Attachment F

FSU Foundation Supporting Org

FS Revised draft 11.2 for client

FSU Foundation Supporting Organization, Inc.

Financial Statements
and Independent Auditor's Report

June 30, 2021 and 2020

FSU Foundation Supporting Organization, Inc.

Index

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of FSU Foundation Supporting Organization, Inc. (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FSU Foundation Supporting Organization, Inc. as of June 30, 2021 and 2020, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated REPORT DATE, on our consideration of FSU Foundation Supporting Organization, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters for the year ended June 30, 2021. 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 FSU Foundation Supporting Organization, Inc.'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 FSU Foundation Supporting Organization, Inc.'s internal control over financial reporting and compliance.

Boston, Massachusetts
Report DATE

FSU Foundation Supporting Organization, Inc.

Statements of Financial Position
June 30, 2021 and 2020

Assets

	2021	2020
Cash and cash equivalents	$ 217,474	$ 176,467
Due from affiliate	-	24,445
Prepaid expenses and other assets	126,582	135,177
Property and equipment, net of accumulated depreciation	6,781,506	6,287,094
Total assets	$ 7,125,562	$ 6,623,183

Liabilities and Net Assets

	2021	2020
Liabilities		
Accounts payable, trade	$ 4,269	$ 5,049
Due to affiliates	14,359	16,194
Agency fund	31,080	31,080
Accrued interest payable	6,923	5,721
Bank line of credit	-	250,000
Note payable - bank	453,794	474,685
First mortgage notes payable	3,590,174	2,979,863
Environmental remediation liability	536,901	100,000
Deferred revenue	30,000	30,000
Total liabilities	4,667,500	3,892,592
Net assets		
Without donor restriction	2,458,062	$ 2,730,591
Total net assets	2,458,062	2,730,591
Total liabilities and net assets	$ 7,125,562	$ 6,623,183

See Notes to Financial Statements.

FSU Foundation Supporting Organization, Inc.

Statements of Activities
Years Ended June 30, 2021 and 2020

	2021	2020
Revenue and support		
Program revenues		
Rental income	$ 187,968	$ 189,330
Residence hall income	95,326	263,623
License fee income	356,337	545,661
Contributed property	709,500	2,200
Other income		
Other income	10,197	9,550
Interest income	501	1,104
Total revenue, gain and support	1,359,829	1,011,468
Expenses and losses		
Program services	1,017,042	506,658
Management and general	27,735	23,607
Total expenses and losses	1,044,777	530,265
Losses on transfers and sale of land and buildings	587,581	-
(Decrease) increase in net assets	(272,529)	481,203
Net assets at beginning	2,730,591	2,249,388
Net assets at end	$ 2,458,062	$ 2,730,591

See Notes to Financial Statements.

FSU Foundation Supporting Organization, Inc.

Statements of Functional Expenses
Year Ended June 30, 2021

	2021			
	Program services	Management and general	Fundraising	Total
Affiliate personnel costs	$ -	$ 10,197	$ -	$ 10,197
Insurance	110,706	-	-	110,706
Rent	36,941	-	-	36,941
Professional services	-	10,200	-	10,200
Landscaping	11,662	-	-	11,662
Other costs	1,400	7,338	-	8,738
Supplies and equipment	-	-	-	-
Utilities	22,601	-	-	22,601
Real estate and other taxes	8,250	-	-	8,250
Depreciation	163,178	-	-	163,178
Repairs and maintenance	18,545	-	-	18,545
Interest	178,063	-	-	178,063
Environmental costs	465,696	-	-	465,696
	$ 1,017,042	$ 27,735	$ -	$ 1,044,777

See Notes to Financial Statements.

FSU Foundation Supporting Organization, Inc.

Statements of Functional Expenses
Year Ended June 30, 2020

	2020			
	Program services	Management and general	Fundraising	Total
Affiliate personnel costs	$ -	$ 9,650	$ -	$ 9,650
Insurance	94,432	-	-	94,432
Rent	36,328	-	-	36,328
Professional services	-	7,015	-	7,015
Landscaping	7,700	-	-	7,700
Other costs	1,401	6,942	-	8,343
Supplies and equipment	-	-	-	-
Utilities	23,130	-	-	23,130
Real estate and other taxes	309	-	-	309
Depreciation	152,477	-	-	152,477
Repairs and maintenance	34,871	-	-	34,871
Interest	156,010	-	-	156,010
	$ 506,658	$ 23,607	$ -	$ 530,265

See Notes to Financial Statements.

FSU Foundation Supporting Organization, Inc.

Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities		
(Decrease) increase in net assets	$ (272,529)	$ 481,203
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Losses on transfers and sale of land and buildings	587,581	-
Depreciation	163,178	152,477
Amortization of debt issuance costs	14,813	2,404
In-kind donations	(709,500)	(2,100)
Changes in assets and liabilities		
(Increase) decrease in assets		
Due from affiliate	24,445	(16,799)
Prepaid expenses and other assets	8,595	(102,415)
Increase (decrease) in liabilities		
Accounts payable, trade	(780)	1,465
Agency fund	-	(22,821)
Deposits received	-	(825)
Due to affiliate	(1,835)	-
Environmental liability	465,696	-
Accrued interest payable	1,202	(1,714)
Deferred revenue	-	30,000
Net cash provided by operating activities	280,866	520,875
Cash flows from investing activities		
Payments for property and equipment	(564,466)	(240,775)
Net cash used in investing activities	(564,466)	(240,775)
Cash flows from financing activities		
Proceeds of first mortgage notes payable	1,538,000	-
Payments on first mortgage notes payable	(921,995)	(209,424)
Payments on note payable - bank	(20,891)	(20,122)
Proceeds on bank line of credit	-	250,000
Payments on bank line of credit	(250,000)	(250,000)
Payment of deferred financing costs	(20,507)	
Advances from affiliates	250,000	-
Payments on advances from affiliates	(250,000)	-
Net cash provided by (used in) financing activities	324,607	(229,546)
Net increase in cash and cash equivalents	41,007	50,554
Cash and cash equivalents, beginning	176,467	125,913
Cash and cash equivalents, end	$ 217,474	$ 176,467

See Notes to Financial Statements.

Note 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, 2021, the Organization's sole program activity has been to acquire, hold, operate and lease real estate and related improvements for the benefit of the Foundation and Fitchburg State University (the "University").

Accounting pronouncements adopted

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2014-09, *revenue from Contracts with Customers* (Topic 606) in May 2014, providing new revenue recognition guidance that superseded existing revenue recognition guidance. The update, as amended, requires the recognition of revenue related to the transfer of goods or services to customers reflect the consideration to which the entity expects to be entitled in exchange for those goods or services, as well as additional qualitative and quantitative disclosures about revenues. The Organization adopted the new revenue recognition guidance as of July 1, 2020 using the modified retrospective method of transition for all contracts that were not completed as of that date. The Organization's revenue for reporting periods ending after June 30, 2020 are presented under the new guidance, while financial results for prior periods will continue to be reported in accordance with the prior guidance and the Organization's historical accounting policy. The Organization has not experienced significant changes to the pattern of revenue recognition for its contracts, the identification of contracts and performance obligations or the measurement of variable consideration. There is no net cumulative adjustment related to the adoption of the new revenue recognition guidance.

The Organization has elected to apply the deferrals provided by ASU 2020-05 and therefore expects to adopt Topic 842 for fiscal years beginning after December 15, 2021 on a modified retrospective basis

Summary of significant accounting policies

Use of estimates

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

Method of accounting

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

Basis of presentation

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

Without donor restrictions

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

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

As of June 30, 2021 and 2020, 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.

Residence Hall Fees
Residence hall fees are recognized when control of the promised services are transferred to the Organization’s customers, students and members, in an amount that depicts the consideration the Organization expects to be entitled to in exchange for those services. Revenue is not recognized unless collectability under the contract is considered probable, the contract has commercial substance and the contract has been approved. Additionally, the contract must contain payment terms, as well as the rights and commitments of both parties. Residence hall fees are paid quarterly throughout the year based on the number of students utilizing the residence hall. This income is recognized ratably over the period in which the residence hall is utilized.

Contributions
Transactions where the resource provider often receive value indirectly by providing a societal benefit, although the societal benefit is not considered to be of commensurate value, are deemed to be contributions. Contributions are classified as either conditional or unconditional. A conditional contribution is a transaction where the Organization has to overcome a barrier or hurdle to be entitled to the resource and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if the Organization fails to overcome the barrier. The Organization recognizes the contribution revenue upon overcoming the barrier or hurdle. Any funding received prior to overcoming the barrier is recognized as refundable advance.

Unconditional contributions are recognized as revenue and receivable when the commitment to contribute is received.

Conditional and unconditional contributions are recorded as either with donor restriction or without donor restriction. Contributions are recognized as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. Contributions received with no donor stipulations are recorded as contributions without donor restrictions. When a donor 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 are reported in the statements of activities and changes in net assets as net assets released from restriction. Donor-restricted contributions whose restrictions expire during the same fiscal year are recognized as contribution without donor restrictions.

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

Rental and license fee income

Renting and leasing operations consist of leasing commercial space under a long-term lease agreement with the Commonwealth of Massachusetts acting by and through its Division of Capital Asset Management and Maintenance ("DCAM") on behalf of Fitchburg State University. In addition, the Organization granted Fitchburg State University an exclusive license to occupy, manage, maintain and operate certain other property owned by the Organization pursuant to License Agreements with initial terms of one year and automatic annual renewals thereafter.

Property and equipment

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

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

Impairment of long-lived assets

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

Debt issuance costs

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

Statement of cash flows

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

Income taxes

The Organization is classified by the Internal Revenue Service as a "publicly supported organization" exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization did not have any material unrelated business income for the years ended June 30, 2021 and 2020. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Management has evaluated significant tax positions against the criteria established by professional standards and believes there are no such tax positions requiring accounting recognition in the financial statements. Management does not believe its evaluation of tax positions will significantly change within

12 months of June 30, 2021. 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, 2021 and 2020 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, 2018, 2019 and 2020.

Functional expenses

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

Subsequent events

The Organization has evaluated subsequent events through REPORT DATE, the date these financial statements were available to be issued.

Note 2 - Cash and cash equivalents

The Organization maintains its operating cash and cash equivalent balances in several accounts in various banks. The cash balances are insured by the Federal Deposit Insurance Corporation up to $250,000 at each bank. At times, these balances may exceed the federal insurance limits; however, the Organization has not experienced any losses with respect to these cash and cash equivalent balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these cash and cash equivalent balances at June 30, 2021 and 2020.

Note 3 - Liquidity and availability

Financial assets available for general expenditure within one year as of June 30, 2021 and 2020 consist of the following:

	2021	2020
Financial assets at year end		
Cash (excluding agency fund)	$ 186,394	$ 145,387
Due from affiliate	-	24,445
Total financial assets	186,394	169,832
Financial assets available to meet general expenditures within one year	$ 186,394	$ 169,832

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

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

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

Note 4 - Property and equipment

Property and equipment at June 30, 2021 and 2020 consist of the following:

	2021	2020
Real estate under lease		
Land	$ 402,664	$ 402,663
Building	1,557,724	1,557,724
Building improvements	342,079	100,452
	2,302,467	2,060,839
Real estate used for student housing		
Land	236,524	253,555
Building	434,225	434,225
Building improvements	28,600	28,600
	699,349	716,380
Real estate used for faculty and staff housing		
Land	133,619	133,619
Building	533,508	533,508
	667,127	667,127
Other		
Land	1,808,949	2,024,292
Building	1,507,891	870,442
Land improvements	96,228	158,127
Building improvements	1,069,436	1,069,436
Furniture and fixtures	28,446	28,446
	4,510,950	4,150,743
	8,179,893	7,595,089
Less accumulated depreciation	1,398,387	1,307,995
Property and equipment, net	$ 6,781,506	$ 6,287,094

Accumulated depreciation on real estate under lease amounted to $651,829 and $604,843 at June 30, 2021 and 2020, respectively. Accumulated depreciation on real estate used for student housing amounted to $169,805 and $157,520 at June 30, 2021 and 2020, respectively. Accumulated depreciation on real estate used for faculty and staff housing amounted to $36,852 and $23,514 at June 30, 2021 and 2020, respectively.

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

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

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

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

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

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

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

In fiscal 2017, the Organization acquired a property in close proximity to the Fitchburg State University campus consistent with the Organization's mission and the University's strategic plan which includes campus expansion. The property, which includes land and a building, was purchased for an aggregate cost of $360,305. The acquisition was financed, in part, with a mortgage note on the property in the amount of $280,000 (see Note 6). The Organization is planning a major renovation and expansion of the property which, when completed, is expected to cost approximately $25,000,000 and consist of a multi-phased project providing academic space, student support services space, retail and community space and a theatre renovation. The space is expected to be used by the University and the Fitchburg and surrounding communities. Fitchburg State University will be responsible for the costs of the project's development and construction pursuant to the terms of the license agreement between the

University and the Organization. Funding for the project is expected to come from a variety of sources including, but not limited to, New Markets Tax Credits, Historic Tax Credits, bonds, grants and philanthropy. The project is in the very early stages of development and is estimated to require four years to completion. At some point during that period, the property will be transferred to a new entity. The Organization will pay for certain legal services incurred in connection with the project which the Organization currently estimates to be approximately $148,000 for the entire project. The Organization expects to fund these costs through operating cash. As of June 30, 2021 and 2020, the Organization has incurred $73,491 of legal costs related to the project which have been recorded in prepaid expenses and other assets in the accompanying 2021 and 2020 statement of financial position.

Note 5 - Agency fund

The Organization is part of a collaboration, called Re-imagine North of Main, of local businesses and non-profit organizations located in Fitchburg, Massachusetts committed to making a collective impact and dedicated to improving the quality of life in Fitchburg. The Organization is holding monies for the benefit of North of Main projects and disbursing that as needed to specific vendors identified by the members of the coalition. For the year ended June 30, 2021, the Organization had no transactions in connection with this collaboration. For the year ended June 30, 2020, the Organization collected $49,398 of contributions and disbursed $72,219 in connection with this collaboration. At June 30, 2021 and 2020, the Organization holds $31,080 of funds that is to be used exclusively by the members of the coalition.

Note 6 - First mortgage notes payable

Massachusetts Development Finance Agency ("MDFA")
In August 2006, the Organization acquired land and a building consisting of 4,179 square feet of office space and 53,429 square feet of warehouse space located in Fitchburg, Massachusetts near the University campus. The entire property has been leased to DCAM on behalf of the University (see Note 8). The University is currently using the property for its print services, maintenance, shipping and receiving and financial services.

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

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

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

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

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

As of June 30, 2020, the outstanding principal balance of the mortgage note payable of $779,258, less net debt issuance costs of $14,813, amounted to $764,445

Debt issuance costs, net of accumulated amortization, totaled $20,507 and $14,813 as of June 30, 2021 and 2020, respectively. During 2021, the loan associated with the original debt issuance costs was repaid in full and as such the related debt issuance costs were fully amortized. During 2021, the Organization incurred $20,507 in loan costs associated with the new mortgage note; these costs will be amortized over the life of the new note. For the year ended June 30, 2021 and 2020, amortization expense of $14,813 and $2,404, respectively were added to interest costs in the accompanying statement of activities. Amortization of debt issuance costs on the above loan was amortized using an imputed interest of 3.64% as at June 30, 2020.

MDFA is providing financing to the Organization in the form of a General Fund loan in the amount of $500,000 per the agreement dated June 28, 2021. The loan will be disbursed by a series of advances, per the terms and conditions stipulated in the Construction Loan Agreement. The proceeds are to be used for predevelopment costs in connection with the proposed redevelopment of the Theater Block. The note is secured by a first mortgage on and assignment of leases and rents for the real estate located at 675 Main Street, Fitchburg, MA. The note has a term of 5 years, maturing on June 28, 2026, and provides for a fixed rate of interest of 4% per annum. The loan requires monthly installments of interest effective August 1, 2021. The entire outstanding principal balance shall be due and paid at the earlier of (i) a triggering event or (ii) at maturity, June 28, 2026. A triggering event occurs when the property is transferred to another, abandoned, or financing of $20M or more is secured. No disbursements have been made as of June 30, 2021.

MDFA is providing financing to the Organization in the form of a Brownfields loan in the amount of $500,000 per the agreement dated June 28, 2021. The loan will be disbursed by a series of advances, per the terms and conditions stipulated in the Construction Loan Agreement. The proceeds are to be used for remediation costs in connection with the proposed redevelopment of the Theater Block. The note is secured by a first mortgage on and assignment of leases and rents for the real estate located at 15 Central Street and 675 Main and 689-717 Main Street, Fitchburg, MA. The note has a term of 10 years, amortizing over 30 years, and provides for a fixed rate of interest of 3% per annum. The loan requires monthly installments of interest for the first twelve months after closing; and thereafter principal and interest payable over 30 years. If the Organization has a Debt Service Coverage Ratio in any given fiscal year of less than 1.2:1, then Organization may choose to defer payments due by notifying the lender within thirty days of commencement. No disbursements have been made as of June 30, 2021.

Workers' Credit Union ("WCU")

Workers' Credit Union ("WCU") provided financing to the Organization in the form of a note, dated February 27, 2009, in the amount of $750,000. The note is secured by a first mortgage interest in certain real estate owned by the Organization and an assignment of certain related leases and rents. The note is also collateralized by all funds held by the lender. At June 30, 2021 and 2020, the Organization has total cash balances of $8,456 and $8,097 respectively, held at WCU which serve as additional collateral for the loan.

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

As of June 30, 2021 and 2020, the outstanding principal balance of the mortgage loan amounted to $498,266 and $525,566, respectively.

Aggregate principal maturities on the loan for each of the next five years and thereafter at June 30, 2021, are as follows:

2022	$	28,727
2023		30,272
2024		31,839
2025		33,612
2026		35,420
Thereafter		338,396
Total balance due	$	498,266

Rollstone Bank & Trust

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

As of June 30, 2021 and 2020, the outstanding principal balance of the mortgage loan amounted to $178,567 and $188,898, respectively.

Aggregate principal maturities on the loan for each of the next five years and thereafter at June 30, 2021, are as follows:

2022	$	10,678
2023		11,035
2024		11,389
2025		11,784
2026		11,155
Thereafter		122,526
Total balance due	$	178,567

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

As of June 30, 2021, the outstanding principal balance of the mortgage loan amounted to $1,498,585.

Aggregate principal maturities on the loan for each of the next five years and thereafter at June 30, 2021, are as follows:

2022	$	80,492
2023		83,396
2024		86,278
2025		89,516
2026		92,744
Thereafter		1,066,159
Total balance due	$	1,498,585

Fidelity Co-Operative Bank

Fidelity Co-Operative Bank provided financing to the Organization in the form of a note, dated June 26, 2013, in the amount of $83,200. The note is secured by a first mortgage interest in the real estate property located at 340 Highland Avenue in Fitchburg, Massachusetts and an assignment of leases and rents on the property. The note has a term of 20 years, maturing on June 26, 2033, and provides for a fixed rate of interest of 3.5% per annum for the first five years of the loan term. Thereafter, the interest rate will be adjusted at five-year intervals (June 26, 2018, 2023 and 2028) to the Federal Home Loan

Bank Boston Classic Advance Five Year Rate plus 2.75% per annum. The loan required monthly installments of principal and interest of $376 through June 26, 2018. The interest rate was adjusted to 5.93% per annum on June 26, 2018 pursuant to the provisions of the loan agreement. The July and August 2018 monthly installments of principal and interest remained at $376. On August 27, 2018, the Organization entered into a Change in Terms Agreement with the lender in which the interest rate on the note was modified to a fixed rate of 5.20% per annum until June 26, 2023. At that time, the interest rate will be adjusted pursuant to the terms of the original note described above. All other terms, provisions and conditions of the original note agreement remain in full force and effect. Commencing with the September 2018 monthly installment of principal and interest, the monthly installments shall be $450. The note provides for the payment of a prepayment penalty if the loan is paid prior to maturity. The amount of the penalty shall be a specified percentage of the amount prepaid with such percentage ranging from 5% if paid before the loan's first anniversary and decreasing by 1% per year to 1% if paid before the loan's fifth anniversary. The prepayment penalty will reset as defined above at each five-year anniversary date of the note. 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, 2021 and 2020, the outstanding principal balance of the mortgage loan amounted to $70,255 and $71,916, respectively.

Aggregate principal maturities on the loan for each of the next five years and thereafter, using the interest rates in effect at June 30, 2021, are estimated to be as follows:

2022	$	1,748
2023		1,843
2024		1,933
2025		2,046
2026		2,157
Thereafter		60,528
Total balance due	$	70,255

Fidelity Co-Operative Bank

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

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

As of June 30, 2021 and 2020, the outstanding principal balance of the loan amounted to $98,339 and $102,826, respectively.

Aggregate principal maturities on the loan for each of the next five years and thereafter at June 30, 2021 are as follows:

2022	$	4,692
2023		4,891
2024		5,089
2025		5,315
2026		5,541
Thereafter		72,811
Total balance due	$	98,339

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

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

As of June 30, 2021 and 2020, the outstanding principal balance of the loan amounted to $187,181 and $195,137, respectively.

Aggregate principal maturities on the loan for each of the next five years and thereafter at June 30, 2021 are as follows:

2022	$	8,291
2023		8,700
2024		9,107
2025		9,578
2026		10,051
Thereafter		141,454
Total balance due	$	187,181

Hometown Bank

In June, 2020, Hometown Bank provided financing to the Organization in the form of a commercial note, dated June 18, 2020, in the amount of $312,000. The proceeds of the loan were used for the acquisition, at a cost of $393,780, of a real estate property located at 164 Highland Avenue in Fitchburg, Massachusetts. The note is secured by a first mortgage interest in the property and a collateral assignment of rents and leases on the property. In addition, the loan agreement requires the Organization to maintain a Debt Service Coverage Ratio, as defined, of no less than 1.10 to 1 to be measured annually at the end of the fiscal year. The loan agreement also requires the Organization to maintain a Loan-to-Value Ratio of no more than 80% at any time during the term of the loan.

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

As of June 30, 2021 and 2020, the outstanding principal balance of the loan amounted to $298,009 and $305,145, respectively.

Aggregate principal maturities on the loan for each of the next five years and thereafter at June 30, 2021 are as follows:

2022	$	7,471
2023		7,822
2024		8,190
2025		8,575
2026		8,977
Thereafter		256,974
Total balance due	$	298,009

In June, 2020, Hometown Bank provided financing to the Organization in the form of a commercial note, dated June 18, 2020, in the amount of $138,400. The proceeds of the loan were used for the acquisition, at a cost of $172,481, of a real estate property located at 174 Highland Avenue in Fitchburg, Massachusetts. The note is secured by a first mortgage interest in the property and a collateral assignment of rents and leases on the property. In addition, the loan agreement requires the Organization to maintain a Debt Service Coverage Ratio, as defined, of no less than 1.10 to 1 to be measured annually at the end of the fiscal year. The loan agreement also requires the Organization to maintain a Loan-to-Value Ratio of no more than 80% at any time during the term of the loan.

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

As of June 30, 2021 and 2020, the outstanding principal balance of the loan amounted to $132,193 and $135,359 respectively.

Aggregate principal maturities on the loan for each of the next five years and thereafter at June 30, 2021 are as follows:

2022	$	3,314
2023		3,470
2024		3,633
2025		3,804
2026		3,982
Thereafter		113,990
Total balance due	$	132,193

Fitchburg Historical Society

In April, 2020, Fitchburg Historical Society provided financing to the Organization in the form of a promissory note, dated April 4, 2020, in the amount of $90,000. The proceeds of the loan were used for the acquisition, at a cost of $114,774, of a real estate property located at 0 Main Street in Fitchburg, Massachusetts. The note is secured by a first mortgage interest in the property and a collateral assignment of rents and leases on the property.

The commercial note has a term of 5 years, maturing on April 1, 2024, and provides for a fixed rate of interest of 5.00% per annum. Commencing on May 1, 2020, the loan requires monthly installments of principal and interest of $1,694 based on a 5-year principal amortization schedule with a final payment of all unpaid principal and accrued interest thereon due at maturity.

As of June 30, 2021 and 2020, the outstanding principal balance of the loan amounted to $53,738 and $70,962 respectively.

Aggregate principal maturities on the loan for each of the next four years at June 30, 2021 are as follows:

2022	$	18,105
2023		19,031
2024		16,602
Total balance due	$	53,738

Enterprise Bank and Trust Company

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

The promissory note has a term of 10 years, maturing on November 4, 2026, and thereafter is payable on demand. The note provides for a fixed rate of interest of 4.33% per annum for the first ten years of the loan term. Thereafter, the interest rate will be adjusted at ten-year intervals to the Daily High Federal Home Loan Bank Boston Classic Advance Ten Year Regular Rate plus 1.95% per annum. Commencing on January 1, 2017, the loan requires monthly installments of principal and interest of $1,401 based on a 30-year principal amortization schedule. If the note is prepaid in whole or in part during the first 117 months of each fixed rate period for the purpose of refinancing the note with another financial institution, the note provides for a prepayment penalty equal to 3% of any principal reduction.

Except for the forgoing, the note may be prepaid in whole or in part without penalty. The loan is cross-defaulted and cross-collateralized with any and all other loans made by the lender to the Organization.

As of June 30, 2021 and 2020, the outstanding principal balance of the loan amounted to $257,596 and $262,969, 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, 2021, are estimated to be as follows:

2022	$	5,614
2023		5,866
2024		6,128
2025		6,403
2026		6,690
Thereafter		226,895
Total balance due	$	257,596

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

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

As of June 30, 2021 and 2020, the outstanding principal balance of the loan amounted to $136,612 and $141,347, respectively.

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

2022	$	4,982
2023		5,240
2024		5,495
2025		5,797
2026		6,098
Thereafter		109,000
Total balance due	$	136,612

Webster First Federal Credit Union

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

As of June 30, 2021 and 2020, the outstanding principal balance of the loan amounted to $201,340 and $215,293, 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, 2021, are estimated to be as follows:

2022	$	14,605
2023		15,162
2024		15,741
2025		16,341
2026		16,965
Thereafter		122,526
Total balance due	$	201,340

Note 7 - Note payable - bank

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

The acquisitions were funded with the proceeds of a note payable in the amount of $680,000, dated April 26, 2007, with Enterprise Bank and Trust Company. The note is secured by investments owned by the Foundation with a fair value of approximately $2,855,000 and $2,301,000 at June 30, 2021 and 2020, respectively. In addition, payment and performance of the Organization's obligations under the loan agreement have been guaranteed by the Foundation.

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

As of June 30, 2021 and 2020, the outstanding principal balance of the loan amounted to $453,794 and $474,685, 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, 2021, are estimated to be as follows:

2022	$	21,677
2023		22,456
2024		23,226
2025		24,099
2026		24,966
Thereafter		337,370
Total balance due	$	453,794

Note 8 - Lease and license agreements

As disclosed in Note 6, the Organization entered into a long-term operating lease agreement with DCAM on behalf of the University. The lease commenced on August 16, 2006 and expired on August 16, 2016. The lease provided for base rent of $165,000 per year, payable in monthly installments of $13,750, for the entire lease term. The University was also responsible for the payment of normal operating, maintenance and repair costs associated with its use of the property. The lease continued in effect, after its expiration, under the same terms and conditions until March 9, 2017 when the Organization signed a new 10-year lease with the same terms and conditions as the previous agreement. The new lease agreement became effective as of August 16, 2016. For the years ended June 30, 2021 and 2020, rental income amounted to $165,000 in each year.

The following is a schedule of future minimum rental income under the operating lease agreement at June 30, 2021:

2022	$	165,000
2023		165,000
2024		165,000
2025		165,000
2026		165,000
Later years		20,625
	$	845,625

On August 6, 2008, the Organization entered into a 10-year operating lease agreement with an unrelated third-party for 2,350 square feet of office space located in Fitchburg, Massachusetts. The lease commenced on November 1, 2008 and expired on October 31, 2018. The space is being used by

Fitchburg State University as office and classroom space for its Center for Professional Studies. The lease provided for a base annual rent of $17,625 for each of the first three years of the lease term, payable in monthly installments of $1,469. Beginning with the fourth year of the lease, there will be a 7.5% increase at the commencement of each three-year period of the lease term, including the continuous period of any extensions thereof. On November 1, 2011, the base annual rent increased to $18,947 for the next three-year period of the lease term, payable in monthly installments of $1,579. Effective July 1, 2014, the Organization entered into an amended operating lease agreement with the unrelated third party adding 20 parking spaces for use in conjunction with the above-mentioned office space and extended the lease term through June 30, 2019. The amended lease provides for a base annual rent of $28,495 for each of the first three years of the lease term, payable biannually in installments of $14,247. On July 1, 2017, the annual rent on the lease increased by 7.5% to $30,632 (biannual installments of $15,316). Effective July 1, 2019, the Organization entered into an operating lease agreement with the unrelated third party for the same space. The new lease provides a base annual rent of $30,632 per annum and will increase 2% at the end of each year period of the lease term to be effective commencing July 1st of the following year, including the continuous period of any extension. The Organization may extend the initial term of the lease, under the same terms and conditions, for successive periods of one year, provided it is not then in default of the lease terms and it gives proper notice. The Organization may cancel the lease at any time with the payment of two months' base rent as a termination charge. The Organization is also responsible for the payment of normal operating, maintenance and repair costs associated with the use of the property. For the years ended June 30, 2021 and 2020, rent expense amounted to $31,245 and $30,632, respectively.

The future minimum rental payments under this operating lease agreement at June 30, 2021 are $31,870 and $32,507 for the fiscal years ending June 30, 2022 and 2023, respectively.

On February 1, 2013, the Organization entered into a 10-year operating lease agreement with the above noted unrelated third party for an additional 1,424 square feet of office space located in Fitchburg, Massachusetts. The lease commenced on February 1, 2013 and shall expire on January 31, 2023. The space is being used by Fitchburg State University for additional office and classroom space. The lease provides for a base annual rent of $5,696 payable in monthly installments of $475. Effective July 1, 2017, the lease agreement was amended to extend the term of the lease until June 30, 2023 and modify the lease payment provisions to be in biannual installments of $2,848. The Organization may extend the initial term of the lease, under the same terms and conditions, for successive periods of one year, provided it is not then in default of the lease terms and it gives proper notice. The Organization may cancel the lease at any time after February 1, 2014 with the payment of two months' base rent as a termination charge. The Organization is also responsible for the payment of normal operating, maintenance and repair costs associated with the use of the property. For the years ended June 30, 2021 and 2020, rent expense amounted to $5,696 in each year.

The following is a schedule of future minimum rental payments under this operating lease agreement at June 30, 2021:

2022	$	5,696
2023		5,696
	$	11,392

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, 2021 and 2020, license fee income amounted to $356,337 and $545,661, respectively.

On June 22, 2018, the Organization entered into a three-year operating lease agreement with an unrelated third party after purchasing a property for a total cost of $153,096 located in Fitchburg, Massachusetts. The lease agreement provided for monthly lease payment of $1,600 commencing on July 1, 2018. The lease agreement was amended effective July 1, 2019 and provided for monthly lease payment of $1,358. A new 5 year lease commenced on July 1, 2021 with a monthly lease payment of $1,914. For the years ended June 30, 2021 and 2020, rental income amounted to $22,968 and 21,255.

The following is a schedule of future minimum rental payments under this operating lease agreement at June 30, 2021:

Year ending June 30,	Amount
2022	$ 23,496
2023	23,496
2024	23,496
2025	23,496
2026	23,496
	$ 117,480

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

Note 9 - Line of credit

On August 18, 2016, the Organization entered into a demand unsecured revolving line of credit agreement with Rollstone Bank and Trust which permits the Organization to borrow up to $250,000. The line of credit provides for interest at *The Wall Street Journal* Prime Rate less .25% (effective rates of 3.0% at June 30, 2021 and 3.25% at June 30, 2020). The line of credit agreement expired on August 18, 2017. The line of credit was extended through November 30, 2017, and again through November 30, 2018, under the same terms and conditions of the previous agreement. On November 30, 2018, the line of credit was renewed through November 30, 2020 and again through November 30, 2021. The Organization may prepay outstanding revolving loans under the agreement in whole or in part at any time without premium or penalty. The line of credit agreement contains, among other covenants, the maintenance of a debt service coverage ratio, as defined, of at least 1.00 to 1. In addition, the agreement provides that the line of credit be brought to a zero balance for 30 consecutive days annually during the term of the agreement. During the year ended June 30, 2021, the Organization has made payments of $250,000 under the line of credit agreement. As of June 30, 2021 there were no amounts outstanding on this line of credit. As of June 30, 2020, the Organization has made payments of $250,000 and borrowings of $250,000 under the line of credit agreement. The balance outstanding as of June 30, 2021 and 2020 was $0 and $250,000, respectively.

Note 11 - Transactions with related parties

Fitchburg State University and the Foundation render certain administrative services to the Organization. For the years ended June 30, 2021 and 2020, these services with a value of $10,197 and $9,650, respectively, have been recognized as contribution in kind income in the accompanying statements of activities in accordance with FASB guidance.

Repairs and maintenance expense in the accompanying 2021 and 2020 statements of activities includes $0 and $21,740, respectively, paid to Fitchburg State University for maintenance services provided to the Organization for the real estate used for student housing. At June 30, 2021 and 2020, none of the balance remained unpaid.

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

As part of the license agreement contract, the University shall make supplemental payments to third party vendors or otherwise as are necessary to cover taxes, audit services, liability and property insurance, and related operating expenses. For the years ended June 30, 2021 and 2020, the University made property insurance payments totaling $108,807 and $0, respectively, on behalf of the Organization.

As of June 30, 2021 and June 30, 2020, the Organization has miscellaneous accounts receivable totaling $0 and $24,445 from the University, respectively, which are reflected as due from affiliate in the accompanying statements of financial position.

As of June 30, 2021 and 2020, the Organization has miscellaneous payables in the amount of $14,359 and $16,194, respectively, to the University, which are included in due to affiliates in the accompanying 2021 statement of financial position.

Note 12 - Supplemental cash flow information

	2021	2020
Cash paid for interest during the year	$ 162,048	$ 155,320

During the years ended June 30, 2021 and 2020, cash paid for property additions is as follows:

	2021	2020
Costs incurred for the purchase of property	$ 584,804	$ 342,875
Donated property	(709,500)	(2,100)
Transfer of seven properties to the Commonwealth of Massachusetts with a cost basis of $660,367	660,367	-
Amounts included in accounts payable at the beginning of the year	100,000	-
Amounts included in accounts payable at the end of the year	(71,205)	(100,000)
Cash paid for property and equipment	$ 564,466	$ 240,775

Note 13 - Contingency

In early 2020, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result, events have occurred including mandates from federal, state, and local authorities leading to an overall decline in economic activity. As of June 30, 2021, there was no significant impact to the Organization's operations. However, the Organization is not able to reliably estimate the length or severity of this outbreak. If the length of the outbreak and related effects on the Organization's operations continues for an extended period of time, there could be a loss of revenue and other material adverse effects on the Organization's financial position, results of operations and cash flow.

Note 14 - Subsequent events

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of FSU Foundation Supporting Organization, Inc., which comprise the statement of financial position as of June 30, 2021, and the related statement of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated REPORT DATE.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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.

Boston, Massachusetts
Report Date