



Fitchburg State University

Board of Trustee Joint Meeting (Foundation/Supporting Org)

Board of Trustees Meeting

Published on October 23, 2026 at 1:01 PM EDT

Date and Time

Thursday October 29, 2026 at 1:00 PM EDT

Location

This meeting will be held at Fitchburg State University in the Main Lounge and will also be livestreamed

Public Live Stream:

<https://www.fitchburgstate.edu/live>

Agenda

	Purpose	Presenter	Time
I. Opening Items			1:00 PM
A.	Call the Meeting to Order	Michael Fiorentino, Jr.	
B.	Record Attendance - Board of Trustees	Michael Fiorentino, Jr.	1 m
C.	Call the Meeting to Order Call the Foundation Board Meeting to Order	Donna Hodge	1 m
D.	Record Attendance - Foundation Board	Karina Calvo	1 m

	Purpose	Presenter	Time
E. Public Comments	Discuss	Michael Fiorentino, Jr.	5 m
F. Approve Board of Trustee Minutes - 8/12/2026	Approve Minutes	Michael Fiorentino, Jr.	2 m
II. Finance Committee Update			1:10 PM
A. Finance Committee Update	FYI	Karen Spinelli	
B. Audit Report (joined virtually by Foundation Board)	FYI	Bollus Lynch	30 m
C. VOTE: Approve FY26 Audit (Foundation Board) VOTE - 05-2026-2027	Vote	Donna Hodge	1 m
D. VOTE: Approve FY26 Audit (Board of Trustees) VOTE - 06-2026-2027	Vote	Michael Fiorentino, Jr.	1 m
E. FY26 Final Budget & Working FY27 Budget	FYI	T. Chambers & D. Hodge	8 m
III. Operations and Safety Committee Update			1:50 PM
A. Operations and Safety Committee Update	FYI	Shane Rodriguez	
B. Annual Security and Fire Safety Report	FYI	M. Cloutier & R. Newell	15 m
IV. Enrollment Management & Student Success Committee Update			2:05 PM
A. EMSS Committee Update	FYI	Eric Gregoire	
B. Enrollment Management and Student Success	Discuss	Pam McCafferty	20 m
V. Student Trustee Report			2:25 PM
A. Student Trustee Report	FYI	Yarielys Morales	10 m
VI. Break			2:35 PM
A. Break	FYI		10 m

	Purpose	Presenter	Time
VII. Academic Affairs Committee Update			2:45 PM
A. Academic Affairs Committee Update	FYI	Jennifer Flanagan	
B. NECHE Update	FYI	F. Barricelli	10 m
C. Bachelor of Science in Mathematics Education, Middle School (5-8)	Discuss		29 m
D. VOTE - Bachelor of Science in Mathematics Education, Middle School (5-8) VOTE - 07-2026-2027	Vote	Jennifer Flanagan	1 m
VIII. Student Experience Committee Update			3:25 PM
A. Student Experience Committee Update	FYI	Lynn Barrieau	
B. Housing Update	FYI	T. St. John & M. Lechter	15 m
C. Future Project	FYI	T. St. John & M. Lechter	10 m
IX. President's Report			3:50 PM
A. President's Report	FYI	Donna Hodge	
B. Closing Remarks	FYI	Donna Hodge	5 m
C. Special Recognition	FYI	Donna Hodge	5 m
X. Closing Items			4:00 PM
A. Closing Items	FYI	Michael Fiorentino and Donna Hodge	5 m
B. Adjourn Meeting	FYI	Michael Fiorentino, Jr.	

Coversheet

Approve Board of Trustee Minutes - 8/12/2026

Section:	I. Opening Items
Item:	F. Approve Board of Trustee Minutes - 8/12/2026
Purpose:	Approve Minutes
Submitted by:	
Related Material:	Minutes for Board of Trustees on August 12, 2026 VOTE Minutes 08122026.pdf

APPROVED



Fitchburg State University

Minutes

Board of Trustees

Fitchburg State University Board of Trustees Meeting

Date and Time

Wednesday August 12, 2026 at 10:00 AM

Location

This is an in person meeting and will be held at the Fay Club (658 Main Street, Fitchburg, MA).
Tt will also be live streamed.

Public Live Stream:

<https://www.fitchburgstate.edu/live>

Trustees Present

D. Tiernan, E. Gregoire, J. Byrne, J. Flanagan, K. Spinelli, L. Barrieau, M. Fiorentino, Jr., M. Morris, S. King-Goodwin, S. Rodriguez, Y. Morales

Trustees Absent

None

Ex Officio Members Present

D. Hodge

Guests Present

K. Lundgren, M. Bruun, Stacey Luster

I. Opening Items

A.

Call the Meeting to Order

M. Fiorentino, Jr. called a meeting of the board of trustees of Fitchburg State University to order on Wednesday Aug 12, 2026 at 10:07 AM.

B. Record Attendance

C. Approve Minutes from the May 7, 2026 Meeting

E. Gregoire made a motion to approve the minutes from Board of Trustees on 05-07-26.

J. Flanagan seconded the motion.

The board **VOTED** unanimously to approve the motion.

II. Board Chair's Report

A. Board Chair's Report

L. Barrieau made a motion to Approve the Slate of Officers as presented.

K. Spinelli seconded the motion.

The board **VOTED** unanimously to approve the motion.

III. President's Report

A. President's Report - Dr. Donna Hodge

President Hodge let her report stand as submitted. She thanked the Board for their support over her first two years. She highlighted administrative efficiency improvements, including relocating academic leadership offices into a shared suite with the President's Office to improve daily cross-departmental collaboration.

B. Academic Affairs Report

New Degree Programs:

The Finance major passed public comment with no objections and is scheduled for a Board of Higher Education (BHE) vote on September 29, 2026, targeting a January launch.

A Letter of Intent is finalized for a Middle School Mathematics major designed to address regional workforce shortages and campus retention.

Accreditation Progress:

- Preparing the NECHE 5-year interim report due in January 2027.
- Full 10-year reaccreditation received from CCNE (Nursing).
- Maximum 5-year reaccreditation received from CSHSE (Human Services).
- ABET site visit completed for Computer Science / Computer Information Systems; formal report pending.

- IACBE self-study submitted on August 1 for Business Administration (onsite visit scheduled for December 2026).

Curricular Initiatives & Grants:

Submitted a state grant application to the Mass Co-op Education Initiative for pilot co-op programs in Biology and Engineering Technology.

Re-signed a 7-year online program management contract with Risepoint to expand online MBA concentrations and new master's programs in Business Analytics and Technical Innovation.

Launching a comprehensive General Education curriculum reform committee in Fall 2026.

Finance Major

Middle school math major

NECHE

General Education reform. DH met with the pres of MSCA to form committee in the fall.

JM:

Experiential learning. Submitting grant for funding. Biology and engineering technology

Accreditation updates: Nursing (10), Human Services (5) 46 years of accreditation,

Computer Science, BA working on their self study. Visit in December 26.

Resigned our Risepoint contract.

C. Enrollment Management Report

Key Metrics & Trends:

Overall Enrollment: Fall 2026 overall enrollment is level with Fall 2025 with strong FTEs.

This marks the first time since Fall 2017 without an overall fall enrollment drop.

Freshmen Deposits: Up 33% year-over-year. 50% of the incoming class originates from North Central Massachusetts.

Local Impact & Fitchburg Promise:

Direct admissions/Fitchburg Promise resulted in a 160% deposit increase from the city of Fitchburg.

85% of direct admission applicants were eligible for Fitchburg Promise; 80% of eligible students had tuition/fees fully covered by federal and state financial aid (requiring only 20% institutional coverage).

Demographics: Incoming freshman class is 48% racially diverse, 53% first-generation college students, with an average high school GPA of 3.3.

Transfer & Housing: Transfer deposits are up 20% (supported in part by transfer arrivals from Anna Maria College). On-campus housing occupancy increased year-over-year.

Athletics Growth: Added 5 new deposits for Fall 2026 in the newly established Women's Ice Hockey program (40 inquiries for Fall 2027); Men's Lacrosse has 45 total incoming/returning roster spots for Fall 2026.

IV. Finance Committee Meeting Update

A. Finance Committee Meeting Update

Committee Chair K. Spinelli reported on the Finance Committee meeting held on August 5, 2026. The committee reviewed enrollment updates, the FY26 budget snapshot, and the detailed FY27 budget.

The Finance Committee unanimously recommended approval of the FY27 budget to the full Board.

V. Financial Overview and Budget Planning

A. Financial Overview and Budget Planning

Projected Revenue: \$113M (including \$48.2M state appropriations, \$3.8M GCE revenues, and Risepoint program growth).

Projected Expenditures: \$112M, yielding an operational net balance of \$400,000.

Key Operational Strategies:

Re-aligned fringe expenses (44%) using out-of-state tuition surpluses.

Initiated centralized review for all part-time hires/contracted services to improve cost efficiency.

Transitioned CPM and UPD vehicle procurement to standard Enterprise fleet leases, yielding lower long-term maintenance costs.

Successfully reached progress thresholds on the Conlon Hall capital renovation to lock in state funding via DCAMM.

J. Flanagan made a motion to Approve the FY27 Budget as presented.

D. Tiernan seconded the motion.

The board **VOTED** unanimously to approve the motion.

VI. Presidential Evaluation

A. Presidential Evaluation

Chair Fiorentino outlined the annual evaluation process required by the Commissioner of Higher Education (due September 30, 2026). Board feedback will align with state strategic priorities (student success, economic mobility, public good, innovation).

President's Self-Evaluation Summary (Dr. Donna Hodge):

Emphasized the ongoing journey to Stabilize, Heal, and Transform.

Highlighted the complete reopening of Herlihy Hall achieved without additional funding, using internal cross-departmental collaboration.

Outlined the strategic pivot for the Fitchburg State University Foundation's downtown real estate portfolio. Entered a public-private partnership with GFI Partners for a mixed-use development featuring market-rate housing to boost downtown economic development while reducing institutional financial risk.

Trustee Feedback:

Trustees expressed unanimous support and praise for President Hodge's leadership over her first two years, citing significant cultural improvements, cabinet cohesion, transparent communication, strong community integration, and stabilized campus metrics.

VII. Closing Items

A. Adjourn Meeting

E. Gregoire made a motion to Adjourn the BOT meeting.

J. Byrne seconded the motion.

The board **VOTED** unanimously to approve the motion.

Upcoming Campus Events:

August 30, 2026: New Student Move-In

September 2, 2026: Matriculation Ceremony and State of the University Address.

September 28, 2026: Fitchburg State University Foundation Annual Golf Tournament at Oak Hill Country Club.

There being no further business to be transacted, and upon motion duly made, seconded and approved, the meeting was adjourned at 11:45 AM.

Respectfully Submitted,
M. Fiorentino, Jr.

**Fitchburg State University
REQUEST FOR BOARD ACTION**

TO: Board of Trustees	DATE: October 29, 2026
FROM: The President	REQUEST NUMBER: 04.2026-2027
SUBJECT: August 12, 2026 Meeting Minutes	

It is requested that the Fitchburg State University Board of Trustees vote to approve the minutes from the August 12, 2026 meeting.

Coversheet

Audit Report (joined virtually by Foundation Board)

Section:	II. Finance Committee Update
Item:	B. Audit Report (joined virtually by Foundation Board)
Purpose:	FYI
Submitted by:	
Related Material:	FSU Foundation Supporting Org 2026 FS - DRAFT 10.15.2026.pdf Fitchburg State Foundation 2026 FS - DRAFT 10.15.2026.pdf Fitchburg State University 2026 FS - DRAFT 10.15.2026.pdf

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

***FINANCIAL STATEMENTS
AND OTHER REPORT***

YEARS ENDED JUNE 30, 2026 AND 2025

AND

INDEPENDENT AUDITOR'S REPORT

DISCUSSION DRAFT 10.15.2026

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

FINANCIAL STATEMENTS
AND OTHER REPORT

YEARS ENDED JUNE 30, 2026 AND 2025

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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, 2026 and 2025, 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, 2026 and 2025, 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.

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 _____, 2026, 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
_____, 2026

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2026 AND 2025

	<u>2026</u>	<u>2025</u>
Assets		
Cash and cash equivalents	\$ 672,579	\$ 275,010
Grants receivable	-	2,710
Due from affiliate	-	9,361
Prepaid expenses and other assets	1,825	28,273
Property and equipment, net of accumulated depreciation	<u>6,073,362</u>	<u>6,253,790</u>
Total assets	<u><u>\$ 6,747,766</u></u>	<u><u>\$ 6,569,144</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable, trade	\$ 3,809	\$ 12,368
Due to affiliate	500,000	200,000
Agency funds	34,130	34,130
Accrued interest payable	7,347	6,400
Note payable - bank	342,495	365,975
First mortgage notes payable	2,774,810	2,970,454
Environmental remediation liability	<u>97,840</u>	<u>100,780</u>
Total liabilities	<u>3,760,431</u>	<u>3,690,107</u>
Net assets		
Without donor restrictions	<u>2,987,335</u>	<u>2,879,037</u>
Total net assets	<u>2,987,335</u>	<u>2,879,037</u>
Total liabilities and net assets	<u><u>\$ 6,747,766</u></u>	<u><u>\$ 6,569,144</u></u>

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

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2026 AND 2025

	<u>2026</u>	<u>2025</u>
Revenue and support		
Program revenues and support		
Rental income	\$ 191,415	\$ 235,525
License fee income	405,456	282,290
Contributions of nonfinancial assets and services	15,441	14,991
Other income		
Other income	161,146	263,082
Interest income	<u>525</u>	<u>567</u>
Total revenue and support	<u>773,983</u>	<u>796,455</u>
Expenses and losses		
Program services	606,335	606,941
Management and general	<u>59,350</u>	<u>33,855</u>
Total expenses	<u>665,685</u>	<u>640,796</u>
Change in net assets	108,298	155,659
Net assets, beginning of year	<u>2,879,037</u>	<u>2,723,378</u>
Net assets, end of year	<u><u>\$ 2,987,335</u></u>	<u><u>\$ 2,879,037</u></u>

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

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2026

	Program Services	Management and General	Fundraising	Total
Affiliate personnel costs	\$ -	\$ 15,441	\$ -	\$ 15,441
Insurance	138,286	-	-	138,286
Rent	60,732	-	-	60,732
Professional services	-	37,473	-	37,473
Other expense	-	6,436	-	6,436
Real estate and other taxes	2,460	-	-	2,460
Depreciation	180,428	-	-	180,428
Repairs and maintenance	72,856	-	-	72,856
Interest	151,573	-	-	151,573
	<u>\$ 606,335</u>	<u>\$ 59,350</u>	<u>\$ -</u>	<u>\$ 665,685</u>

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

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2025

	Program Services	Management and General	Fundraising	Total
Affiliate personnel costs	\$ -	\$ 14,991	\$ -	\$ 14,991
Insurance	136,408	-	-	136,408
Rent	37,566	-	-	37,566
Professional services	-	10,500	-	10,500
Other expense	-	8,364	-	8,364
Real estate and other taxes	3,190	-	-	3,190
Depreciation	192,597	-	-	192,597
Repairs and maintenance	78,429	-	-	78,429
Interest	158,751	-	-	158,751
	<u>\$ 606,941</u>	<u>\$ 33,855</u>	<u>\$ -</u>	<u>\$ 640,796</u>

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

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
Cash flows from operating activities:		
Change in net assets	\$ 108,298	\$ 155,659
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	180,428	192,597
Amortization of debt issuance costs	1,414	1,414
Decrease (increase) in operating assets:		
Grants receivable	2,710	(2,350)
Due from affiliate	9,361	28,436
Prepaid expenses and other assets	26,448	4,651
Increase (decrease) in operating liabilities:		
Accounts payable, trade	(8,559)	(36,296)
Due to affiliate	300,000	(100,000)
Agency fund	-	(26,950)
Accrued interest payable	947	(509)
Environmental liability	(2,940)	(19,650)
Net cash provided by operating activities	<u>618,107</u>	<u>197,002</u>
Cash flows from financing activities:		
Payments on first mortgage notes payable	(197,058)	(188,853)
Payments on note payable - bank	(23,480)	(23,051)
Net cash used in financing activities	<u>(220,538)</u>	<u>(211,904)</u>
Net change in cash and cash equivalents	397,569	(14,902)
Cash and cash equivalents, beginning of year	<u>275,010</u>	<u>289,912</u>
Cash and cash equivalents, end of year	<u><u>\$ 672,579</u></u>	<u><u>\$ 275,010</u></u>

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, 2026, 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, 2026 and 2025, 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, 2026 and 2025, donated services with an estimated fair value of \$15,441 and \$14,991, 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.

License fee income

License fee income is recognized ratably 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, 2026 and 2025.

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 \$50,000 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, 2026 and 2025 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 \$13,436 and \$14,850 at June 30, 2026 and 2025, 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, 2026 and 2025. 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, 2026. 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, 2026 and 2025 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, 2023, 2024 and 2025.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)Subsequent events

The Organization has evaluated subsequent events through _____, 2026, which is the date these financial statements were available to be issued.

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 expenses 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 Organization's general, non-sweep accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each bank. The Organization's sweep accounts are insured by the Depositors Insurance Fund up to \$5 million. At times, the non-sweep cash 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, 2026.

3 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure within one year as of June 30, 2026 and 2025 consist of the following:

	2026	2025
Financial assets at year end:		
Cash (excluding agency funds)	\$ 638,449	\$ 240,880
Grants receivable		2,710
Due from affiliate		9,361
Total financial assets	<u>\$ 638,449</u>	<u>\$ 252,951</u>

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 2026 and 2025.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)4 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2026 and 2025 consist of the following:

	2026	2025
Real estate under lease		
Land	\$ 402,664	\$ 402,664
Building	1,557,724	1,557,724
Building improvements	342,079	342,079
	<u>2,302,467</u>	<u>2,302,467</u>
Real estate used for student housing		
Land	236,524	236,524
Building	434,225	434,225
Building improvements	28,600	28,600
	<u>699,349</u>	<u>699,349</u>
Real estate used for faculty and staff housing		
Land	198,648	198,648
Land improvements	9,994	9,994
Building	813,475	813,475
	<u>1,022,117</u>	<u>1,022,117</u>
Other		
Land	1,827,509	1,827,509
Building	1,317,589	1,317,589
Land improvements	96,228	96,228
Building improvements	1,069,436	1,069,436
Furniture and fixtures	28,446	28,446
	<u>4,339,208</u>	<u>4,339,208</u>
	8,363,141	8,363,141
Less accumulated depreciation	<u>2,289,779</u>	<u>2,109,351</u>
	<u>\$ 6,073,362</u>	<u>\$ 6,253,790</u>

Accumulated depreciation on real estate under lease amounted to \$932,065 and \$876,018 at June 30, 2026 and 2025, respectively. Accumulated depreciation on real estate used for student housing amounted to \$213,233 and \$218,948 at June 30, 2026 and 2025, respectively. Accumulated depreciation on real estate used for faculty and staff housing amounted to \$127,912 and \$107,075 at June 30, 2026 and 2025, respectively.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

4 - PROPERTY AND EQUIPMENT (Continued)

On November 13, 2019, the Organization acquired a property in close proximity to the Fitchburg State University campus. The property, which consists of land and a building, was purchased for \$1 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, 2026 and 2025, the remaining environmental liability of \$97,840 and \$100,780, 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 for 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). In fiscal 2026, the Organization entered into a contract with an outside development to raze most of the existing buildings on the site and in their place erect market-rate apartments as well as commercial space for retail and restaurant use. Ownership of the entire parcel will transmit to the developer when complete.

5 - AGENCY FUNDS

The Organization is part of a collaboration of local businesses and non-profit organizations located in Fitchburg, Massachusetts called Re-imagine North of Main. The collaboration is 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 collaboration. For the years ended June 30, 2026 and 2025, the Organization did not collect or disburse any monies in connection with this collaboration. At June 30, 2026 and 2025, the Organization was holding \$31,080 of funds that is to be used exclusively by the members of the coalition.

The Organization was 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, 2026 and June 30, 2025, the Organization was holding funds to be used exclusively for work to be done at Abolitionist Park totaling \$3,050.

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, 2026 and 2025, the outstanding principal balance of the mortgage loan amounted to \$255,700 and \$262,908, respectively.

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, 2026, and 2025, the outstanding principal balance of the mortgage loan amounted to \$344,200 and \$377,329, 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, 2026, and 2025, the outstanding principal balance of the mortgage loan amounted to \$121,502 and \$133,681, respectively.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

6 - FIRST MORTGAGE NOTES PAYABLE (Continued)

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, 2026 and 2025, the outstanding principal balance of the mortgage loan amounted to \$1,066,129 and \$1,158,880, respectively.

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 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, 2026, and 2025, the outstanding principal balance of the mortgage loan amounted to \$61,593 and \$63,384, 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.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

6 - FIRST MORTGAGE NOTES PAYABLE (Continued)

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

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, 2026, and 2025, the outstanding principal balance of the loan amounted to \$72,809 and \$78,300, 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.

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, 2026 and 2025, the outstanding principal balance of the loan amounted to \$141,398 and \$151,350, 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, 2026, and 2025, the outstanding principal balance of the loan amounted to \$259,741 and \$267,362, respectively.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)

6 - FIRST MORTGAGE NOTES PAYABLE (Continued)

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 \$777 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, 2026, and 2025, the outstanding principal balance of the loan amounted to \$115,218 and \$118,599, respectively.

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, 2026, and 2025, the outstanding principal balance of the loan amounted to \$226,932 and \$233,619, respectively.

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, 2026, and 2025, the outstanding principal balance of the loan amounted to \$123,021 and \$139,892, respectively.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)6 - FIRST MORTGAGE NOTES PAYABLE (Continued)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, 2026, are estimated to be as follows:

2027	\$ 273,170
2028	209,270
2029	786,904
2030	171,730
2031	178,161
Thereafter	<u>1,169,011</u>
	2,788,246
Less: Unamortized debt issuance costs	<u>13,436</u>
	<u>\$ 2,774,810</u>

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 \$3,679,000 and \$3,259,000 at June 30, 2026 and 2025, 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, 2026 and 2025, the outstanding principal balance of the loan amounted to \$342,595 and \$365,975, respectively.

Aggregate principal maturities on the loan for each of the next five years and thereafter, using the interest rate in effect at June 30, 2026, are estimated to be as follows:

2027	\$ 25,162
2028	26,230
2029	27,416
2030	28,809
2031	29,807
Thereafter	<u>205,071</u>
	<u>\$ 342,495</u>

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

8 - LEASES AS LESSEE

On July 1, 2022, the Organization entered into an 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 if the Organization extends the lease for another year (\$33,164 and \$32,836 for the years ended June 30, 2026 and 2025, respectively). The Organization is also responsible for the payment of normal operating, maintenance and repair costs associated with the use of the property.

On July 1, 2017, the Organization entered into an 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, if the Organization extends the lease for another year. The Organization is also responsible for the payment of normal operating, maintenance and repair costs associated with the use of the property.

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.

On October 28, 2025, the organization entered into a lease agreement with an unrelated third party for 4,133 square feet of space located in Fitchburg Massachusetts. The lease has an annual rent of \$30,000 per year. The Organization is also responsible for the payment of normal operating, maintenance and repair costs associated with the use of the property. The year ended June 30, 2026, rent expense amounted to \$20,000. The Organization considers this agreement to fall under the short-term lease exemption under ASC 842.

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. During the year ended June 30, 2026, the lease was renewed for an additional ten years with the same terms. For the years ended June 30, 2026 and 2025, rental income amounted to \$165,000 in each year.

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 was terminated effective July 2024. For the years ended June 30, 2025 rental income amounted to \$500.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)9 - LEASES AS LESSOR AND LICENSE AGREEMENTS (Continued)

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. In October 2025, the lease was terminated at the request of the Organization. For the years ended June 30, 2026 and 2025, rental income amounted to \$8,025 and \$31,500, respectively.

The following is a schedule of future minimum rental income under the operating lease agreements at June 30, 2026:

2027	\$ 165,000
2028	165,000
2029	165,000
2030	165,000
2031	165,000
Thereafter	<u>935,000</u>
	<u>\$ 1,760,000</u>

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, 2026, and 2025, license fee income amounted to \$405,446 and \$282,290, respectively.

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 0.25% (effective rates of 6.5% at June 30, 2026 and 7.25% at June 30, 2025). 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 were no balances outstanding on the line of credit at June 30, 2026 and June 30, 2025. The line of credit agreement expires on November 30, 2026.

11 - TRANSACTIONS WITH RELATED PARTIES

Fitchburg State University and the Foundation render certain administrative services to the Organization. These services with a value of \$15,441 and \$14,991, respectively, have been recognized as contributions of nonfinancial assets and services in the accompanying statements of activities for the years ended June 30, 2026 and 2025.

FSU FOUNDATION SUPPORTING ORGANIZATION, INC.

NOTES TO FINANCIAL STATEMENTS
(Continued)11 - TRANSACTIONS WITH RELATED PARTIES (Continued)

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, 2026, and 2025, respectively, there were outstanding advances of \$500,000 and \$200,000 payable to the Foundation. These amounts are included in due to affiliate in the accompanying statement of financial position.

As of June 2025, the Organization has miscellaneous accounts receivable totaling \$9,361 from the University, which is reflected as due from affiliate in the accompanying statements of financial position.

As of June 30, 2026 and June 30, 2025, the Organization had no miscellaneous payable due to its affiliates.

12 - SUPPLEMENTAL CASH FLOW INFORMATION

	2026	2025
Cash paid for interest during the year	\$ 150,626	\$ 157,846

OTHER REPORT

DISCUSSION DRAFT 10.15.2026

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, 2026, 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 _____, 2026.

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
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
_____, 2026

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2026
AND
INDEPENDENT AUDITOR'S REPORT

DISCUSSION DRAFT 10.15.2026

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2026

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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, 2026, 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, 2026, 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 financial statements.

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 _____, 2026, 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 2025 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 30, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Worcester, Massachusetts
_____, 2026

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2026
(With Summarized Comparative Information for 2025)

	<u>2026</u>	<u>2025</u>
Assets		
Cash and equivalents	\$ 5,599,868	\$ 6,530,913
Investments	36,340,015	32,615,604
Accrued investment income receivable	93,857	76,679
Grants receivable	-	2,710
Contributions receivable, net	297,820	270,237
Prepaid expenses and other assets	41,773	68,127
Property and equipment, net of accumulated depreciation	<u>6,468,751</u>	<u>6,672,819</u>
Total assets	<u><u>\$ 48,842,084</u></u>	<u><u>\$ 46,237,089</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable, trade	\$ 266,983	\$ 64,288
Environmental remediation liability	97,840	100,780
Accrued interest payable	7,754	7,108
Deferred revenue	220,890	192,568
Agency funds	34,130	39,482
Due to affiliate	161,656	52,483
Notes payable - bank	342,495	365,975
First mortgage notes payable	<u>3,019,936</u>	<u>3,233,981</u>
Total liabilities	<u>4,151,684</u>	<u>4,056,665</u>
Net assets		
Without donor restrictions	5,799,123	6,009,721
With donor restrictions	<u>38,891,277</u>	<u>36,170,703</u>
Total net assets	<u>44,690,400</u>	<u>42,180,424</u>
Total liabilities and net assets	<u><u>\$ 48,842,084</u></u>	<u><u>\$ 46,237,089</u></u>

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2026

(With Summarized Comparative Information for 2025)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2026	2025
Revenue and support				
Program revenues				
Gifts and donations	\$ 64,372	\$ 1,038,561	\$ 1,102,933	\$ 1,468,770
Grants and contracts, state	-	172,023	172,023	555,555
Grants and contracts, other	-	276,681	276,681	147,432
Contribution of financial assets and services	-	-	-	50,000
Sales and services	5,560	134,303	139,863	96,312
Rental income	191,415	-	191,415	235,525
License fee income	405,456	-	405,456	282,290
Contributions of nonfinancial assets and services	257,349	-	257,349	249,854
Other revenue				
Other income	161,146	-	161,146	263,082
Interest and dividends	160,863	600,059	760,922	641,164
Gain on investments, net	382,487	1,951,956	2,334,443	2,611,388
Net assets released from restrictions	1,453,009	(1,453,009)	-	-
Total revenue and support	3,081,657	2,720,574	5,802,231	6,601,372
Expenses and losses				
Program services	2,893,261	-	2,893,261	2,341,812
Management and general	290,559	-	290,559	268,765
Fundraising	108,435	-	108,435	186,254
Total expenses	3,292,255	-	3,292,255	2,796,831
Change in net assets	(210,598)	2,720,574	2,509,976	3,804,541
Net assets, beginning of year	6,009,721	36,170,703	42,180,424	38,375,883
Net assets, end of year	\$ 5,799,123	\$ 38,891,277	\$ 44,690,400	\$ 42,180,424

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2026
(With Summarized Comparative Information for 2025)

	Program Services	Management and General	Fundraising	Totals	
				2026	2025
Scholarships	\$ 797,172	\$ -	\$ -	\$ 797,172	\$ 684,158
Community services	37,194	-	13,066	50,260	24,038
Speakers and cultural programs	35,484	-	-	35,484	60,065
Outside services	41,657	-	-	41,657	12,817
Professional fees	22,568	50,073	-	72,641	23,100
Insurance	138,919	25,743	-	164,662	166,012
Affiliated personnel costs	-	177,179	80,170	257,349	249,854
Supplies	28,685	-	-	28,685	43,458
Printing and publications	221,971	-	977	222,948	126,112
Travel	22,432	-	-	22,432	8,448
Meetings and conferences	56,662	-	7,870	64,532	105,544
Awards and grants	450,028	-	3,800	453,828	321,499
Contribution made to University	371,994	-	-	371,994	364,631
Repairs and maintenance	208,088	-	-	208,088	155,668
Rent	60,732	-	-	60,732	37,566
Interest	151,573	10,744	-	162,317	170,752
Other expense	49,999	6,437	-	56,436	8,367
Other financial fees	5,305	8,649	2,552	16,506	18,206
Credit card fees	-	464	-	464	300
Depreciation	192,798	11,270	-	204,068	216,236
	<u>\$ 2,893,261</u>	<u>\$ 290,559</u>	<u>\$ 108,435</u>	<u>\$ 3,292,255</u>	<u>\$ 2,796,831</u>

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2026

(With Summarized Comparative Information for 2025)

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ 2,509,976	\$ 3,804,541
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Gain on investments	(2,548,175)	(2,807,466)
Depreciation	204,068	216,236
Amortization of debt issuance costs	1,414	1,414
Contributions restricted for long-term investment	(284,844)	(1,284,403)
Decrease (increase) in operating assets:		
Due from affiliate	-	74,408
Accrued investment income receivable	(17,178)	(1,936)
Grants receivable	2,710	(2,350)
Contributions receivable, net	(27,583)	(41,728)
Prepaid expenses and other assets	26,354	11,351
Increase (decrease) in operating liabilities:		
Accounts payable, trade	202,695	(25,501)
Agency fund	(5,352)	(21,598)
Due to affiliate	109,173	52,483
Environmental remediation liability	(2,940)	(19,650)
Accrued interest payable	646	(301)
Deferred revenue	28,322	112,568
Net cash provided by operating activities	199,286	68,068
Cash flows from investing activities:		
Proceeds from sale of investments	11,688,986	8,866,854
Purchase of investments	(12,865,222)	(8,631,948)
Net cash provided by (used in) investing activities	(1,176,236)	234,906
Cash flows from financing activities:		
Payments on first mortgage notes payable	(215,459)	(206,501)
Payments on note payable - bank	(23,480)	(23,051)
Contributions received for long-term investment	284,844	1,745,226
Net cash provided by financing activities	45,905	1,515,674
Net change in cash and equivalents	(931,045)	1,818,648
Cash and equivalents, beginning of year	6,530,913	4,712,265
Cash and equivalents, end of year	\$ 5,599,868	\$ 6,530,913

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, 2026, 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 (the Foundation) has both control and an economic interest in the other not-for-profit organization (the 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 (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 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.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of presentation

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

The two categories are differentiated as follows:

Without donor restrictions

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

With donor restrictions

Net assets with donor restrictions are those whose use by the Organization has been limited by donors to a specific period or purpose. 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, 2025, 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.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)Contributions and bequests

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

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

All contributions are considered to be available for general use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions expire during the same fiscal year are recognized as revenue without donor restrictions.

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.

Donated services with an estimated fair value of \$257,349 met those criteria and are included in contributions of nonfinancial assets and services in the consolidated statement of activities. Those services were primarily received from Fitchburg State University for management and operating services.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Deferred revenue a June 30, 2026, June 30, 2025 and July 1, 2025 was \$220,890, \$192,568, and \$80,000, respectively.

License fee income

License fee income is recognized ratably 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.

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, 2026 and 2025.

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. Investment income and gains are reported as increases in net assets without donor restrictions, 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.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)Endowments

The Organization's endowments consist of approximately 120 individual funds at June 30, 2026 and 2025, 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. 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 restrictions 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.

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.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)Investment and spending policies (continued)

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, 2026 and 2025, 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 \$50,000 are capitalized to property and equipment.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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, 2026 and 2025 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.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt issuance costs

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the first mortgage notes payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan. Unamortized debt issuance costs are \$13,436 and \$14,850 at June 30, 2026 and 2025, respectively.

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 and Supporting Organization did not have any material unrelated business income for the years ended June 30, 2026 and 2025. Accordingly, no provision for income taxes has been made for the Foundation and 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 twelve months of June 30, 2026. 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, 2026 and 2025 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, 2023, 2024, and 2025.

Functional expenses

The costs related to various activities of the Organization have been summarized on a functional basis in the accompanying consolidated statements of activities and functional expenses. The financial statements report certain categories of expenses 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.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)Functional expenses (continued)

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. Advertising expenses were not material to the financial statements at June 30, 2026 and 2025.

Subsequent events

The Organization has evaluated subsequent events through _____, 2026, which is the date these consolidated financial statements were available to be issued.

3 - CASH AND EQUIVALENTS

Cash and equivalents consist of the following at June 30:

	2026	2025
Cash and other demand deposits	\$ 4,595,482	\$ 4,800,611
Money market funds	1,004,386	1,730,302
	<u>\$ 5,599,868</u>	<u>\$ 6,530,913</u>

The Organization maintains its operating cash and cash equivalent balances in several accounts in various banks. The Organization's general, non-sweep accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each bank. The Organization's sweep accounts are insured by the Depositors Insurance Fund up to \$5 million. At times, the non-sweep cash 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, 2026.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)4 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure within one year as of June 30, 2026 and 2025 consist of the following:

	2026	2025
Financial assets at year end		
Cash and cash equivalents (excluding agency funds)	\$ 5,599,868	\$ 6,491,431
Investments	36,340,015	32,615,604
Accrued investment income receivable	93,857	76,679
Grants receivable	-	2,710
Contributions receivable (net of purpose or time restrictions)	225,558	120,000
Total financial assets	42,259,298	39,306,424
Less: Financial assets held to meet donor-imposed restrictions		
Purpose-restricted net assets	18,930,843	16,495,113
Donor-restricted endowment funds	19,960,434	19,675,590
Board designated net assets	83,993	83,993
	<u>\$ 3,284,028</u>	<u>\$ 3,051,728</u>

The Organization regularly monitors liquidity required to meet its operating needs and 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 twelve 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:

	2026		2025	
	Cost	Fair Value	Cost	Fair Value
Equities	\$ 9,407,604	\$ 17,659,809	\$ 10,397,127	\$ 18,465,650
Preferred stock	6,416	6,440	6,416	6,452
Mutual funds	7,965,803	9,346,719	5,391,629	6,230,952
Corporate bonds	5,404,341	5,388,534	4,514,752	4,492,093
U.S. government securities	3,991,841	3,938,513	3,453,033	3,420,457
	<u>\$ 26,776,005</u>	<u>\$ 36,340,015</u>	<u>\$ 23,762,957</u>	<u>\$ 32,615,604</u>

At June 30, 2026 and 2025, net unrealized gains in the Organization's investment portfolio amounted to \$9,564,010 and \$8,852,647, respectively.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)5 - INVESTMENTS (Continued)Endowment

The following table represents the composition of the Organization's endowment net assets by type of fund at June 30, 2026:

<u>Fund Type</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted funds	\$ -	\$ 18,930,843	\$ 18,930,843
Donor restricted amounts required to be held in perpetuity	-	19,960,434	19,960,434
Board-designated for endowment fund	83,993	-	83,993
Total funds	<u>\$ 83,993</u>	<u>\$ 38,891,277</u>	<u>\$ 38,975,270</u>

The Board-designated endowment as of June 30, 2026 and 2025, 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, 2026 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment assets, beginning of year	\$ 83,993	\$ 33,442,349	\$ 33,526,342
Investment return			
Investment income	-	510,025	510,025
Appreciation, realized and unrealized	-	2,350,288	2,350,288
Total investment return	-	2,860,313	2,860,313
Contributions	-	284,844	284,844
Other income	-	-	-
Appropriation of endowment assets for expenditure	-	-	-
Investment management fees	-	(164,254)	(164,254)
Reclassification of net assets	-	-	-
Endowment assets, end of year	<u>\$ 83,993</u>	<u>\$ 36,423,252</u>	<u>\$ 36,507,245</u>

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)5 - INVESTMENTS (Continued)Endowment (continued)

The following table represents the composition of the Organization's endowment net assets by type of fund at June 30, 2025:

Fund Type	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted funds	\$ -	\$ 13,766,759	\$ 13,766,759
Donor restricted amounts required to be held in perpetuity	-	19,675,590	19,675,590
Board-designated for endowment fund	83,993	-	83,993
Total funds	<u>\$ 83,993</u>	<u>\$ 33,442,349</u>	<u>\$ 33,526,342</u>

Changes in the endowment assets for the year ended June 30, 2025 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, beginning of year	\$ 83,993	\$ 30,239,646	\$ 30,323,639
Investment return			
Investment income	-	509,482	509,482
Appreciation, realized and unrealized	-	2,348,708	2,348,708
Total investment return	-	2,858,190	2,858,190
Contributions	-	1,296,925	1,296,925
Other income	-	1,955	1,955
Appropriation of endowment assets for expenditure	-	(465,412)	(465,412)
Investment management fees	-	(164,079)	(164,079)
Reclassification of net assets	-	(324,876)	(324,876)
Endowment assets, end of year	<u>\$ 83,993</u>	<u>\$ 33,442,349</u>	<u>\$ 33,526,342</u>

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.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)6 - CONTRIBUTIONS RECEIVABLE, NET (Continued)

Contributions receivable consist of the following at June 30:

	2026	2025
Receivable in less than one year	\$ 225,558	\$ 141,850
Receivable in one to five years	83,875	140,000
	309,433	281,850
Discount on pledges	(11,613)	(11,613)
	<u>\$ 297,820</u>	<u>\$ 270,237</u>

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.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

7 - FAIR VALUE MEASUREMENTS (Continued)

When available, the Organization uses unadjusted quoted market prices to measure the fair value and classifies such items within Level 1. At June 30, 2025 and 2024, 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, 2025 and 2024, Level 2 securities consist primarily of corporate bonds, 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.

The fair value of assets measured on a recurring basis at June 30, 2026 is as follows:

<u>Investments</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Equities	\$ 17,659,809	\$ 17,659,809	\$ -	\$ -
Preferred stock	6,440	-	6,440	-
Mutual funds	9,346,719	9,346,719	-	-
Corporate bonds	5,388,534	-	5,388,534	-
U.S. government securities	3,938,513	-	3,938,513	-
	<u>\$ 36,340,015</u>	<u>\$ 27,006,528</u>	<u>\$ 9,333,487</u>	<u>\$ -</u>

The fair value of assets measured on a recurring basis at June 30, 2025 is as follows:

<u>Investments</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Equities	\$ 18,465,650	\$ 18,465,650	\$ -	\$ -
Preferred stock	6,452	-	6,452	-
Mutual funds	6,230,952	6,230,952	-	-
Corporate bonds	4,492,093	-	4,492,093	-
U.S. government securities	3,420,457	-	3,420,457	-
	<u>\$ 32,615,604</u>	<u>\$ 24,696,602</u>	<u>\$ 7,919,002</u>	<u>\$ -</u>

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**8 - PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2025 and 2024 consist of the following:

	2025	2025
Real estate under lease		
Land	\$ 402,664	\$ 402,664
Building	1,557,724	1,557,724
Building improvements	342,079	342,079
	<u>2,302,467</u>	<u>2,302,467</u>
Real estate used for student housing		
Land	236,524	236,524
Building	434,225	434,225
Building improvements	28,600	28,600
	<u>699,349</u>	<u>699,349</u>
Real estate used for faculty and staff housing		
Land	198,648	198,648
Land improvements	9,994	9,994
Building	813,475	813,475
	<u>1,022,117</u>	<u>1,022,117</u>
Other		
Land	1,961,799	1,961,799
Land improvements	96,228	96,228
Buildings	1,744,963	1,744,963
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
	<u>5,793,528</u>	<u>5,793,528</u>
	9,817,461	9,817,461
Less accumulated depreciation	<u>3,348,710</u>	<u>3,144,642</u>
	<u>\$ 6,468,751</u>	<u>\$ 6,672,819</u>

Accumulated depreciation on real estate under lease amounted to \$932,065 and \$876,018 at June 30, 2026 and 2025, respectively. Accumulated depreciation on real estate used for student housing amounted to \$213,233 and \$218,948 at June 30, 2026 and 2025, respectively. Accumulated depreciation on real estate used for faculty and staff housing amounted to \$127,912 and \$107,075 at June 30, 2026 and 2025, respectively.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**8 - PROPERTY AND EQUIPMENT** (Continued)

On November 13, 2019, the Organization acquired a property in close proximity to the Fitchburg State University campus. The property, which consists of land and a building, was purchased for \$1 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, 2026 and 2025, the remaining environmental liability of \$97,840 and \$100,780, 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 for 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). In fiscal 2026, the Organization entered into a contract with an outside development to raze most of the existing buildings on the site and in their place erect market-rate apartments as well as commercial space for retail and restaurant use. Ownership of the entire parcel will transmit to the developer when complete.

9 - OTHER ASSETS

Prepaid expenses and other assets at June 30, 2026 and 2025 includes an art collection in the amount of \$39,025.

10 - AGENCY FUNDS

The Supporting Organization is part of a collaboration of local businesses and non-profit organizations located in Fitchburg, Massachusetts called Re-imagine North of Main. The collaboration is 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 collaboration. For the years ended June 30, 2026 and 2025, the Organization did not collect or disburse any monies in connection with this collaboration. At June 30, 2026 and 2025, the Organization was holding \$31,080 of funds that is to be used exclusively by the members of the coalition.

The Supporting Organization was 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, 2026 and June 30, 2025, the Organization was holding funds to be used exclusively for work to be done at Abolitionist Park totaling \$3,050.

The Foundation received a total of \$12,000 in November 2024 and May 2025 for the support of the Marquee Gallery in Fitchburg, Massachusetts. The Foundation is acting solely as the fiscal agent for the grant funds received while the volunteer group work towards establishing a non-profit organization under Section 501(c)(3) of the Internal Revenue Code. The purpose of this grant funding is to promote the work of local artists by creating a cultural space for their work in Fitchburg, Massachusetts. During the year ended June 30, 2026, the remaining funds held by the Foundation were remitted back to volunteer group. At June 30, 2025, the Foundation had \$5,352 on hand for this organization.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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. The interest rate as of June 30, 2026 was 7.5%. As of June 30, 2026 and 2025, there was no outstanding liability under the line of credit.

Borrowings under the line are secured by investments with an equivalent fair value of \$15,737,367 at June 30, 2025. The line was also collateralized by all funds held by the lender. At June 30, 2025, the Foundation has total cash balances of approximately \$58,185 held by the lender. The Foundation may prepay outstanding revolving loans under the agreement in whole or in part without premium or penalty. The line of credit agreement 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 Supporting Organization to borrow up to \$250,000. The line of credit provides for interest at The Wall Street Journal Prime Rate less 0.25% (effective rates of 6.50% at June 30, 2026). 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, 2026 and 2025. The line of credit agreement expires on November 30, 2026.

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, 2026 and 2025, the outstanding principal balance of this mortgage note payable amounted to \$245,126 and \$263,527, respectively.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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, 2026 and 2025, the outstanding principal balance of the mortgage loan amounted to \$255,700 and \$262,908, respectively.

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, 2026, and 2025, the outstanding principal balance of the mortgage loan amounted to \$344,200 and \$377,329, 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.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

12 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Supporting Organization (continued)

Rollstone Bank & Trust - 131 Highland Avenue (continued)

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, 2026, and 2025, the outstanding principal balance of the mortgage loan amounted to \$121,502 and \$133,681, 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, 2026 and 2025, the outstanding principal balance of the mortgage loan amounted to \$1,066,129 and \$1,158,880, respectively.

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.

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 (continued)

The note includes 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, 2026, and 2025, the outstanding principal balance of the mortgage loan amounted to \$61,593 and \$63,384, 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, 2026, and 2025, the outstanding principal balance of the loan amounted to \$72,809 and \$78,300, 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.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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, 2026 and 2025, the outstanding principal balance of the loan amounted to \$141,398 and \$151,350, 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 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, 2026, and 2025, the outstanding principal balance of the loan amounted to \$259,741 and \$267,362, 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 \$777 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.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

12 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Supporting Organization (continued)

BankHometown - 174 Highland Avenue (continued)

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, 2026, and 2025, the outstanding principal balance of the loan amounted to \$115,218 and \$118,599, respectively.

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, 2026, and 2025, the outstanding principal balance of the loan amounted to \$226,932 and \$233,619, respectively.

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, 2026, and 2025, the outstanding principal balance of the loan amounted to \$123,021 and \$139,892, respectively.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)12 - FIRST MORTGAGE NOTES PAYABLE (Continued)Supporting Organization (continued)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, 2026, are estimated to be as follows:

2027	\$	292,393
2028		435,173
2029		786,904
2030		171,730
2031		178,161
Thereafter		1,169,011
		3,033,372
Less: Unamortized debt issuance costs		13,436
	\$	<u>3,019,936</u>

13 - NOTE PAYABLE - BANK

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 \$3,679,000 and \$3,259,000 at June 30, 2025 and 2024, 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, 2026 and 2025, the outstanding principal balance of the loan amounted to \$342,595 and \$365,975, respectively.

Aggregate principal maturities on the loan for each of the next five years and thereafter, using the interest rate in effect at June 30, 2026, are estimated to be as follows:

2027	\$	25,162
2028		26,230
2029		27,416
2030		28,809
2031		29,807
Thereafter		205,071
	\$	<u>342,495</u>

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

14 - LEASES AS LESSEE

On July 1, 2022, the Supporting Organization entered into an 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 if the Organization extends the lease for another year (\$33,164 and \$32,836 for the years ended June 30, 2026 and 2025, respectively). The Organization is also responsible for the payment of normal operating, maintenance and repair costs associated with the use of the property.

On July 1, 2017, the Supporting Organization entered into an 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, if the Supporting Organization extends the lease for another year. The Supporting Organization is also responsible for the payment of normal operating, maintenance and repair costs associated with the use of the property.

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 the 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.

On October 28, 2025, the organization entered into a lease agreement with an unrelated third party for 4,133 square feet of space located in Fitchburg Massachusetts. The lease has an annual rent of \$30,000 per year. The Organization is also responsible for the payment of normal operating, maintenance and repair costs associated with the use of the property. The year ended June 30, 2026, rent expense amounted to \$20,000. The Organization considers this agreement to fall under the short-term lease exemption under ASC 842.

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. During the year ended June 30, 2026, the lease was renewed for an additional ten years with the same terms. For the years ended June 30, 2025 and 2024, rental income amounted to \$165,000 in each year.

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 was terminated effective July 2024. For the years ended June 30, 2025, rental income amounted to \$500.

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.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)15 - LEASES AS LESSOR AND LICENSE AGREEMENTS (Continued)

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. In October 2025, the lease was terminated at the request of the Organization. For the year ended June 30, 2026 and June 30, 2025, rental income amounted to \$8,025 and \$31,500 respectively.

The following is a schedule of future minimum rental income under the operating lease agreements at June 30, 2026:

2027	\$ 165,000
2028	165,000
2029	165,000
2030	165,000
2031	165,000
Thereafter	935,000
	<u>\$ 1,760,000</u>

The Supporting 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 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, 2026, and 2025, license fee income amounted to \$405,446 and \$282,290, respectively.

16 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions in the amount of \$18,930,843, as of June 30, 2026, 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 \$16,495,113 as of June 30, 2025, 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 \$19,960,434 and \$19,675,590 as of June 30, 2026, and 2025, respectively, are invested in perpetuity.

Net assets released from restrictions during 2025 represent the satisfaction of program restrictions in the amount of \$655,837 and the satisfaction of scholarship-related restrictions in the amount of \$797,172.

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**17 - TRANSACTIONS WITH RELATED PARTY**

Fitchburg State University renders certain administrative services to the Foundation and Supporting Organization. These services, with a value of \$257,349 and \$249,854, respectively, have been recognized as contributions of nonfinancial assets and service in the accompanying consolidated statement of activities for the years ended June 30, 2026 and 2025.

During fiscal 2026 and 2025, the Foundation made contributions without donor restrictions to Fitchburg State University in the amount of \$371,994 and \$364,631, 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, 2026, the Organization has miscellaneous accounts payable totaling \$161,656 to Fitchburg State University, which is reflected as due to affiliate in the accompanying consolidated statements of financial position.

As of June 30, 2025, the Organization has miscellaneous accounts receivable totaling \$52,483 from Fitchburg State University, which is reflected as due from affiliate in the accompanying consolidated statements of financial position.

18 - MAJOR DONORS

During fiscal 2026, the Organization received restricted gift and grant donations totaling \$_____ from nine donors, which represents approximately ____% of total gifts, donations and grant revenue for 2026.

During fiscal 2025, the Organization received restricted gift and grant donations totaling \$865,198 from nine donors, which represents approximately 52% of total gifts, donations and grant revenue for 2025.

19 - SUPPLEMENTAL CASH FLOW INFORMATION

	<u>2025</u>	<u>2025</u>
Cash paid for interest during the year	<u>\$ 161,973</u>	<u>\$ 169,639</u>

OTHER REPORT

DISCUSSION DRAFT 10.15.2026

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. (the Organization), which comprise the consolidated statement of financial position as of June 30, 2026, 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 _____, 2026.

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*.

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
_____, 2026

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, 2026 AND 2025
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, 2026 AND 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Fitchburg State University

Report on the Audit of the Financial Statements

Opinions

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, 2026 and 2025, 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, 2026 and 2025, 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 Opinions

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 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 (GASB) No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* on pages 88 through 96 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 GAAS, 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 is presented for purposes of additional analysis and is 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 GAAS. 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 _____, 2026, 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
_____, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The following Management's Discussion and Analysis (MD&A), prepared by the management of Fitchburg State University (the "University"), provides an overview of the University's financial position and results of operations for the fiscal years ended June 30, 2026 and 2025. This discussion is intended to provide context for understanding the University's financial statements, highlight significant changes in its financial position and operating results, and explain how its financial activities support the University's mission. The MD&A should be read in conjunction with the accompanying financial statements and notes thereto.

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 39 undergraduate degree programs in fifteen academic departments, 24 graduate degree programs and several Graduate Certificates of Advanced Study. During fiscal 2026, the University served over 9,000 full and part-time students in both its undergrad and graduate programs. There was a combined full-time equivalent annual enrollment of approximately 4,347 and the university awarded 1,624 graduate and undergraduate degrees in fiscal 2026. 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.

Funding the University

As a public institution, the University receives support from the Commonwealth of Massachusetts in the form of an annual operating state appropriation. The University is also funded through tuition and fees, auxiliary (residence hall) fees, government grants from (Federal, State and local), capital appropriations from the Commonwealth of Massachusetts, and other miscellaneous sources including investment income.

The University's annual state appropriation is established through the Commonwealth's annual budget process. The appropriation may vary from year to year based on changes in state revenues, budgetary priorities, enrollment and other higher education funding considerations of the Commonwealth..

State tuition rates are determined by the Commonwealth. Tuition rates have not changed in more than two decades and as such represent a smaller portion of student revenues. Fees are set by the Board of Trustees of the University and have increased over time. For fiscal 2026, the University opted not to raise any fees to help counter other inflationary pressures that could impact a student's ability to attend.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Overview of the Financial Statements

Statement of Net Position

The statement of net position presents the financial position of the University at the end of the year. It includes the year-end balances of all assets, liabilities, and deferred inflows and outflows of resources of the University with the difference reported as net position. The statements of net position (condensed in thousands) on June 30, 2026, and 2025 are as follows:

	2026	2025
Assets		
Current assets	\$ 35,059	\$ 38,682
Capital assets, net	169,286	177,808
Right-of use assets, net	36,995	43,085
Other	32,778	29,582
Total assets	274,118	289,157
Deferred outflows of resources	1,585	1,763
Liabilities		
Current liabilities	34,201	33,360
Long-term liabilities	88,601	101,767
Total liabilities	122,802	135,127
Deferred inflows of resources	11,938	14,309
Net position		
Net investment in capital assets	120,891	124,975
Restricted		
Nonexpendable	624	589
Expendable	10,341	10,631
Unrestricted		
Designated	18,731	17,451
Undesignated (deficit)	(9,624)	(12,162)
Total net position	\$ 140,963	\$ 141,484

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 the land, buildings, infrastructure and equipment that make up the campus.

Current liabilities primarily include revenue received in advance, the current portion of bond and lease liabilities, trade accounts and salaries payable, accounts payable - construction, the current portion of compensated absences and accrued faculty payroll.

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.

Details of the University's assets are:

	2026	2025	Change
Assets			
Cash	37,050	41,511	(4,461)
Investments	26,999	23,418	3,581
Accounts Receivable	3,517	3,053	464
Capital assets, net	169,286	177,808	(8,522)
Right of use assets	36,995	43,085	(6,090)
Other assets	271	282	(11)
Total Assets	<u>274,118</u>	<u>\$ 289,157</u>	

Analysis of changes in assets:

- Cash decreased by nearly \$4.5 million during FY 26. This is related to operating losses which are due to a decline in enrollment along with inflationary pressures.
- Investments increased by over \$3.5 million due to favorable market conditions.
- Accounts receivable increased slightly due to an increase in student accounts payable
- Capital assets, net of depreciation decreased by \$8.5 million in FY 26. There are two factors that contribute to this. First, is the annual charge for depreciation of \$14 million which decreases the value of the assets and secondly, the University added \$5.4 million in additional fixed assets during the year. The fixed asset additions were paid for with \$3.8 million of capital appropriation and \$1.6 million from the Universities operating budget.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

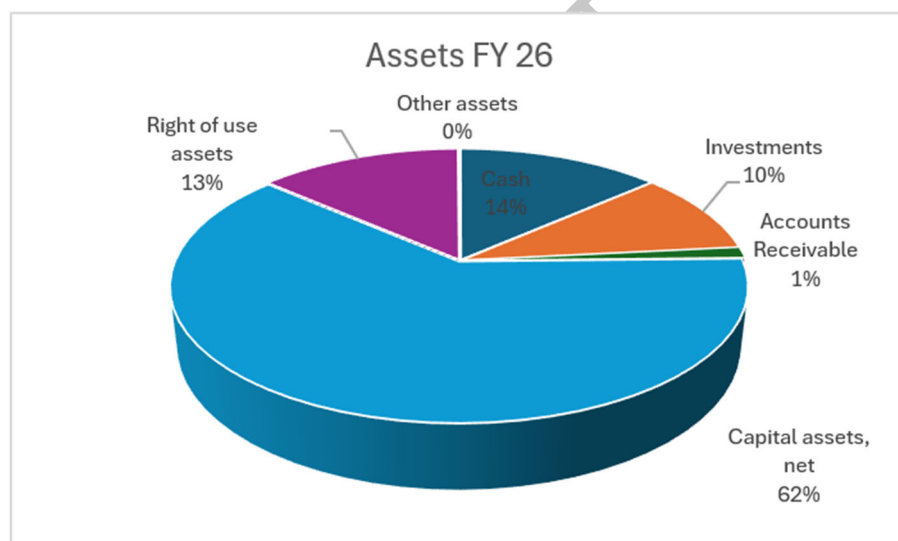
Overview of the Financial Statements (Continued)

Statement of Net Position (continued)

- Under GASB guidelines, certain long-term leases must be capitalized as right of use assets and amortized over the life of the lease. This decrease is based on an amortization schedule established when the lease took effect. Right of use assets consist of the following:

	2026	2025
Residence Halls	34,617	40,702
Software licenses	2,378	2,383
Total right to use assets	<u>36,995</u>	<u>43,085</u>

The graph below illustrates the composition of the University's assets as of June 30, 2026:



Details of the University's liabilities are:

	2026	2025	Change
Liabilities			
Accounts payable and accruals	13,122	11,489	1,633
Deferred revenue	8,864	9,829	(965)
Bonds Payable	34,906	38,638	(3,732)
Lease obligations	49,453	54,507	(5,054)
Workers Comp and Comp absences	7,743	7,472	271
OPEB & Pension	8,697	13,176	(4,479)
Other	17	16	1
Total Liabilities	<u>122,802</u>	<u>\$ 135,127</u>	

FITCHBURG STATE UNIVERSITY
(An Agency of the Commonwealth of Massachusetts)
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

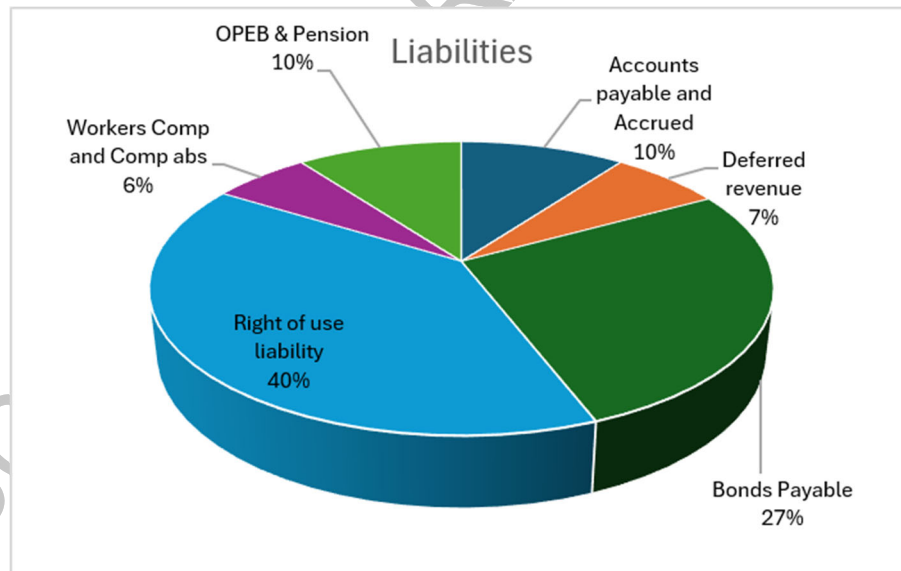
Overview of the Financial Statements (Continued)

Statement of Net Position (continued)

Analysis of changes in liabilities:

- Accounts payable increased by \$1.6 million. This was due to an increase in construction accounts payable for capital projects. This increase is due to an increase in construction activity in order to utilize the University's \$6 million capital allocation. This increase in payables will be funded through that appropriation.
- Deferred revenues are revenues that have been received to be applied to a future fiscal period. Examples would be student deposits for the fall semester, or grant monies which must be returned if not expended. The decrease in fiscal 2026 is related to capital appropriations received in fiscal 2025 and spent in fiscal 2026
- The decrease in bond payable of \$3.7 million is due to the University's annual debt service for bonds related to capital improvements to the campus
- The right of use liability is the counter entry to the right of use asset discussed in the asset section. Annual payments on these leases directly reduce this liability.

The graph below illustrates the composition of the University's liabilities as of June 30, 2026:



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Overview of the Financial Statements (Continued)

Statement of Revenue Expenses and Change in Net Position

The following Statements of Revenues, Expenses and Changes in Net Position (condensed, in thousands) presents information showing the University's results of operations for the fiscal years ended June 30, 2026 and 2025. 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).

	2026	2025
Operating revenues		
Tuition and fees (net)	35,658	36,843
Grants	10,729	11,725
Sales and services of educational department	1,699	1,624
Auxiliary	12,863	12,803
Right-of-use asset revenue		
Other operating revenue	657	807
Total operating revenues	61,606	63,802
Operating expenses		
Instruction	38,320	37,633
Research and public service	1,005	1,170
Academic support	13,938	13,702
Student services	19,176	18,613
Scholarships	2,461	3,524
Institutional support	8,954	10,615
Operations and maintenance	9,619	9,715
Depreciation	14,074	13,637
Amortization	5,222	5,170
Auxiliary	14,794	14,469
Total operating expenses	127,563	128,248
Net operating loss	(65,957)	(64,446)
Non Capital Subsidies		
State Appropriation	61,380	62,480
Operating loss and non-capital subsidies	(4,577)	(1,966)
Other non-operating revenue and expense		
Investment income	3,702	3,307
Interest expense and debt issuance costs	(3,588)	(3,906)
State capital appropriations	3,942	131
Capital gifts and grants		
Total non-operating revenues and expenses	4,056	(468)
Increase(decrease) in net position	(521)	(2,434)
Net position, beginning of year	141,484	143,918
Net position, end of year	140,963	141,484

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Overview of the Financial Statements (Continued)

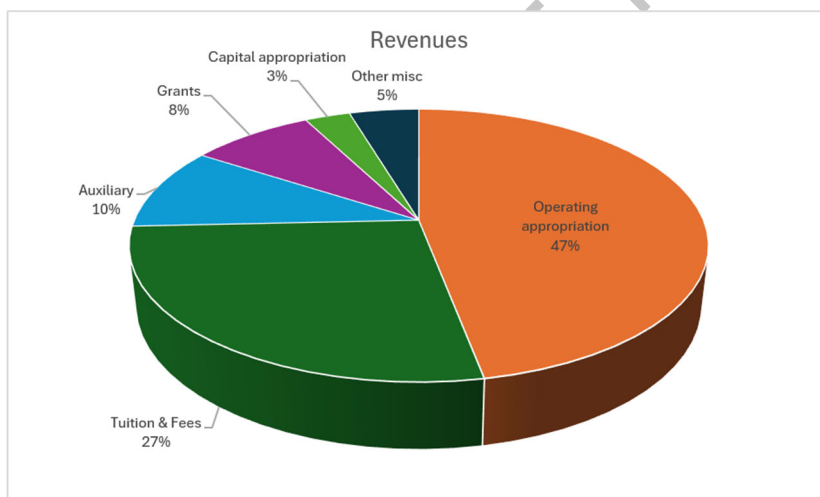
Statement of Revenues, Expenses and Changes in Net Position (continued)

Appropriations are a significant source of funding for the University's operations, however, due to the nature of public higher education accounting as it pertains to state appropriations, state appropriations are considered non-operating revenue. Therefore, the University will show a net operating loss before adding in the annual state appropriation.

Other non-operating revenues and expenses consist of revenues and costs that are not directly related to the University's primary operating activities, such as investment income, interest expense, and other miscellaneous non-operating items.

For the University, net operating loss and non-capital subsidies amounted to \$4,577. This loss was reduced to \$521 after adding in the annual state appropriation. Non-operating revenues and expenses added another \$4 million to the University's net position

The following pie chart illustrates the breakdown of the University's revenue sources.



Analysis of revenue:

The annual State appropriation is the largest funding source for the University, making up nearly 50% of its funding. Tuition and fees along with auxiliary (residence and dining fees) comprise 37%.

Although the Commonwealth's direct appropriation to the University was lower in FY 2026 than in the prior year, this decrease does not reflect a reduction in the University's overall state support. In fact, FSU's underlying appropriation allocation increased year over year. The apparent decrease in the reported appropriation is primarily attributable to the treatment of fringe benefit costs. In addition to the direct appropriation, the Commonwealth funds the fringe benefit costs associated with wages supported by the appropriation. This funding is provided at the state level and is recognized by the University through an annual accrual as an indirect appropriation. Because the amount of this indirect appropriation is significantly affected by the Commonwealth's fringe benefit rate, changes in that rate can materially affect the total appropriation recognized by the University from year to year. The fringe benefit rate decreased from 43.44% in FY 2025 to 35.60% in FY 2026, resulting in the following calculation and explaining the apparent decrease in total appropriation revenue.

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)

	<u>2026</u>	<u>2025</u>	<u>Change</u>
Direct State Approp	\$ 46,069,155	\$ 44,333,068	\$ 1,736,087
Fringe Benefits	15,893,601	18,582,212	(2,688,611)
Less Tuition Remitted	(582,405)	(434,956)	(147,449)
Net appropriation	<u>\$ 61,380,351</u>	<u>\$ 62,480,324</u>	<u>\$ (1,099,973)</u>

Thus, while the University's direct appropriation increased by approximately \$1.7 million, the amount accrued for the related fringe benefits decreased by approximately \$2.7 million due to the lower fringe benefit rate. It is important to note that the University records an offsetting fringe benefit expense of the same amount. Accordingly, the recognition of this indirect appropriation has no net impact on the University's annual surplus or deficit.

Tuition and fees are the second largest source of revenue for the University. In FY 26 tuition and fee revenue were down \$1 million from the previous year (3.2%). This was due to lower enrollments.

Auxiliary (residence halls and dining) is also driven by student enrollment. For FY 26 there was a slight increase in auxiliary revenue, reflecting an increase in occupancy.

In FY 26, grant revenue is down by \$1 million. The largest contributor of this is a \$690K decrease in Federal Pell grants.

Analysis of expenditures:

Despite inflationary pressures, the University was able to keep total FY 26 expenditures level with FY 25.

Although expenses are level with last year, there has been a shift in the categories of expenses. Most notably, there has been an increase in wages and benefits while all other operating expenses have decreased as indicated below.

	FY 26	FY 25	Change
Salaries & Fringe	72,136,855	72,067,848	69,007
Other Operating	55,425,982	56,181,017	(755,035)
	<u>127,562,837</u>	<u>128,248,865</u>	<u>(686,028)</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Overview of the Financial Statements (Continued)

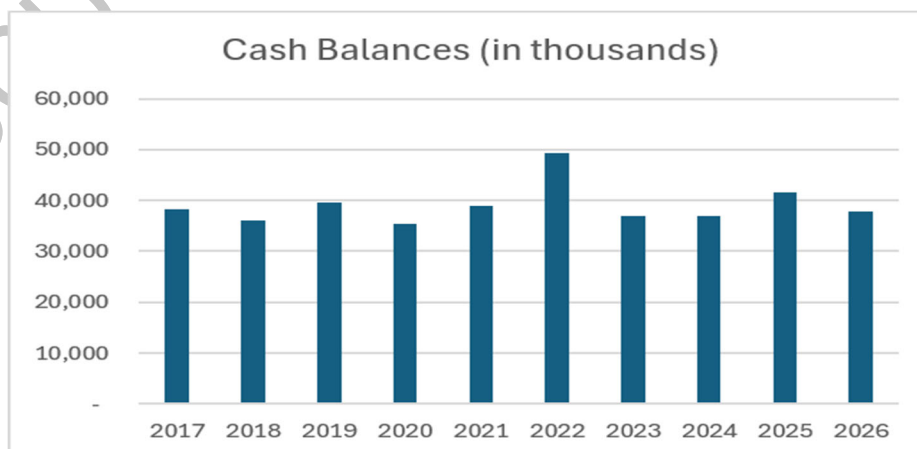
Statement of Cash Flows

The statement of cash flows provides pertinent information about the cash receipts and cash payments during a certain period. 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, 2026 and 2025:

	2026	2025
Cash received from operations	\$ 61,361	\$ 63,956
Cash expended for operations	(96,498)	(94,727)
Net cash used in operations	(35,137)	(30,771)
Net cash provided by noncapital financing activities	45,251	43,898
Net cash used in capital and related financing activities	(14,685)	(10,162)
Net cash provided by (used in) investing activities	110	1,706
Net increase (decrease) in cash and equivalents	(4,461)	4,671
Cash and equivalents, beginning of the year	41,511	36,840
Cash and equivalents, end of year	\$ 37,050	\$ 41,511

Although cash decreased by nearly \$4.5 million in FY 26, the ending cash balance is still within normal parameters for the University. The chart below shows the ending cash balances for the past 10 fiscal years.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Overview of the Financial Statements (Continued)

Capital Assets

Capital assets consist of land, land improvements, building and building improvements, construction in progress and equipment. Capital assets are recorded at their original acquisition costs and depreciated over time. Land is not depreciated, land improvements are depreciated over 20 years, building 40 years, building improvements 20 years, equipment 5 years. Construction in progress does not begin depreciation until the construction is completed and the asset is placed in service.

Capital assets at historical cost and accumulated depreciation thereon as of June 30, 2026 were:

	Total Cost	Depreciation	Net amount
Land	5,478	-	5,478
Land Improvements	19,942	14,696	5,246
Buildings	80,592	52,650	27,942
Building Improvements	228,303	116,161	112,142
Construction in progress	7,449	-	7,449
Equipment	34,357	23,328	11,029
Total	376,121	206,835	169,286

The University added \$5.4 million in capital assets in fiscal 2026. \$3.8 million of the funding came from State Capital appropriations and the remaining \$1.6 million was funded through the University's operating budget. All of these additional capital assets are related to building and infrastructure improvements that enhance and prolong the life of the campus.

Long-Term Debt

The University has long-term debt obligations issued for various capital projects. The debt was issued through the Massachusetts State College Building Authority (MSCBA). 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. The current MSCBA debt is being repaid by the University primarily through dedicated student fees (DSF)

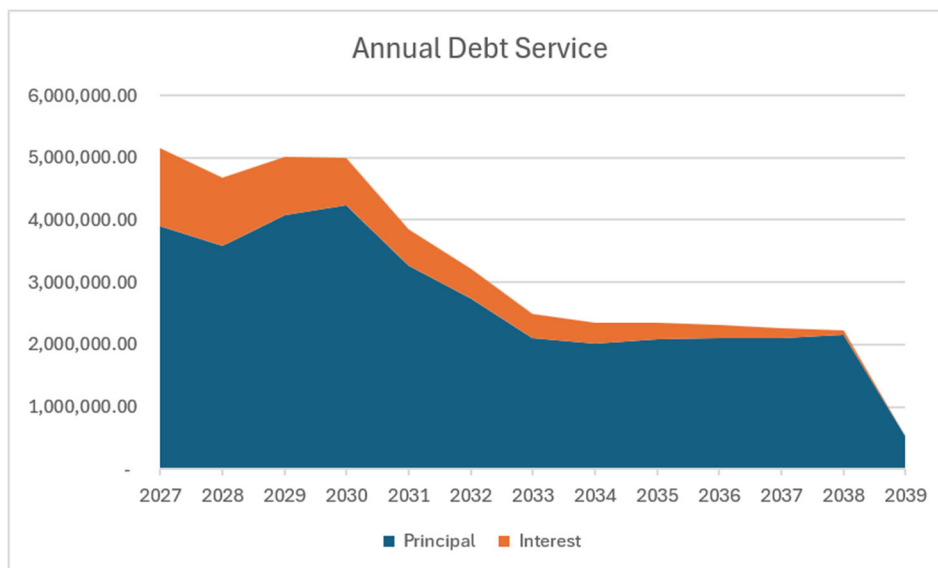
In addition to the MSCBA debt, the University also has a CEIP (clean Energy Incentive Program) loan through the Department of Capital Planning and Maintenance. These funds are made available to fund energy related projects.

The MSCBA debt (\$31 million) which makes up the bulk of the University's debt is comprised of a portfolio of bond issues with varying maturity dates. Thus, the schedule of payment for principal and interest can fluctuate whereas the CEIP debt (\$3.875 million) calls for a fixed principal payment over the life of the loan resulting in lower interest payments annually.

FITCHBURG STATE UNIVERSITY
 (An Agency of the Commonwealth of Massachusetts)
MANAGEMENT'S DISCUSSION AND ANALYSIS
 (Continued)

Overview of the Financial Statements (Continued)

Long-Term Debt (continued)



Under the current financing terms, debt service will remain at the same levels until FY 2030 after which it will drop sharply over the next three years before leveling out for the remainder of the term.

Summary

Despite operating losses in recent fiscal years, Fitchburg State University remains fiscally sound, supported by its overall financial position, continued Commonwealth support, and commitment to responsible financial management. University leadership continues to monitor financial performance, evaluate operating priorities, and implement strategies to promote long-term financial sustainability. While ongoing operating challenges require continued attention, the University remains focused on aligning resources with its educational mission and maintaining the financial stability necessary to serve its students and the broader community.

FINANCIAL STATEMENTS

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

STATEMENTS OF NET POSITION

JUNE 30, 2026 AND 2025

	Fitchburg State University		Component Unit Fitchburg State University Foundation, Inc.	
	2026	2025	2026	2025
ASSETS				
Current assets:				
Cash and equivalents	\$ 17,673,822	\$ 21,106,429	\$ 5,599,868	\$ 6,530,913
Restricted cash and cash equivalents	13,636,054	14,379,609	-	-
Accounts receivable, net	3,247,115	2,945,853	93,857	79,389
Contributions receivable, net	-	-	225,558	141,850
Due from affiliate	228,747	52,483	-	-
Other current assets	272,846	197,663	2,748	2,654
Total current assets	35,058,584	38,682,037	5,922,031	6,754,806
Non-current assets:				
Restricted cash and cash equivalents	5,739,987	6,024,474	-	-
Investments	25,710,016	22,203,221	16,379,581	12,940,014
Endowment investments	1,289,121	1,214,874	19,960,434	19,675,590
Contributions receivable, net	-	-	72,262	128,387
Loans receivable, net of current portion	40,977	55,066	-	-
Capital assets, net	169,285,823	177,807,534	6,468,751	6,672,819
Right-to-use asset - property, net	34,616,630	40,702,391	-	-
Right-to-use asset - SBITA, net	2,378,235	2,383,000	-	-
Other non-current assets	-	84,887	39,025	65,473
Total non-current assets	239,060,789	250,475,447	42,920,053	39,482,283
Total assets	274,119,373	289,157,484	48,842,084	46,237,089
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow for OPEB	701,824	546,718	-	-
Deferred outflow for pensions	883,119	1,216,238	-	-
Total deferred outflows of resources	1,584,943	1,762,956	-	-

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, 2026 AND 2025
(Continued)

	Fitchburg State University		Component Unit Fitchburg State University Foundation, Inc.	
	2026	2025	2026	2025
LIABILITIES				
Current liabilities:				
Interagency payables, current portion	\$ 3,821,909	\$ 3,732,422	\$ -	\$ -
Long-term debt, current portion	-	-	317,555	239,793
Lease obligations - property, current portion	3,341,941	3,309,293	-	-
Lease obligations - SBITA, current portion	884,185	875,572	-	-
Accounts payable and accrued liabilities	6,174,677	5,406,439	274,737	71,396
Accounts payable - construction	2,342,777	1,658,320	97,840	100,780
Accrued workers' compensation, current portion	119,889	196,007	-	-
Compensated absences, current portion	4,030,917	3,912,427	-	-
Faculty payroll accrual	4,604,305	4,423,830	-	-
Revenue received in advance	8,674,885	9,642,305	220,890	192,568
Deposits	188,850	186,900	-	-
Due to affiliate	-	-	161,656	52,483
Other current liabilities	16,930	16,149	34,130	39,482
Total current liabilities	34,201,265	33,359,664	1,106,808	696,502
Non-current liabilities:				
Interagency payables, net of current portion	31,083,692	34,905,602	-	-
Lease obligations - property, net of current portion	43,743,302	48,808,082	-	-
Lease obligations - SBITA, net of current portion	1,484,170	1,514,176	-	-
Accrued workers' compensation, net of current portion	1,116,527	943,836	-	-
Compensated absences, net of current portion	2,476,079	2,419,400	-	-
Long-term debt, net of current portion	-	-	3,044,876	3,360,163
Loan payable - federal financial assistance program	-	-	-	-
Net OPEB liability	4,401,578	6,981,634	-	-
Net pension liability	4,295,979	6,194,205	-	-
Total non-current liabilities	88,601,327	101,766,935	3,044,876	3,360,163
Total liabilities	122,802,592	135,126,599	4,151,684	4,056,665
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow for OPEB	7,518,710	8,493,153	-	-
Deferred inflow for pensions	2,394,381	3,479,287	-	-
Deferred inflow for debt refunding	2,025,328	2,336,960	-	-
Total deferred inflows of resources	11,938,419	14,309,400	-	-

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, 2026 AND 2025
(Continued)

	Fitchburg State University		Component Unit	
			Fitchburg State University Foundation, Inc.	
	2026	2025	2026	2025
NET POSITION				
Net investment in capital assets	\$ 120,891,416	\$ 124,974,803	\$ 3,106,320	\$ 3,072,863
Restricted for				
Non-expendable				
Scholarships and fellowships	623,795	589,366	11,936,461	11,651,617
Cultural programs	-	-	5,884,741	5,884,741
Centennial endowments	-	-	1,592,974	1,592,974
Other	-	-	546,258	546,258
Expendable				
Scholarships and fellowships	687,491	542,416	11,178,680	8,742,950
Cultural programs	-	-	5,571,624	5,571,624
Loans	75,096	104,973	-	-
Capital projects	245,854	241,678	-	-
Debt service	9,065,471	9,549,122	-	-
Other	267,059	193,043	2,180,539	2,180,539
Unrestricted (deficit)	9,107,123	5,289,040	2,692,803	2,936,858
Total net position	<u>\$ 140,963,305</u>	<u>\$ 141,484,441</u>	<u>\$ 44,690,400</u>	<u>\$ 42,180,424</u>

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, 2026 AND 2025

	Fitchburg State University		Component Unit Fitchburg State University Foundation, Inc.	
	2026	2025	2026	2025
REVENUES				
Operating revenues:				
Student tuition and fees	\$ 39,480,144	\$ 40,291,968	\$ -	\$ -
Student fees restricted for repayment of interagency payables	4,051,103	4,328,762	-	-
Less: Scholarship allowance	(7,873,704)	(7,777,548)	-	-
Net student tuition and fees	35,657,543	36,843,182	-	-
Federal grants and contracts	8,182,910	8,937,645	-	-
State and local grants and contracts	1,776,850	2,033,486	448,704	702,987
Nongovernmental grants and contracts	769,120	754,329	-	-
Sales and services of educational departments	1,699,117	1,623,885	736,734	614,127
Gifts and contributions	-	-	1,236,584	1,302,857
Auxiliary enterprises				
Residential life	9,310,013	9,152,828	-	-
Dining hall	3,516,433	3,630,584	-	-
Alcohol awareness and other programs	36,900	19,400	-	-
Other operating revenues	656,831	806,775	-	-
Total operating revenues	61,605,717	63,802,114	2,422,022	2,619,971
EXPENSES				
Operating expenses:				
Educational and general				
Instruction	38,320,424	37,633,587	-	43,679
Research	126,430	83,936	-	84,911
Public service	878,959	1,086,006	-	79,621
Academic support	13,938,261	13,702,671	257,349	169,036
Student services	19,175,891	18,613,297	776,707	137,505
Institutional support	8,954,118	10,614,736	825,822	936,980
Operation and maintenance of plant	9,618,578	9,715,197	268,820	265,980
Depreciation	14,074,472	13,637,508	204,068	216,236
Amortization	5,221,866	5,169,882	-	-
Scholarship and awards	2,461,042	3,523,489	797,172	692,131
Auxiliary enterprises				
Residential life	11,294,207	10,886,299	-	-
Dining hall	3,476,639	3,555,208	-	-
Alcohol awareness and other programs	21,950	27,049	-	-
Total operating expenses	127,562,837	128,248,865	3,129,938	2,626,079
Operating income (loss)	(65,957,120)	(64,446,751)	(707,916)	(6,108)
NONCAPITAL SUBSIDIES				
State appropriations	61,380,351	62,480,324	-	-
Operating income (loss) and noncapital subsidies	(4,576,769)	(1,966,427)	(707,916)	(6,108)

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, 2026 AND 2025

(Continued)

	Fitchburg State University		Component Unit Fitchburg State University Foundation, Inc.	
	2026	2025	2026	2025
OTHER NONOPERATING REVENUES (EXPENSES)				
Investment income, net of investment expense	2,952,280	2,459,638	543,350	556,492
Investment income on restricted assets, net of investment expense	750,068	847,317	2,552,015	2,696,060
Interest expense on interagency payables and capital asset related debt	(3,588,557)	(3,906,607)	(162,317)	(170,752)
Capital appropriations	3,941,842	131,659	-	-
Private gifts for endowment purposes	-	-	284,844	728,849
Net other nonoperating revenues (expenses)	4,055,633	(467,993)	3,217,892	3,810,649
Change in net position	(521,136)	(2,434,420)	2,509,976	3,804,541
NET POSITION				
Beginning of year	141,484,441	143,918,861	42,180,424	38,375,883
End of year	<u>\$ 140,963,305</u>	<u>\$ 141,484,441</u>	<u>\$ 44,690,400</u>	<u>\$ 42,180,424</u>

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, 2026 AND 2025

	2026	2025
Cash flows from operating activities:		
Tuition and fees	\$ 35,356,028	\$ 36,654,071
Research grants and contracts	11,012,346	11,843,899
Payments to suppliers	(26,529,584)	(25,068,328)
Payments to utilities	(7,278,308)	(6,983,531)
Payments to employees	(57,987,229)	(56,549,264)
Payments for benefits	(2,022,046)	(2,561,421)
Payments for scholarships	(2,680,264)	(3,561,986)
Loans issued to students	(630)	(2,522)
Collection of loans to students	14,720	19,530
Auxiliary enterprise receipts	-	-
Residential life	9,204,916	9,174,611
Dining hall	3,479,360	3,629,883
Alcohol awareness program	36,900	19,400
Receipts from sales and services of educational departments	1,637,175	1,869,679
Other receipts	619,195	745,429
Net cash used in operating activities	<u>(35,137,421)</u>	<u>(30,770,550)</u>
Cash flows from noncapital financing activities:		
State appropriations	45,834,231	44,333,068
Tuition remitted to state	(582,405)	(434,956)
Net cash provided by noncapital financing activities	<u>45,251,826</u>	<u>43,898,112</u>
Cash flows from capital and related financing activities:		
State capital appropriations	2,901,034	3,661,799
Loan programs net funds receivable	-	2,916
Capital grants and gifts activity (DCAM and other)	-	-
Federal loan funds received	-	15,299
Payments for capital assets	(4,868,304)	(1,533,482)
Principal paid on capital debt and leases	(8,785,948)	(8,402,023)
Interest paid on capital debt	(3,931,876)	(3,906,607)
Net cash used in capital and related financing activities	<u>(14,685,094)</u>	<u>(10,162,098)</u>
Cash flows from investing activities:		
Purchases of investments	(6,141,097)	(4,373,131)
Proceeds from sale of investments	4,873,994	4,477,680
Earnings on investments	1,377,143	1,600,596
Net cash provided by investing activities	<u>110,040</u>	<u>1,705,145</u>
Net change in cash, cash equivalents, and restricted cash	(4,460,649)	4,670,609
Cash, cash equivalents and restricted cash, beginning of year	41,510,512	36,839,903
Cash, cash equivalents and restricted cash, end of year	<u>\$ 37,049,863</u>	<u>\$ 41,510,512</u>

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, 2026 AND 2025
(Continued)

	2026	2025
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (65,957,120)	\$ (64,446,751)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Bad debt expense (recovery)	114,286	368,523
Depreciation and amortization	19,296,338	18,807,390
Right-of-use asset revenue applied to bonds	-	(67)
Fringe benefits paid by the Commonwealth of Massachusetts	13,503,805	18,582,212
Change in net pension liability	(2,650,013)	(1,356,052)
Change in net OPEB liability	(3,709,605)	(3,691,444)
Changes in assets and liabilities		
Receivables	(415,548)	(291,534)
Other current and noncurrent assets	9,704	28,051
Accounts payable and accrued liabilities	1,452,695	1,143,677
Accrued workers' compensation	96,573	(15,639)
Compensated absences	3,891,589	(42,224)
Accrued faculty payroll	180,475	(277,372)
Revenue received in advance	(967,420)	490,454
Other current liabilities	781	(81,832)
Deposits	1,950	(4,950)
Loans to students	14,089	17,008
Net cash used in operating activities	<u>\$ (35,137,421)</u>	<u>\$ (30,770,550)</u>

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, 2026 AND 2025
(Continued)

	2026	2025
Schedule of noncash and financing activities:		
Acquisition of capital assets	\$ 5,552,761	\$ 2,675,362
Accounts payable thereon		
Beginning of year	1,658,320	516,440
End of year	<u>(2,342,777)</u>	<u>(1,658,320)</u>
Payments for capital assets	<u>\$ 4,868,304</u>	<u>\$ 1,533,482</u>
Unrealized gain on investments	<u>\$ 1,852,167</u>	<u>\$ 1,400,900</u>
Fringe benefits paid by the Commonwealth of Massachusetts	<u>\$ 13,503,805</u>	<u>\$ 18,582,212</u>
Reconciliation of cash, cash equivalents and restricted cash balances:		
Current assets		
Cash and cash equivalents	\$ 17,673,822	\$ 21,106,429
Restricted cash and cash equivalents	13,636,054	14,379,609
Noncurrent assets		
Restricted cash and cash equivalents	<u>5,739,987</u>	<u>6,024,474</u>
	<u>\$ 37,049,863</u>	<u>\$ 41,510,512</u>

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.

Component Unit

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: Alumni Association, 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, 2026, 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 2026, the Foundation distributed scholarships and awards in the amount of \$630,838 directly to students and faculty of the University, and incurred an additional \$1,130,174 in support of its mission in other ways. Complete financial statements for FSU Foundation can be obtained from the Office of Financial Services, Fitchburg State University, 160 Pearl Street, Fitchburg, MA 01420.

During fiscal 2025, the Foundation distributed scholarships and awards in the amount of \$692,131 directly to students and faculty of the University and incurred an additional \$1,862,816 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 assets - Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt are also included in this component of net position.

Restricted

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

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

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

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.

Subsequent events

The University has evaluated the financial statement impact of subsequent events occurring through _____, 2026, the date that the financial statements were available to be issued.

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, 2026 and 2025, the University had \$687,490 and \$542,416, respectively, in endowment income available for authorization for expenditure, which is included in restricted - expendable net position for scholarships and fellowships.

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)

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.

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 University's investment income is presented net of investment expense in the statements of revenues, expenses and changes in net position. The University's investment expense amounted to \$128,096 and \$113,067 for the years ended June 30, 2026 and 2025, 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.

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.

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.

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 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.

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, 2026 and 2025 were \$6,603,580 and \$6,680,820, respectively, and are included in the Residential Life and Dining Hall 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.

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.

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, 2026 and 2025.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bond premiums

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

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.

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.

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.

New government accounting pronouncements

GASB Statement No. 105, Subsequent Events is effective for reporting periods beginning after June 15, 2026. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. Management has not completed its review of the requirements of this Standard and its applicability.

Reclassifications

Certain reclassifications have been made to the 2025 financial statements to conform to the 2026 presentation.

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

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - CASH AND CASH EQUIVALENTS, AND INVESTMENTS

Cash and cash equivalents - unrestricted and restricted - include the following at June 30, 2026 and 2025:

	2026		
	Current unrestricted	Current restricted	Noncurrent restricted
Cash, Money Market, Massachusetts			
Municipal depository trust accounts	\$ 12,317,836	\$ 13,636,054	\$ (146,207)
Cash equivalents held by MSCBA*	-	-	977,436
Massachusetts State Treasurer**	5,355,241	-	4,908,758
Petty cash	741	-	-
	<u>\$ 17,673,822</u>	<u>\$ 13,636,054</u>	<u>\$ 5,739,987</u>
	2025		
	Current unrestricted	Current restricted	Noncurrent restricted
Cash, Money Market, Massachusetts			
Municipal depository trust accounts	\$ 14,341,089	\$ 14,379,609	\$ (32,082)
Cash equivalents held by MSCBA*	-	-	973,260
Massachusetts State Treasurer**	6,764,599	-	5,083,296
Petty cash	741	-	-
	<u>\$ 21,106,429</u>	<u>\$ 14,379,609</u>	<u>\$ 6,024,474</u>

* 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 \$10,263,999 and \$11,847,895 at June 30, 2026 and 2025, respectively, for University funds.

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.

FITCHBURG STATE UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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, 2026 and 2025, the University had uninsured cash balances totaling \$992,407 and \$1,058,659, 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.

The following University investments at June 30, 2026 and 2025 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:

	2026	2025
U.S. Treasury notes and government securities	\$ 2,307,738	\$ 2,115,126
Corporate debt securities	2,326,600	1,904,598
Equity securities	14,221,000	11,134,497
Mutual funds	7,940,723	8,263,874
Total	26,796,061	23,418,095
Less: insured amounts	25,803,654	22,359,435
Amount subject to custodial credit risk	<u>\$ 992,407</u>	<u>\$ 1,058,660</u>

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.

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NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Investment composition

The University's investments in marketable securities are represented by the following at June 30, 2026 and 2025:

	2026		2025	
	Carrying Value	Fair Value	Carrying Value	Fair Value
U.S. Treasury notes and government securities	\$ 2,357,798	\$ 2,307,738	\$ 2,160,008	\$ 2,115,126
Corporate debt securities	5,141,321	2,326,600	1,953,899	1,904,598
Equity securities	6,019,862	14,424,077	7,604,633	11,134,497
Mutual funds	8,155,896	7,940,722	8,227,463	8,263,874
	<u>\$ 21,674,877</u>	<u>\$ 26,999,137</u>	<u>\$ 19,946,003</u>	<u>\$ 23,418,095</u>

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

	2026	2025
Investments	\$ 25,710,016	\$ 22,203,221
Endowment investments	1,289,121	1,214,874
	<u>\$ 26,999,137</u>	<u>\$ 23,418,095</u>

At June 30, 2026, 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:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>		
		<u>Less Than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>
U.S. Treasury notes and government securities	\$ 2,307,738	\$ 320,947	\$ 1,130,286	\$ 856,505
Corporate debt securities	2,326,600	234,648	1,042,276	1,049,676
Total	<u>\$ 4,634,338</u>	<u>\$ 555,595</u>	<u>\$ 2,172,562</u>	<u>\$ 1,906,181</u>

At June 30, 2025, 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:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>		
		<u>Less Than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>
U.S. Treasury notes and government securities	\$ 2,115,126	\$ 172,250	\$ 1,247,502	\$ 695,374
Corporate debt securities	1,904,598	248,849	1,176,573	479,176
Total	<u>\$ 4,019,724</u>	<u>\$ 421,099</u>	<u>\$ 2,424,075</u>	<u>\$ 1,174,550</u>

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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, 2026 and 2025:

	2026	2025
Cash and other demand deposits	\$ 4,595,482	\$ 4,800,611
Money market fund	1,004,386	1,730,302
	<u>\$ 5,599,868</u>	<u>\$ 6,530,913</u>

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

	2026		2025	
	Cost	Fair Value	Cost	Fair Value
Equities	\$ 9,407,604	\$ 17,659,809	\$ 10,397,127	\$ 18,465,650
Preferred stock	6,416	6,440	6,416	6,452
Mutual funds	7,965,803	9,346,719	5,391,629	6,230,952
Corporate bonds	5,404,341	5,388,534	4,514,752	4,492,093
U.S. government securities	3,991,841	3,938,513	3,453,033	3,420,457
	<u>\$ 26,776,005</u>	<u>\$ 36,340,015</u>	<u>\$ 23,762,957</u>	<u>\$ 32,615,604</u>

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. The FSU Foundation follows similar guidance in accordance with Financial Accounting Standards Board Accounting Standards Codification 820-10, which also prioritizes the inputs to valuation techniques used to measure fair value of investment assets into three levels.

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, 2026:

	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	\$ 2,307,738	\$ -	\$ 2,307,738	\$ -
Corporate debt securities	2,326,600	-	2,326,600	-
Equity securities	14,424,077	14,424,077	-	-
Mutual funds	7,940,722	7,940,722	-	-
	<u>\$ 26,999,137</u>	<u>\$ 22,364,799</u>	<u>\$ 4,634,338</u>	<u>\$ -</u>

FITCHBURG STATE UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Investment fair value (continued)

The University's investments' fair value measurements are as follows at June 30, 2025:

	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	\$ 2,115,126	\$ -	\$ 2,115,126	\$ -
Corporate debt securities	1,904,598	-	1,904,598	-
Equity securities	11,134,497	11,134,497	-	-
Mutual funds	8,263,874	8,263,874	-	-
	<u>\$ 23,418,095</u>	<u>\$ 19,398,371</u>	<u>\$ 4,019,724</u>	<u>\$ -</u>

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.

3 - ACCOUNTS AND CONTRIBUTIONS RECEIVABLE

The University's accounts receivable include the following at June 30, 2026 and 2025:

	2026	2025
Student accounts receivable	\$ 3,288,645	\$ 2,940,016
Parking and other fines receivable	116,523	106,098
Grants receivable	304,137	318,270
	3,709,305	3,364,384
Less allowance for doubtful accounts	(462,190)	(418,531)
	<u>\$ 3,247,115</u>	<u>\$ 2,945,853</u>

FSU Foundation's contributions receivable consists of the following at June 30, 2026 and 2025:

	2026	2025
Receivable in less than one year	\$ 225,558	\$ 141,850
Receivable in one to five years	83,875	140,000
	309,433	281,850
Discount on pledges	(11,613)	(11,613)
	<u>\$ 297,820</u>	<u>\$ 270,237</u>

Contributions which are to be received in more than one year are reflected net of a discount of 3.79% determined at the time of contribution.

FITCHBURG STATE UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS
(Continued)

4 - LOANS RECEIVABLE

Loans receivable include the following at June 30, 2026 and 2025:

	2026	2025
Nursing loans receivable	\$ 40,917	\$ 54,896
Emergency student loans receivable	60	170
	<u>\$ 40,977</u>	<u>\$ 55,066</u>

5 - CAPITAL ASSETS

Capital assets activity of the University for the year ended June 30, 2026 is as follows:

	Totals June 30, 2025	Additions	Reclassifications* and Reductions	Totals June 30, 2026
Capital Assets				
<u>Non-depreciable capital assets</u>				
Land	\$ 5,478,125	\$ -	\$ -	\$ 5,478,125
Construction in progress	4,471,671	3,406,790	(429,886)	7,448,575
Total non-depreciable assets	9,949,796	3,406,790	(429,886)	12,926,700
<u>Depreciable capital assets</u>				
Land improvements	19,942,365	-	-	19,942,365
Buildings	80,591,909	-	-	80,591,909
Building improvements	225,727,492	2,575,856	-	228,303,348
Leased buildings	64,264,118	-	(1,722,839)	62,541,279
Subscription based IT	5,921,836	854,178	-	6,776,014
Equipment	33,567,235	-	-	33,567,235
Furniture	597,676	-	-	597,676
Library materials	192,122	-	-	192,122
Total depreciable assets	430,804,753	3,430,034	(1,722,839)	432,511,948
Total capital assets	440,754,549	6,836,825	(2,152,725)	445,438,648
<u>Less accumulated depreciation</u>				
Land improvements	13,629,604	1,066,759	-	14,696,363
Buildings	51,496,644	1,153,759	-	52,650,403
Building improvements	105,199,412	10,961,418	-	116,160,830
Leased buildings	23,561,727	4,362,922	-	27,924,649
Subscription based IT	3,538,836	858,943	-	4,397,779
Equipment	21,837,725	892,535	-	22,730,260
Furniture	597,676	-	-	597,676
Library materials	-	-	-	-
Total accumulated depreciation	219,861,624	19,296,336	-	239,157,960
	<u>\$ 220,892,925</u>	<u>\$ (12,459,511)</u>	<u>\$ (2,152,725)</u>	<u>\$ 206,280,688</u>

FITCHBURG STATE UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS
(Continued)

5 - CAPITAL ASSETS (Continued)

The University enters into various contract commitments with contractors, from time to time, for improvements to its facilities. Remaining contract commitments totaled \$4,196,826 and \$1,550,164 at June 30, 2026 and 2025, respectively.

Capital assets activity of the University for the year ended June 30, 2025 is as follows:

	Totals June 30, 2024	Additions	Reclassifications* and Reductions	Totals June 30, 2025
Capital Assets				
<u>Non-depreciable capital assets</u>				
Land	\$ 5,478,125	\$ -	\$ -	\$ 5,478,125
Construction in progress	9,374,804	2,291,722	(7,194,855)	4,471,671
Total non-depreciable assets	14,852,929	2,291,722	(7,194,855)	9,949,796
<u>Depreciable capital assets</u>				
Land improvements	19,942,365	-	-	19,942,365
Buildings	80,591,909	-	-	80,591,909
Building improvements	219,271,206	6,456,286	-	225,727,492
Leased buildings	64,264,118	-	-	64,264,118
Subscription based IT	4,489,805	1,701,866	(269,835)	5,921,836
Equipment	32,494,957	1,072,278	-	33,567,235
Furniture	597,676	-	-	597,676
Library materials	193,201	49,931	(51,010)	192,122
Total depreciable assets	421,845,237	9,280,361	(320,845)	430,804,753
Total capital assets	436,698,166	11,572,083	(7,515,700)	440,754,549
<u>Less accumulated depreciation</u>				
Land improvements	12,562,081	1,067,523	-	13,629,604
Buildings	50,342,884	1,153,760	-	51,496,644
Building improvements	94,705,955	10,493,457	-	105,199,412
Leased buildings	19,297,853	4,263,874	-	23,561,727
Subscription based IT	2,632,828	906,008	-	3,538,836
Equipment	20,965,967	871,758	-	21,837,725
Furniture	597,676	-	-	597,676
Library materials	-	51,010	(51,010)	-
Total accumulated depreciation	201,105,244	18,807,390	(51,010)	219,861,624
	\$ 235,592,922	\$ (7,235,307)	\$ (7,464,690)	\$ 220,892,925

* 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, 2026 and 2025.

FITCHBURG STATE UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS
(Continued)

6 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following at June 30, 2026 and 2025:

	2026	2025
Accounts payable - trade	\$ 1,379,565	\$ 2,615,851
Salaries and fringe benefit payable	4,398,523	2,257,143
Accrued interest payable	290,495	279,022
Other	106,094	254,423
	<u>\$ 6,174,677</u>	<u>\$ 5,406,439</u>

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, 2026 and 2025. Based upon the Commonwealth's analyses, \$1,236,416 and \$1,139,843 of accrued workers' compensation has been recorded as a liability at June 30, 2026 and 2025, respectively.

8 - ACCRUED COMPENSATED ABSENCES

Accrued compensated absences are comprised of the following at June 30, 2026 and 2025:

	2026	2025
Vacation time payable	\$ 3,263,274	\$ 3,155,042
Sick time payable	3,243,722	3,176,785
Total	<u>\$ 6,506,996</u>	<u>\$ 6,331,827</u>
	2026	2025
Amount representing obligations due to employees funded through sources other than state appropriations	\$ 88,095	\$ 420,976
Amount representing obligations due to employees compensated through state appropriations	6,483,776	5,910,851
Total	<u>\$ 6,571,871</u>	<u>\$ 6,331,827</u>

9 - FACULTY PAYROLL ACCRUAL

The contract for full-time faculty begins on September 1 and ends on May 31, of any given academic year. The Commonwealth and Fitchburg State University pay all faculty over the 12-month period from September through August. Consequently, on June 30 of each year there is a balance due on each faculty contract which is to be paid from the subsequent year's State appropriation. The total amount due at June 30, 2026 and 2025 of \$4,604,305 and \$4,423,830, respectively, is paid from the University's fiscal 2027 and 2026 State appropriations.

FITCHBURG STATE UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 2026 and 2025:

	2026	2025
Tuition, fees and professional development	\$ 2,134,814	\$ 2,034,700
Capital projects	3,566,971	4,416,183
Grants	2,973,100	2,888,561
Other	-	302,861
	<u>\$ 8,674,885</u>	<u>\$ 9,642,305</u>

11 - DEFERRED INFLOWS OF RESOURCES FROM SERVICE CONCESSION ARRANGEMENT

The University received deferred inflows of resources from service concession arrangements via 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 and had 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.

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 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. This deferred inflow of resources was fully amortized during the year ended June 30, 2024. Accordingly, no amortization has been recognized during the years ended June 30, 2026 or 2025.

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NOTES TO FINANCIAL STATEMENTS
(Continued)

12 - INTERAGENCY PAYABLES

The University, in association with the Massachusetts State College Building Authority ("MSCBA") 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, 2026:

	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	\$ 1,071,035	\$ 39,735	\$ 1,110,770
MSCBA Series 2006A	3/8/2006	2,060,000	3.50-5.00	5/1/2031	2.87	373,946	43,350	417,296
MSCBA Series 2010B	12/17/2010	11,078,908	4.89-6.54	5/1/2030	3.98	5,430,934	4,711	5,435,645
MSCBA Series 2012A	1/4/2012	7,043,416	3.00-5.00	5/1/2035	2.00	2,224,884	58,558	2,283,442
MSCBA Series 2012C	12/20/2012	13,864,033	2.00-5.00	5/1/2034	0.97	4,984,212	501,004	5,485,216
MSCBA Series 2014A	1/7/2014	12,235,614	5.00	5/1/2038	1.74	5,988,171	64,613	6,052,784
MSCBA Series 2014C	12/17/2014	10,669,502	3.00-5.00	5/1/2035	3.35	4,572,700	216,337	4,789,037
DCAMM CEIP Funds	11/7/2016	5,420,360	3.00	1/1/2039	3.15	3,874,669	-	3,874,669
MSCBA Series 2017A	1/25/2017	4,166,418	3.00-5.00	6/30/2037	3.21	2,955,398	83,846	3,039,244
MSCBA Series 2019A	1/23/2019	2,623,145	3.00-5.00	6/30/2039	3.68	2,321,520	95,978	2,417,498
		<u>\$ 74,271,396</u>				<u>\$ 33,797,469</u>	<u>\$ 1,108,132</u>	<u>\$ 34,905,601</u>

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NOTES TO FINANCIAL STATEMENTS
(Continued)

12 - INTERAGENCY PAYABLES (Continued)

The following table summarizes the University's Interagency payables as of June 30, 2025:

	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	\$ 1,172,385	\$ 53,783	\$ 1,226,168
MSCBA Series 2006A	3/8/2006	2,060,000	3.50-5.00	5/1/2031	2.87	469,737	49,130	518,867
MSCBA Series 2010B	12/17/2010	11,078,908	4.89-6.54	5/1/2030	3.98	6,418,709	14,134	6,432,843
MSCBA Series 2012A	1/4/2012	7,043,416	3.00-5.00	5/1/2035	2.00	2,397,127	64,324	2,461,451
MSCBA Series 2012C	12/20/2012	13,864,033	2.00-5.00	5/1/2034	0.97	5,626,738	584,820	6,211,558
MSCBA Series 2014A	1/7/2014	12,235,614	5.00	5/1/2038	1.74	6,636,624	87,250	6,723,874
MSCBA Series 2014C	12/17/2014	10,669,502	3.00-5.00	5/1/2035	3.35	4,843,967	247,652	5,091,619
DCAMM CEIP Funds	11/7/2016	5,420,360	3.00	1/1/2039	3.15	4,115,536	-	4,115,536
MSCBA Series 2017A	1/25/2017	4,166,418	3.00-5.00	6/30/2037	3.21	3,167,748	100,576	3,268,324
MSCBA Series 2019A	1/23/2019	2,623,145	3.00-5.00	6/30/2039	3.68	2,477,221	110,563	2,587,784
		<u>\$ 74,271,396</u>				<u>\$ 37,325,792</u>	<u>\$ 1,312,232</u>	<u>\$ 38,638,024</u>

FITCHBURG STATE UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS
(Continued)

12 - INTERAGENCY PAYABLES (Continued)

MSCBA Series 2005A bond issuance

During March 2005, the University signed a financing agreement to receive \$5,110,000 from an 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 an 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, 2026 and 2025, MSCBA held debt service reserve funds in the amount of \$33,617, which are included in the accompanying statements of net position as noncurrent restricted cash and cash equivalents.

MSCBA Series 2010B bond issuance

During December 2010, the University signed a financing agreement to receive \$11,078,908 from an 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.

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NOTES TO FINANCIAL STATEMENTS
(Continued)

12 - INTERAGENCY PAYABLES (Continued)

MSCBA Series 2010B bond issuance (continued)

As of June 30, 2026 and 2025, MSCBA held debt service reserve funds in the amount of \$213,711, which are included in the accompanying statements of net position as noncurrent restricted cash and cash equivalents. There were no debt service reserve funds used to defray expense in 2026. During 2025, \$294,189 of the debt service reserve funds was used to defray expense.

MSCBA Series 2012A bond issuance

During January 2012, the University signed a financing agreement to receive \$7,043,416 from an 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 an 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.

MSCBA Series 2014A bond issuance

During January 2014, the University signed a financing agreement to receive \$12,235,614 from an 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.

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NOTES TO FINANCIAL STATEMENTS
(Continued)

12 - INTERAGENCY PAYABLES (Continued)

MSCBA Series 2014A bond issuance (continued)

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 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 of 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, 2026 and 2025, MSCBA held debt service reserve funds in the amount of \$311,370, which are included in the accompanying statements of net position as noncurrent restricted cash and cash equivalents. There were no debt service reserve funds used to defray expense in 2026. During 2025, \$27,403 of the debt service reserve funds was used to defray expense.

MSCBA Series 2014C bond issuance

During December 2014, the University signed a financing agreement to receive \$10,669,502 from an 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, 2026 and 2025, MSCBA held debt service reserve funds in the amount of \$168,550, which are included in the accompanying statements of net position as noncurrent restricted cash and cash equivalents. There were no debt service reserve funds used to defray expense in 2026. During 2024, \$43,465 of the debt service reserve funds was used to defray expense.

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.

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NOTES TO FINANCIAL STATEMENTS
(Continued)

12 - INTERAGENCY PAYABLES (Continued)

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, 2026 and 2025, MSCBA held debt service reserve funds in the amount of \$76,750, which are included in the accompanying statements of net position 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 an 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.

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, 2026 and 2025, there were net deferred gains of \$1,644,733 and \$1,919,788, respectively, related to this refunding which is included in deferred inflows of resources on the accompanying statements of net position.

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NOTES TO FINANCIAL STATEMENTS
(Continued)

12 - INTERAGENCY PAYABLES (Continued)

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 1, 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, 2026 and 2025, respectively, there were net deferred gains of \$390,595 and \$417,172 related to this refunding 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
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	4,092,505	143,523	4,236,028	765,063	5,001,091
2031	3,130,838	136,414	3,267,252	580,478	3,847,730
2032-2036	10,742,450	292,345	11,034,795	1,692,275	12,727,070
2037-2040	4,785,286	13,494	4,798,780	244,751	5,043,531
	<u>\$ 33,797,468</u>	<u>\$ 1,108,133</u>	<u>\$ 34,905,601</u>	<u>\$ 6,573,461</u>	<u>\$ 41,479,062</u>

13 - LEASES AND SUBSCRIPTION BASED IT ARRANGEMENTS

University's leases as lessee

The University has entered a series of lease agreements with the MSCBA for the use of student dormitories, parking, lecture halls and student center.

At June 30, 2026, the total costs of the University's right to use assets were \$62,541,280 less accumulated amortization of \$27,924,650. At June 30, 2025, the total costs of the University's right to use assets were \$64,264,118, less accumulated amortization of \$23,561,727.

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

	Principal	Interest
Year ending June 30:		
2027	\$ 3,173,981	\$ 2,489,608
2028	3,588,195	2,745,133
2029	4,373,296	1,346,783
2030	4,565,728	1,157,525
2031	4,872,331	953,005
2032 - 2036	20,120,558	2,779,640
2037 - 2040	6,391,154	310,658
	<u>\$ 47,085,243</u>	<u>\$ 11,782,352</u>

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NOTES TO FINANCIAL STATEMENTS
(Continued)

13 - LEASES AND SUBSCRIPTION BASED IT ARRANGEMENTS (Continued)

University Subscription Based IT Arrangements

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

	Principal	Interest
Year ending June 30:		
2027	\$ 884,185	\$ 88,111
2028	621,829	67,341
2029	324,722	47,640
2030	275,921	52,788
2031	133,534	30,420
2032	128,164	35,790
	<u>\$ 2,368,355</u>	<u>\$ 322,090</u>

14 - LONG-TERM LIABILITIES

Long-term liability activity of the University included the following at June 30, 2026:

	Totals June 30, 2025	Additions	Reductions	Totals June 30, 2026 Ending Balance	Current Balance
Interagency payables	\$ 38,638,024	\$ -	\$ 3,732,423	\$ 34,905,601	\$ 3,821,909
Total	<u>38,638,024</u>	<u>-</u>	<u>3,732,423</u>	<u>34,905,601</u>	<u>3,821,909</u>
Other liabilities					
Leases	52,117,375	-	5,032,132	47,085,243	3,341,941
SBITA	2,389,748	854,179	875,572	2,368,355	884,185
Worker's compensation	1,139,843	96,573	-	1,236,416	119,889
Compensated absences	6,331,827	175,169	-	6,506,996	4,030,917
Net OPEB liability	6,981,634	-	2,580,056	4,401,578	-
Net pension liability	6,194,205	-	1,898,226	4,295,979	-
Total other liabilities	<u>75,154,632</u>	<u>1,125,921</u>	<u>10,385,986</u>	<u>65,894,567</u>	<u>8,376,932</u>
Long-Term Obligations	<u>\$ 113,792,656</u>	<u>\$ 1,125,921</u>	<u>\$ 14,118,409</u>	<u>\$ 100,800,168</u>	<u>\$ 12,198,841</u>

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NOTES TO FINANCIAL STATEMENTS
(Continued)

14 - LONG-TERM LIABILITIES (Continued)

Long-term liability activity of the University included the following at June 30, 2025:

	Totals June 30, 2024	Additions	Reductions	Totals June 30, 2025	
				Ending Balance	Current Balance
Interagency payables	\$ 42,746,631	\$ -	\$ 4,108,607	\$ 38,638,024	\$ 3,732,422
Total	42,746,631	-	4,108,607	38,638,024	3,732,422
Other liabilities					
Leases	55,274,723	-	3,157,348	52,117,375	3,309,293
SBITA	1,815,010	1,432,031	857,293	2,389,748	875,572
Worker's compensation	1,155,482	174,666	190,305	1,139,843	196,007
Compensated absences	6,374,051	3,858,695	3,900,919	6,331,827	3,912,427
Net OPEB liability	7,346,167	-	364,533	6,981,634	-
Net pension liability	6,907,003	-	712,798	6,194,205	-
Total other liabilities	78,872,436	5,465,392	9,183,196	75,154,632	8,293,299
Long-Term Obligations	\$ 121,619,067	\$ 5,465,392	\$ 13,291,803	\$ 113,792,656	\$ 12,025,721

15 - 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 \$18,730,836 and \$17,451,293 at June 30, 2026 and 2025, respectively. Undesignated unrestricted net position was \$(15,983,333) and \$(12,162,253) at June 30, 2026 and 2025, respectively.

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NOTES TO FINANCIAL STATEMENTS
(Continued)

16 - OPERATING EXPENSES

The University's operating expenses for the years ended June 30, 2026 and 2025, on a natural classification basis, are comprised of the following:

	2026	2025
Salaries		
Faculty	\$ 27,284,960	\$ 26,548,597
Exempt wages	5,680,938	5,443,718
Non-exempt wages	26,922,790	24,224,016
Benefits	12,248,166	15,851,517
Scholarships	2,680,264	3,561,985
Utilities	7,626,867	7,059,417
Supplies and other services	25,708,228	26,383,702
Depreciation	14,074,472	13,637,508
Amortization	5,221,866	5,169,882
Bad debt expense (recovery)	114,286	368,523
	<u>\$ 127,562,837</u>	<u>\$ 128,248,865</u>

17 - 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, 2026, 2025, and 2024 were as follows (see State appropriations under Note 23):

	2026	2025	2024
Commonwealth's retirement system contributions	\$ -	\$ 8,593,845	\$ 7,477,543
Employers share of health care	\$ -	\$ 9,988,367	\$ 10,203,347

18 - 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.

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NOTES TO FINANCIAL STATEMENTS
(Continued)

18 - 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 to June 30, 1996	8% of regular compensation
July 1, 1996 to present	9% of regular compensation
July 1, 2001 to present	11% of regular compensation (for teacher hired after July 1, 2001 and those accepting provisions of Chapter 114 of the Acts of 2000)
1979 to present	An additional 2% of regular compensation in excess of \$30,000 except for teachers subject to Chapter 114 of the Acts of 2000

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 2026, 2025, and 2024 was \$_____, \$8,593,845, and \$7,477,543, respectively. The total amount of funding by the University related to the University's employees compensated from a trust fund or other source during 2026, 2025, and 2024 was \$_____, \$538,524, and \$662,605, respectively. Annual covered payroll was approximately 81%, 81%, and 82% of annual total payroll for the University in 2026, 2025, and 2024, respectively.

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NOTES TO FINANCIAL STATEMENTS
(Continued)

18 - RETIREMENT PLAN (Continued)

At June 30, 2026 and 2025, the University reported a liability of \$4,295,979 and \$6,194,205, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025 and 2024, 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, 2025 and 2024. 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, 2026 and 2025, the University's proportion was 0.0366% and 0.0483%, respectively.

For the years ended June 30, 2026 and 2025, the University recognized pension expense of \$7,002,885 and \$9,325,357, respectively.

At June 30, 2026, 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	\$ 13,810	\$ -
Differences between projected and actual earnings on pension plan investments	-	129,541
Differences between expected and actual experience	170,427	-
Changes in proportion from Commonwealth and due to internal allocation	133,958	2,264,840
University contributions subsequent to the measurement date	564,924	-
	<u>\$ 883,119</u>	<u>\$ 2,394,381</u>

The \$564,924 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, 2027. 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,

2026	\$ (642,983)
2027	(399,512)
2028	(571,367)
2029	(462,324)
	<u>\$ (2,076,186)</u>

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NOTES TO FINANCIAL STATEMENTS
(Continued)

18 - RETIREMENT PLAN (Continued)

At June 30, 2025, 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	\$ 44,452	\$ -
Net difference between projected and actual earnings on pension plan investments	-	80,540
Difference between expected and actual experience	310,450	79,359
Changes in proportion due to internal allocation	322,812	3,319,388
University contributions subsequent to the measurement date	538,524	-
	<u>\$ 1,216,238</u>	<u>\$ 3,479,287</u>

The total pension liability for the June 30, 2025 measurement date was determined by an actuarial valuation as of January 1, 2024 rolled forward to June 30, 2025. This valuation used the following assumptions:

1. (a) 2.50% inflation rate (b) 7.00% investment rate of return, (c) 5.44% discount rate for LDROM only, (d) 3.50% interest rate credited to the annuity savings fund and (e) 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 2020 for post-retirement mortality.

FITCHBURG STATE UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS
(Continued)

18 - RETIREMENT PLAN (Continued)

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, 2025 and 2024 are summarized in the following table:

Asset Class	Target Allocation		Long-term Expected Real Rate of Return	
	2025	2024	2025	2024
Global equity	36.00%	36.00%	4.90%	4.60%
Core fixed income	15.00%	15.00%	2.60%	2.10%
Private equity	16.00%	16.00%	7.70%	7.40%
Portfolio completion strategies	10.00%	10.00%	4.10%	3.70%
Real estate	10.00%	10.00%	4.10%	3.90%
Value added fixed income	9.00%	9.00%	5.30%	5.10%
Timberland/natural resources	4.00%	4.00%	4.10%	4.40%
Total	100.00%	100.00%		

The discount rate used to measure the total pension liability for the measurement years ended June 30, 2025 and 2024 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, 2025 and 2024, 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 2025 and 2024) or 1-percentage-point higher (8.00% for 2025 and 2024) than the current rates:

Measurement year ended	1% Decrease	Discount Rate	1% Increase
June 30, 2025	\$ 6,280,681	\$ 4,295,979	\$ 2,618,067
June 30, 2024	\$ 8,702,058	\$ 6,194,205	\$ 4,072,567

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

FITCHBURG STATE UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS
(Continued)

19 - 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.

During the fiscal years ended on June 30, 2026 and 2025, 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, 2025 and 2024 and as of the valuation date (January 1, 2024), 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, 2026 and 2025, the University reported a liability of \$4,401,578 and \$6,981,634, respectively, for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2025 and 2024, and the Commonwealth's total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2025 and 2024. 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, 2026, the University's proportion was 0.0366% and 00541%, respectively.

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NOTES TO FINANCIAL STATEMENTS
(Continued)

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

The amount of funding by the University related to benefits other than OPEB for the years ended June 30, 2026, 2025 and 2024 were \$_____, \$15,851,517, and \$16,090,589, 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 2026, 2025 and 2024 was \$_____, \$3,204,268, and \$3,204,451, 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 2026, 2025 and 2024 was \$_____, \$216,545, and \$310,836, respectively.

For the years ended June 30, 2026 and 2025, the University recognized OPEB expense of \$5,854,135 and \$6,895,712, respectively.

At June 30, 2026, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 1,434,436
Net difference between projected and actual investment earnings on OPEB plan investments	-	11,212
Difference between expected and actual experience	456,016	156,721
Changes in proportion from Commonwealth and due to internal allocation	27,819	5,913,341
University contributions subsequent to the measurement date	217,989	-
	<u>\$ 701,824</u>	<u>\$ 7,515,710</u>

The \$217,989 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, 2027. 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,

2026	\$ (3,613,502)
2027	(1,736,433)
2028	(772,114)
2029	(600,630)
2030	(309,196)
	<u>\$ (7,031,875)</u>

FITCHBURG STATE UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS
(Continued)

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

At June 30, 2025, 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	\$ 136,113	\$ 1,557,697
Net difference between projected and actual investment earnings on OPEB plan investments	-	2,776
Difference between expected and actual experience	194,060	539,318
Changes in proportion from Commonwealth and due to internal allocation	-	6,393,362
University contributions subsequent to the measurement date	216,545	-
	<u>\$ 546,718</u>	<u>\$ 8,493,153</u>

The total OPEB liability for the June 30, 2026 measurement date was determined by an actuarial valuation as of January 1, 2025 rolled forward to June 30, 2025. This valuation used the following assumptions:

1. For 2025, the annual healthcare cost trend rates were developed based on the SOA-Getzen trend rate model, version 2025_1b. The healthcare cost trend rate changed from 5.35% in 2024 to 7.50% for Medicare benefits and from 7.42% to 9.60% for non-Medicare benefits, then decreasing in 2026, 2027, 2028 and 2029 to a blended rate of 4.87% in 2034 and additional decrease in 2044, 2054, 2064, 2074, and 2075.
2. For 2024, the annual healthcare cost trend rates were developed based on the Getzen trend rate model, version 2024_1b. The healthcare cost trend rate changed from 5.79% in 2022 to 5.35% for Medicare benefits and from 7.50% to 7.42% for non-Medicare benefits, then increasing in 2025 before decreasing in 2026, 2026 and 2028 to a blended rate of 4.87% in 2033 and additional decrease in 2043, 2053, 2063, 2073, and 2074.
3. For 2025 and 2024, the mortality rate was in accordance with RP 2014 Blue Collar Mortality Table projected with scale MP-2021 with females set forward one year.
4. 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) For 2025, 15% of current and future vested terminated participants will elect health care benefits at age 55, or if later, the participant's current age. For 2024, 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.

FITCHBURG STATE UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

	2025		2024	
	Retirement Age		Retirement Age	
	Under 65	Age 65+	Under 65	Age 65+
Indemnity	18%	0%	18%	0%
POS/PPO	72%	0%	72%	0%
HMO	10%	0%	10%	0%
Medicare Supplement	0%	96%	0%	96%
Medicare Advantage	0%	4%	0%	4%

The long-term expected rate of return as of June 30, 2025 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, 2025, are summarized in the following table:

Asset Class	Target Allocation		Long-term Expected Real Rate of Return	
	2025	2024	2025	2024
Global equity	36.00%	36.00%	4.90%	4.60%
Core fixed income	15.00%	15.00%	2.60%	2.10%
Private equity	16.00%	16.00%	7.70%	7.40%
Portfolio completion strategies	10.00%	10.00%	4.10%	3.90%
Real estate	10.00%	10.00%	4.10%	3.70%
Value added fixed income	9.00%	9.00%	5.30%	5.10%
Timberland/natural resources	4.00%	4.00%	4.10%	4.40%
Total	100.00%	100.00%		

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NOTES TO FINANCIAL STATEMENTS
(Continued)

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

The discount rates used to measure the OPEB liability as of June 30, 2025 and 2024 were 5.94% and 4.61%, respectively. These rates were based on a blend of the Bond Buyer Index rates of 5.20% and 3.93%, respectively, as of the measurement dates June 30, 2025 and 2024, 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, 2022). 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, 2025 and 2024.

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, 2025 (a)	\$ 5,096,519	\$ 4,401,578	\$ 3,823,791
June 30, 2024 (b)	\$ 8,131,333	\$ 6,981,634	\$ 6,032,751

(a) The discount rates as of June 30, 2025 are as follows: 5.94% (current); 4.94% (1% decrease) and 6.94% (1% increase).

(b) The discount rates as of June 30, 2024 are as follows: 4.61% (current); 3.61% (1% decrease) and 5.61% (1% increase).

The following presents the University's proportionate share of the net OPEB liability calculated using the current healthcare cost trend rate as well as what the University's proportionate share of the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Measurement year ended	1% Decrease	Healthcare Cost Trend Rates	1% Increase
June 30, 2025	\$ 3,751,423	\$ 4,401,578	\$ 5,202,036
June 30, 2024	\$ 5,860,961	\$ 6,981,634	\$ 8,391,305

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.

20 - 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
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NOTES TO FINANCIAL STATEMENTS
(Continued)

20 - MANAGEMENT ACCOUNTING AND REPORTING SYSTEM (Continued)

State appropriations

The University's State appropriations are comprised of the following for the years ended June 30, 2026 and 2025:

	2026	2025
Gross state appropriations	\$ 50,010,997	\$ 44,464,727
Add: Fringe benefits for benefited employees on the Commonwealth payroll	15,893,601	18,582,212
Less: Day school tuition remitted to the Commonwealth and included in tuition and fee revenue	(582,405)	(434,956)
	<u>\$ 65,322,193</u>	<u>\$ 62,611,983</u>

\$61,380,351 and \$62,480,324 represent appropriations for maintenance and payroll and other noncapital appropriations during 2026 and 2025, respectively, and \$3,941,842 and \$131,659 represent appropriations for capital improvements for 2026 and 2025, 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, 2026 and 2025.

21 - 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.

FITCHBURG STATE UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS
(Continued)

22 - 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.

23 - 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, 2026 and 2025 were \$1,147,796 and \$1,120,527, respectively. These reimbursements are included in the Sales and Services of Educational Departments revenue amount. 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.

24 - 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 (the Civic Center). 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
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NOTES TO FINANCIAL STATEMENTS
(Continued)

24 - 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. 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 2026 and 2025, the percentage rent incurred by FMC was not material to the financial statements.

25 - ADOPTION OF ACCOUNTING PRINCIPLES

In April 2024, the GASB issued GASB Statement No. 103, Financial Reporting Model Improvements. 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 accountability. GASB Statement No. 103 is effective for financial statements for periods beginning after June 15, 2025. The adoption of this statement requires the University to make updates to the content and format of the Management's Discussion and Analysis, which is presented as required supplementary information. The statement also defines nonoperating activities, including subsidies, and requires noncapital subsidies to be presented separately below operating activities on the Statement of Revenues, Expenses, and Changes in Net Position. Other requirements as defined by this standard did not have a material impact on the financial statements of the University. The adoption of GASB Statement No. 103 did not result in a change in the University's net position as previously reported.

FITCHBURG STATE UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS
(Continued)

25 - ADOPTION OF ACCOUNTING PRINCIPLES (Continued)

In September 2024, the GASB issued GASB Statement No. 104, Disclosure of Certain Capital Assets. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. GASB Statement No. 104 is effective for financial statements for periods beginning after June 15, 2025. The adoption of this statement requires lease assets recognized in accordance with GASB Statement No. 87, Leases, to be disclosed by major class of underlying assets in capital assets note disclosures. The statement also requires subscription assets recognized in accordance with GASB Statement No. 96, Subscription-Based Information Technology Arrangements, to be separately disclosed. Other requirements as defined by this standard did not have a material impact on the financial statements of the University. The adoption of GASB Statement No. 104 did not result in a change in the University's net position as previously reported.

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, 2026
(With Comparative Totals for 2017 through 2025)

	2026	2025	2024	2023	2022
University's proportion of the collective net pension liability	0.0366%	0.0483%	0.0519%	0.0496%	0.0768%
University's proportionate share of the collective net pension liability	\$ 4,295,979	\$ 6,194,205	\$ 6,907,003	\$ 6,326,084	\$ 8,015,299
University's covered payroll	\$ 48,322,733	\$ 45,667,360	\$ 44,898,054	\$ 42,234,316	\$ 41,834,201
University's proportionate share of the collective net pension liability as a percentage of its covered payroll	8.89%	13.56%	15.38%	14.98%	19.16%
Plan fiduciary net position as a percentage of the total pension liability	76.10%	72.90%	70.71%	77.54%	77.54%
	2021	2020	2019	2018	2017
University's proportion of the collective net pension liability	0.1171%	0.0872%	0.0944%	0.0891%	0.0912%
University's proportionate share of the collective net pension liability	\$ 20,091,153	\$ 12,763,415	\$ 12,484,412	\$ 11,430,648	\$ 12,580,841
University's covered payroll	\$ 40,651,993	\$ 41,831,191	\$ 40,564,017	\$ 37,747,018	\$ 37,408,274
University's proportionate share of the collective net pension liability as a percentage of its covered payroll	49.42%	30.51%	30.78%	30.28%	33.63%
Plan fiduciary net position as a percentage of the total pension liability	62.48%	66.28%	67.91%	67.21%	63.48%

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

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, 2026
(With Comparative Totals for 2017 through 2025)

	2026	2025	2024	2023	2022
Contractually required contribution	\$ 538,524	\$ 662,605	\$ 695,279	\$ 640,112	\$ 913,619
Contributions in relation to the contractually required contribution	(538,524)	(662,605)	(695,279)	(640,112)	(913,619)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 48,322,733	\$ 45,667,360	\$ 44,898,054	\$ 42,234,316	\$ 41,834,201
Contributions as a percentage of covered payroll	1.11%	1.45%	1.55%	1.52%	2.18%
	2021	2020	2019	2018	2017
Contractually required contribution	\$ 1,265,411	\$ 868,517	\$ 862,928	\$ 696,825	\$ 655,160
Contributions in relation to the contractually required contribution	(1,265,411)	(868,517)	(862,928)	(696,825)	(655,160)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll	\$ 40,651,993	\$ 41,831,191	\$ 40,564,017	\$ 37,747,018	\$ 37,408,274
Contributions as a percentage of covered payroll	3.11%	2.08%	2.13%	1.85%	1.75%

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

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, 2017 THROUGH 2026

1 - CHANGES IN ACTUARIAL ASSUMPTIONS

The actuarial assumptions used as of the June 30, 2025 measurement date included a change in the interest rate credit to the annuity savings fund from 4.76% in 2024 to 5.44% for 2025.

The actuarial assumptions used as of the June 30, 2024 measurement date included a change in the interest rate credit to the annuity savings fund from 3.50% in 2023 to 4.76% for 2024.

The actuarial assumptions used as of the June 30, 2023 measurement date included a change in mortality rates. As of this date, pre-retirement mortality rates reflect the RP-2014 Blue Collar Employees Table, projected generationally with Scale MP-2021 and set forward one year for females. Post-retirement mortality rates reflect the RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2021 and set forward one year for females. Mortality rates for disability reflect the RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2021 and set forward one year.

The actuarial assumptions used as of the June 30, 2022 measurement date included a change in the inflation rate from 0.00% in 2021 to 2.50% for 2022.

The actuarial assumptions used as of the June 30, 2021 measurement date included a change in mortality rates. As of this date, pre-retirement mortality rates reflect the RP-2014 Blue Collar Employees Table, projected generationally with Scale MP-2020 and set forward one year for females. Post-retirement mortality rates reflect the RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2020 and set forward one year for females. Mortality rates for disability reflect the RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2020 and set forward one year.

The actuarial assumptions used as of the June 30, 2021 measurement date included a change in the investment rate of return from 7.15% in 2020 to 7.00% for 2021.

The actuarial assumptions used as of the June 30, 2020 measurement date included a change in the investment rate of return from 7.25% in 2019 to 7.15% for 2020.

The actuarial assumptions used as of the June 30, 2019 measurement date included a change in the investment rate of return from 7.35% in 2018 to 7.25% for 2019.

The actuarial assumptions used as of the June 30, 2018 measurement date included a change in mortality rates for disability. As of this date, mortality rates for disability reflect the RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2016 and set forward one year.

The actuarial assumptions used as of the June 30, 2017 measurement date included a change cost of living increases whereby such increases are on only the first \$13,000 per year.

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, 2017 THROUGH 2026
(Continued)

1. CHANGES IN ACTUARIAL ASSUMPTIONS (Continued)

The actuarial assumptions used as of the June 30, 2017 measurement date included a change in mortality rates. As of this date, pre-retirement mortality rates reflect the RP-2014 Blue Collar Employees Table, projected generationally with Scale MP-2016 and set forward one year for females. Post-retirement mortality rates reflect the RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2016 and set forward one year for females. Mortality rates for disability were 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).

The actuarial assumptions used as of the June 30, 2016 measurement date included a change in the range of assumed salary increases from 3.5% to 9.0% in 2015 to 4.0% to 9.0%.

Chapter 176 of the Acts of 2011 created a one-time election for eligible members of the Optional Retirement Plan (ORP) to transfer to the State Employees' Retirement System (SERB) and purchase service for the period while members of the ORP. As a result, the total pension liability of SERB has increased by approximately \$400 million as of June 30, 2016.

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, 2026
(With Comparative Totals for 2018 through 2025)

	2026	2025	2024	2023	2022
University's proportion of the collective net OPEB liability	0.0366%	0.0541%	0.0548%	0.0596%	0.0880%
University's proportionate share of the total OPEB liability	\$ 4,401,578	\$ 6,981,634	\$ 7,346,167	\$ 7,961,317	\$ 14,073,004
University's covered payroll	\$ 48,322,733	\$ 45,667,360	\$ 44,898,054	\$ 42,234,316	\$ 41,834,201
University's proportionate share of the net OPEB liability as a percentage of its covered payroll	9.11%	15.29%	16.36%	18.85%	33.64%
Plan fiduciary net position as a percentage of the total OPEB liability	18.10%	15.60%	13.76%	12.97%	10.70%
	2021	2020	2019	2018	
University's proportion of the collective net OPEB liability	0.1249%	0.1315%	0.1471%	0.1272%	
University's proportionate share of the total OPEB liability	\$ 25,852,604	\$ 24,061,207	\$ 27,318,264	\$ 22,232,674	
University's covered payroll	\$ 40,651,993	\$ 41,831,191	\$ 40,564,017	\$ 37,747,018	
University's proportionate share of the net OPEB liability as a percentage of its covered payroll	63.59%	57.52%	67.35%	58.90%	
Plan fiduciary net position as a percentage of the total OPEB liability	6.96%	0.00%	6.01%	5.39%	

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

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, 2026
(With Comparative Totals for 2018 through 2025)

	2026	2025	2024	2023	2022
Contractually required contributions	\$ 216,545	\$ 310,836	\$ 302,995	\$ 303,997	\$ 479,752
Contributions in relation to the contractually required contribution	(216,545)	(310,836)	(302,995)	(303,997)	(479,752)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered payroll	\$ 48,322,733	\$ 45,667,360	\$ 44,898,054	\$ 42,234,316	\$ 41,834,201
Contributions as a percentage of covered payroll	0.45%	0.68%	0.67%	0.72%	1.15%

	2021	2020	2019	2018
Contractually required contributions	\$ 655,514	\$ 633,318	\$ 653,339	\$ 559,676
Contributions in relation to the contractually required contribution	(655,514)	(633,318)	(653,339)	(559,676)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
University's covered payroll	\$ 40,651,993	\$ 41,831,191	\$ 40,564,017	\$ 37,747,018
Contributions as a percentage of covered payroll	1.61%	1.51%	1.61%	1.48%

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

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 2026

1 - CHANGES IN ACTUARIAL ASSUMPTIONS

The actuarial assumptions used as of the June 30, 2025 measurement date included a change in the annual healthcare cost trend rates used to measure the OPEB liability, developing such rates based on the SOA-Getzen trend rate model, version 2025_1b. The healthcare cost trend rate changed from 5.35% in 2024 to 7.50% for Medicare benefits and from 7.42% to 9.60% for non-Medicare benefits, then decreasing in 2026, 2027, 2028 and 2029 to a blended rate of 4.87% in 2034 and additional decrease in 2044, 2054, 2064, 2074, and 2075.

The actuarial assumptions used as of the June 30, 2025 measurement date included a change in participant rates whereby in 2024 85% of current and future vested terminated participants will elect health care benefits at age 55, or if later, the participant's current age has been adjusted to 15%.

The actuarial assumptions used as of the June 30, 2025 measurement date included a change in discount rate used to measure the OPEB liability. The discount rates used to measure the OPEB liability as of June 30, 2025 and 2024 was 5.94% and 4.61%, respectively. This rate was based on a blend of the Bond Buyer Index rates of 5.20% and 3.90% as of the measurement date of June 30, 2025 and 2024, respectively and the expected rates of return.

The actuarial assumptions used as of the June 30, 2024 measurement date included a change in the annual healthcare cost trend rates used to measure the OPEB liability, developing such rates based on the SOA-Getzen trend rate model, version 2024_1b. The healthcare cost trend rate changed from 5.79% in 2023 to 5.35% for Medicare benefits and from 7.50% to 7.42% for non-Medicare benefits, then increasing in 2025 before decreasing in 2026, 2027 and 2028 to a blended rate of 4.87% in 2033 and additional decrease in 2043, 2053, 2063, 2073, and 2075.

The actuarial assumptions used as of the June 30, 2024 measurement date included a change in participant rates whereby in 2023 actives under age 65 taking coverage were assumed to have indemnity (27%), POS/PPO (63%) or HMO (10%) have been adjusted in 2024 to indemnity (18%), POS/PPO (72%) or HMO (10%).

The actuarial assumptions used as of the June 30, 2023 measurement date included a change in the annual healthcare cost trend rates used to measure the OPEB liability, developing such rates based on the Getzen trend rate model, version 2023_1f. The healthcare cost trend rate changed from 5.00% in 2022 to 5.79% in 2023 for Medicare benefits and from 7.60% in 2022 to 7.50% in 2023 for non-Medicare benefits, then increasing in 2024 before decreasing in 2025, 2026 and 2027 to a blended rate of 4.77% in 2032 and additional decrease in 2042, 2052, 2062, 2072, and 2075.

The actuarial assumptions used as of the June 30, 2023 measurement date included a change in mortality rates. As of this date, mortality rates reflect the RP-2014 Blue Collar Employees Table, projected generationally with Scale MP-2021 and set forward one year for females.

The actuarial assumptions used as of the June 30, 2023 measurement date included a change in participant rates whereby in 2022 actives under age 65 taking coverage were assumed to have indemnity (28%), POS/PPO (62%) or HMO (10%) have been adjusted in 2023 to indemnity (27%), POS/PPO (63%) or HMO (10%).

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 2026
(Continued)

1 - CHANGES IN ACTUARIAL ASSUMPTIONS (Continued)

The actuarial assumptions used as of the June 30, 2023 measurement date included a change in participant rates whereby in 2022 actives over age 65 taking coverage were assumed to have indemnity (96%) or HMO (4%) have been adjusted in 2023 to Medicare Supplement (96%) or Medicare Advantage (4%).

The actuarial assumptions used as of the June 30, 2022 measurement date included a change in the annual healthcare cost trend rates used to measure the OPEB liability, developing such 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%.

The actuarial assumptions used as of the June 30, 2022 measurement date included a change in participant rates whereby in 2021 actives under age 65 taking coverage were assumed to have indemnity (28%), POS/PPO (60%) or HMO (12%) have been adjusted in 2022 to indemnity (28%), POS/PPO (62%) or HMO (10%).

The actuarial assumptions used as of the June 30, 2021 measurement date included a change in the annual healthcare cost trend rates used to measure the OPEB liability, developing such rates based on the Getzen trend rate model, version 2021_b. The healthcare cost trend rate changed from 4.9% in 2020 to 4.4% for Medicare benefits and from 6.7% in 2020 to 7.3% in 2021 for non-Medicare benefits, then decreasing 0.24% each year to a blended rate of 5.18% in 2030 and additional decrease in 2060, 2070, and 2075. The Getzen trend rate model also assumes inflation of 2.5%, real GDP growth of 1.5% and excess medical growth of 1.1%.

The actuarial assumptions used as of the June 30, 2021 measurement date included a change in discount rate used to measure the OPEB liability. The discount rates used to measure the OPEB liability as of June 30, 2021 and 2020 was 2.77% and 2.28%, respectively. This rate was based on a blend of the Bond Buyer Index rates of 2.16% and 2.21% as of the measurement date of June 30, 2021 and 2020, respectively and the expected rates of return.

The actuarial assumptions used as of the June 30, 2021 measurement date included a change in the long-term expected rate of return on plan investments from 7.15% to 7.00%.

The actuarial assumptions used as of the June 30, 2020 measurement date included a change in the annual healthcare cost trend rates used to measure the OPEB liability, developing such rates based on the Getzen trend rate model, version 2021_b. The healthcare cost trend rate changed from 7.5% in 2019 to 4.9% for Medicare benefits and 6.7% for non-Medicare benefits, then decreasing 0.1% each year to a blended rate of 5.18% in 2030 and additional decrease in 2060, 2070, and 2075. The Getzen trend rate model also assumes inflation of 2.5%, real GDP growth of 1.5% and excess medical growth of 1.1%.

The actuarial assumptions used as of the June 30, 2020 measurement date included a change in participant rates whereby 35% of employees currently opting out of active employee health coverage are assumed to enroll in retiree coverage. Also, 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 SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY AND SCHEDULE OF UNIVERSITY OPEB CONTRIBUTIONS

JUNE 30, 2018 THROUGH 2026
(Continued)

1 - CHANGES IN ACTUARIAL ASSUMPTIONS (Continued)

The actuarial assumptions used as of the June 30, 2020 measurement date included a change in participant rates whereby in 2019 actives under age 65 taking coverage were assumed to have indemnity (25%), POS/PPO (60%) or HMO (15%) have been adjusted in 2020 to indemnity (28%), POS/PPO (60%) or HMO (12%).

The actuarial assumptions used as of the June 30, 2020 measurement date included a change in participant rates whereby in 2019 actives over age 65 taking coverage were assumed to have indemnity (85%), POS/PPO (0%) or HMO (15%) have been adjusted in 2020 to indemnity (96%), POS/PPO (0%) or HMO (4%).

The actuarial assumptions used as of the June 30, 2020 measurement date included a change in the long-term expected rate of return on plan investments from 7.35% to 7.15%.

The actuarial assumptions used as of the June 30, 2019 measurement date included a change in the annual healthcare cost trend rates used to measure the OPEB liability decreasing from 8.0% in 2018 to 7.5% in 2019, then decreasing 0.5% each year to an ultimate rate of 4.5% in 2026 for medical and (2) 4.5% for administration costs. Healthcare costs are offset by reimbursements for Employer Group Waiver Plans (EGWP), which are assumed to increase 5.0% per year until 2025, then decrease to 4.5% in 2026.

The actuarial assumptions used as of the June 30, 2019 measurement date included a change in participant rates whereby 80% of current and future contingent eligible participants will elect health care benefits at age 65, or current age if later was increased to 85% in 2019.

The actuarial assumptions used as of the June 30, 2019 measurement date included a change in participant rates whereby in 2018 actives under age 65 taking coverage were assumed to have indemnity (40%), POS/PPO (50%) or HMO (10%) have been adjusted in 2019 to indemnity (25%), POS/PPO (60%) or HMO (15%).

The actuarial assumptions used as of the June 30, 2019 measurement date included a change in the long-term expected rate of return on plan investments from 7.35% to 7.25%.

The actuarial assumptions used as of the June 30, 2019 measurement date included a change in the discount rates used to measure the OPEB liability from 3.92% to 3.63%. This rate was based on a blend of the Bond Buyer Index rates of 3.51% and 3.87% as of the measurement date of June 30, 2019 and 2018, respectively and the expected rates of return.

The actuarial assumptions used as of the June 30, 2018 measurement date included a change in the discount rates used to measure the OPEB liability from 3.65% to 3.92%. This rate was based on a blend of the Bond Buyer Index rates of 3.87% and 3.58% as of the measurement date of June 30, 2019 and 2018, respectively and the expected rates of return.

The actuarial assumptions used as of the June 30, 2018 measurement date included a change in the long-term expected rate of return on plan investments from 7.50% to 7.35%.

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, 2026

	Residence Hall Fund	Residence Hall Damage Fund
ASSETS		
Cash	\$ -	\$ 620,712
Accounts receivable, net	277,443	9,586
Total assets	277,443	630,298
LIABILITIES		
Accounts payable	236,225	-
Deposits	188,850	-
Salaries payable	134,536	-
Total liabilities	559,611	-
NET POSITION	\$ (282,168)	\$ 630,298

Schedule 6

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

RESIDENCE HALL FUND AND RESIDENCE HALL DAMAGE FUND ACTIVITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2026

	Residence Hall Fund	Residence Hall Damage Fund
REVENUES		
Student fees	\$ 8,699,695	\$ -
Interest	33,196	29,265
Investment income	101,108	89,136
Commissions	4,649	-
Rentals	352,566	-
Room damage assessments	4,532	4,377
Total revenues	9,195,746	122,778
EXPENSES		
Regular employee compensation	\$ 1,266,800	\$ -
Regular employee related expenses	4,380	-
Special employees/contracted services	155,809	-
Pension and insurance	437,363	-
Facility operations supplies and related expenses	58,927	-
Administrative expenses	6,963	-
Energy and space rental	1,860,620	-
Operational expenses	2,760	-
Equipment purchases	10,909	-
Equipment lease - purchase, lease, rent and repair	39,849	-
Construction and improvements	789,952	-
Loans and special payments	6,603,580	-
Bad debt expense	32,232	(824)
Information technology expenses	24,885	-
Total expenses	11,295,029	(824)
TRANSFERS (IN)/OUT		
Miscellaneous income	(1,800,000)	-
Total transfers	(1,800,000)	-
Total expenses and transfers	9,495,029	(824)
Change in net position	(299,283)	123,602
NET POSITION		
Beginning of year	17,115	506,696
End of year	\$ (282,168)	\$ 630,298

OTHER REPORTS



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, 2026, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated _____, 2026.

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 were not 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*.

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
_____, 2026

Coversheet

VOTE: Approve FY26 Audit (Foundation Board) VOTE - 05-2026-2027

Section:	II. Finance Committee Update
Item:	C. VOTE: Approve FY26 Audit (Foundation Board) VOTE - 05-2026-2027
Purpose:	Vote
Submitted by:	
Related Material:	VOTE Foundation Vote_Audit.pdf

**Fitchburg State University
REQUEST FOR BOARD ACTION**

TO: Fitchburg State University Foundation Board	DATE: October 29, 2026
FROM: The President	REQUEST NUMBER: 05.2026-2027
SUBJECT: FY26 Audit (Foundation)	

It is requested that the Fitchburg State University Foundation Board vote to approve the FY26 draft audit.

Coversheet

VOTE: Approve FY26 Audit (Board of Trustees) VOTE - 06-2026-2027

Section:	II. Finance Committee Update
Item:	D. VOTE: Approve FY26 Audit (Board of Trustees) VOTE - 06-2026-2027
Purpose:	Vote
Submitted by:	
Related Material:	VOTE Board Vote_FY26 Audit.pdf

**Fitchburg State University
REQUEST FOR BOARD ACTION**

TO: Board of Trustees	DATE: October 29, 2026
FROM: The President	REQUEST NUMBER: 06.2026-2027
SUBJECT: FY26 Audit (Board of Trustees)	

It is requested that the Fitchburg State University Board of Trustees vote to approve the FY26 draft audit.

Coversheet

FY26 Final Budget & Working FY27 Budget

Section:	II. Finance Committee Update
Item:	E. FY26 Final Budget & Working FY27 Budget
Purpose:	FYI
Submitted by:	
Related Material:	FY26-FY27 Budget.pdf



	FY26 Budget	FY26 Actuals	FY27 Budget	FY27 YTD
REVENUE				
State Appropriation	47,216,223	47,950,986	48,242,816	16,487,426
Tuition and Fees	24,721,857	24,528,809	24,221,857	13,003,951
Housing	9,310,765	8,834,110	9,010,110	5,071,262
GCE	9,308,530	9,589,619	9,445,741	3,398,825
Accelerated Programs (AP)	8,914,935	8,231,553	8,978,000	2,523,961
Food Service	3,540,000	3,516,433	3,731,329	2,143,995
Sales & Service & Other Income	2,231,100	3,853,207	2,231,100	1,135,182
Investment Income	3,302,500	3,814,972	3,302,500	0
CPS	528,037	326,951	521,955	119,178
Transfer - Foundation, etc.	338,000	476,805	338,000	0
Reserve from Fund Balance	2,000,000	2,254,132	3,000,000	0
Total Revenue	111,411,947	113,377,576	113,023,408	43,883,781
EXPENSES				
A Regular Employee Compensation	49,053,298	50,427,855	51,133,749	11,286,158
B Regular Employee Related Expenses	448,257	421,988	448,257	76,506
C Special Employee/Contracted Services	8,423,474	9,251,712	8,423,474	1,978,365
D Pension & Insurance Related Expenditures	2,287,034	2,616,831	1,992,989	206,365
E Administrative Expenses	2,118,612	3,204,537	2,118,612	965,305
F Facility Operational Supplies	1,440,569	1,624,208	1,440,569	493,762
G Energy Costs and Space Rental Expenses	7,121,272	7,548,051	7,121,272	957,186
H Consultant Services	1,426,682	1,222,305	1,426,682	469,165
J Operational Services	5,845,480	5,793,568	5,845,480	901,806
K Equipment Purchase	1,025,123	570,917	1,025,123	23,114
L Equipment Lease Rental Maint & Repair	1,007,361	1,057,669	1,257,361	135,242
M Student Related Travel Reimbursements	255,387	231,497	255,387	27,676
N Construction and Improvements Building	4,147,406	5,199,601	3,897,406	1,564,880
P Grants and External Subsidies	-	0	-	0
R Benefit Programs	3,873,742	3,855,231	3,873,742	139,959
T Loans and Special Payments	16,739,164	15,096,811	16,739,164	901,585
U Information Technology Expenses	5,621,826	5,254,795	5,621,826	2,867,773
TOTAL EXPENSES	110,834,687	113,377,576	112,621,093	22,994,846
DIFFERENCE (Revenue - Expenses)	577,260	0	402,315	20,888,934

Coversheet

Enrollment Management and Student Success

Section:	IV. Enrollment Management & Student Success Committee Update
Item:	B. Enrollment Management and Student Success
Purpose:	Discuss
Submitted by:	
Related Material:	BOT_EMSS_OCT.pdf



FITCHBURG STATE UNIVERSITY

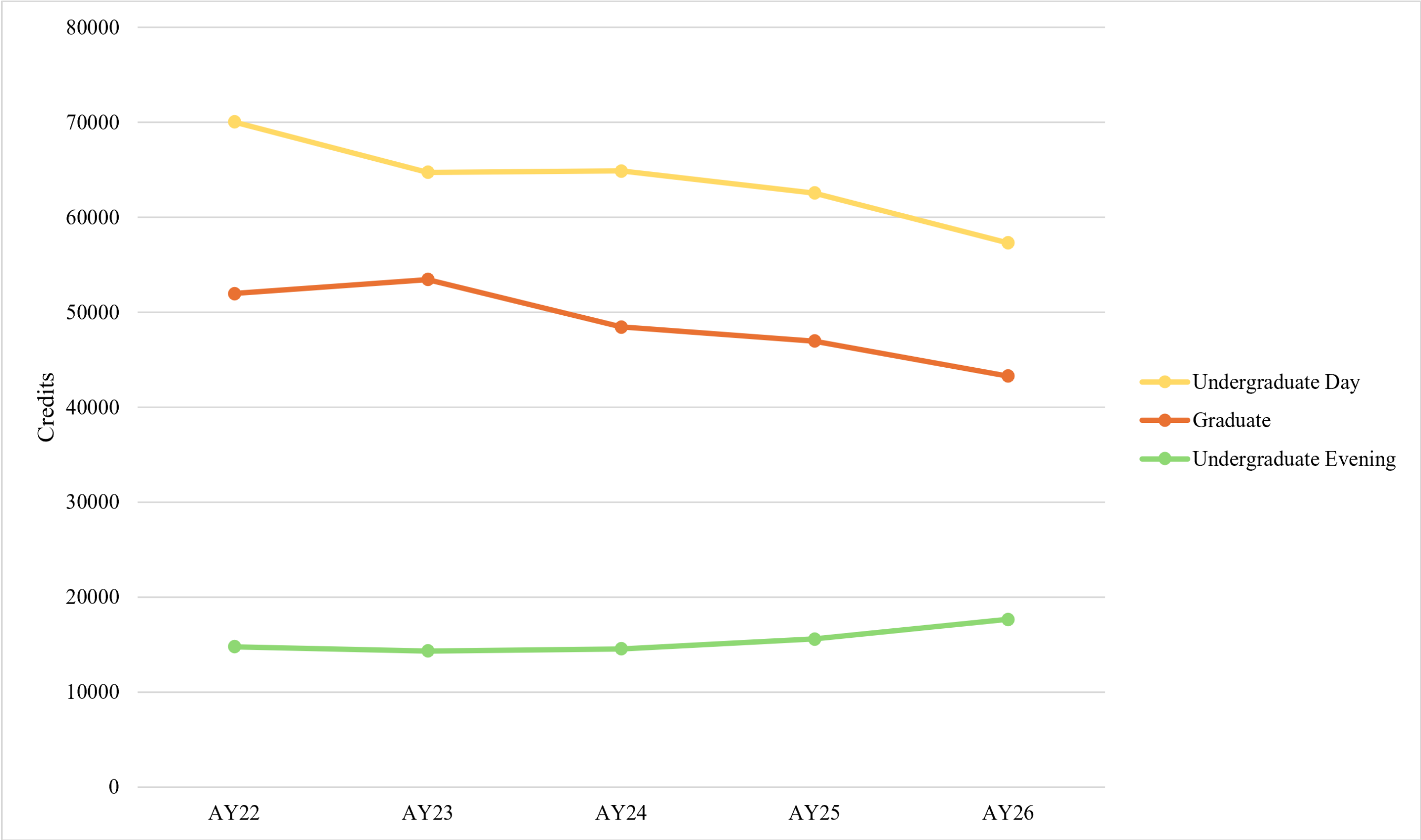
ENROLLMENT MANAGEMENT AND STUDENT SUCCESS BOARD OF TRUSTEES REPORT OCTOBER 29, 2026



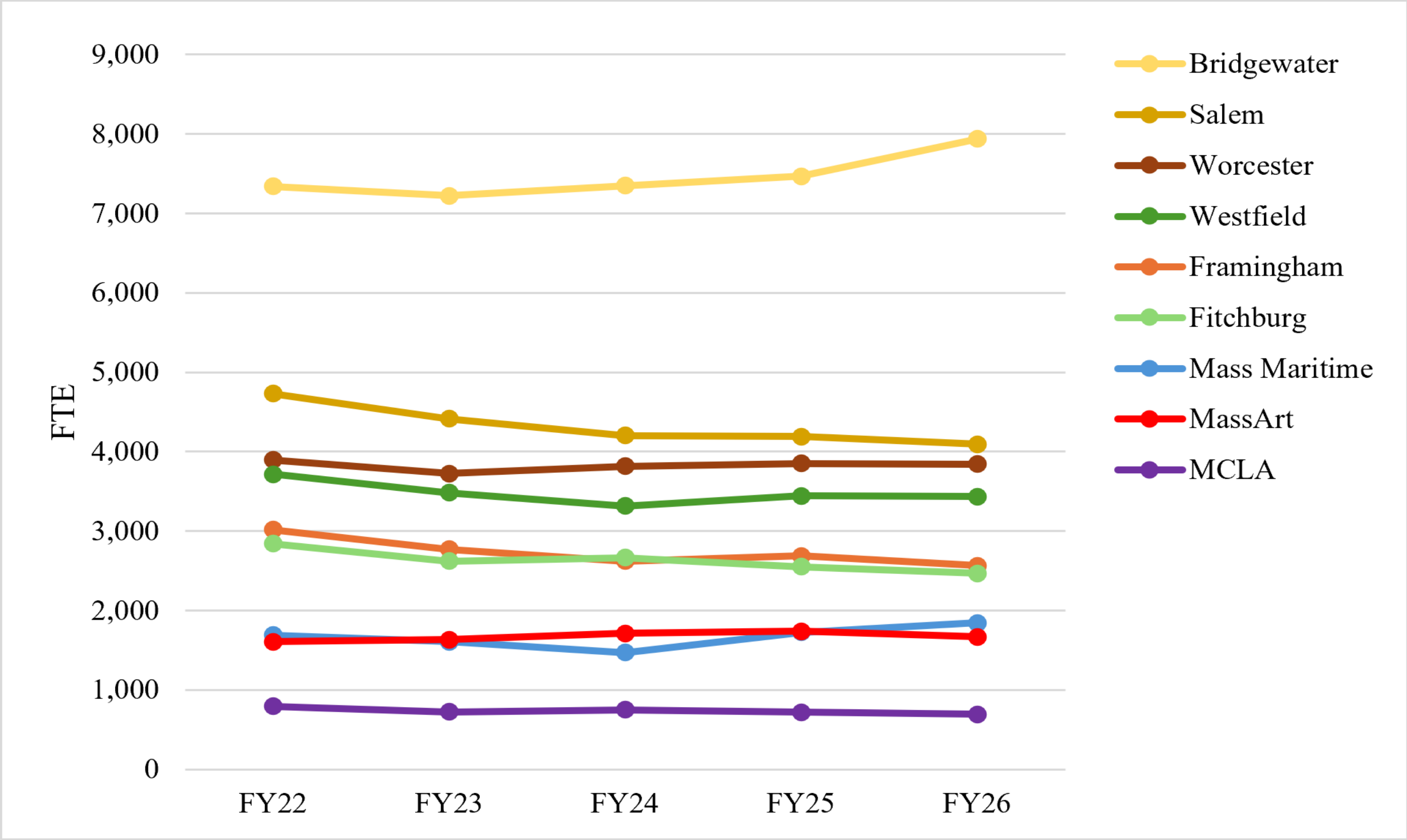
ENROLLMENT

TRENDS AND BENCHMARKING

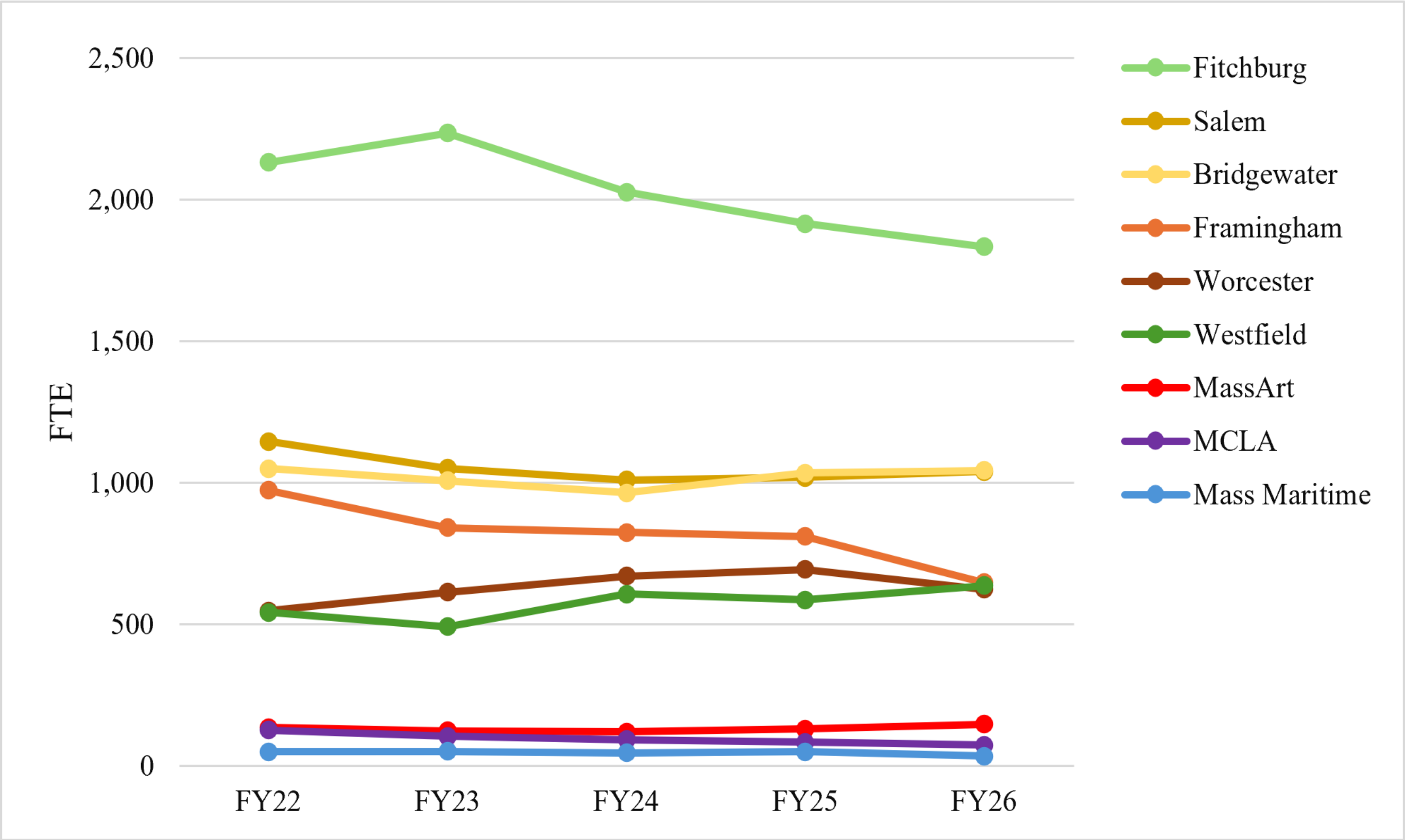
GENERATED CREDITS



UNDERGRADUATE ENROLLMENT COMPARISON



GRADUATE ENROLLMENT COMPARISON





OUTCOMES

RETENTION AND GRADUATION RATES

OUTCOMES

Retention – Entering Freshman Cohort

2019	2020	2021	2022	2023	2024	2025
76.6%	67.9%	71.9%	72.8%	69.3%	73.4%	74.9% *

Graduation – Entering Freshman Cohort

2014	2015	2016	2017	2018	2019	2020
58%	57%	56%	53%	55%	53%	47% *

* unofficial

OUTCOMES

Retention Rate – Entering Freshman Cohort

2019	2020	2021	2022	2023	2024	2025
76.6%	67.9%	71.9%	72.8%	69.3%	73.4%	74.9% *



Graduation Rate – Entering Freshman Cohort

2014	2015	2016	2017	2018	2019	2020
58%	57%	56%	53%	55%	53%	47% *



* unofficial



FALL 2026

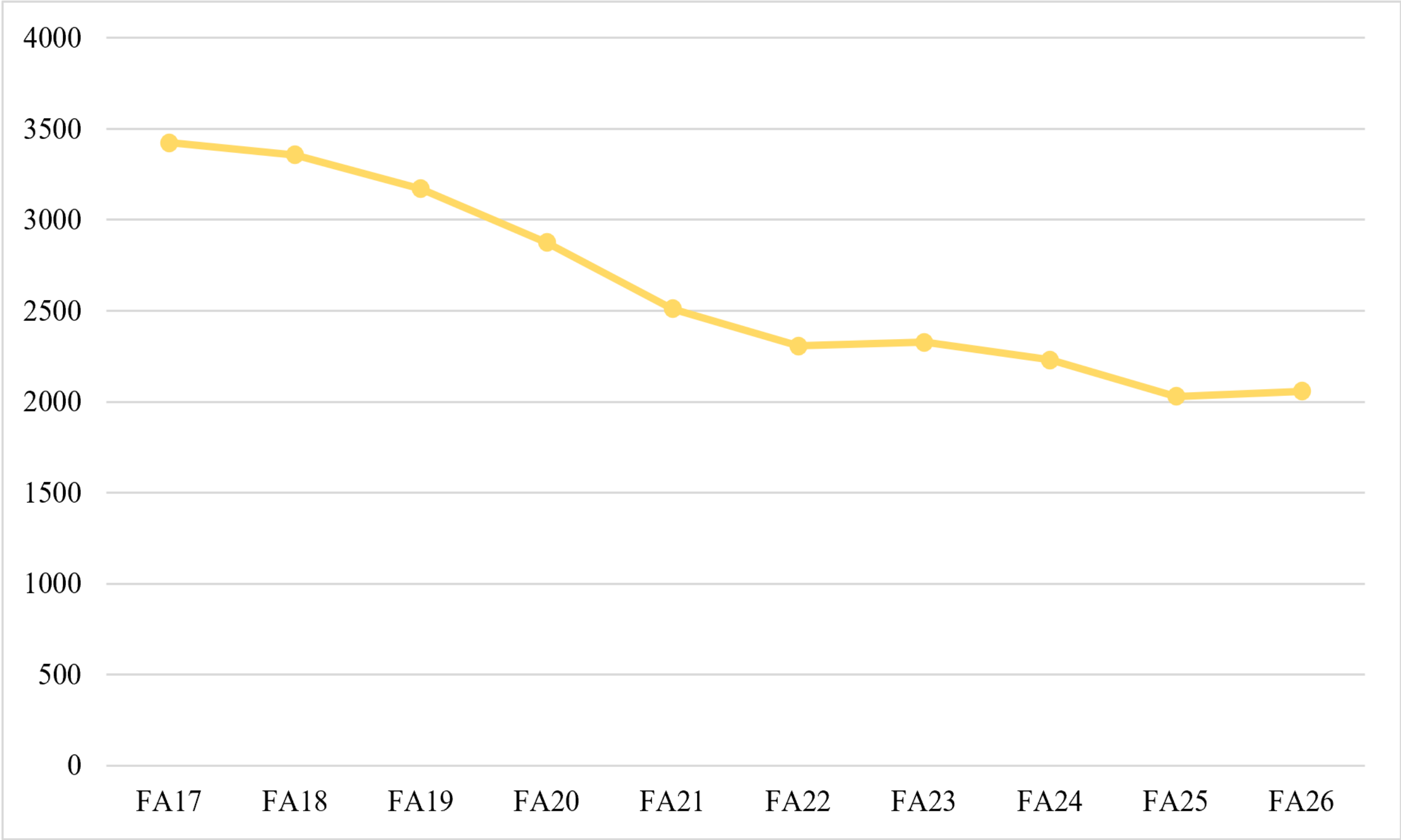
WE'RE OFF TO A GOOD START

DAY ENROLLMENT- WHERE WE STARTED FALL 2026

- **FRESHMEN UP 38%**
- **TRANSFERS UP 20%**
- **DIRECT ADMISSION SCHOOLS UP 160%**

- **2,322 HEADCOUNT**
- **2,058 FTE**

UNDERGRADUATE DAY FALL ENROLLMENT TREND





FALL 2027

RECRUITMENT IS UNDERWAY

FALL OPEN HOUSE EVENTS

OCTOBER 24 & NOVEMBER 7



STRATEGIC PRIORITIES FOR FY27

- Continue to refine and expand Direct Admissions
- Continue to leverage existing financial aid and scholarship funds
- Continue to strengthen local enrollment pipelines
- Continue to refine recruitment and admission practices to be more competitive

STRATEGIC PRIORITIES FOR FY27 cont'd

- Fully implement SU SUCCESS coaching
- Refine divisional and campus retention strategies
- Continue to develop a holistic student success experience
- Develop enrollment pathways that leverage existing programs such as Upward Bound, Early College and Direct Admissions
- Continue to stabilize enrollment



ONWARD

Coversheet

Student Trustee Report

Section:	V. Student Trustee Report
Item:	A. Student Trustee Report
Purpose:	FYI
Submitted by:	
Related Material:	Student Trustee Report.pdf

Student Trustee Report October

Introduction to the academic year:

Good afternoon, I hope all is well and I cannot wait to see how this academic year goes. Starting us off today, we had Rock the Block on September 8th. This year there was such a great turnout with the clubs, faculty, and staff tabling. Even seeing the new incoming falcons and how excited they were to get involved was a pretty cool sight to see. Thank you for those who were at the trustee table. I did get to see it and thought it was a fabulous table for us to have for the students.

We had the 9th ROC graduation on September 9th which was held the following day from Rock the Block.

We also have had the flag raising for Hispanic Heritage Month on September 15th. On campus, we have seen many events that integrate the spirit of Hispanic heritage month. Attached will be all events on campus from October to November that is happening on campus and also include those that fall under the Hispanic Heritage Month programming.

SGA Involvement:

On September 15th, SGA met for the first time. On September 15th, SGA has met for the first time. Our first discussion of business is to supply buses to and from voting sites. We are also in discussion about tabling in order to bring awareness to voting, whether it be more information about local votes and what they would be voting for.

While it's not considered a "big voting year," I think we need to emphasize the importance of voting every year. We are lucky to have the opportunity to vote. We want the students to understand that this is not something we should take lightly. This will also keep the students in the know on what is happening in the Commonwealth as a whole as well as local elections.

However, we are going to be following in the suit of this year's theme of possibility. This year I have noticed a good number of students that are interested in joining student government. I cannot wait to see the progress that SGA as a whole will accomplish this academic year. As of September 22nd, we now have 20 members in the senate with 3 being incoming first-year students.

Other Business:

The prior Student Trustee was very interested in the idea of bringing back bagels with the board. As we support the university as a whole, we are still just members of the community. I would like the student body to be able to see that as well. While I am still in contact with the prior trustee and have been informed that there has been prior discussion about this, I would like to know if there is still interest in this event.

Coversheet

Bachelor of Science in Mathematics Education, Middle School (5-8)

Section:	VII. Academic Affairs Committee Update
Item:	C. Bachelor of Science in Mathematics Education, Middle School (5-8)
Purpose:	Discuss
Submitted by:	
Related Material:	MS Math presentation for BoT Final.pdf

Board of Trustees

*Bachelor of Science
Mathematics Education, Middle School (5-8) Licensure
October 2026*



Program Mission

Proposed Degree: Bachelor of Science, Mathematics Education, Middle School (5-8) Licensure (CIP: 13.1311)

Mission: To equip teacher candidates with the content knowledge and pedagogical skills to teach mathematics in grades 5-8, addressing an important workforce need in central Massachusetts.

1

Content knowledge

Core mathematics courses tailored to the needs of middle school educators, ensuring accessibility

2

Pedagogical skills

Middle school licensure requirements and experiential learning integrated into curriculum

3

Workforce development

Builds on long-standing partnerships; addresses shortage of mathematics teachers



Program rationale

Student retention

Retain teacher candidates in mathematics licensure pathway aligned with DESE requirements and content tailored to their needs. Reduce barriers to degree attainment through revised curriculum.

Workforce demand

Graduate qualified teacher candidates to alleviate teacher shortage, with projections of ~370 MS teacher openings each year in MA through 2032

Community collaboration

Strengthen collaboration with established PK-12 partners and develop early educator pipelines for careers in north central Massachusetts

Leverages existing resources

Curriculum designed around content and pedagogy courses that already exist; no new resources needed for implementation

Aligned with DESE licensure requirements

Revises current licensure pathway to align with new DESE requirements for middle school teaching licensure



Program Curriculum

Math Requirements (29 cr.)

- Precalculus
- Informal Number Theory
- Informal Mathematical Modelling
- Informal Geometry
- Calculus I
- Intro to Mathematical Thought
- Intro to Statistical Analysis
- Geometry
- History of Mathematics

Education Coursework (36 cr.)

Middle and Secondary Ed Minor (18cr)

- Introduction to Education (5-12)
- Diversity in Education
- Teaching the Adolescent Learner
- Inclusive Instruction (5-12)
- Methods of Teaching Mathematics I
- Methods of Teaching Mathematics II

Licensure specific coursework (15cr)

- Practicum Seminar
- Practicum in Middle School Math I
- Practicum in Middle School Math II
- Sheltered English Immersion

Other (3cr)

- Classroom Management and Behavior Support

Gen Ed (6 cr.) and electives

- Speech
- Lifespan Development

Suggested electives (9cr)

- Psychology of Learning
- Sociology of Education
- Arts and science of Education

Total Program Requirement: 71 Credits



Program curriculum comparison

Current MS Math pathway

Math Requirements (40 cr.)

- Calculus I
- Calculus II
- Intro to Mathematical Thought
- Symbolic Computational Mathematics
- Linear Algebra
- Geometry
- Multivariate Calculus
- Mathematics Seminar
- Probability and Statistics
- Abstract Algebra
- **Six** elective upper level math credits

Other required coursework (39 cr.)

Middle and Secondary Ed Minor (18cr)
Licensure specific coursework (15cr)
Gen ed and other (6cr)

**Total Program Requirement:
79 Credits**



Proposed MS Math pathway

Math Requirements (29 cr.)

- Precalculus
- Informal Number Theory
- Informal Mathematical Modelling
- Informal Geometry
- Calculus I
- Intro to Mathematical Thought
- Intro to Statistical Analysis
- Geometry
- History of Mathematics

Other required coursework (42 cr.)

Middle and Secondary Ed Minor (18cr)
Licensure specific coursework (15cr)
Gen ed and other (9cr)

**Total Program Requirement:
71 Credits**



Program distinctiveness

Feature	Fitchburg State (Proposed)	Regional Schools
Credit/degree requirement	71 credits within 120 credit B.S.	Credit heavy B.S. or 4+1 programs
Curriculum	DESE-aligned mathematics content tailored to middle school level teaching needs; pedagogy incorporated into major.	Math content for general B.S. in Mathematics with pedagogy added on.
Flexibility	Fewer required credits for the major gives students more flexibility to take electives and increases likelihood of timely program completion.	Credit heavy majors offer fewer elective options in a student's curriculum; increase risk of delayed graduation.

Fitchburg State will offer a unique pathway to middle school mathematics licensure, combining relevant mathematics content with pedagogical skills specific to middle school level needs.



Enrollment Projections

	Year 1	Year 2	Year 3	Year 4	Year 5
New Full-Time	2	2	3	3	4
Continuing Full-Time	0	2	4	5	8
Totals	2	4	7	8	12

The Middle School Mathematics Licensure pathway is designed around retention, but we anticipate attracting new students due to the distinctiveness of the curriculum.



Budget & Revenue

Costs

Cost Category	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
Personnel (Full- and Part-Time Faculty; Staff)	\$0	\$0	\$0	\$0	\$0
General Admin. Costs	\$0	\$0	\$0	\$0	\$0
Facilities/Add'l resources	\$0	\$0	\$0	\$0	\$0
Total Costs*	\$0	\$0	\$0	\$0	\$0

Revenue (In-State Tuition)

Revenue Source	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
Tuition	\$1,940	\$3,880	\$6,790	\$7,760	\$11,640
Fees**	\$20,752	\$41,504	\$72,632	\$83,008	\$124,512
Total Revenue	\$22,682	\$45,384	\$79,442	\$90,768	\$136,152
Net Revenue	\$22,682	\$45,384	\$79,442	\$90,768	\$136,152

*One-time marketing startup = \$5,000.

**Fees include university, student activity, capital projects, and technology fees. Health insurance excluded.



Summary: Program highlights

Curricular innovation

- Mathematics content tailored to middle school level needs and DESE requirements
- Direct-entry into Mathematics content, reducing barriers to degree attainment
- Pedagogy incorporated into major
- Experiential learning through required practica

Workforce demand

- Teacher shortage in MA
- Emergency license pathway ends June 2027
- Estimated 370 openings in middle school teaching per year through 2032
- High needs school districts in region

Aligns with Mission & Strategic Plan

- **Mission:** Professional program (education licensure) with strong liberal arts & sciences foundation
- **Strategic Plan:** Leverages existing curriculum to develop a new program that responds to workforce demands

Community collaboration

- Builds on existing partnerships with local PK-12 schools
- Strengthens educator pipeline in region
- Provides region with qualified candidates needed to address workforce needs



New Program Approval Process: Campus

Phase 1

- DESE revises the subject matter knowledge requirements for licensure programs.
- Mathematics faculty initiate curriculum revision and conduct regional program comparison study.

Phase 2

- Chair of Program Area Secondary and Middle (PASM) for Mathematics confirms proposed curriculum meets DESE licensure requirements.
- Mathematics Department Curriculum Committees approve new program.

Phase 3

- Undergraduate AUC Curriculum Committee recommends program for approval.
- AUC recommends and President approves the program.
- President recommends new academic program to BOT for vote.

▲ WE ARE HERE



Approval Process: Board of Higher Education

1

Campus Prepares LOI

Local Approval (within FSU)

Campus Submits LOI to BHE



2

BHE (AAC) reviews LOI, provides feedback, and votes



3

Fast Track

Campus prepares full proposal, submits to campus BOT, then to Commissioner. DHE staff review and provide recommendation. Approval authority delegated to Commissioner.

Standard

AAC provides feedback for institution to address. Campus prepares full proposal, submits to BOT, then to Commissioner. DHE staff review for completion. Campus returns to AAC for BHE approval.

Coversheet

VOTE - Bachelor of Science in Mathematics Education, Middle School (5-8) VOTE - 07-2026-2027

Section: VII. Academic Affairs Committee Update
Item: D. VOTE - Bachelor of Science in Mathematics Education, Middle School (5-8) VOTE - 07-2026-2027
Purpose: Vote
Submitted by:
Related Material: VOTE MS Math.pdf

**Fitchburg State University
REQUEST FOR BOARD ACTION**

TO: Board of Trustees	DATE: October 29, 2026
FROM: The President	REQUEST NUMBER: 07.2026-2027
SUBJECT: Bachelor of Science in Mathematics Education, Middle School (5-8)	

It is requested that the Fitchburg State University Board of Trustees approve the proposal to offer a Bachelor of Science in Mathematics Education, Middle School (5-8) for submission to the State Board of Higher Education.

Coversheet

Housing Update

Section:	VIII. Student Experience Committee Update
Item:	B. Housing Update
Purpose:	FYI
Submitted by:	
Related Material:	Housing BOT Report Fall 2026.pdf

Residence Life Report

October 2026

Tim St. John, Dean of Students & Chief Student Affairs Officer
Matt Lechter, Associate Vice President for Capital Planning & Maintenance

Fall Residence Hall Occupancy

- Understanding MSCBA vs. Actual occupancy
- Fall 26 total number of residents 1,020
 - Fall 25 total number of residents 949
 - Increase of 71 resident students
- Fall 26 Actual occupancy rate 81.02%
 - Fall 25 Actual occupancy rate 76.35%
- Fall 26 MSCBA occupancy 59.8%
 - Fall 25 MSCBA occupancy 55.6%



Fall 2026 Housing Occupancy by Building

Building	Active Beds		Occupied Beds		Percent Occupied			
	FA25	FA26	FA25	FA26	FA25 - Actual	FA26 - Actual	FA25 - MSCBA	FA26 - MSCBA
Aubuchon	177	207	157	157	88.70%	75.85%	48.30%	48.30%
Cedar	32	0	16	0	50.00%	0.00%	57.10%	0.00%
Herlihy	82	88	74	76	90.24%	86.36%	47.40%	49.40%
<i>Mara Village 1</i>	24	24	23	22	95.83%	91.67%		
<i>Mara Village 2</i>	25	25	21	25	84.00%	100.00%		
<i>Mara Village 3</i>	25	25	24	24	96.00%	96.00%		
<i>Mara Village 4</i>	23	23	22	21	95.65%	91.30%		
<i>Mara Village 5</i>	23	23	21	23	91.30%	100.00%		
<i>Mara Village 6</i>	24	24	23	23	95.83%	95.83%		
<i>Mara Village 7</i>	24	24	24	22	100.00%	91.67%		
Maras 1-7 total	168	168	157	162	93.45%	96.43%	47.90%	49.40%
Mara Village 8	83	90	57	62	68.67%	68.89%	54.80%	59.60%
Russell Towers	377	382	256	298	67.90%	78.01%	57.50%	67.00%
Simonds	135	135	96	100	71.11%	74.07%	72.70%	75.80%
Townhouses	189	189	136	165	71.96%	87.30%	72.00%	87.30%
Campus Total	1243	1259	949	1020	76.35%	81.02%	55.60%	59.80%



Residence Life Initiatives

- Family Housing → 185 North Street
- Graduate Housing → Simonds (15 current grads)
- 11 Mount Wachusett Community College Students
- Residence Hall Safety Initiatives
- RA Intentional Engagements - a new approach to individual interactions aimed at building connection and sharing resources
- Capital projects work - Summer 26



Housing Revenue

- FY26 Fall housing revenue was \$4,587,405.07,
- FY27 Revenue/Receivables is \$5,126,906.16.
- Difference: **Increase: \$539,501.09 (+11.75%)**

Future Initiative: Cedar House



Questions and Discussion

Coversheet

President's Report

Section:	IX. President's Report
Item:	A. President's Report
Purpose:	FYI
Submitted by:	
Related Material:	Presidents_Report_BOT_October_2026.pdf

President's Report to the Board of Trustees

October 29, 2026: Selected Activity from August 1 through October 19, 2026

Dear Trustees,

We began this academic year with a stronger incoming class, the first students enrolling through the Fitchburg Promise, and a campus community ready to build on the work of the past two years. In my September 2nd State of the University address, I described this as a year of “possibility.” Our responsibility now is to turn that possibility into sustained progress for students and long-term strength for Fitchburg State.

Since August, my attention has centered on enrollment and retention, academic renewal, financial accountability, and the partnerships that connect our university to the future of North Central Massachusetts. This report brings those priorities together with the campus and community engagements that support them. The accompanying cabinet reports provide more detailed updates from our divisions.

Enrollment and Institutional Sustainability

I want to begin with our fall enrollment. The October Enrollment Management and Student Success report identifies an incoming undergraduate Day class of 770 students, compared with 580 in fall 2025. That is an increase of 190 students, or approximately 33%. The division also reports that this is the first fall since 2017 without a decline in overall Day enrollment. These are encouraging developments after years of decline, and they reflect the sustained work of more than two years from colleagues across campus.

The first Fitchburg Promise students are now part of our university community. For eligible Fitchburg residents graduating from our five partner high schools, the Promise provides a tuition- and fee-free pathway into Fitchburg State. Its first year of enrollment moves a public commitment into students' lives. Our task is to make that pathway clear to families and to ensure that students receive the guidance and support needed to complete their degrees.

Enrollment progress gives us room to plan with greater confidence. It also increases our responsibility to examine whether our staffing, course offerings, financial aid, housing, and support services are working together. Recruitment for fall 2027 is already underway, with admission decisions beginning in October and open houses scheduled for October 24 and November 7.

Financial stewardship remains central to this work. During the FY26 close and preparation for the October board cycle, I have asked for a clear reconciliation of audited results to the operating budget, including explanations of material variances and the distinction between operating performance and non-operating activity. Trustees need to see how the bottom line connects to the budget they approved and what those results mean for FY27. Enrollment gains must be accompanied by disciplined spending, reliable forecasts, and a clear understanding of recurring obligations.

Academic and Institutional Momentum

Our academic agenda joins program development with a continuing commitment to the breadth of a regional comprehensive university. Students need strong preparation for work, further study, and public life. Our responsibility is to support those outcomes through rigorous programs, excellent teaching, and a curriculum students can navigate.

- Finance degree progress. On September 29, I joined the Board of Higher Education meeting as it approved the Letter of Intent and authorized an expedited Phase II process for our proposed B.S. in Finance. Academic Affairs submitted the Phase II documentation, and final approval was granted on October 9, and as of October 21, we have received our first new applications for the program (for fall 2027 incoming class). We have emphasized the program's potential to strengthen our competitiveness and serve regional needs while drawing on existing faculty expertise and university resources. I am grateful to Acting Provost Franca Barricelli, our faculty, and our state partners for advancing this work.
- Teacher preparation. The proposed Middle School Mathematics Education Licensure program for grades 5 through 8 is coming to trustees as a Letter of Intent at this meeting. The proposal addresses a regional workforce need while seeking to reduce barriers to completion for students preparing to teach. It reflects our continuing responsibility to the schools and communities that depend on public higher education for their educator pipeline.
- General education renewal. Work is moving forward through our shared governance processes on a more coherent general education experience. My expectation is that renewal will preserve intellectual breadth and academic quality while making requirements clearer and supporting transfer and timely completion. Faculty and librarian expertise must remain central to this work.
- Intellectual freedom. At the opening of the academic year, we celebrated Fitchburg State's selection as the recipient of the 2026 National Council of Teachers of English Intellectual Freedom Award. The recognition reflects work across teaching, library collections, archives, and public programming to defend open inquiry and access to diverse perspectives. I have used this recognition to affirm the public university's responsibility to sustain the conditions for learning and informed debate.
- Academic spaces and technology. The Communications Media renovation in Conlon Hall brings capital planning, technology, and faculty expertise together around contemporary film and video instruction. A shared computing laboratory in Percival also creates opportunities for Business, Computer Science, and Mathematics. These investments connect the quality of our facilities directly to academic quality and recruitment.
- Honors Program, statewide reapproval visit occurred on October 15th.

Our NECHE Five-Year Interim Report is another significant institutional priority. The November pre-read and January 2027 submission require us to demonstrate progress in financial planning, board effectiveness, assessment, and deferred maintenance. I am working with academic and administrative leadership to ensure that the report presents a coherent account of our progress and the work ahead, with supporting financial materials that align with the narrative.

Our public advocacy has also emphasized the full scope of Fitchburg State: undergraduate, graduate, online, and continuing education; professional programs and the humanities; students entering directly from high school and adults returning to college. That breadth is essential to understanding our reach and our contribution to the Commonwealth.

Student Access Success and Experience

A larger entering class brings renewed energy to campus. It also brings a clear obligation to strengthen persistence. I want students to experience Fitchburg State as a place where someone knows their name, notices when they are struggling, and helps them take the next step.

- A strong beginning. September 2 brought Matriculation, the State of the University, and our first-day Donut Day (first day of class) welcome followed on September 3. Presidential Ambassadors and student leaders helped introduce new students to a community that expects them to participate and succeed. These opening traditions are opportunities to make belonging tangible from the first day.
- Coordinated academic support. SU SUCCESS coaching is now part of our approach to supporting first-generation students, alongside established programs and Academic Coaching and Tutoring. ACT trained 107 tutors and peer mentors and reported more than 1,000 student touchpoints in the first month. My focus is on coordination across these services so students can reach the right support without having to understand our organizational structure.
- Housing that responds to students. Student Affairs reports 1,020 occupied beds this fall, compared with 949 last fall. Occupancy is approximately 81% of currently configured active beds. The division also reports an 11.75% increase in fall housing revenue. Our housing partnership with Mount Wachusett Community College includes 11 students this fall, and dedicated graduate housing has moved to Simonds Hall. Newly launched family housing at the Foundation-owned 185 North Street property extends our ability to serve students with dependent children.
- Well-being and basic needs. September brought a record 152 CARE referrals, with financial stress, basic needs, medical concerns, and difficult personal circumstances among the leading issues. Increased referrals indicate both substantial need and a campus willing to connect students with help. The dedicated Basic Needs Specialist, counseling, disability services, and expanded health outreach are integral to retention and completion.
- Military-connected students. We celebrated designation as a Purple Heart Campus and continued to strengthen support for veterans, service members, and their families. Student Affairs reports 267 military-connected students this fall, compared with 210 last year, an increase of approximately 27%. Nolan Buck's work and our broader campus partnerships help translate recognition into practical support.
- Athletics and belonging. Our fall student-athlete population is approximately 380, including 120 students new to the university. Men's lacrosse is preparing for its first varsity season in spring 2027, and women's ice hockey is recruiting toward a varsity launch in 2027-28. My presence at competitions and conversations with students, coaches, and families reinforce the connection between athletics, academic success, and university life.

Career preparation is equally important. The September 29 Internship Fair brought together 204 attendees and 29 employers. Conversations with regional school leaders and employers continue to explore internships, applied learning, and the practical barriers, including transportation, that can limit participation. Access to an opportunity must include a realistic way for a student to use it.

Partnerships and Regional Impact

My external work since August has focused on making Fitchburg State's contribution visible and building relationships that lead to opportunities for students. Our region needs educators, nurses, public safety professionals, business leaders, artists, and graduates who can think critically and respond to change. Our partnerships should reflect that range.

- State and regional workforce connections. Secretary of Labor and Workforce Development Lauren Jones's August 25 campus visit provided an opportunity to discuss the Fitchburg Promise, nursing, the Police Academy, applied learning, and adult education. Representative Michael Kushmerek joined the visit. These conversations connect our academic work to the Commonwealth's workforce and economic development priorities.
- A wider regional presence. I participated, as a panelist, in the Worcester Regional Chamber of Commerce's Power of Women program on August 27, alongside colleagues from our leadership team and Trustee Lynn Barrieau. Renewing our relationship with the Worcester Chamber complements our continuing work with the North Central Massachusetts Chamber and broadens the university's connections across Worcester County.
- Congressional engagement. At the North Central Massachusetts Chamber's October 15 Congressional Luncheon, I welcomed regional partners to campus and offered remarks, with Chief of Staff Matt Bruun serving as emcee. The gathering provided a setting to connect higher education, federal partnership, and the region's knowledge and creative economies. I emphasized the practical role of education and local collaboration in making opportunity more attainable.
- Statewide advocacy: In addition to visits from Secretary Jones, we have welcomed Secretary of Housing and Livable Communities, Juana Matias, along with State Senator John Cronin, to walk downtown Fitchburg and hear more about the partnership with GFI and the development of the Theater Block.
- On October 19, 2026, we welcomed Inspector General Jeffrey Shapiro to campus for a meet and greet and discussion of institutional priorities and partnerships.
- On October 23, 2026, I was proud to host the Interim Commissioner of Higher Education, Dr. Jose Luis Santos (accompanied by acting Chief of Staff, Alex Demou) to campus. This engagement included a tour of campus, a meeting with me and Acting Provost Dr. Franca Barricelli; Vice Provost, Dr. Jannette McMenamy; Pam McCafferty, VP of EMSS; an executive briefing with me, Stacey Luster, and Chief of Staff Matt Bruun, and a delightful hour with a group of the current Presidential Ambassadors.
- School partnerships. Follow-up with Sizer School and Leominster Public Schools has focused on early college and dual enrollment, direct admissions, internships, and opportunities to use university expertise and facilities. These conversations require coordination across Academic Affairs, Enrollment Management, and Student Affairs so that commitments can become workable pathways.

The Downtown Theater Block remains an important part of our regional engagement. As I outlined in April, our approach centers on a public-private partnership with GFI Partners and our Foundation supporting organization to advance a reimagined mixed-use project. This fall, my attention has included Foundation Board communication and coordination around the project's public presentation. We continue to recognize the contributions of our legislative partners and Congresswoman Lori Trahan's office. Our responsibility is to support downtown renewal while maintaining a clear understanding of the university's role, financial exposure, and core educational mission.

On campus, the same stewardship principles guide capital planning. Conlon's academic improvements, residence hall work, and the McKay elevator study connect infrastructure

investment to accessibility, student experience, and program strength. I have also used my professional network to support recruitment for our Director of Capital Projects, an important position as we sustain this work. Deferred maintenance remains a strategic issue requiring prioritization, capable leadership, and continued Commonwealth investment.

I also recently joined colleagues at Massachusetts College of Liberal Arts for President Diana Rogers Adkinson's inauguration. Relationships across our state university system remain important to our shared advocacy and our ability to learn from one another. As we pursue Fitchburg State's particular strengths, we benefit from colleagues who understand the responsibilities of regional public higher education.

Alumni Engagement Philanthropy and Leadership

Advancement is building a more deliberate connection among alumni relationships, donor stewardship, and institutional priorities under Dean David Weiss. My role is to help cultivate those relationships, make our direction clear, and ensure that support is connected to outcomes our students and donors can understand.

- Gold Key and enduring connection. The September 19 Gold Key Breakfast and 50th reunion brought the Class of 1976 and other alumni together with university leaders and students. Ninety-five alumni registered. These gatherings create opportunities to listen to graduates, renew their connection to campus, and invite them into the university's future.
- Return of the golf tournament. Our signature tournament returned at Oak Hill Country Club on October 13 after the September 28 date was postponed because of severe weather. The effort brought together alumni, business partners, donors, and campus colleagues in support of athletics and the student-athlete experience. Dustin and I were also proud to participate in the renewal of the raffle-basket tradition, under the sage leadership of Stacey Luster and Trustee Lynn Barrieau. The tournament's return gives us another way to rebuild relationships and sustained participation.
- Philanthropic progress. Advancement reports \$520,552 in first-quarter FY27 giving, compared with \$88,205 in the same quarter last year. That comparison includes July, before this report's activity window, and reflects several substantial gifts. Within August and September, major support included a \$125,000 external foundation internship grant, a \$50,000 endowed scholarship, and current-use scholarship gifts of \$30,000 and \$15,000. Our next responsibility is thoughtful stewardship and consistent follow-through.
- October 21-22, 2026 was the annual "Go Falcons Challenge," which included all athletic teams spending time in advancement making phone call and email appeals to friends of programs, alums, and current donors. A final tally is expected by the Board meeting on October 29, 2026 and will be shared at that time.
- Investment in our own people is part of institutional strength. We selected three staff members for the North Central Massachusetts Chamber's Community Leadership Institute, with cabinet sponsors supporting their participation. I want emerging leaders to see a future for themselves here and to understand the region our university serves. Eli Rivera, Krysta Lopez, and Karina Calvo will join the 2026-2027 cohort.

August's Board retreat and Cabinet retreat provided time to align leadership around the academic year ahead. Gatherings at the presidential residence with trustees, Presidential Fellows, and colleagues from Admissions, Athletics, and University Police have also supported relationships across campus. These conversations help me hear directly from the people responsible for translating institutional priorities into daily practice.

We have had opportunities to recognize that work publicly. Matt Lechter was honored among Worcester Business Journal's 40 Under Forty, and Chief Michael Cloutier was announced as recipient of the Governor Paul Cellucci Award. I also welcomed the opportunity to recognize Professor Emeritus George Bohrer's 33 years of service, including his advocacy for students and contributions to Communications Media. These recognitions tell a broader story about the people who sustain Fitchburg State.

I was named a 2026 Worcester Business Journal Outstanding Women in Business honoree, with the recognition event scheduled for October 28. I have used that visibility to direct attention to our team, our students, and the university's regional contribution. The progress being recognized is shared work.

Civic Engagement and Public Leadership

Our responsibility as a public university includes preparing students to participate in civic life. Through my service on the ALL IN Campus Democracy Challenge Presidents' Council, I have continued to support nonpartisan efforts that help students understand their voting rights and make informed decisions about participation.

This fall, colleagues across administration, faculty, staff, and student leadership developed a campus action plan and the Falcons Vote website. Our October communications are directing students to information about registration, voting options, and campus resources ahead of the November election. This work connects classroom learning with the responsibilities and opportunities of citizenship.

At the state level, I continue to work through the State University Council of Presidents and our government relations partnerships to advocate for the resources and flexibility campuses need. In the SU SUCCESS coordinating work, I have emphasized that statewide accountability should support campus-level implementation responsive to the students we serve. The September 25 Council of Presidents discussion with Secretary of Education Stephen Zrike and the September 29 Board of Higher Education meeting provided opportunities to connect these priorities to Fitchburg State's progress.

Safety and the importance of public trust have also required direct presidential attention. The October 4 North Street incident called for coordinated campus communication and follow-up with students and families. More broadly, emergency preparedness, student support, and clear communication remain shared leadership responsibilities. Our approach must combine timely information with care for the people affected.

On October 26-28, four representatives from Fitchburg State will attend the Excelencia in Education's Annual Convening, ensuring that, despite changing federal guidelines or support for Hispanic Serving Institution (HSI) status, we continue on our path to receive the "Seal of Excellence" for our ongoing work with minoritized and first generation students.

Representative (Selected) Presidential Engagements

August 1 through October 25, 2026

These engagements illustrate the investment of presidential time in campus leadership, student success, philanthropy, and regional partnership during this reporting period.

- August 8: Attended "First Look Friday" allowing students to see actual assigned residence hall space

- August 12: Co-hosted with Chair Fiorentino the annual Board of Trustees retreat, which began with a short, public livestreamed meeting, final approval of the FY27 budget; for the retreat, we welcomed Vince Pedone, Julie del Sobral (staffers for the COP) and Elizabeth Sullivan from Rubin and Rudman to speak to the board about statewide priorities, the Massachusetts educational ecosystem, and ongoing union discussions and priorities.
- August 13: Hosted UPD at our home.
- August 18-19: Held Cabinet retreat at Massachusetts College of Liberal Arts.
- August 25: Hosted new faculty, librarians, deans and chairs at the our home.
- August 25: Hosted campus visit with Secretary Lauren Jones and Representative Michael Kushmerek.
- August 27: Served as invited panelists for Worcester Regional Chamber “Power of Women” program.
- September 2: Held new student Matriculation, State of the University address.
- September 3: Led “Donut Day” welcome with Cabinet for the first day of classes.
- September 8: Rock the Block.
- September 9: Spoke at graduation of the Police Academy’s ninth Recruit Officer Course.
- September 10: Hosted the Admissions team at the house.
- September 11: Attended city wide 911 ceremony at the Fitchburg Fire Department
- September 14: Attended the North Central Massachusetts Chamber Tri-Cities (State of the Cities) Mayoral Breakfast.
- September 15: Suffolk Law 3+3 signing.
- September 16: Hosted Presidential Fellows at the house.
- September 16: Attended Worcester Business Journal 40 Under Forty recognition event. Honored winner, Matt Lechter.
- September 17: Attended the Tri-City Chamber Breakfast.
- September 19: Hosted Gold Key Breakfast and Class of 1976 reunion.
- September 21: Guest at Falcon Hour campus radio show with Professor Kate Jewell at WXPL Studio.
- September 25: Attended Council of Presidents engagement with Secretary Stephen Zrike.
- September 29: Attended and spoke at the Board of Higher Education meeting, in support of Finance degree action and next steps for final approval (received on October 9).
- October 2: Attended SU Success Fall Retreat at Worcester State University
- October 3: Attended President Rogers-Adkinson's Inauguration (MCLA)
- October 7: Hosted MSCBA Executive Director Brian Golden for on- and off-campus tour and discussion. Both the FSU and MSCBA teams met during this same time to discuss FY27 and FY28 budgets and priority maintenance and projects on MSCBA properties.
- October 13: Hosted University golf tournament at Oak Hill Country Club. A grand return after a 7-year hiatus.
- October 15: Hosted annual North Central Massachusetts Chamber Congressional Luncheon.
- October 20: Attended Music Mega Mix (music department), Weston Auditorium.
- October 21: Welcomed Inspector General Jeffrey Shapiro to campus. Attended Bio/Chem Science Symposium featuring research presentations by faculty and students.
- October 22: Attended Community Foundation of North Central Massachusetts anniversary kickoff event. On campus, attended the annual Diwali Celebration in Hammond Hall. Dustin welcomed the group of employees and students.
- October 23: Welcomed Interim Commissioner of Higher Education Jose Luis Santos and acting Chief of Staff Alex Demou. In the community, Dustin and I attended the Monty Tech Foundation fundraising event at Great Wolf Lodge.
- October 24: Hosted 1st Open House event of the year. Off campus, attended the unveiling of Worcester Wall of Women mural, featuring VP of Personnel Services and General Counsel Stacey Luster. Attended the CIC’s cultural event, an evening with Jimmy Mazz.

Looking Ahead

The weeks ahead will bring opportunities to deepen this work and several important institutional deadlines. My immediate priorities are to maintain focus on students at midsemester, present clear financial information to trustees, and complete the next stage of our accreditation work.

- Student persistence and fall recruitment. The October 24 and November 7 open houses will bring prospective students and families to campus. Our message about opportunity must be matched by the experience they find here.
- Accreditation and financial accountability. The NECHE pre-read is targeted for November, with final submission in January 2027. We are also preparing for the Business Administration accreditation visit in December. Financial narratives, assessment evidence, and capital planning must give a consistent and credible account of institutional progress.
- Academic development. We have received final action on Finance and will continue the review of the proposed Middle School Mathematics Education Licensure program. General education renewal and the completion of the Blackboard Ultra transition remain important components of our academic work this year.
- External engagement. The October 25-27 Excelencia engagement, and the October 28 Worcester Business Journal recognition are on the immediate calendar. Each provides an opportunity to connect institutional priorities with public accountability, student success, and regional leadership.
- Alumni and campus connection. November Homecoming, the Go Falcons Challenge, and planning for the next She Soars event and Presidential Gala will continue to build participation and support.

Closing

Since August, we have welcomed more students, moved an important academic proposal forward, renewed alumni traditions, and strengthened relationships across North Central Massachusetts and the Commonwealth. We have also continued the less visible work of financial reconciliation, organizational coordination, and planning that makes progress sustainable.

Our next measure of success is what happens for the students who have placed their trust in us. They need an education that challenges them, support that helps them persist, and pathways into meaningful work and civic life. Meeting those expectations will require us to remain ambitious about their futures and disciplined about our decisions.

I am grateful to our faculty, librarians, staff, students, and trustees for the work behind this report. I look forward to discussing our progress and the decisions ahead.

Respectfully submitted,



Dr. Donna Hodge
President, Fitchburg State University

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CABINET REPORTS TO THE PRESIDENT, AUGUST-OCTOBER 2026

ACADEMIC AFFAIRS

Office of the Provost: Dr. Franca Barricelli and Dr. Jannette McMenamy

The division of Academic Affairs continues to advance key strategic initiatives and celebrate notable accomplishments across campus.

We received encouraging news in late September that the Board of Higher Education has fast-tracked the Phase II approval process for the new B.S. degree in Finance that was approved by the Trustees in spring 2026. Our Phase II documentation has now been submitted, and we are hopeful that we will hear from the BHE in the coming weeks. Our goal is to collaborate with Marketing and Integrated Communications to promote the new program for spring 2026 enrollment.

Additionally, the Letter of Intent for the proposed Middle School (5-8) Mathematics Education Licensure program, previewed last spring, will be presented to the Board of Trustees for review at the October meeting. The proposed major is designed to directly address retention concerns in this area of pronounced workforce need by reducing barriers to completion for students.

Work on the NECHE Five-Year Interim Report remains on track as we prepare for the upcoming pre-read deadline of November, with the main narrative drafted and final supporting sections nearing completion. The draft addresses the four Areas of Emphasis noted in our 2022 comprehensive site visit (Financial Planning; the Effectiveness of the Board of Trustee Structure; the Culture of Assessment, with Attention to the School of Graduate, Online, and Continuing Education; and our Physical Plant and Deferred Maintenance). The draft also reports on the four revised NECHE Standards: Mission, Organization, Governance, and Planning (Standard 1); the Academic Program, Faculty and Students (Standard 2); Institutional Resources (Standard 3); and Integrity, Transparency, and Public Discourse (Standard 5). In the final stages of completion is the twenty-page Narrative on Educational Effectiveness and the Success of All Students, which has been compiled through the active participation and shared insights of departments and individuals across the university, reflecting a true campus-wide effort. The final report is due to NECHE in January 2027.

In addition to the achievements highlighted above, we are proud to share several Points of Pride that showcase the dedicated work and commitment of the Academic Affairs community:

- Dr. JJ Sylvia, a member of our Communications Media Department, was recently honored with a prestigious Fulbright Global Challenges Teaching Award in Democracy and Justice. He will be teaching his *Data & Society* course through a Collaborative Online International Learning (COIL) format, pairing his course synchronously online with a partner class in the United Kingdom.
- The university was selected as the recipient of the prestigious National Intellectual Freedom Award, presented by the National Council of Teachers of English (NCTE) and SLATE (Support for the Learning and Teaching of English). Established in 1997, the annual award honors individuals, groups, or institutions that merit recognition for advancing the cause of intellectual freedom and standing against educational censorship. Fitchburg State was selected for its comprehensive commitment to defending free expression and maintaining equitable access to diverse literature and research, highlighting the way it has embedded anti-censorship principles across curriculum, archival, and public forums, demonstrating the environment our campus fosters in defense of open inquiry and diverse perspectives.
- Thanks to the efforts of Connie Strittmatter, Dean Laura Robinson, Dean Jackie Kremer before her, and other members of the Amelia V. Gallucci-Cirio Library, the university is launching [FalconWorks](#), Fitchburg State University's institutional repository, a centralized, permanent digital archive that preserves and showcases the scholarship and creative activity of faculty, librarians, and staff across departments. Works submitted to FalconWorks are given a permanent URL and are highly discoverable by global search engines (like Google Scholar). Future goals may include gathering archival collections, student works, university records, conferences, and more.
- The Honors Program achieved a key operational milestone by completing and submitting its comprehensive program review, with a site visit by representatives of the Commonwealth Honors Program in October.
- After submitting their reaffirmation self-study to the International Accreditation Council for Business Education (IACBE) this summer, the Department of Business Administration completed its IACBE technical review and is preparing to welcome a site-visit team in early December.
- Under the leadership of Ralph Fasano, the university is in the process of completing our conversion to the new online class portal, Blackboard Ultra, with the transition fully wrapping up by the end of the Fall 2026 semester. The digital hub for academic courses, Blackboard is essential for instruction. Because the software company is retiring the old version of Blackboard in December 2026, the university has been migrating to the updated version over the last eighteen months in preparation for this change. Under the leadership of the dedicated Digital Learning team in SGOCE, the university has launched more than 2,400 course sections in the new system.

ENROLLMENT MANAGEMENT AND STUDENT SUCCESS

EMSS Division: Pam McCafferty

The Fall 2026 semester is off to a good start. The university welcomed a strong incoming

undergraduate Day class of 770 students, up from 580 in Fall 2025 and 740 in fall 2024. This semester marks the first time since 2017 that the university did not experience a decline in overall Day enrollment.

[Falcon Assist Week](#) continued again this year in collaboration with colleagues in the Anthony Student Service Center. Marketed through various communication channels, students are encouraged to address outstanding issues during the week prior to the start of the semester while also increasing engagement with the key enrollment service offices of Admissions, Financial Aid, OneCard, Registrar, SGOCE and Student Accounts. *Welcome Week* once again included an information tent in the quad, campus navigational signage and emphasis on the offices of Anthony. The [Success is as Easy as 1, 2, 3](#) campaign continued again this fall, with a webpage, a-frames, posters and table tents. In collaboration with colleagues in Student Affairs, the *Student Involvement & Support Fair*, a cross-campus collaboration modeled after last year's *Falcon Support Ice Cream Social*, took place on October 20th. The goal is to reconnect students with campus resources during a time in the semester when stress can often be at its peak.

With the onboarding over the summer of the Director of SU SUCCESS and four new SU SUCCESS coaches, the university is positioned to improve retention of our first-generation freshmen. Similar to TRIO Student Support Services, SU SUCCESS coaching provides proactive, holistic support to improve persistence and educational outcomes. Currently located in the ACT space, the coaches pivot between their offices and various academic and shared spaces across campus, with an eye to highlighting the resources of the ACT while also meeting students where they are.

Academic Coaching and Tutoring (ACT) is in full swing, having hired and trained 107 tutors and peer mentors, which include embedded tutors in 17 high-DFW STEM classes. In the first month, the team had over a thousand student touchpoints through one-on-one coaching, tutoring and peer mentoring meetings, small-group skills workshops, and late-night study halls.

The Career Services and Advising Center (CSAC) held its first major event, the *Internship Fair*, on September 29th, with 204 attendees and 29 employers participating. The event also provided the opportunity for students to get professional headshots, courtesy of the university's photography students. The CSAC has facilitated 20 in-class workshops, from FYE to capstones, reaching 230 distinct students, and had 186 one-on-one appointments in the first month of the semester. In October, they will be running three networking events: *Accounting and Finance Employer Roundtable*, *Let's Taco Bout Your Career*, and *Engineering Technology Employer Roundtable*.

Recruitment for the Fall 2027 class is already in full swing. Fall travel season began in September with counselors visiting high schools and attending college fairs across Massachusetts and New England. Four new recruiters (two replacements, one state-funded and one seasonal back-fill) have been hired and trained. Open House events are scheduled for October 24 and November 7. The division continues to strengthen local enrollment pipelines by refining the Fitchburg Promise, expanding relationships with community-based organizations and developing new recruitment and admissions pathways with regional high schools. The division also continues to examine financial aid and merit scholarship practices to ensure that existing funds are maximized in the recruitment and retention of students. Most importantly, the office began issuing admission acceptance letters in October, earlier than the three previous years.

Overall, EMSS is excited to welcome another incoming class, provide support and guidance to all of the university's students and begin the next recruitment cycle with energy and optimism.

FINANCE

Financial Services: Dr. Travis Chambers

The Finance division continues to strengthen the University's financial position, improve operational processes, enhance institutional controls, and support Fitchburg State University's long-term sustainability. Over the past several months, the division has advanced several initiatives related to financial management, procurement, facilities, and administrative operations while supporting the University's broader strategic priorities. The University has also continued efforts to strengthen procurement and expenditure controls.

During the past year, Finance has reviewed purchasing practices, expanded training and guidance for employees involved in procurement activities, and reinforced expectations surrounding appropriate approvals and documentation. These efforts have increased visibility into institutional purchasing activity and created opportunities for more disciplined spending. Purchasing-card expenditure, for example, has declined substantially over the past two years, from approximately \$3.4 million to \$1.3 million. The objective is not simply to reduce expenditures, but to establish sustainable processes that promote accountability, consistency, compliance, and effective stewardship of public resources.

FY26 Reconciliation to FY27 Efficiencies

A key focus has been strengthening the University's financial planning and reporting processes. The Finance team has worked to improve the connection between annual budgeting, actual financial performance, and longer-term institutional planning. As part of the FY26 year-end close, the team has undertaken a detailed reconciliation of revenues and expenditures to better understand operating results, identify material variances, and distinguish recurring operating activity from non-operating sources such as investment income. This work is intended to provide University leadership and the Board with greater visibility of the institution's underlying operating performance and inform future budget decisions.

At the same time, FY27 planning has emphasized the responsible use of institutional resources while recognizing the continued financial pressures facing higher education. The division continues to evaluate expenditures, revenue assumptions, reserve utilization, and opportunities for operational efficiencies. These efforts are designed to preserve financial flexibility while ensuring resources remain aligned with the University's academic mission, enrollment priorities, student success initiatives, and strategic objectives.

Team Growth and Cohesion

The division has also continued to strengthen its internal capacity. Recruitment and organizational efforts within Finance focus on ensuring the University has the expertise, accountability, and operational support needed to manage an increasingly complex financial and regulatory environment. Scott Bruce, the new comptroller, joined Financial Services and brings extensive experience in higher education and local municipalities. Nicole Arcangeli joined procurement as a Buyer II, where she previously worked. Antonio Mallo, Accountant III, and Monica Siart, Accountant III, round out the accounting team and contribute greatly to accurate reporting and operations. At the same time, the team continues to review existing administrative processes to identify opportunities to simplify workflows, clarify responsibilities, strengthen internal controls, and improve service to campus departments.

Outlook

Looking ahead, the division's priorities will remain centered on financial sustainability, transparent reporting, responsible resource allocation, infrastructure planning, and operational effectiveness. The Financial Services team remains committed to providing University leadership and the Board with the information necessary to make informed decisions while ensuring that the institution's financial and physical resources are positioned to support students and the University's mission over the long term.

OPERATIONS AND SAFETY

Capital Planning and Maintenance: Matt Lechter

This summer, the CPM team spent the majority of its time focused on projects of varied scope, from maintenance efforts to larger capital improvements like the new Communications Media suite in Conlon Hall.

A continued focus throughout was on advancing capital projects and ensuring that state-required expenditures were met. During the past fiscal year, CPM worked to meet the required spending thresholds, and on July 1, FSU exceeded the 50% requirement. This qualified Fitchburg State to receive an additional 15% in funding, totaling just over \$1 million in additional capital improvement resources. A portion of this funding was immediately allocated and planned for the Communications Media project, reducing the amount of internal university funding required to complete the project. The project represented a complete redesign of the department's space, including classrooms and new areas for independent and group work. The redesign also created common spaces that encourage collaboration and bring the department community together, while ensuring that classrooms and workspaces are equipped with the technology needed to meet current industry standards.

The maintainer team also spent the summer preparing university spaces for the academic year while supporting ongoing summer operations. This included deep cleaning and waxing common areas and rooms across campus. The Housing maintenance team focused heavily on supporting summer conferences, preparing and cleaning spaces, and executing tight turnaround schedules to support early arrival athletics programs and New Student Orientation. This is an area that CPM will continue to refine and think about how to best support.

This summer, CPM also placed a significant focus on supporting McKay Elementary School, which is leased by Fitchburg Public Schools and maintained by Fitchburg State University. Work completed this summer included reglazing and refinishing restrooms on the first floor, removing operable classroom walls, painting the entire first floor common areas, waxing first floor common areas, and fully cleaning out storage spaces to prepare them for use by Fitchburg Public Schools. The team also delivered curriculum materials to classrooms prior to the start of the school year and continued work on the elevator study to bring a new, fully accessible main elevator to the complex. This study is expected to be submitted to DCAMM in October for the next phase.

In August, FSU began to see our partnership with Enterprise Fleet Management deliver new vehicles to the CPM fleet, helping us continue to modernize and improve our operational resources. We continue to build a replacement timeline and work to reorganize the fleet to support operational needs throughout CPM. To date CPM has received five new vehicles and once transitions occur, six vehicles from the existing fleet.

To demonstrate our appreciation for the dedicated staff within CPM, CPM Leadership hosted an appreciation BBQ for all CPM personnel in August for the second time in which the Cabinet was able to join Matt Lechter in thanking the team. The event highlighted the value of the team's daily work, which helps ensure that the campus looks, operates, and functions safely and properly. To begin the day, CPM Leadership met with the entire team to share updates and goals for the upcoming academic year. During the event, University Police Chief Cloutier also presented CPM with an Appreciation Award on behalf of the University Police Department.

In anticipation of an impending retirement in October, the process to replace our Director of Capital Projects has begun to ensure continuation of this important work.

Throughout the summer and into the start of the fall semester, CPM also managed several large projects in collaboration with DCAMM and MSCBA, utilizing both local and state funding sources.

The following is a list of some of the projects that were completed, or are currently in progress, for the campus:

MSCBA Projects Completed (over \$701k completed in Summer 2026):

- Town House Flooring Upgrade
- Herlihy Hall Floor Upgrade
- Town House 3 & 7 Boiler replacement with smart integration

Housing Projects Fund by the university

- Mara 4 Boiler Replacement - complete
- Aubuchon Fire Pump Replacement- in progress

Locally Funded:

- Baseball field upgrade including dugouts repairs, infield drainage infrastructure and bullpen creation.
- Rec Center Gym: Scoreboard replacement
- Fire compliance and safety upgrades
- HVAC Board Replacements at McKay C
- Steam Valve Replacement in Russell Towers
- Athletics Staff Office / Common Area Upgrade
- Holmes Diningroom Updates

DCAMM Projects:

- Power Plant Inspections & Tuning
- Conlon Fine Arts Window Replacement & Storefront Upgrade
- Antonucci Science: Mechanical, electrical, and plumbing repairs
- Metal railing upgrades in Weston Parking Lot, behind Herlihy & Russell Towers.
- Access control upgrades (campus-wide)
- Steam Plans TSI Abatement
- Steam Plant Piping Re-Insulation
- Rec Center Solar Project

DCAMM Projects In Progress:

- Conlon Communications Media renovations
- Conlon Fine Arts Window Replacement
- Conlon: Network AC replacement
- Elevator repairs and upgrades
- Holmes: Rooftop air handler replacements
- Accessibility Updates (walkways/hardscapes)
- McKay C290- Game Design Lab
- Small Roof Repairs

DCAMM Projects In Design/Study:

- McKay A/B: Elevator Study
- Sanders: DX unit replacement
- Holmes: Rooftop air handler replacements
- Edgerly Applied Learning Modernization

In conjunction with Financial Services, CPM has also established service contracts for HVAC, electrical, painting, generators, and waste removal. These contracts ensure that FSU have active agreements and qualified providers available to perform regular maintenance and services for the University, as well as provide on-call support when needed. This plays a pivotal role in ensuring that CPM are prepared to support all University operations, both planned and unplanned, while maintaining reliable access to the services and expertise needed to respond effectively.

Auxiliary Services

Parking

Going into this year, parking activity has increased, particularly with visitors to the Dupont facility and the issuance of new faculty and staff parking permits. Because parking permits are issued on a five year cycle, this academic year represented a new permit issuance period for faculty and staff.

Parking Services has also continued working to update campus parking maps and signage to ensure that electric vehicle charging locations are accurately reflected and that the information available to the campus community remains current.

Falcon Bookstore & Gear Shop:

Matt Lechter has continued to work with University Gear Shop regarding the in-store experience and the importance of ensuring that apparel and merchandise are stocked to meet the needs of the university community. Over the summer, several conversations occurred with their leadership, including on site visits, to discuss inventory, store presentation, and opportunities to improve the overall experience.

New inventory arrived in the store ahead of the fall semester. Conversations continue with their team to ensure that as merchandise is sold, there are plans in place for timely restocking and the introduction of new items. Our goal is to continue working collaboratively to ensure the store is positioned to meet the needs of students, faculty, staff, alumni, and visitors throughout the academic year. At the current moment revenue is 15k ahead of where it was last year.

E-Campus

Faculty adoption of E-Campus for course materials reached 98% for the fall semester, a rate the E-Campus noted as one of the highest adoption rates.

Fitchburg State University- 98% on 1,321 courses
Mass Pace School 1- 13% on 720 courses
Mass Pace School 2- 62% on 1,684 courses
Mass Pace School 3- 69% on 1,574 courses.

As FSU moves through October and November will be able to understand how sales did in comparison to last year.

Dining:

This summer, Matt Lechter continued planning for Summer 2027 projects, including the release of capital funds as part of our agreement with Chartwells. These funds will support improvements to the back of house, ensuring that the dining team has the equipment and resources needed to support the university's dining offerings.

Alongside these improvements, the Dining Services Team have continued to look for ways to enhance the overall dining experience. This has included the installation of new artwork in Holmes Dining and the opening of the Falcon Pub in Hammond, which offers a special nighttime menu on Thursdays and Fridays. Some new equipment will also be delivered and begin being used in October.

There has also been an increase in participation across the meal plan portfolio. At the start of Fall 2025, 895 meal plans were purchased, compared with 948 at the start of the current fall semester.

Information Technology: Stefan Dodd

During this reporting period, the Technology Department continued to advance a broad portfolio of initiatives focused on academic innovation, student services, cybersecurity, infrastructure resilience, operational efficiency, and long-term technology planning. Several projects reached important milestones, while others are positioning the University for significant changes in enterprise systems, digital security, and the growing role of artificial intelligence across higher education.

The Technology Department welcomed Stevens "Espi" Esperant as the University's new Director of Technology Services during this reporting period. Espi brings a strong combination of hands-on technical experience and technology leadership to the role, with a professional background spanning systems administration, infrastructure, IT operations, and organizational technology management. Before joining Fitchburg State, he progressed through increasingly senior technology leadership roles, including Information Technology Manager, Director of Information Technology, and Chief Information Officer responsibilities within the healthcare sector. His addition strengthens the Department's leadership team, adds important operational depth, and provides dedicated leadership for the staff responsible for many of the systems, infrastructure, and support services that students, faculty, and employees rely on every day. We are very pleased to have Espi join the Fitchburg State community and look forward to the experience and perspective he brings to the team.

A major academic accomplishment was establishing a new shared computer lab in Percival. Capital Planning and Maintenance and Technology worked closely with Dean Al-Odeh and the Provost to prepare the space by installing new electrical wiring and data network runs and adding new thin-client computers. The laboratory will be shared by Business, Computer Science, and Mathematics, creating a more flexible academic resource while giving Business faculty a dedicated, technology-enabled environment to introduce students to emerging tools such as artificial intelligence. The project also gives the University an opportunity to reconsider the traditional model in which individual departments maintain separate computer labs. Based on technology usage data showing that more students are bringing their own devices to class, only 25 computers were installed in the 31-seat room. This will serve as a practical pilot for determining how future academic computing spaces can better balance institutionally provided equipment with student-owned devices.

The University also expanded direct access to generative artificial intelligence through the introduction of Gemini Pro for Faculty, Staff, and Students. Communications from the Provost's Office positioned the rollout as an academic and student-support initiative rather than simply a technology deployment. Providing an institutionally supported AI platform gives students and faculty more opportunities to explore these tools in teaching and learning while building familiarity with technologies that are becoming increasingly relevant across academic disciplines and the workplace. Together with the new Business laboratory, this represents a meaningful step toward creating more opportunities for students and faculty to experiment with and understand emerging AI capabilities.

The Conlon Hall Film and Video renovation has also been an important academic technology initiative. Technology is providing upgraded audiovisual systems, including 7.1 surround sound, 4K projection in selected classrooms, improved displays, and modernized audiovisual controls. These systems are designed to allow students and faculty to view and evaluate cinematic work with the color accuracy, contrast, picture detail, and sound quality required for film instruction. In addition, Technology has installed a high-speed network to support the program's demanding video editing workflows and planned shared FlashPoint SSD storage. This environment will allow students to work with very large media files, collaborate across editing laboratories, and gain experience with technologies and production processes that more closely reflect professional industry environments. The project has required close coordination among Film and Video faculty, Capital Planning and Maintenance, Technology staff, and external installation partners.

Technology improvements are also producing gains in student and community services. The first football game using the University's new online ticketing platform was successfully completed, with 585 tickets claimed and processed through the system. The electronic ticketing and scanning process was much smoother than the former combination of cash transactions and a slow, clunky mobile point-of-sale process. This new online ticket system integrates with the University ERP, Single Sign-On, and the debit/credit card processing partner, improving attendance tracking while allowing Athletics to move away from ticket sales at the door. The Technology Department has since expanded the system to hockey, including season-ticket and season-pass options, and added a dedicated Athletic Game Tickets icon to the Fitchburg State mobile application. The platform can also support additional campus events, including Homecoming-related activities.

Cybersecurity remains one of the Department's most significant responsibilities and concerns. The University has implemented a new log collection and Managed Detection and Response service called Arctic Wolf. This gives the University additional managed cybersecurity capability, providing continuous monitoring and expertise to help identify and respond to suspicious activity. This added layer is increasingly important as the pace of cyber threats accelerates and artificial intelligence reduces the time and effort attackers need to identify vulnerabilities and potentially exploit them. Much of the University's cybersecurity work remains invisible to the campus community because redundancy in the technology environment allows services to shift while systems are patched. However, what was occasional emergency response work is becoming a more sustained workload. The cumulative impact on staff capacity and burnout is an increasing concern, particularly as urgent security work competes directly with planned institutional projects.

Technology is also preparing for changes in digital identity and authentication. The University is moving toward passkeys and away from less secure SMS and voice-based multifactor authentication methods. Passkeys offer greater resistance to phishing and position the University for both Microsoft's changing authentication requirements and the Commonwealth's broader movement away from SMS-based authentication. At the same time, Information Security continues to expand student cybersecurity education through Vector LMS and in-person programming. Topics include phishing, scams, privacy, responsible artificial intelligence, cyberbullying, social media,

texting, digital citizenship, and healthy online interactions. The initial voluntary program was developed in response to the increasing prevalence of scams targeting students, including phishing, fake employment offers, and sextortion.

The University also successfully completed its annual Payment Card Industry Data Security Standard (PCI-DSS) compliance audit with a fully compliant result, no findings, and no remediation required. This annual process requires substantial internal coordination and reflects consistent accountability among Technology and participating campus departments.

Fitchburg State continues to play an active role in statewide cybersecurity collaboration. Through the Higher Education Cybersecurity Coordinating Committee, the University is helping establish the Student Enrollment Risk & Integrity initiative, or SERI. The collaboration aims to improve shared visibility into enrollment fraud, emerging patterns, and related integrity concerns among Massachusetts public higher education institutions so that campuses are not addressing these issues independently. Fitchburg State will support the initiative by hosting the statewide email ListServ. In addition, Technology leadership has taken on a larger statewide role through service as co-chair of the Higher Education Cybersecurity Coordinating Committee.

Several infrastructure projects have improved the University's network resilience. One of the most important was installing a new fiber route connecting the north and south sides of campus, creating a secondary network path between 185 North and North Street Apartments. This gives the University an alternate route between University Police and the main data centers if the primary fiber path beneath Pearl Street is damaged or unavailable. That existing route has been damaged in the past, so this project reduces a longstanding risk and helps protect connectivity for critical public safety operations.

Summer network cabling work in Mara Village was also completed, including six Mara Village buildings. This project required significant coordination across campus departments to minimize disruption to summer programs and is part of the continuing effort to improve residential network reliability before the fall semester. The broader Mara wiring project was completed ahead of schedule, providing Capital Planning and Maintenance with additional time for cleaning and space turnover.

The Technology Department also made progress in institutional analytics and digital accessibility. The integration among Banner, Snowflake, and the Commonwealth-supported Tableau environment is now operational, enabling daily automated enrollment-data refreshes without affecting production systems. A Day School Enrollment dashboard has been developed and reviewed with Enrollment Management, with secure single sign-on access now being completed for sensitive information. This dashboard also added historical data and year-over-year trend analysis to support stronger executive reporting. This work also allowed the University to terminate its Talend ETL software contract, producing direct savings while improving reporting capabilities.

Blackboard digital accessibility metrics continue to show encouraging progress as the University advances its broader Title II accessibility work. The overall Blackboard accessibility score increased from 60.2 percent for Summer 2025 content to 80.4 percent for Summer 2026, while Fall 2026 content reported at 87.4 percent at the beginning of the semester. Although these scores apply specifically to Blackboard content and remain fluid as faculty add or modify materials, they provide an increasingly useful measure of progress.

Looking ahead, the Department is beginning to assess several large enterprise initiatives. Working with Finance and Ellucian, Technology has begun a technical and financial review of what a potential future transition from the University's on-premises Banner environment to Ellucian Student SaaS would require. Initial discovery has identified approximately 3,000 Banner objects

and more than 55 third-party integrations that must be evaluated for cost, timing, technical complexity, and staffing implications. In parallel, Technology and Finance are developing an application rationalization strategy to identify systems that may be consolidated or eliminated over time, reducing technical debt and potentially helping offset future SaaS costs.

A more immediate major project is the Risepoint data integration rebuild. Risepoint has asked the University to rebuild its institutional data feeds involving Slate, Banner, and the learning management system to accommodate a new process and additional data requirements. A similar integration effort previously required approximately six months and involved multiple campus stakeholders. The current request is further complicated because the developer who originally created the supporting scripts is no longer with the University. The team will need to analyze, unpack, and rewrite the existing scripts. This will represent a substantial demand on the Technology Department's Banner analyst team and will need to be carefully balanced against other institutional priorities.

The Technology Department has also begun planning to replace the University's IndigoVision security camera platform, which Motorola Solutions is retiring. The University currently operates approximately 311 campus cameras and will need to transition to a new Video Management System (VMS) before legacy support ends in spring 2027. Early work is focused on pricing, architecture, redundancy options, and a migration roadmap. Technology is also evaluating possible integration with the University's access-control system, which could provide more unified physical security monitoring over time.

These projects reflect how closely technology is tied to nearly every part of the University. Along with visible improvements for students and faculty, the Department continues to support the less visible work that keeps systems secure, reliable, and available. Our focus remains on making practical technology investments that support teaching and learning, strengthen University operations, and prepare Fitchburg State for what comes next.

University Police and Public Safety: Chief Michael Cloutier

This report highlights recent operational achievements, preparedness initiatives, and community engagement efforts of the Fitchburg State University Police Department. Over the past several months, the department has made strides in bolstering campus safety through proactive leadership transitions, multi-agency emergency management planning, and professional development.

Staffing & Personnel Updates

The University Police Department currently operates at an 88.5% staffing level, with 23 of its 26 allocated full-time positions filled (an 11.5% vacancy rate) as active recruitment continues for the three remaining roles.

This summer, the department advanced key leadership promotions and personnel transitions to support daily operations.

- In July, Lieutenant **Andrew Lamarche** was appointed Deputy Chief of Police to serve as second-in-command, and Officer **Emily Quiles** was promoted to Detective Patrol Officer in August.
- Additionally, long-tenured university employee and former sworn UPD officer **Tara Prosser** joined us in September as our Administrative Assistant, bringing extensive institutional knowledge and operational familiarity to the role.
- In July, dispatcher and alumnus **Alexzander Milner** was promoted to Patrol Officer and

entered the MPTC Lynnfield Academy, where his dispatch experience and campus familiarity will streamline post-academy field training.

- Filling his dispatch position, **Chelsie Diouf** joined the department, bringing over 15 years of public health experience.
- **Angelina Magaw-Chan**, will begin with the department in October as a Patrol Officer. Magaw-Chan previously served as a police officer with the City of Fitchburg.

Emergency Preparedness & Event Operations

In continued partnership with Fitchburg Public Schools, the Fitchburg Police Department, and the Fitchburg Fire Department, the university police department is advancing a comprehensive Family Reunification Plan centered at the Wallace Civic Center. In September, the department led two multi-agency tabletop exercises involving approximately 50 regional public safety and education stakeholders to test site mobilization and emergency procedures. To ensure operational readiness, targeted training and an on-site functional exercise will be scheduled for later this academic year, ahead of the final plans approval.

Grant Opportunities

To advance physical security and technology, the University Police Department submitted two grant applications in 2026. The department requested \$35,003.35 through the federal Small, Rural, and Tribal Body-Worn Camera program to fund a five-year project totaling \$70,006.70, to acquire 21 body cameras and digital evidence software, with awards notifications pending.

The department also requested \$114,191.86 from the state Homeland Security Grant Program for a mobile vehicle-barrier system, to protect high-risk areas during campus events, with award notifications expected in October.

Fleet Management

As part of our ongoing institutional fleet strategy, the university has partnered with Enterprise Fleet Management, a model already adopted by two sister state institutions, through a cross-functional collaboration between University Police, Capital Planning, and Finance. To date, the university has taken delivery of five new vehicles, with four additional units pending arrival, including a 15-passenger van that will be available for campus community reservations.

Regulatory Compliance

Chief Cloutier and General Counsel Stacey Luster are establishing an institutional policy aligned with Governor Maura Healey's PROTECT Act to ensure legal compliance and protect campus safety regarding law enforcement procedures, public property access, and immigration enforcement interactions.

Maintaining Special State Police Officer (SSPO) status requires ongoing adherence to MPTC in-service training and POST Commission standards. In September, the Massachusetts State Police Certification Unit completed its annual audit, confirming 100% departmental compliance.

To ensure compliance under the federal Clery Act, higher education institutions must publish an Annual Security and Fire Safety Report by October 1. This report must outline safety policies, emergency procedures, and three years of campus crime statistics.

Working alongside multi-agency and institutional partners, the University Police Department completed the 2026 ASR. The report was officially finalized, published, and distributed to the campus community on September 29, 2026, successfully meeting the required deadline.

Community Engagement & Personal Safety

Anchored in community policing, University Police continue to foster trust across campus and the region through proactive education and outreach. Notably, Comfort Dog “Zara,” a beloved presence on campus, recently completed her formal training and earned her official certification, strengthening our crisis de-escalation capabilities and student support.

The department conducted 22 safety presentations during this reporting period, delivering risk mitigation and emergency preparedness training to 1,374 students, staff, and faculty.

Spearheaded by our Campus Safety Overview and Civilian Response to Active Shooter Events sessions, and supplemented by training in CPR and De-escalation, these programs provide our campus community with life-saving skills and heightened situational awareness.



Residence Hall Community Desks

To strengthen residence hall safety and access control, the University Police Department has partnered with Student Affairs and Information Technology to launch the Residence Hall Community Desk initiative. Spearheaded collaboratively by Dean of Students Tim St. John, Chief Information Officer Stefan Dodd, and Chief Cloutier, Phase I would establish student-staffed desks at Russell Towers and Simonds Hall to monitor building entry and guest registration.

While Residence Life recruits and supervises the student staff and IT provides technical infrastructure, University Police will support the program through safety, radio communications training, and emergency response.

Academic Support & Professional Development

Fitchburg State’s Police Academy Program continues to experience a resurgence. Over the summer, the department completed 60 preliminary background investigations for incoming students, a 33% increase over last year, while initiating comprehensive background investigations

for the 10th Recruit Officer Class (ROC) ahead of their 2027 academy, to ensure candidate integrity and workforce readiness.

To strengthen campus security and enhance institutional readiness, the department partnered with local police, state police, and regional fire departments in August to conduct an Active Attack Integrated Response (AAIR) training at the McKay Arts Academy, optimizing joint response protocols.

In addition, officers completed targeted instruction in Title IX compliance, parallel investigations, and student mental health awareness in coordination with Counseling and Disability Services, while Sergeant Douglas Costa completed specialized courses in Campus Crime Prevention.

Summary

During this reporting period, the Fitchburg State University Police Department strengthened overall campus safety and operational readiness by achieving an 88.5% staffing level, maintaining full regulatory compliance under state and federal standards, advancing multi-agency emergency preparedness exercises, and expanding proactive community safety initiatives.

STUDENT EXPERIENCE

Student Affairs: Tim St. John

The following highlights reflect the Division of Student Affairs' work over the past several months to enhance the student experience and deliver services that promote student wellness, success, and retention.

Fall 2026 Housing Occupancy Data:

The chart below shows current occupancy rates per building and a total for campus. The Massachusetts State College Building Authority (MSCBA) occupancy of 59.8% reflects the percentage of beds occupied for our buildings' original designed usage. Efforts over the past several years have resulted in originally designed double occupancy rooms being transitioned into premium singles to reflect student interest. The Actual occupancy of 81% reflects this change and more accurately captures how many of our available beds, as designed today, are occupied. Note that we report Mara 1-7 as one total occupancy rate for the MSCBA report, which is why those columns are left blank in this chart. The below reflects a \$539,501.09 increase in housing revenue, up 11.75% from Fall 2025.

Building	Active Beds		Occupied Beds		Percent Occupied			
	FA25	FA26	FA25	FA26	FA25 - Actual	FA26 - Actual	FA25 - MSCBA	FA26 - MSCBA
Aubuchon	177	207	157	157	88.70%	75.85%	48.30%	48.30%
Cedar	32	0	16	0	50.00%	0.00%	57.10%	0.00%
Herlihy	82	88	74	76	90.24%	86.36%	47.40%	49.40%
Mara Village 1	24	24	23	22	95.83%	91.67%		

Mara Village 2		25	25	21	25	84.00%	100.00%		
Mara Village 3		25	25	24	24	96.00%	96.00%		
Mara Village 4		23	23	22	21	95.65%	91.30%		
Mara Village 5		23	23	21	23	91.30%	100.00%		
Mara Village 6		24	24	23	23	95.83%	95.83%		
Mara Village 7		24	24	24	22	100.00%	91.67%		
Maras 1-7 total		168	168	157	162	93.45%	96.43%	47.90%	49.40%
Mara Village 8		83	90	57	62	68.67%	68.89%	54.80%	59.60%
Russell Towers		377	382	256	298	67.90%	78.01%	57.50%	67.00%
Simonds		135	135	96	100	71.11%	74.07%	72.70%	75.80%
Townhouses		189	189	136	165	71.96%	87.30%	72.00%	87.30%
Campus Total		1243	1259	949	1020	76.35%	81.02%	55.60%	59.80%

Some additional updates regarding Residence Life and the data above:

- 11 Mount Wachusett Community College (MWCC) students are living on campus through our housing partnership program. Dean St. John, AVP Lechter, and CFO Chambers are meeting regularly with MWCC leadership to discuss the program and its operations.
- The decision was made to reimagine graduate housing and move it to Simonds Hall in order to provide a more attractive, air conditioned, apartment style space for graduate students. While graduate students can choose to live in other available spaces on campus, 9 currently live in dedicated graduate housing in Simonds and a total of 15 live on campus. Note that this total includes 4 Graduate Resident Directors.
- A few weeks ago, the University launched Family Housing. 4 units in the Foundation owned 185 North Street are available for students who are caregiving for dependent children. Early inquiries, with one student immediately engaging in the process of registering, suggest there is a need for this type of housing with our current student. Fitchburg State is the first State University to offer any sort of family housing.
- 29 former commuter students chose to live on campus this year.

Other data and key initiatives taking place in the Division in support of the student experience include:

- The start of the fall semester has included a wide array of programmatic offerings for students with a total of 87 programs as of the writing of this report. Highlights have

included the annual Rock the Block, Hispanic Heritage Month, and the ever-popular Back to School Bingo. 70 student leaders attended Club Training at the beginning of the year.

- There are currently 267 of military-connected and/or veteran students enrolled at Fitchburg State compared to 210 in the Fall of 2025 (a 27% increase). The enrollment growth with this population suggests that our investment in supporting the unique needs of these students is working. Of the 267 number of students 95 are active duty or currently serving in the National Guard, 106 are veterans, and 66 are dependents.
- The role of a Case Manager in Care and Case Management (CCM) transitioned into a dedicated Basic Needs Specialist. Still housed in CCM, this staff member oversees the Falcon Bazaar Food Pantry and Professional Clothing Closet, is launching the Pantrysoft online inventory and ordering software, is connecting with outside organizations who can supplement our basic needs efforts and provide resources for students, and is meeting with students regularly who are referred to the office.
- 213 CARE referrals have been submitted to date, which is approaching 25% last academic year's record *total*. The 152 referrals in September alone (a 16% increase from last September) makes it the single highest referral month on record. The top categorical concerns thus far are Financial Stress/Basic Needs Insecurity; Medical concern, injury, or illness; and Difficult personal event or circumstance. Note that it is often the case that there are more than one categorical concerns per case. 105 students have engaged with Counseling Services, which has provided 224 clinical sessions (a 10% increase) as of the writing of this report. 755 students are registered with Disability Services, up 22% from last year. Together, this data indicates both a growing need for student support and a strong culture of referral on campus.
- A cross-divisional team, led by Associate Dean Dr. Robert Hynes, has been meeting regularly to plan wellness and prevention related programming and information for students throughout the year. Our University-employed Physician's Assistant, who provides clinical care at Community Health Connections, is now spending 2 afternoons per week on campus to assist with this prevention and outreach work. In addition, she will be available to meet with students to schedule them for appointments at the clinic, which we are hopeful will increase access to this resource. She also now serves as a key member of the CARE team, assisting in the assessment and intervention of a growing number of medical related CARE referrals.

Athletics: Matt Burke

The Athletic Department continues to have a positive impact on university enrollment while playing an important role in retention and recruiting the first year incoming class. Overall, the number of active student-athletes this fall is 380, an increase of approximately 30 from last fall, with 120 being first year students to the university.

As the new academic year begins, the department is continuing efforts to improve the academic success of Fitchburg State's student-athletes. After one full academic year of formalized efforts, led by Laura Pierce, major strides were made in reducing the number of ineligible student-athletes from last year. The following numbers include all student-athletes that intended to be a part of the roster in Fall 2026 (does not include athletes that quit the team);

Ineligible student-athletes following the Fall 2025 semester	19
Ineligible student-athletes following the Spring 2026 semester	9
Ineligible student-athletes following the Summer 2026 semester	2

Additionally 11 of our teams showed an increase in GPA based on their 24-25 GPA, with men's cross country, women's cross country, and baseball demonstrating the biggest increases. There were also increases in the number of top performing academic student-athletes;

- 20 student-athletes (5.78%) achieved a flawless 4.0 semester GPA.
- 125 student-athletes (36.13%) secured a 3.5 or higher GPA.
- 215 student-athletes (62.14%) finished the term with a 3.0 or higher GPA.

Efforts to develop student-athlete academic support programs are ongoing, with a focus on continuous improvement and excited to trial academic success sessions, completed during preseason and first few weeks of the semester, to get all new student-athletes familiar with the resources and tools they will need to be successful. This initiative is partnered directly with the ACT Center and SU Success Staff and Coaches.

Student-athletes will also receive priority registration for the first time beginning this fall for athletes that will be on in-season rosters in the spring. This program will allow athletes an early opportunity to select courses that do not conflict with their athletic teams schedules.

This past August, the men's basketball team travelled to Trier, Germany on a donor-funded international tour that also included a stop in Luxemburg. The trip served as an opportunity to learn about new cultures and history while creating lifelong memories and team bonding. While in Germany the team was able to practice and play three games, going 3-0 against different European teams.

Our newest varsity sport, men's lacrosse, has begun their fall-ball practices in preparation for their first-ever varsity season this spring. The department has moved quickly to secure their equipment and uniforms and scheduling their first season opponents. Head Coach Tommy Moorshead has been busy recruiting and organizing the team practices and activities. The first season roster will likely include around 25 student-athletes, though recruiting for the Fall 2027 year is well underway and looking strong. There are currently 16 applications for men's lacrosse recruits already submitted for Fall 2027 with several recruiting events still ongoing.

Women's ice hockey has begun their on-ice training for another club season while building towards their varsity launch in 2027-2028. Head Coach Rebecca Brown has led the recruiting process, with 36 applications, visiting an impressive 16 different recruiting events, including an international trip to Finland. Women's Ice Hockey has had 84 individual recruit visits to campus with another 10 visits scheduled in the next few weeks.

In partnership with the Information Technology department, Athletics unveiled an online ticketing system, Purple Pass, for all football, ice hockey, men's basketball, and women's basketball games. The online system allows all guests, from students and faculty to family and fans to purchase tickets online and scan into the game at the gate. The system eliminates the need for cash sales, and the exchange of cash at home events. Electronic tickets also increase the ability to track attendance at games, including how many students are attending in hopes of better marketing and targeting groups that are active or inactive attending games.

With the fall athletic season still in their early stages, attention must be paid to the fantastic achievements of one of our student-athletes from this past May: Senior student-athlete Liam Bourassa represented Fitchburg State at the NCAA Division III National Championships for Track and Field, and competed in both the javelin and hammer throw. Liam placed second overall in javelin with a toss of 73.55 meters to earn First Team All-American honors in the javelin, while finishing tenth overall in the hammer throw with a toss of 57.37 meters to collect Second Team

All-American Accolades in the hammer throw. Liam's toss in the javelin was the fourth best throw in NCAA DIII history.

PERSONNEL SERVICES & OFFICE OF THE GENERAL COUNSEL: Stacey Luster

New Employee Engagement and Retention

- **Falcon Welcome**-Twice per year, Personnel Services convenes newer employees to meet with the President, Academic Affairs, Student Support, Student Engagement, Institutional Technology, and the University Police Department. Participants become vested in FSU core values learning about the various functions of the University and engaging with colleagues from other departments.
- **Nuts and Bolts of Becoming a Falcon**- This monthly program provides more in-depth onboarding regarding the history of FSU, engagement opportunities, performance reviews, policies, equal opportunity, technology and employee benefits.
- **New Falcon Tour**- Currently facilitated by a member of the payroll team, brings employees around the campus to emphasize points of interest, introduce them to recreation opportunities, and generally orient them to the layout of campus.

Equal Opportunity and Compliance (EOC)

- **Training and education:** Training on Title IX, bystander intervention, and risk-reduction strategies was provided to all fall athletes. Student leaders, including Resident Assistants and Orientation Leaders, received advanced training incorporating simulated practical applications. All new students received in-depth training during New Student Orientation on cultivating healthy interpersonal relationships and practicing safe bystander intervention. The Office of Equal Opportunity was also featured at a New Employee Welcome event and New Faculty Orientation.
- **Campus Security Authorities:** A total of 224 Campus Security Authorities (CSAs) were identified for the 2026-27 academic year, representing a 57% increase since 2021. CSAs will receive required notification and training on October 6, 2026.
- **Clery/VAWA resources:** Federal Student Aid guidance regarding Clery/VAWA requires institutions to provide victims with a written explanation of their rights and options. With the outstanding support of an undergraduate student intern, University Police Department (UPD), and the Culture of Respect team, the EOC developed a comprehensive, 23-page resource guide tailored to the University. The guide is now being prepared for printing.
- **Coordination with University Police:** To balance the University's obligations related to Title IX coordination, student privacy, and law enforcement responsibilities, the Office of Equal Opportunity and University Police collaborated to replace the UPD/Title IX Waiver of Information with a more inclusive Acknowledgement Form. The new form provides information about rights and supportive measures and informs parties that the Title IX Coordinator will reach out regarding available options. It also makes clear that individuals are not required to engage in or participate in any process.
- **Accessibility and accommodations:** The Office collaborated with the Disability Support Office to develop a first-level appeal process for accessibility and accommodation concerns. This preliminary process is intended to provide an opportunity to address concerns before they escalate to a formal discrimination complaint.

CHIEF OF STAFF: Matt Bruun

The Chief of Staff continues to work closely with the Office of the President in advancing a number of institutional objectives.

Among the major projects the office has led this fall has been facilitating the ALL IN campus democracy challenge, for which President Hodge was an early signatory. ALL IN is a non-partisan effort to boost civic engagement on campuses across the U.S., and Fitchburg State has convened a team spanning administration, faculty, staff, and students to help get out the vote this fall. In addition to compiling and submitting a comprehensive action plan, a [“Falcons Vote” website](#) has been created (and will be continually updated) to document the campus’ efforts.

The Director of Communications continues to produce a variety of compelling stories that are shared across institutional and community channels, including [news releases](#), [digital magazine features](#), and [social media](#) content. These stories are also shared with local media outlets, many of which have adorned the top of the front page of the local newspaper and are further disseminated on external social media pages, highlighting the vibrancy of campus and the achievements of its students, faculty, librarians, staff, and alumni. A listing of externally published links is included below. The Director also plays a key role in complying with the state’s public records law, responding to - and tracking - a variety of information requests. This is detail-oriented work that demands timely response.

The Chief of Staff also works closely with University Police on emergency communications, from scheduled system tests and annual security report dissemination to time-sensitive safety notices and updates (as on Oct. 4, 2026). The Director of Communications is receiving training on the university’s alert system to cultivate “depth of bench” in this crucial capacity.

The Chief of Staff also prepares talking points and briefing materials for the president, which in this cycle has included presentations to on- and off-campus constituents, including advisory boards and state officials. The Chief of Staff also takes part in systemwide government relations meetings and planning.

The division also includes the Director of Presidential Events, who continues to provide leadership in planning, budgeting and execution of signature programs to elevate the university for its diverse populations. In this cycle, the director worked closely with campus partners for our signature start-of-semester celebrations including the new student Matriculation Ceremony and the State of the University gathering. These events set the stage for our internal campus audiences as well as valued friends from the surrounding community. The director continues planning for the university’s Homecoming celebrations in November; has begun preparations for the second annual She Soars event promoting women’s athletics; and started work on the third annual Presidential Gala in April. The director has also supported numerous events at the presidential residence: welcomes for staff from Athletics, University Police, and Admissions, as well as university Trustees and the Presidential Fellows. Even when targeting internal audiences, these events require significant coordination with campus partners and attention to detail, and reflect on the institution and the President herself. The director also works closely with campus partners to maintain the residence itself.