

FITCHBURG STATE UNIVERSITY

Board of Trustees

NOTIFICATIONS

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| TO: Board of Trustees Administration and Finance Committee | DATE: April 26, 2022 |
| FROM: The President | NOTIFICATION NUMBER: N09-21/22 |
| SUBJECT: Financial Report | |

FITCHBURG STATE UNIVERSITY
FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
MARCH 31, 2022, 2021 AND 2020

FITCHBURG STATE UNIVERSITY
STATEMENT OF NET ASSETS
March 31, 2022, 2021 and 2020

ASSETS

| | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|--|-----------------------|-----------------------|-----------------------|
| Current Assets | | | |
| Cash and Cash Equivalents | \$ 38,327,855 | \$ 30,101,104 | \$ 31,874,978 |
| Cash and cash equivalents-restricted | 11,483,627 | 9,390,647 | 10,471,463 |
| Accounts receivable, net | 2,751,583 | 4,793,868 | 5,726,617 |
| Loans receivable, net-current portion | 380 | 1,277 | 1,105 |
| Other assets | <u>370,476</u> | <u>-</u> | <u>197,443</u> |
| Total Current Assets | <u>52,933,921</u> | <u>44,286,896</u> | <u>48,271,606</u> |
| Noncurrent Assets | | | |
| Restricted cash and cash equivalents | 9,546,440 | 8,497,575 | 5,080,840 |
| Investments | 19,700,737 | 19,681,754 | 15,685,027 |
| Endowment investments | 1,062,206 | 1,149,378 | 918,105 |
| Loans receivable, net | 912,186 | 1,092,501 | 1,332,467 |
| Prepaid expenses | 199,102 | 171,682 | 34,509 |
| Capital assets, net | <u>180,238,300</u> | <u>179,082,498</u> | <u>179,763,342</u> |
| Total Noncurrent Assets | <u>211,658,971</u> | <u>209,675,388</u> | <u>202,814,290</u> |
| Total Assets | 264,592,892 | 253,962,284 | 251,085,896 |
| Deferred Outflows of Resources | | | |
| Deferred outflows - pensions | <u>13,188,133</u> | <u>8,276,468</u> | <u>8,886,437</u> |
| Total Assets and Deferred Outflows of Resources | <u>\$ 277,781,025</u> | <u>\$ 262,238,752</u> | <u>\$ 259,972,333</u> |

FITCHBURG STATE UNIVERSITY
STATEMENT OF NET ASSETS
March 31, 2022, 2021 and 2020

LIABILITIES AND STOCKHOLDERS' EQUITY

| | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|---|-----------------------|-----------------------|-----------------------|
| Current Liabilities | | | |
| Bond payable-current portion | \$ 4,436,978 | \$ 4,198,819 | \$ 4,148,659 |
| Accounts payable and accrued liabilities | 2,148,436 | 2,773,476 | 1,502,891 |
| Salaries and benefits payable | 2,962,337 | 2,918,012 | 2,963,329 |
| Accrued workers compensation-current portio | 131,181 | 104,231 | 128,796 |
| Compensated absences-current portion | 3,538,000 | 3,887,879 | 3,479,284 |
| Accrued faculty payroll | 4,637,291 | 4,603,129 | 4,787,726 |
| Deferred revenue-current portion | 6,355,638 | 3,309,682 | 689,585 |
| Capital lease-current portion | - | 132,483 | 259,038 |
| Other liabilities | 821,106 | 372,620 | 1,342,318 |
| Total Current Liabilities | <u>25,030,967</u> | <u>22,300,331</u> | <u>19,301,626</u> |
| Noncurrent Liabilities | | | |
| Bonds payable | 48,066,312 | 52,715,244 | 53,466,674 |
| Accrued workers compensation | 957,244 | 373,893 | 462,010 |
| Compensated absences | 2,262,000 | 2,382,893 | 2,224,460 |
| Capital lease | - | - | 131,325 |
| Due to federal loan programs-Perkins | 796,098 | 965,635 | 1,102,121 |
| Due to federal loan programs-Nursing | 136,311 | 249,435 | 247,238 |
| Unfunded pension liability | 20,091,153 | 12,763,415 | 12,484,412 |
| Net OPEB Liability | 25,852,605 | 24,061,207 | 21,928,435 |
| Total Noncurrent Liabilities | <u>98,161,723</u> | <u>93,511,722</u> | <u>92,046,675</u> |
| Total Liabilities | <u>123,192,690</u> | <u>115,812,053</u> | <u>111,348,301</u> |
| Deferred Inflows of Resources | | | |
| Deferred inflow - debt refunding | 2,014,723 | - | - |
| Deferred inflow - concessions | 505,836 | 758,754 | 1,011,672 |
| Deferred inflow - OPEB | 6,269,569 | 6,233,735 | 6,838,918 |
| Deferred inflow - pensions | 779,813 | 1,171,344 | 855,293 |
| Total Deferred Inflows of Resources | <u>9,569,941</u> | <u>8,163,833</u> | <u>8,705,883</u> |
| Net Assets | | | |
| Invested in capital assets, net of related debt | 125,241,892 | 124,781,903 | 125,252,950 |
| Restricted for: | | | |
| Non-expendable | | | |
| Endowment Funds | 567,362 | 558,059 | 495,832 |
| Expendable | | | |
| Endowment Earnings-Scholarship | 400,861 | 335,379 | 391,878 |
| Loans | 145,027 | 181,720 | 359,076 |
| Other | 202,341 | 148,515 | 249,860 |
| Capital projects | 84,072 | 39,450 | 50,000 |
| Debt service | 12,685,282 | 11,319,699 | 7,079,820 |
| Unrestricted | 5,691,557 | 898,141 | 6,038,733 |
| Total Net Assets | <u>145,018,394</u> | <u>138,262,866</u> | <u>139,918,149</u> |
| Total Liabilities, Deferred Inflows and Net Assets | <u>\$ 277,781,025</u> | <u>\$ 262,238,752</u> | <u>\$ 259,972,333</u> |

For those charged with governance and internal management use only

FITCHBURG STATE UNIVERSITY
STATEMENT OF REVENUE, EXPENSES & CHANGES IN NET ASSETS
FOR THE NINE MONTHS ENDED MARCH 31, 2022, 2021 and 2020

| | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|--|---------------|---------------|---------------|
| Operating Revenues | | | |
| Student tuition and fees | \$ 44,587,913 | \$ 46,745,970 | \$ 47,478,261 |
| Waivers and exemptions | (919,340) | (880,733) | (967,078) |
| Net student tuition and fees | 43,668,573 | 45,865,237 | 46,511,183 |
| Federal grants and contracts | 18,218,623 | 9,285,165 | 7,621,943 |
| State and local grants and contracts | 579,698 | 753,168 | 740,956 |
| Nongovernmental grants and contracts | 394,020 | 446,629 | 554,396 |
| Sales and services of educational departments | 901,263 | 569,612 | 1,003,305 |
| Auxiliary enterprises: | | | |
| Residential life (net of scholarship allowances) | 8,799,132 | 6,608,890 | 10,654,666 |
| Residential life-dining hall revenue | 2,975,941 | 2,155,597 | 4,278,062 |
| Administrative overhead | 65,819 | 57,153 | 65,830 |
| Fundraising | 83,611 | 7,418 | 132,759 |
| Commissions | 269,859 | 1,782,645 | 366,591 |
| Miscellaneous | 87,829 | 50,863 | 5,473 |
| Nursing and Perkins | 3,938 | 7,778 | 162,400 |
| Total Operating Revenues | 76,048,306 | 67,590,155 | 72,097,564 |
| Operating Expenses | | | |
| Salaries: | | | |
| Faculty | 18,549,162 | 18,412,516 | 19,150,903 |
| Exempt wages | 3,101,981 | 3,332,166 | 3,452,541 |
| Non-exempt wages | 14,946,316 | 15,149,495 | 15,923,901 |
| Benefits | 11,305,471 | 11,728,677 | 12,076,739 |
| Other Operating Expenses: | | | |
| Employee related travel | 105,510 | 80,325 | 296,285 |
| Administrative expense | 1,690,475 | 1,567,905 | 1,544,953 |
| Facility operational supplies | 1,175,803 | 1,089,473 | 1,109,578 |
| Utilities | 3,050,931 | 2,180,955 | 2,347,017 |
| Consultant services | 1,541,022 | 1,106,998 | 840,347 |
| Operational services | 5,445,663 | 4,917,651 | 2,611,040 |
| Equipment purchases | 277,815 | 464,979 | 361,226 |
| Equipment lease/rental/repair/maint | 512,523 | 295,700 | 598,845 |
| Purchased client services-program | 168,831 | 13,421 | 209,386 |
| Construction and building improvement | 1,520,994 | 786,751 | 1,142,661 |
| Grants and Subsidies | 33,900 | 84,672 | 96,187 |
| Scholarships | 14,068,624 | 10,460,780 | 9,833,474 |
| Loans & special payments | 1,007,437 | 98,627 | 22,436 |
| IT expenditures | 4,102,271 | 2,695,281 | 3,231,528 |
| Depreciation | 8,959,951 | 8,419,805 | 7,758,679 |
| Bad debt expense | (54,751) | - | (47,058) |
| Auxiliary enterprises: | | | |
| Residential life-Dining Hall expense | 2,154,894 | 1,687,503 | 2,972,066 |
| Residential life | 8,423,042 | 5,233,327 | 10,213,556 |
| Total Operating Expenses | 102,087,865 | 89,807,007 | 95,746,290 |
| Operating profit/(loss) | (26,039,559) | (22,216,852) | (23,648,726) |

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FITCHBURG STATE UNIVERSITY

STATEMENT OF REVENUE, EXPENSES & CHANGES IN NET ASSETS FOR THE NINE MONTHS ENDED MARCH 31, 2022, 2021 and 2020

| | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|---|-----------------------|-----------------------|-----------------------|
| Nonoperating Revenues (Expenses) | | | |
| State appropriations | 36,149,151 | 36,143,109 | 40,054,718 |
| Investment income (net of investment expenses) | 720,960 | 745,735 | (2,749,130) |
| Unrealized gain/(loss) | (1,504,716) | 1,657,758 | 1,683,605 |
| Interest on capital debt | <u>(824,553)</u> | <u>(330,616)</u> | <u>(1,820,907)</u> |
| Net Nonoperating Revenues (Expenses) | <u>34,540,842</u> | <u>38,215,986</u> | <u>37,168,286</u> |
| Income (loss) before Capital and Endowment Additions | 8,501,283 | 15,999,134 | 13,519,560 |
| Capital appropriations | 1,089,214 | 246,666 | - |
| Capital grants and gifts | <u>189,688</u> | <u>189,688</u> | <u>189,688</u> |
| Increase in net assets | 9,780,185 | 16,435,488 | 13,709,248 |
| Net Assets - beginning of period | <u>135,238,209</u> | <u>121,827,378</u> | <u>126,208,901</u> |
| Net Assets - end of period | <u>\$ 145,018,394</u> | <u>\$ 138,262,866</u> | <u>\$ 139,918,149</u> |

FITCHBURG STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED MARCH 31, 2022, 2021 and 2020

| | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|---|----------------------|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Increase in net assets | \$ 9,780,186 | \$ 16,435,488 | \$ 13,709,249 |
| Adjustments to reconcile increase in net assets to cash provided by (used by) operating activities: | | | |
| (Gain)/loss on marketable securities | 1,504,811 | (1,657,758) | 1,738,989 |
| Depreciation | 8,959,951 | 8,419,805 | 7,758,679 |
| (Increase) decrease in assets: | | | |
| Accounts receivable | 9,917,211 | (1,830,411) | (3,355,996) |
| Loans receivable | 128,469 | 180,766 | 149,601 |
| Other assets | (291,104) | 93,958 | 212,779 |
| Account Description | | | |
| Increase (decrease) in liabilities: | | | |
| Accounts payable and accrued liabilities | (910,519) | 108,151 | (2,648,806) |
| Compensated absences | 438,601 | 529,029 | 198,394 |
| Accrued faculty payroll | 760,963 | 371,818 | 793,926 |
| Deferred revenue | (3,060,275) | (1,478,026) | (1,297,906) |
| Other liabilities | <u>511,053</u> | <u>(69,784)</u> | <u>1,005,182</u> |
| Net cash provided by operating activities | <u>27,739,347</u> | <u>21,103,036</u> | <u>18,264,091</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from sale of investments | 3,431,473 | 4,117,738 | 3,654,377 |
| Realized gain on cash investments | (454,236) | (510,659) | (183,765) |
| Purchase of investments | (3,706,218) | (4,642,367) | (4,030,126) |
| Acquisition of property, plant and equipment | <u>(3,668,225)</u> | <u>(6,032,237)</u> | <u>(4,701,291)</u> |
| Net cash (used by) investing activities | <u>(4,397,206)</u> | <u>(7,067,525)</u> | <u>(5,260,805)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Federal loan program | (222,383) | (139,301) | (522,607) |
| Payments of capital debt | (2,519,169) | (1,109,972) | (4,444,624) |
| Payments of capital leases | <u>(131,295)</u> | <u>(257,879)</u> | <u>(254,441)</u> |
| Net cash provided by financing activities | <u>(2,872,847)</u> | <u>(1,507,152)</u> | <u>(5,221,672)</u> |
| Net increase in cash | 20,469,294 | 12,528,359 | 7,781,614 |
| Cash and cash equivalents - beginning of period | <u>38,888,628</u> | <u>35,460,968</u> | <u>39,645,667</u> |
| Cash and cash equivalents - end of period | <u>\$ 59,357,922</u> | <u>\$ 47,989,327</u> | <u>\$ 47,427,281</u> |
| Supplemental Disclosures: | | | |
| Cash paid for interest | <u>\$ 1,675,227</u> | <u>\$ 897,293</u> | <u>\$ 2,367,866</u> |

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Fitchburg State University
Executive Summary
Financial Statements for the Nine Months Ended
March 31, 2022, 2021 and 2020

Statements of Net Assets (pages 2-3):

- Total assets increased by approximately \$11 million between fiscal year 2022 and 2021. This was mainly due to an increase in cash arising from the HEERF grant.
- Total liabilities increased by \$8.0 million between 2021 and 2022. \$7.3 million of this increase was due to an increase in unfunded pension liability. There was also a \$3.0 million increase in deferred revenue relating to unspent state capital appropriation and a \$4.6 decrease in non-current bonds payable.
- Total net assets increased by \$ 6.8 million from 2021. This increase was due to us being able to recognize \$5.6 million of the unrestricted portion of the HEERF funds as income; this was recorded as lost revenue in fiscal year 2021.

Statements of Revenues, Expenses and Changes in Net Assets (pages 4-5):

- Total operating revenues increased in 2022. The increase in operating revenue was largely due to the recognition of the income stemming from the HEERF grant. Although not at their prior COVID level, resident life and dining hall revenues have also seen a \$3 million increase over that of 2021.
- Tuition and fee revenue saw its sharpest decline of \$2.2 million between the periods 2021 to 2022. Although the on-campus revenues is still down because of COVID and other factors, online revenues, on the other hand, have consistently increased on a yearly basis.
- As a byproduct of the yearly increase in online tuition revenue, the operational services expenses have also increased. This increase is due to the payment made to the online program service provider. Year 2020 was an outlier because of the late payment of an invoice.
- The increase in scholarship expenses in 2022 is mainly due to HEERF funds paid to students.
- As at March 2022, we have a net investment loss of \$ 0.7 million compared to a gain of \$2.4 million gain in March 2021.
- Total expenditures increased by \$12.7 million between 2020 and 2021. This increase is mainly due to an increase in HEERF scholarship expenditures, an increase in operational services payment made to the online provider, an increase in IT expenditures, and an increase in utilities expenses.

Statements of Cash Flows (page 6):

- Cash on hand has increased by \$11 million in 2022 compared to 2021 and 2020.
- In 2022 - net cash provided from operations was \$27.7 million compared to \$21.1 million in 2021 and \$18.2 million in 2020. Acquisitions of property and equipment totaled \$3.7 million in 2022 compared to \$6.0 million in 2021. This is mainly due to the number of small but necessary projects that have been done.