINANCIAL STATEMENTS
AND OTHER REPORT

YEARS ENDED JUNE 30, 2024 AND 2023

AND

INDEPENDENT AUDITOR'S REPORT

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

FINANCIAL STATEMENTS AND OTHER REPORT

YEARS ENDED JUNE 30, 2024 AND 2023

TABLE OF CONTENTS

BOLLUS LYNCH
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

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 statements of financial position as of June 30, 2024 and 2023, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 (*Government Auditing Standards*). 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 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 substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Bollus Lynch, LLP
An Independent Member of the BDO Alliance USA
89 Shrewsbury Street • Worcester, MA 01604
p - 508.755.7107 • f - 508.755.3896
Bolluslynch.com

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated _______________, 2024, on our consideration of the Organization'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 Organization'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 Organization's internal control over financial reporting and compliance.

Worcester, Massachusetts
__________________, 2024

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

	2024	2023
Assets		
Cash and cash equivalents	$ 289,912	$ 471,805
Grants receivable	360	207,502
Due from affiliate	37,797	314,249
Prepaid expenses and other assets	32,924	51,463
Property and equipment, net of accumulated depreciation	6,446,387	6,790,381
Total assets	$ 6,807,380	$ 7,835,400
Liabilities and Net Assets		
Liabilities		
Accounts payable, trade	$ 48,664	$ 4,877
Due to affiliate	300,000	1,215,492
Agency fund	61,080	31,080
Accrued interest payable	6,909	8,280
Bank line of credit	-	125,000
Note payable - bank	389,026	411,113
First mortgage notes payable	3,157,893	3,576,386
Environmental remediation liability	120,430	161,148
Total liabilities	4,084,002	5,533,376
Net assets		
Without donor restrictions	2,723,378	2,302,024
Total net assets	2,723,378	2,302,024
Total liabilities and net assets	$ 6,807,380	$ 7,835,400

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

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Revenue and support		
Program revenues and support		
Rental income	$ 233,188	$ 205,016
License fee income	430,324	496,350
Contributions of nonfinancial assets and services	14,118	12,751
Grant income	-	475,000
Other income		
Other income	445,893	437,349
Interest income	984	1,196
Total revenue and support	1,124,507	1,627,662
Expenses and losses		
Program services	662,932	1,592,843
Management and general	40,221	25,943
Total expenses	703,153	1,618,786
Impairment loss on property	-	100,956
Total expenses and losses	703,153	1,719,742
Change in net assets	421,354	(92,080)
Net assets, beginning of year	2,302,024	2,394,104
Net assets, end of year	$ 2,723,378	$ 2,302,024

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

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024

	Program Services	Management and General	Fundraising	Total
Affiliate personnel costs	$ -	$ 14,118	$ -	$ 14,118
Insurance	129,634	-	-	129,634
Rent	37,566	-	-	37,566
Professional services	-	17,000	-	17,000
Landscaping	15,190	-	-	15,190
Other expense	-	8,603	-	8,603
Donations	-	500	-	500
Real estate and other taxes	3,607	-	-	3,607
Depreciation	181,506	-	-	181,506
Repairs and maintenance	108,237	-	-	108,237
Interest	187,192	-	-	187,192
	$ 662,932	$ 40,221	$ -	$ 703,153

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

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023

	Program Services	Management and General	Fundraising	Total
Affiliate personnel costs	$ -	$ 12,751	$ -	$ 12,751
Insurance	120,780	-	-	120,780
Rent	37,566	-	-	37,566
Professional services	-	5,000	-	5,000
Landscaping	10,985	-	-	10,985
Other expense	10	8,192	-	8,202
Real estate and other taxes	4,724	-	-	4,724
Depreciation	176,068	-	-	176,068
Repairs and maintenance	586,687	-	-	586,687
Interest	181,023	-	-	181,023
Grant expense	475,000	-	-	475,000
	$ 1,592,843	$ 25,943	$ -	$ 1,618,786

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

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	$ 421,354	$ (92,080)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	181,506	176,068
Amortization of debt issuance costs	19,236	2,546
Gain on sale of property	(102,512)	-
Impairment loss on property	-	100,956
Decrease (increase) in operating assets:		
Grants receivable	207,142	(207,502)
Due from affiliate	276,452	(311,411)
Deposit	-	10,000
Prepaid expenses and other assets	18,539	13,382
Increase (decrease) in operating liabilities:		
Accounts payable, trade	43,787	(14,987)
Agency fund	30,000	-
Due to affiliate	(915,492)	965,492
Accrued interest payable	(1,371)	2,097
Environmental liability	(40,718)	(37,636)
Net cash provided by operating activities	137,923	606,925
Cash flows from investing activities:		
Payments for property and equipment	-	(400,582)
Proceeds from sale of property	265,000	-
Net cash provided by (used in) investment activities	265,000	(400,582)
Cash flows from financing activities:		
Proceeds of first mortgage notes payable	-	281,200
Payments on first mortgage notes payable	(22,087)	(216,604)
Payments on note payable - bank	(437,729)	(21,213)
Net borrowings on bank line of credit	-	125,000
Payment on bank line of credit	(125,000)	-
Net cash provided by (used in) financing activities	(584,816)	168,383
Net change in cash and cash equivalents	(181,893)	374,726
Cash and cash equivalents, beginning of year	471,805	97,079
Cash and cash equivalents, end of year	$ 289,912	$ 471,805

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, 2024, 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").

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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 Organization 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, 2024 and 2023, 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.

Contributions of nonfinancial assets

The Organization receives contributions in a form other than cash or investments. If material, donated supplies and other items are recorded as contributions at the date of gift and as expenses when the donated items are placed into service or distributed. If the Organization receives a contribution of land, buildings, or equipment, the contributed asset is recognized as an asset at its estimated fair value at the date of gift, provided that the value of the asset and its estimated useful life meets the Organization's capitalization policy. Donated use of facilities is reported as contributions and as expenses at the estimated fair value of similar space for rent under similar conditions. If the use of the space is promised unconditionally for a period greater than one year, the contribution is reported as a contribution and an unconditional promise to give at the date of gift, and the expense is reported over the term of use.

The Organization benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the Organization's program operations and in its fund-raising events. However, the majority of the contributed services do not meet the criteria for recognition in financial statements. U.S. GAAP allows recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

During the year ended June 30, 2024 and 2023, donated services with an estimated fair value of $14,118 and $12,751, respectively, met those criteria and are included in contributions of nonfinancial assets in the statements of activities. Those services were primarily received from Fitchburg State University for management and operating services.

Residence hall income

Residence hall fees are recognized when earned.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Grants and accounts receivable

Grants and 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. There is no allowance for uncollectible grants and accounts receivable as of June 30, 2024 and 2023.

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.

Leases as lessee

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the customer obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization recognizes most leases on its statements of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Leases are classified as either finance leases or operating leases based on certain criteria. Classification of the lease affects the pattern of expense recognition in the statements of activities.

The Organization made an accounting policy election available not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives received. To determine the present value of lease payments, the Organization utilizes the discount rate implicit in the lease agreement, if known, or the Organization's incremental borrowing rate for a loan with terms similar to the lease's terms.

Leases as lessor

The Organization's leases are considered operating leases and rental income is recognized on a straight-line basis over the term of the lease. Deferred rent receivables represent the amount by which the cumulative straight-line rental revenue recorded to date exceeds cash rents billed to date under the lease agreement and are included in accounts receivable, net on the statement of financial position. Deferred rent receivables as of June 30, 2024 and 2023 were not material to the financial statements.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Leases as lessor (continued)

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.

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. Unamortized debt issuance costs are $16,264 and $35,500 at June 30, 2024 and 2023, respectively.

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, 2024 and 2023. 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 twelve months of June 30, 2024. 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, 2024 and 2023 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, 2021, 2022 and 2023.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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, some expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include affiliate personnel and other costs, which have been allocated among the program and supporting services benefited using a reasonable allocation method consistently applied.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

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, 2024 and 2023.

3 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure within one year as of June 30, 2024 and 2023 consist of the following:

	2024	2023
Financial assets at year end		
Cash (excluding agency fund)	$ 228,832	$ 440,725
Grants receivable	360	207,502
Due from affiliate	37,797	314,249
Total financial assets	$ 266,989	$ 962,476

The Organization has various sources of liquidity at its disposal including cash and a steady revenue stream from license and rental fees. In addition, the Organization has access to a line of credit of $250,000 (See Note 10). 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 regularly monitors liquidity required to meet operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Refer to the statement of cash flows, which identifies the sources and uses of the Organization's cash for fiscal years 2023 and 2022.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

4 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2024 and 2023 consist of the following:

	2024	2023
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	198,648	198,648
Land improvements	9,994	9,994
Building	813,475	813,475
	1,022,117	1,022,117
Other		
Land	1,827,509	1,914,051
Building	1,317,589	1,406,936
Land improvements	96,228	96,228
Building improvements	1,069,436	1,069,436
Furniture and fixtures	28,446	28,446
	4,339,208	4,515,097
	8,363,141	8,539,030
Less accumulated depreciation	1,916,754	1,748,649
	$ 6,446,387	$ 6,790,381

Accumulated depreciation on real estate under lease amounted to $819,971 and $763,923 at June 30, 2024 and 2023, respectively. Accumulated depreciation on real estate used for student housing amounted to $206,662 and $194,376 at June 30, 2024 and 2023, respectively. Accumulated depreciation on real estate used for faculty and staff housing amounted to $77,489 and $65,402 at June 30, 2024 and 2023, respectively.

In fiscal year 2024, the Organization sold land and a building to a tenant that was originally leasing the property at a gain of $110,306. The proceeds of $250,000 from this transaction were used to pay off a mortgage on the property.

In fiscal year 2024, the Organization also sold 50% of a land parcel purchased in fiscal year 2023 to a neighboring business at loss of $7,794. The proceeds on this transaction were $15,000.

4 - PROPERTY AND EQUIPMENT (Continued)

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 razed the building and incurred an impairment loss of $100,956 during the year ended June 30, 2023. The land is being used for green space.

On November 13, 2019, the Organization acquired a property in close proximity to the Fitchburg State University campus to support the downtown Theater project. The property, which consists of land and a building, was purchased for $1 after the Organization was notified by the Massachusetts Department of Environmental Protection ("DEP") about an environmental issue with the property that requires remediation before the property is usable. The Organization razed the building on the property and is actively working on converting the land to a parking lot. During the year ended June 30, 2022, the Organization determined that additional costs of the remediation are expected above insured policy limits in the amount of $465,696, which was accrued as a liability for environmental remediation accordingly. As of June 30, 2024, and 2023, the remaining environmental liability of $120,430 and $161,148, 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 theatre renovation. The space is expected to be used by the University, 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 for 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. The Organization incurred $26,448 of legal costs related to the project which have been recorded in prepaid expenses and other assets on the statement of financial position as of June 30, 2024 and 2023.

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, 2024 and 2023, the Organization did not collect or disburse any monies in connection with this collaboration. At June 30, 2024 and 2023, the Organization was holding $31,080 of funds that is to be used exclusively by the members of the coalition.

The Organization is also holding $30,000 in funds received in June 2024 for the renovation of Abolitionist Park in Fitchburg, Massachusetts. The Organization is acting solely as the fiscal agent for these funds as owner of the land to be renovated. At June 30, 2024, the Organization was holding $30,000 of funds that is to be used exclusively for work to be done at Abolitionist Park.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

6 - FIRST MORTGAGE NOTES PAYABLE

Avidia Bank

Avidia Bank provided financing to the Organization in the form of a note, dated September 28, 2022, in the amount of $281,200. 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 on the property. Furthermore, any deposits held by the lender serve as additional collateral for the loan.

The mortgage note has a term of 25 years maturing on September 28, 2047, with a fixed rate of interest of 4.25% per annum and a monthly installment of principal and interest of $1,533 through September 27, 2027. At that point, the interest rate will be adjusted every 60 months with a floor of 4.25% per annum.

The note has a fixed rate prepayment charge in the event of the prepayment of the note before September 27, 2027. 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.

As of June 30, 2024 and 2023, the outstanding principal balance of the mortgage loan amounted to $269,814 and $276,397, respectively.

Massachusetts Development Finance Agency (“MDFA”) - General Fund Loan

Massachusetts Development Financing Agency (MDFA) provided financing to the Organization in the form of a General Fund loan dated June 28, 2021 in an amount of $500,000. The note is secured by a first mortgage in real estate located at 675 Main Street, Fitchburg, Massachusetts and an assignment of leases and rents on the property. The loan will be disbursed by a series of construction advances, per the terms and conditions of the agreement.

The note has a term of 5 years, maturing on June 28, 2026 with a fixed rate of interest of 4% per annum and monthly installments of interest only. 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.

This loan was paid in full ahead of schedule during the year ended June 30, 2024. As of June 30, 2023, the outstanding principal balance of the mortgage loan amounted to $52,878.

Massachusetts Development Finance Agency (“MDFA”) - Brownfields Loan

MDFA provided additional financing to the Organization in the form of a Brownfields loan dated June 28, 2021 in an amount of $500,000. The note is secured by mortgages and security arrangements in real estate located at 675 Main Street, 689-717 Main Street, and 15 Central Street, Fitchburg, Massachusetts and remediation work performance by the contactor. The loan will be disbursed by a series of advances, per the terms and conditions of the agreement.

The loan has a term of 10 years, with a fixed rate of interest of 3% per annum and monthly installments of interest for the first twelve months. Thereafter, monthly payments of principal and interest of $1,677 through June 2026. If the Organization has a Debt Service Coverage Ratio in any given fiscal year of less than 1.2:1, then the Organization may choose to defer payments due by due by notifying the lender within thirty days of commencement.

This loan was paid in full ahead of schedule during the year ended June 30, 2024. As of June 30, 2023, the outstanding principal balance of the mortgage loan amounted to $57,287.

6 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Workers' Credit Union

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 on the property. Furthermore, any deposits held by the lender serve as additional collateral for the loan.

The mortgage note has a term of 20 years maturing on February 27, 2029, with a fixed rate of interest of 5.25% and monthly installments of principal and interest of $4,517 through February 27, 2024, at which point the interest rate was adjusted to a fixed rate of 6.79% per annum until February 27, 2029 with a monthly installment of principal of interest of $4,812.

As of June 30, 2024, and 2023, the outstanding principal balance of the mortgage loan amounted to $408,333 and $439,265, respectively.

Rollstone Bank & Trust - 131 Highland Avenue

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 with monthly installments of principal and interest of $1,367.

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, 2024, and 2023, the outstanding principal balance of the mortgage loan amounted to $145,465 and $156,855, respectively.

Rollstone Bank & Trust - 167 Klondike Avenue

Rollstone Bank & Trust provided additional financing to the Organization in the form of a note, dated December 9, 2020 in the amount of $1,538,000. 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 has a term of 15 years maturing on December 9, 2035 with a fixed rate of interest of 3.5% per annum and monthly installments of principal and interest of $11,032 through December 9, 2030. At that point, the interest rate shall be adjusted to the Federal Home Loan Bank of Boston Five Year Classic Advance Rate plus 2.25% and monthly payments adjusted accordingly.

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, 2024 and 2023, the outstanding principal balance of the mortgage loan amounted to $1,248,402 and $1,334,686, respectively.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

6 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Fidelity Co-Operative Bank - 340 Highland Avenue

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 with a fixed rate of interest of 5.20% per annum through June 26, 2023, at which point, the interest rate was adjusted to a fixed rate of 6.98% per annum until June 26, 2028 with a monthly installment of principal and interest of $521.

The note includes 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, 24, and 2023, the outstanding principal balance of the mortgage loan amounted to $65,087 and $66,661, respectively.

Fidelity Co-Operative Bank - 198 Pearl Street

Fidelity Co-Operative Bank provided additional financing to the Organization in the form of a note, dated October 19, 2016, in the amount of $118,000. The note is secured by a Negative Pledge Agreement on the real estate located at 198 Pearl Street in Fitchburg, Massachusetts.

The promissory note has a term of 10 years, maturing on October 21, 2026 with a fixed rate of interest of 4.11% per annum and monthly installments of principal and interest of $726 through the maturity date, at which time the remaining outstanding principal balance and any accrued interest thereon is due.

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, 2024, and 2023, the outstanding principal balance of the loan amounted to $83,626 and $88,726, respectively.

Fidelity Co-Operative Bank - 9 Clinton Street and 85-7 Pearl Street

Fidelity Co-Operative Bank provided additional financing to the Organization in the form of a note dated January 13, 2017, in the amount of $220,000. The note is secured by a Negative Pledge Agreement on the real estate located at 9 Clinton Street and 85-7 Pearl Street in Fitchburg, Massachusetts.

The promissory note has a term of 10 years, maturing on January 13, 2037 with a fixed rate of interest of 4.76% per annum and 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.

6 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Fidelity Co-Operative Bank - 9 Clinton Street and 85-7 Pearl Street (continued)

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, 2024 and 2023, the outstanding principal balance of the loan amounted to $160,963 and $170,104, respectively.

BankHometown - 164 Highland Avenue

BankHometown provided financing to the Organization in the form of a note, dated June 18, 2019, in the amount of $312,000. The note is secured by a first mortgage interest in the real estate property located at 164 Highland Avenue in Fitchburg, Massachusetts and an assignment of leases and rents on the property.

The commercial note has a term of 10 years, maturing on June 18, 2029, with a fixed rate of interest of 4.60% per annum and monthly installments of principal and interest of $1,752 through June 18, 2024, at which point, the interest rate was adjusted to 6.20% per annum with a monthly principal and interest payment of $1,999. A final payment of all unpaid principal and accrued interest thereon is due at maturity.

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.

As of June 30, 2024, and 2023, the outstanding principal balance of the loan amounted to $274,525 and $282,715, respectively.

BankHometown - 174 Highland Avenue

BankHometown provided additional financing to the Organization in the form of a note, dated June 18, 2019, in the amount of $138,400. The note is secured by a first mortgage interest in the real estate property located at 174 Highland Avenue in Fitchburg, Massachusetts and an assignment of rents and leases on the property.

The commercial note has a term of 10 years, maturing on June 18, 2029, with a fixed rate of interest of 4.60% per annum and monthly installments of principal and interest of $771 through June 18, 2024, at which point, the interest rate was adjusted to 6.2% per annum with a monthly principal and interest payment of $887. A final payment of all unpaid principal and accrued interest thereon is due at maturity.

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.

As of June 30, 2024, and 2023, the outstanding principal balance of the loan amounted to $121,776 and $125,409,a respectively.

6 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Fitchburg Historical Society

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

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 and monthly installments of principal and interest of $1,694.

This loan was paid in full as scheduled during the year ended June 30, 2024. As of June 30, 2023, the outstanding principal balance of the loan amounted to $16,601.

Enterprise Bank and Trust Company - 689 - 717 Main Street

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

The promissory note has a term of 30 years, maturing on November 4, 2046, with a fixed rate of interest of 4.33% per annum with monthly installments of principal and interest of $1,401 through the maturity date. At that point, a final principal payment for the remaining amount will be due.

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 foregoing, 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, 2024, and 2023, the outstanding principal balance of the loan amounted to $240,020 and $246,118, respectively.

Enterprise Bank and Trust Company - 70 - 78 North Street

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

The promissory note has a term of 20 years, maturing on November 5, 2038 with a fixed rate of interest of 5% per annum and monthly installments of principal and interest of $986 through November 5, 2028. At that point, 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 with a minimum floor rate of 5% per annum.

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 foregoing, 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.

This loan was paid in full ahead of schedule during the year ended June 30, 2024. As of June 30, 2023, the outstanding principal balance of the loan amounted to $126,391.

6 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Webster First Federal Credit Union

Webster First Federal Credit Union provided financing to the Organization in the form of a 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 commercial note has a term of 15 years, maturing on October 1, 2032, with a fixed rate of interest of 3.75% per annum and monthly installments of principal and interest of $1,825 through October 1, 2027. At that point, 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 with a floor of 3.75% per annum. A final payment of all unpaid principal and accrued interest thereon is due at maturity.

As of June 30, 2024, and 2023, the outstanding principal balance of the loan amounted to $156,147 and $171,793, respectively.

Aggregate Principal Maturities

Aggregate principal maturities for all first mortgage notes payable for each of the next five years and thereafter, using the interest rate in effect at June 30, 2024, are estimated to be as follows:

2025	$ 188,329
2026	197,275
2027	273,425
2028	209,270
2029	786,972
Thereafter	1,518,886
	3,174,157
Less: Unamortized debt issuance costs	16,264
	$ 3,157,893

7 - NOTE PAYABLE - BANK

Enterprise Bank and Trust Company provided financing to the Organization in the form of a note payable dated April 26, 2007 in the amount of $680,000. The note is secured by investments owned by the Foundation with a fair value of approximately $2,959,000 and $2,615,000 at June 30, 2024 and 2023, respectively. In addition, payment and performance of the Organization obligations under the loan agreement have been guaranteed by the Foundation.

The note payable has a term of 30 years, expiring on May 5, 2037, with a fixed rate of interest of 6% per annum and monthly installments of principal and interest of $3,280 through April 26, 2027. At this point, the interest rate will be adjusted to the Federal Home Loan Bank Boston Classic Advance Five Year Rate plus 1.15% per annum through maturity.

As of June 30, 2024 and 2023, the outstanding principal balance of the loan amounted to $389,026 and $411,113, respectively.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

7 - NOTE PAYABLE - BANK (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, 2024, are estimated to be as follows:

2025	$ 23,126
2026	24,106
2027	25,162
2028	26,230
2029	27,416
Thereafter2029	262,986
	$ 389,026

8 - LEASES AS LESSEE

On July 1, 2019, the Organization entered into an operating lease agreement with an unrelated third party for the office space located in Fitchburg, Massachusetts. The space is being used by Fitchburg State University as office and classroom space for its Center for Professional Studies. The new lease provides a base annual rent of $30,632 per annum. The agreement includes an option to renew annually with an increase of 2% commencing July 1st of the following year. The Organization considers this agreement to fall under the short-term lease exemption under ASC 842.

On July 1, 2022, the Organization entered into a three-year operating lease agreement with an unrelated third party for 2,350 square feet of office space and 20 parking spaces located in Fitchburg, Massachusetts. The lease has a base annual rent of $31,870 per annum increasing 1% annually effective July 1st. 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, 2024 and 2023, rent expense amounted to $31,860 and $31,870, respectively.

On July 1, 2017, the Organization entered into a six-year operating lease agreement with the above-mentioned unrelated third party for an additional 1,424 square feet of office space located in Fitchburg, Massachusetts. The lease has a base annual rent of $5,696 per annum. 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, 2024, and 2023, rent expense amounted to $5,696 in each year.

The Organization may extend the initial terms of each 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 the 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 considers both agreements to fall under the short-term lease exemption under ASC 842.

The following is a schedule of future minimum rental payments under these operating lease agreements at June 30, 2024:

2025	$ 38,206

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

9 - LEASES AS LESSOR AND LICENSE AGREEMENTS

On August 16, 2016, the Organization leased 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 to the Massachusetts Division of Capital Asset Maintenance (DCAM) on behalf of the University. The lease has a base rent of $165,000 per year payable in monthly installments of $13,750 for the entire lease term of ten years. The University 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, 2024 and 2023, rental income amounted to $165,000 in each year.

On June 1, 2019, the Organization leased property in Fitchburg, Massachusetts to an unrelated third party. The lease has base rent of $22,968 payable in monthly installments of $1,914 for the entire lease term of five years. The property was sold to the lessee in June 2024. For the years ended June 30, 2024, and 2023 rental income amounted to $21,538 and $23,496, respectively.

On June 30, 2022, the Organization leased property located in Fitchburg, Massachusetts to an unrelated third party. The lease has an annual base rent of $6,000 payable in monthly installments of $500 for the entire lease term of two years. The lease is to be terminated effective July 2024. For the years ended June 30, 2024, and 2023 rental income amounted to $6,000 and $4,500, respectively.

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, and no revenue is being generated by this lease agreement.

On September 10, 2023, the Organization leased property located in Fitchburg Massachusetts to an unrelated third party for an initial term of 5 years. The lease has a monthly rent of $2,625 for the initial period of twelve months and the rent will increase by 3% for each successive twelve-month period. For the years ended June 30, 2024, rental income amounted to $26,250.

The following is a schedule of future minimum rental income under the operating lease agreement at June 30, 2024:

2025	$ 197,790
2026	198,258
2027	54,875
2028	35,276
2029	5,908
	$ 492,107

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, 2024, and 2023, license fee income amounted to $430,324 and $496,350, respectively.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

10 - LINE OF CREDIT

In November 2021, 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 8.25% at June 30, 2024 and 8.00% at June 30, 2023). The agreement renews annually.

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. There was no balance outstanding on the line of credit at June 30, 2024. The balance outstanding as of June 30, 2023 was $125,000. The line of credit agreement expires on November 30, 2024.

11 - TRANSACTIONS WITH RELATED PARTIES

Fitchburg State University and the Foundation render certain administrative services to the Organization. These services with a value of $14,118 and $12,751, respectively, have been recognized as contribution in kind income in the accompanying statements of activities for the years ended June 30, 2024 and 2023.

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. As of June 30, 2024, and 2023, respectively there were $300,000 and $400,916 outstanding advances payable to the Foundation. These amounts are included in due to affiliates in the accompanying statement of financial position.

As of June 30, 2024 and 2023, the Organization has miscellaneous accounts receivable totaling $37,797 and $314,249 from the University, respectively, which are reflected as due from affiliates in the accompanying statements of financial position.

As of June 30, 2023, the Organization has miscellaneous payables of $814,576 payable to the University, which is included in due to affiliates in the accompanying statement of financial position. There was no such amount as of June 30, 2024.

12 - SUPPLEMENTAL CASH FLOW INFORMATION

	2024	2023
Cash paid for interest during the year	$ 169,327	$ 176,380

13 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through_____________, 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.

14 - RECLASSIFICATIONS

Certain reclassifications have been made to the 2023 financial statements, with no impact on change in net assets, to conform to the 2024 presentation.

OTHER REPORT

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*

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 Organization's statement of financial position as of June 30, 2024, 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 _________________, 2024.

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 in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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*.

BOLLUS LYNCH, LLP
AN INDEPENDENT MEMBER OF THE BDO ALLIANCE USA
89 SHREWSBURY STREET • WORCESTER, MA 01604
P - 508.755.7107 • F - 508.755.3896

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
________________, 2024

BOLLUS LYNCH
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

October ___, 2024

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 as of and for the year ended June 30, 2024, so that it can appropriately discharge its oversight responsibility and we comply with our professional responsibilities.

Auditing standards generally accepted in the United States of America (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 Responsibilities 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 engagement letter dated June 17, 2024. 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 17, 2014, 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 significant accounting policies, significant unusual transactions, 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. The Organization did not adopt any significant new accounting policies during the year ended June 30, 2024, nor have there been any changes in significant existing accounting policies.

- *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.

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.

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.

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.

BOLLUS LYNCH
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

November ___, 2024

Management and the Board of Directors
FSU Foundation Supporting Organization, Inc.
Fitchburg, Massachusetts

In planning and performing our audit of the financial statements of FSU Foundation Supporting Organization, Inc. (the "Organization") as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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

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

Bollus Lynch, LLP
An Independent Member of the BDO Alliance USA
89 Shrewsbury Street • Worcester, MA 01604
p - 508.755.7107 • f - 508.755.3896
Bolluslynch.com

Fitchburg State University

Executive Summary

Report on Audits of Financial Statements and Supplemental Information

Years Ended June 30, 2024 and 2023

- 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 4, 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 $13.1 million from $314.1 million to $301 million in fiscal year 24. This decrease was due to a net of $2.3 million increase in investments, $0.60 million increase in cash and cash equivalents, $1.0 million decrease in deferred outflow of resources, and $14.7 million decrease in capital and right to use asset.
- Total liabilities and deferred inflows decreased to $157 million from $170 million, which is a net decrease of $13 million. This net decrease is a combination of a $5.7 million decrease in net pension and OPEB liabilities, a $4.4 million decrease in bonds payable, a $5.6 million decrease in right of use liabilities (new GASB standards) and a $2.3 million increase in revenue received in advance.
- At June 30, 2024, current unrestricted and restricted cash was $36.8 million, an increase of $0.6 million over FY23.
- Accounts receivable remained virtually unchanged – with a slight decrease of $0.12 million.
- Capital assets decreased by $7 million to $188.7 million, net of current period depreciation of $12.6 million.
- Total debt from bond issues was $45.4 million down from $49.8 million. Bonds through MSCBA were refinanced in 2024. The refinancing caused a reduction of $1.1 million in total savings. These bonds were issued for various construction projects. See Note 12, beginning on page 55.
- Residence hall bonds payable found under the title lease obligations-property also had savings of $1.2 million due to the refinancing of bonds through MSCBA.
- Investment in capital assets, net of related debt decreased by $4.4 million; this was mainly due to debt repayment.

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

- Total revenue for the year was $128.5 million an increase from $121.6 million in FY23.
- Tuition and fee revenue decreased by $1 million to $45.8 million, while scholarships and scholarship allowances increased by $0.4 million. This caused an overall net decrease in tuition and fees income of $1.4 million.
- Grants and Contract increased by $1.8 million in FY24 – partly related to a $0.7 million increase in the Pell Grant.
- Residential life revenue increased by $0.4 million and dining hall revenue increased by $0.5 million.
- State appropriations increased by $4.3 million to $42 million over the prior period. Capital appropriations from the State decreased by $2.4 million to $0.5 million. This was due to the ending of the electricity infrastructure upgrade project.
- Total expenditures, exclusive of depreciation and amortization, increased by 7% to $109.8 million. This increase was mainly due to increases in instructional, academic support, and operations and maintenance of plant expenditures.
- Instructional expenditures represent 37% of total operating expenditures, exclusive of depreciation, amortization and scholarships. 90% of Instructional expenditures relate to payroll costs.
- Academic support expenses increased by $1.6 million. $1 million of this relates to increased payroll costs.
- Operations and maintenance of plant expenditures net of GASB, was $14.4 million in FY24 and $13.8 million in FY23. This increase was due mainly to increase in utility expenses in FY24.
- There was an overall increase in net position of $0.2 million for the fiscal year 24.

Statement of Cash Flows (pages 25-27):

- Total cash increased from $36.2 million at June 30, 2023, to $36.8 million at June 30, 2024, an increase of $0.6 million.
- Cash received from operations (before appropriations) was $67.9 million vs FY23 of $63.2 million. Cash expended for operations was $92 million vs FY23 of $88.6 million, resulting in an operating loss of $24 million vs $25.4 million in FY23. This was offset by appropriations of $41.2 million. This is net of tuition amounts reverted to the state.
- Acquisitions of property and equipment relating to FSU funds totaled $5 million in FY24.

Notes to the Financials Statements (pages 28 - 109):

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 48, 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 55.

Fitchburg State University Foundation, Inc.
Executive Summary
Report on Audit of Consolidated Financial Statements
Years Ended June 30, 2024 and 2023

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 $42.6 million at June 30, 2024, up from $38.2 million at June 30, 2023, and the reason for this increase of approximately $4.4 million was because of the rebound in the stock market and a reduction of expenses in fiscal year 2024.
- Property & equipment totaled $6.9 million at June 30, 2024, down from $7.3 million.
- Total debt outstanding at June 30, 2024, decreased to $3.8 million versus $4.2 million at June 30, 2023. Four mortgages were paid off in fiscal year 2024 for a total of $253,000.
- Total net assets increased by $5.4 million in fiscal year 2024 and this was mainly due to the donor restricted amount of $4.7 million; this amount includes gifts and donations of $1.9 million and gains on investments of $2.6 million.

Consolidated Statement of Activities/Functional Expenses (page 4 - 5):

- Total gifts and donations were $2.5 million, of which approximately $2.4 million were restricted endowed donations (For additional information see Notes 16 and 18 – page 33).
- The Foundation continues working and receiving grants and contracts to assist Fitchburg State University. Although the amount decreased from last fiscal year, they still were able to record grant income of $0.43 million.
- Interest and dividends totaled $0.6 million and Investment gain totaled $3.1 million for an overall increase of $1.1 million.
- Total revenue increased by $0.2 million in fiscal year 2024 to $8.1 million. Investment and dividend income plus gifts and donations accounted for more than 76 percent of the total revenue.
- Program expenses decreased in 2024 from $2.99 million in 2023 to $2.33 million. In fiscal year 2024, we had decreases in maintenance and equipment costs of $0.4 million and also decrease in award and grants expenses of $0.48 million. Management and general expenses remained relatively unchanged at $0.3 million and Fundraising expenses were down $0.38 million, largely due to $22,000 decrease in printing and publication expenses.

Consolidated Statement of Cash Flows (pages 6):

- There was an overall net increase in cash of approximately $1.3 million primarily due to financing activities. Total cash at June 30, 2024, was $4.7 million.
- Proceeds from the sale of investments totaled $5.1 million, up from $4.3 million in fiscal year 2023. Acquisition of investments of $6.2 million increased by $1.7 million in FY24.
- Cash paid for interest expense was $201,000.

Notes to the Financial Statements (pages 7 - 33):

- Most of the notes are standard disclosures.
- Financial assets available for general expenditure within one year are 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 24. Detail on lease and license agreements is disclosed in Note 14 beginning on page 31.
- Related party transactions are disclosed in Note 17 on page 33.

FSU Foundation Supporting Organization, Inc.
Executive Summary
Report on Audit of Financial Statements
Years Ended June 30, 2024 and 2023

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, 2024, both total assets and liabilities decreased from June 30, 2023. Total assets decreased to $6.8 million from $7.8 million and total liabilities decreased from $5.5 million to $4.1 million.
- A net of $0.64 million was paid to affiliate in fiscal years 2024; $0.48 million was due to grant income.
- Property and equipment, net of depreciation, decreased by $0.34 million in fiscal year 2024 to $6.5 million. The decrease was due to depreciation expense of $0.18 million and $0.16 million for disposal of a property (land and building) and half of the available land on another property that were sold.
- Total debt outstanding of $3.5 million decreased by $0.4 million at June 30, 2024. Three properties were paid off in fiscal year 2024 and one was fully paid up.
- Net asset without donor restrictions increased to $2.7 million, an increase of $0.4 million.
- The remediation cleanup project is ongoing, and approximately $0.04 million was disbursed from the environmental liability account in fiscal year 2024.

Statements of Activities/Statement of Functional Expenses (pages 4 - 6):

- In fiscal year 2024, total revenue decreased by $0.5 million to $1.1 million. In fiscal year 2023, a one-time grant was received for $0.5 million; the purpose of which was to defray expenses of the Theater Storefront Renovations.
- Interest expense relative to financing property acquisitions totaled $0.2 million.
- The decrease in program services of $0.9 million was mainly due to reduction of $0.48 million in repairs and maintenance costs and a reduction of $0.5 million grant expenses.

Statements of Cash Flows (page 7):

- Cash and cash equivalent were reduced by $0.18 million at June 30, 2024.
- In FY24, there were positive cash flows from operating activities of $0.14 million down from $0.61 million in FY23. This reduction was mainly due to a payment to affiliates. A net $0.7 million decrease in financing activities was due to repayment of loans.

Notes to the Financial Statements (pages 8 – 23):

- Most of the notes are standard disclosures.
- Financial assets available for general expenditure within one year are disclosed in Note 3, page 12.
- Details on property and equipment are disclosed in Note 4 beginning on page 13.
- Mortgage and notes payable agreements are disclosed in Notes 6 and 7 beginning on page 15.
- Lease and license agreements between the Supporting Organization and the University are disclosed in Note 8 beginning on page 21.
- Related party transactions are disclosed in Note 11 beginning on page 23.