

FITCHBURG STATE UNIVERSITY

Board of Trustees

NOTIFICATIONS

TO: Board of Trustees	DATE: May 3, 2022
FROM: The President	NOTIFICATION NUMBER: N11-21/22
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)

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>
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.