FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

AND

INDEPENDENT AUDITOR'S REPORT

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1 - 2
Financial Statements:	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7 - 33
Other Report:	
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*	34 - 35

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fitchburg State University Foundation, Inc.

Opinion

We have audited the consolidated financial statements of Fitchburg State University Foundation, Inc. (the Foundation), which comprise the consolidated statement of financial position as of June 30, 2024, the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation’s ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2024, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

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

Ballus Lynch, LLP

Worcester, Massachusetts
October 30, 2024

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

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

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

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES

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

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

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

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

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

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

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

FITCHBURG STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

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

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

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

1 - DESCRIPTION OF ORGANIZATION

Organization

Fitchburg State University Foundation, Inc. (the "Foundation") was organized on June 6, 1978, exclusively for the benefit of Fitchburg State University (the "University"), to establish scholarships and make awards to educationally talented and needy students; to establish a Distinguished Professor award within the faculty of the University; to subsidize inter-collegiate athletic programs; to subsidize budgets of departments of the University as needed for particular purposes; to encourage public use and support of functions and activities which further the mission of the University; and to encourage other activities necessary for, or incidental to, any or all of the foregoing. The following programs are supported under the auspices of the Foundation: Center Stage, Alumni Association, Women in Today's Society, Amelia V. Gallucci-Cirio endowment and the University's Booster Clubs.

FSU Foundation Supporting Organization, Inc. (the "Supporting Organization") was organized on October 29, 1999 to be a supporting organization operated, supervised and controlled for the exclusive benefit of the Foundation and all of its educational and charitable activities. As of June 30, 2024, the Supporting Organization's sole program activity has been to acquire, hold, operate and lease real estate and related improvements for the benefit of the Foundation and University.

The Foundation and the Supporting Organization are collectively referred to hereinafter as the “Organization.”

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements include the accounts of the Foundation and the Supporting Organization. All significant intercompany accounts and transactions have been eliminated in consolidation.

Professional standards require that a not-for-profit organization consolidate another not-for-profit organization if the reporting not-for-profit ("Foundation") has both control and an economic interest in the other not-for-profit organization ("Supporting Organization"). The Supporting Organization's Articles of Organization limit its activities to those that are for the exclusive benefit of the Foundation.

Use of estimates

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

Method of accounting

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

Basis of presentation

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

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of presentation (continued)

The two categories are differentiated as follows:

Without donor restrictions

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

With donor restrictions

Net assets with donor restrictions are those whose use by the Organization has been limited by donors to a specific period or purpose. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions, or when the stipulated time has passed. Programs supported by the Organization operate under budgetary restrictions except for the Women in Today's Society program. Income earned from support derived by the Women in Today's Society program is restricted; ninety percent (90%) of such income is available for the Women in Today's Society program with ten percent (10%) available for general Organization expenses. Other donor-imposed restrictions on net assets are permanent in nature. These net assets have been restricted by donors to be maintained in perpetuity.

Summarized comparative information

The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Risks and uncertainties

The Organization maintains an investment portfolio consisting of a combination of U.S. Treasury securities and other government obligations, corporate bonds, equity securities and mutual funds that are invested in equity securities, bonds and other investment securities. The Organization's investments in equity securities, corporate bonds and mutual funds include both domestic and foreign investments. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of these investments will occur in the near term and such changes could materially affect the Organization's investment account balances.

Contributions and bequests

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

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and bequests (continued)

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

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

Contributions of nonfinancial assets

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

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

Donated services with an estimated fair value of $235,293 met those criteria and are included in contributions of nonfinancial assets in the statement of activities. Those services were primarily received from Fitchburg State University for management and operating services.

Sales and services

Sales and services revenue primarily consist of revenue generated from various cultural programs, functions and events organized by the Organization. Revenue is recognized when the programs, functions and events have taken place and as services are performed. Revenues received for future programs, functions and events are deferred to the applicable year in which they are earned.

Residence hall income

Residence hall fees are recognized when earned.

Cash and cash equivalents

The Organization maintains operating cash at three financial institutions in Massachusetts. In addition, the Organization maintains money market funds at four different financial institutions. The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and accounts receivable

Grants and accounts receivable are stated at the amount the Organization expects to collect from outstanding balances. The Organization provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual account balances. Balances that are still outstanding after the Organization has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. There is no allowance for uncollectible grants and accounts receivable as of June 30, 2024 and 2023.

Investments

Investments consist of debt, marketable equity securities, mutual funds and other investments, which are carried at fair value. Unrealized gains and losses are included in revenue. Investment income and gains are reported as increases in net assets without donor restrictions, unless a donor or law temporarily or permanently restricts their use. Gains and losses on the disposition of investments are principally determined based on the first-in, first-out method or specific identification of securities sold. Investment income is recognized when earned. Dividends are recorded on the ex-dividend date.

The Organization's investment policy consists of a target asset allocation range of 50% to 70% equity securities, 30% to 50% fixed income securities and up to 10% in cash and equivalents.

Endowments

The Organization's endowments consist of approximately 120 individual funds at June 30, 2024 and 2023, that are restricted by donors to function as endowments primarily for the granting of scholarships and to fund other academic and cultural programs. During 2018, the Board of Directors voted to earmark a board-designated fund entitled The Fund for Fitchburg State to function as an endowment fund. The fund will be invested and generate earnings which will be used to fill the gap for students with financial need. During fiscal 2018, $25,000 of net assets without donor restrictions were board-designated to function as an endowment (Note 5). In accordance with accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Board of Directors of the Organization has interpreted the Massachusetts Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as assets with donor restriction (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The funds will remain in net assets with donor restriction until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate restricted endowment funds: (i) the duration and preservation of the fund, (ii) the purposes of the Organization and the donor-restricted endowment fund, (iii) general economic conditions, (iv) the possible effect of inflation and deflation, (v) the expected total return from income and the appreciation of investments, (vi) other resources of the Organization, and (vii) the investment policies of the Organization.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment and spending policies

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for donor-specified periods as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a variety of investments that aim to preserve principal, generate income and provide the opportunity for conservative growth.

The Organization's performance goals are to provide an average annual total rate of return, net of fees, that equals or exceeds its spending rate plus inflation ("CPI") over a rolling five-year period. Additionally, the endowment assets are invested in a manner that is intended to produce results that equal or exceed the average return of appropriate capital market indices weighted by the Organization's asset allocation target percentages over a rolling five-year period. The Organization's performance goals are also intended to produce results that equal or exceed the average return of a universe of similarly managed funds. The Organization's performance goals are based upon a long-term investment horizon. Accordingly, actual returns in any given year may vary from these amounts.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Organization has a spending policy of appropriating for distribution each year a percentage of its endowment fund's average fair value over the preceding three years. The amount to be appropriated for distribution shall not exceed 5%. In establishing this policy, the Organization considered the long-term expected return on its endowment fund assets. Accordingly, over the long-term, the Organization expects the current spending policy to be consistent with the Organization's objective of seeking to maintain the purchasing power of the endowment fund assets held in perpetuity or for a specified term as well as to provide additional real growth through investment return.

Funds with deficiencies

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Massachusetts General Laws requires the Organization to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in net assets with donor restrictions. As of June 30, 2024 and 2023, there were no deficiencies of this nature.

Property and equipment

Property and equipment are recorded at cost, if purchased or constructed and, if donated, at fair value at the time of the donation. Property and equipment are depreciated on the straight-line method over their estimated useful lives of 40 years for buildings, 20 years for building and land improvements, 7 and 10 years for furniture and fixtures, 5 years for equipment and 3 years for computer software and equipment. Depreciation commences when the asset is placed in service.

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

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases as lessee

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

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

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

Leases as lessor

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

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

Impairment of long-lived assets

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

Debt issuance costs

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the first mortgage notes payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan. Unamortized debt issuance costs are $16,264 and $35,500 at June 30, 2024 and 2023, respectively.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes

The Foundation and the Supporting Organization are classified by the Internal Revenue Service as "publicly supported organizations" exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation or Supporting Organization's tax-exempt purposes are subject to taxation as unrelated business income. The Foundation has unrelated business income for the years ended June 30, 2024 and 2023. The income and related income taxes thereon, which are not material, are included in the accompanying consolidated financial statements. The Supporting Organization did not have any material unrelated business income for the years ended June 30, 2024 and 2023. Accordingly, no provision for income taxes has been made for the Supporting Organization in the accompanying consolidated financial statements.

Management has evaluated significant tax positions against the criteria established by professional standards and believes there are no such tax positions requiring accounting recognition in the consolidated financial statements. Management does not believe its evaluation of tax positions will significantly change within 12 months of June 30, 2024. Any changes in tax positions will be recorded when the ultimate outcome becomes known. Accrued interest and penalties associated with uncertain tax positions, if any, are recognized as a part of interest expense and miscellaneous other expenses, respectively, in the accompanying consolidated statements of activities. The Foundation and Supporting Organization have no accrued interest and penalties associated with uncertain tax positions at June 30, 2024 and 2023 and none were incurred during the years then ended. The Foundation and Supporting Organization's income tax returns are subject to examination by taxing authorities generally for the years ended June 30, 2021, 2022, and 2023.

Functional expenses

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

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

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Foundation generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred. Advertising expenses were not material to the financial statements at June 30, 2024 and 2023.

Subsequent event

The Organization has evaluated subsequent events through October 30, 2024, which is the date these consolidated financial statements were available to be issued.

3 - CASH AND EQUIVALENTS

Cash and equivalents consist of the following at June 30:

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

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

Money market funds include the SSGA US Government Money Market Fund in the aggregate amount of $599,019 at June 30, 2023. The SSGA US Government Money Market Fund invests in obligations of the U.S. Government, or its instrumentalities with remaining maturities of one year or less. The fund seeks to maximize current income to the extent consistent with the preservation of capital and liquidity. At June 30, 2023, the fund's investment securities had a weighted average maturity of 22 days. The fund had an average credit quality rating of AAAm at June 30, 2023.

Money market funds include Dreyfus Government Cash Management Fund in the aggregate amount of $50,974 and $84,941 at June 30, 2024 and 2023, respectively. The Dreyfus Government Cash Management Fund invests in U.S. Government securities and repurchase agreements. The fund seeks to maximize current income to the extent consistent with the preservation of capital and liquidity. The fund had an average credit quality rating of AAAm at June 30, 2024 and June 30, 2023.

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

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

The Organization's cash balances fluctuate throughout the year and may exceed insured limits from time-to-time. The Organization has not experienced any losses on its accounts and monitors the credit-worthiness of the financial institutions with which it conducts business. Management believes that the Organization is not exposed to any significant credit risk with respect to its cash and cash equivalent balances.

4 - LIQUIDITY AND AVAILABILITY

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

	2024	2023
Financial assets at year end		
Cash and cash equivalents (excluding agency funds)	$ 4,651,185	$ 3,330,800
Grants receivable	360	207,052
Contributions receivable (net of purpose or time restrictions)	-	20,150
Investments (net of donor-restricted endowment)	-	136,883
Total financial assets	$ 4,651,545	$ 3,694,885

4 - LIQUIDITY AND AVAILABILITY (Continued)

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

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted sources.

5 - INVESTMENTS

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

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

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

At June 30, 2024, the fair value of investments in debt securities by contractual maturities is as follows:

	Maturity				
	Within 1 year	1 - 5 years	6 -10 years	More than 10 years	Total
Corporate bonds	$ 1,388,641	$ 2,577,749	$ 747,200	$ -	$ 4,713,590
U.S. government securities	930,439	2,095,254	295,803	-	3,321,496
	$ 2,319,080	$ 4,673,003	$ 1,043,003	$ -	$ 8,035,086

5 - INVESTMENTS (Continued)

The following table presents the gross unrealized losses and fair values of the Organization's investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that the investments have been in a continuous unrealized loss position at June 30, 2024.

Description of Investments	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Equities	$ 1,537	$ 24,223	$ -	$ -	$ 1,537	$ 24,223
Mutual funds	19,066	205,723	60,602	40,997	79,668	246,720
Corporate bonds	564,000	15,275	370,000	5,425	934,000	20,700
U.S. government securities	-	-	269,000	4,446	269,000	4,446
Total	$ 584,603	$ 245,221	$ 699,602	$ 50,868	$ 1,284,205	$ 296,089

The following table presents the gross unrealized losses and fair values of the Organization's investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that the investments have been in a continuous unrealized loss position at June 30, 2023.

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

5 - INVESTMENTS (Continued)

Equities and preferred stocks

The Organization has 80 investments in equities, of which 9 were in an unrealized loss position at June 30, 2024. The Organization also has 1 investment in preferred stock, of which was in an unrealized gain position at June 30, 2024. The fluctuation in the equity securities and preferred stocks reflects general economic conditions and current changes in the industries of the companies in which the securities are held. The Organization has evaluated the severity and duration of the impairments. Based on that evaluation and the Organization's ability and intent to hold these investments for a reasonable period of time sufficient for a recovery of fair value, the Organization does not consider these investments to be other-than-temporarily impaired at June 30, 2024.

Mutual funds

The Organization has 38 mutual fund investments, of which 18 were in an unrealized loss position at June 30, 2024. The mutual funds are invested in equities and debt securities of companies in diverse industries and reflect current general economic conditions. The Organization has evaluated the severity and duration of the impairments. Based on that evaluation and the Organization's ability and intent to hold the investments for a reasonable period of time sufficient for a recovery of fair value, the Organization does not consider these investments to be other-than-temporarily impaired at June 30, 2024.

Corporate bonds

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

The securities in an unrealized loss position are comprised of fixed-rate debt securities of varying maturities. The value of fixed income securities is sensitive to interest rate fluctuations and the credit rating of the issuer.

There have been no indications of default on interest or principal payments by the issuers. The Organization does not intend to sell nor does it believe it would be required to sell the corporate bonds before their anticipated market value recovery. Accordingly, the Organization does not consider these investments to be other-than-temporarily impaired at June 30, 2024.

U.S. government obligations

The Organization has 11 U.S. government investment securities at June 30, 2024, of which 3 were in an unrealized loss position as a result of interest rate fluctuations. The contractual terms of the investments do not allow the issuer to settle the securities at a price less than the amortized cost of the investment. The Organization does not intend to sell nor does it believe it would be required to sell these investment securities before their anticipated market value recovery. Accordingly, the Organization does not consider the investments to be other-than-temporarily impaired at June 30, 2024.

Endowment

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

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

5 - INVESTMENTS (Continued)

Endowment (continued)

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

Changes in the endowment net assets for the year ended June 30, 2024 are as follows:

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

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

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

5 - INVESTMENTS (Continued)

Endowment (continued)

Changes in the endowment net assets for the year ended June 30, 2023 are as follows:

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

6 - CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable consist of the unpaid balances (net of discount and any allowance for uncollectible contributions) pledged as contributions to the Organization. The majority of the contribution's receivable are generally pledged from North Central Massachusetts area contributors. The year-end balances are exclusive of potential contributions to be received as part of corporate matching gift programs. Unpaid Alumni Association telethon contributions from the previous fall and spring telethon campaigns are written off at the end of each fiscal year.

Contributions receivable consist of the following at June 30:

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

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

7 - FAIR VALUE MEASUREMENTS

FASB's guidance on fair value measurements established a framework for measuring fair value of assets and liabilities and expanded related disclosures. FASB's guidance requires fair value to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for an asset or liability in an orderly transaction between market participants. The guidance established a three-level valuation hierarchy based upon observable and non-observable inputs. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities ("Level 1") and the lowest priority to unobservable inputs ("Level 3").

Fair value is the price the Organization would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date.

Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Organization's market assumptions. Preference is given to observable inputs.

The fair value hierarchy under the guidance is as follows:

Level 1: Quoted prices in active markets that are unadjusted and accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2: Quoted prices for identical assets and liabilities in markets that are not active, quoted prices for similar assets and liabilities in active markets or financial instruments for which significant inputs are observable, either directly or indirectly; and

Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The guidance requires the use of observable data if such data is available without undue costs and effort.

When available, the Organization uses unadjusted quoted market prices to measure the fair value and classifies such items within Level 1. At June 30, 2024, Level 1 securities primarily include publicly-traded equity securities and mutual funds.

When quoted market prices are unobservable, the Organization uses quotes from independent pricing vendors based on recent trading activity and other relevant information including market interest rate curves, referenced credit spreads and estimated prepayment rates where applicable. At June 30, 2024 and 2023, Level 2 securities consist primarily of corporate bonds, U.S. government securities and preferred stocks.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes the valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

7 - FAIR VALUE MEASUREMENTS (Continued)

The fair value of assets measured on a recurring basis at June 30, 2024 is as follows:

Investments	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	$ 16,159,647	$ 16,159,647	$ -	$ -
Preferred stock	6,460	-	6,460	-
Mutual funds	5,841,851	5,841,851	-	-
Corporate bonds	4,713,590	-	4,713,590	-
U.S. government securities	3,321,496	-	3,321,496	-
	$ 30,043,044	$ 22,001,498	$ 8,041,546	$ -

The fair value of assets measured on a recurring basis at June 30, 2023 is as follows:

Investments	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	$ 12,700,361	$ 12,700,361	$ -	$ -
Preferred stock	12,520	-	12,520	-
Mutual funds	5,917,998	5,917,998	-	-
Corporate bonds	3,994,937	-	3,994,937	-
U.S. government securities	2,989,610	-	2,989,610	-
	$ 25,615,426	$ 18,618,359	$ 6,997,067	$ -

8 - PROPERTY AND EQUIPMENT

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

	2024	2023
Real estate under lease		
Land	$ 402,664	$ 402,664
Building	1,557,724	1,557,724
Building improvements	342,079	342,079
	2,302,467	2,302,467
Real estate used for student housing		
Land	236,524	236,524
Building	434,225	434,225
Building improvements	28,600	28,600
	699,349	699,349
Real estate used for faculty and staff housing		
Land	198,648	198,648
Land improvements	9,994	9,994
Building	813,475	813,475
	1,022,117	1,022,117
Other		
Land	1,961,799	2,048,341
Land improvements	96,228	96,228
Buildings	1,744,963	1,834,311
Building improvements	1,109,005	1,109,005
Equipment	172,312	172,312
Computer software	641,878	641,878
Furniture and fixtures	60,773	60,773
Library materials	6,570	6,570
	5,793,528	5,969,418
	9,817,461	9,993,351
Less accumulated depreciation	2,928,406	2,736,663
	$ 6,889,055	$ 7,256,688

Accumulated depreciation on real estate under lease amounted to $819,971 and $763,923 at June 30, 2024 and 2023, respectively. Accumulated depreciation on real estate used for student housing amounted to $206,662 and $194,376 at June 30, 2024 and 2023, respectively. Accumulated depreciation on real estate used for faculty and staff housing amounted to $86,239 and $65,402 at June 30, 2024 and 2023, respectively.

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

8 - PROPERTY AND EQUIPMENT (Continued)

On December 22, 2020, the Supporting Organization acquired a property in close proximity to the Fitchburg State University campus. The property, which includes land and a building, was purchased for a total cost of $121,813. The Supporting Organization razed the building and incurred an impairment loss of $100,956 in 2023. The land is being used for green space.

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

In fiscal 2017, the Supporting Organization acquired a property in close proximity to the Fitchburg State University campus consistent with the Supporting Organization's mission and the University's strategic plan which includes campus expansion. The property, which includes land and a building, was purchased for an aggregate cost of $360,305. The acquisition was financed, in part, with a mortgage note on the property in the amount of $280,000 (see Note 12). The Supporting Organization is planning a major renovation and expansion of the property which, when completed, is expected to cost approximately $25,000,000 and consist of a multi-phased project providing academic space, student support services space, retail and community space and theatre renovation. The space is expected to be used by the University, the City of Fitchburg and surrounding communities. Fitchburg State University will be responsible for the costs of the project's development and construction pursuant to the terms of the license agreement between the University and the Supporting Organization. Funding for the project is expected to come from a variety of sources including, but not limited to, New Markets Tax Credits, Historic Tax Credits, bonds, grants and philanthropy. The project is in the very early stages of development and is estimated to require four years for completion. At some point during that period, the property will be transferred to a new entity. The Supporting Organization will pay for certain legal services incurred in connection with the project, which the Supporting Organization currently estimates to be approximately $148,000 for the entire project. The Supporting Organization expects to fund these costs through operating cash. The Supporting Organization incurred $26,448 of legal costs related to the project which have been recorded in prepaid expenses and other assets on the statement of financial position as of June 30, 2024 and 2023.

9 - OTHER ASSETS

Prepaid expenses and other assets at June 30, 2024 and 2023 includes the cash surrender value of life insurance in the amount of $1,985 and $12,569, respectively, an art collection in the amount of $39,025 in both years, and legal costs related to a development project in the amount of $26,448 in both years.

10 - AGENCY FUNDS

The Supporting Organization is part of a collaboration, called Re-imagine North of Main, of local businesses and non-profit organizations located in Fitchburg, Massachusetts committed to making a collective impact and dedicated to improving the quality of life in Fitchburg. The Supporting Organization is holding monies for the benefit of North of Main projects and disbursing them as needed to specific vendors identified by the members of the coalition. For the year ended June 30, 2024 and 2023, the Supporting Organization did not collect or disburse any monies in connection with this collaboration. At June 30, 2024 and 2023, the Supporting Organization was holding $31,080 of funds that is to be used exclusively by the members of the coalition.

10 - AGENCY FUNDS (Continued)

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

11 - LINES OF CREDIT

Foundation

In October 2022, the Foundation renewed its existing demand revolving working capital line of credit agreement with Workers' Credit Union which permits the Foundation to borrow up to $250,000 for a period of five years. Pursuant to the provisions of the line of credit agreement, maximum advances under the line are limited to 70% of the pledged investment collateral unless otherwise approved by the lender. Interest rate as at June 30, 2024 was 9.25%. As of June 30, 2024 and 2023, there was no outstanding liability under the line of credit.

Borrowings under the line are secured by investments with an equivalent fair value of $14,463,652 at June 30, 2024. The line was also collateralized by all funds held by the lender. At June 30, 2024, the Foundation has total cash balances of approximately $58,000 held by the lender. The Foundation may prepay outstanding revolving loans under the agreement in whole or in part without premium or penalty. The line of credit agreement expires on October 24, 2027.

Supporting Organization

In November 2021, the Supporting Organization entered into a demand unsecured revolving line of credit agreement with Rollstone Bank and Trust which permits the Supporting Organization to borrow up to $250,000. The line of credit provides for interest at The Wall Street Journal Prime Rate less .25% (effective rates of 8.25% at June 30, 2024 and 8.00% at June 30, 2023). The agreement renews annually.

The line of credit agreement contains, among other covenants, the maintenance of a debt service coverage ratio, as defined, of at least 1.00 to 1. In addition, the agreement provides that the line of credit be brought to a zero balance for 30 consecutive days annually during the term of the agreement. There was no balance outstanding on the line of credit at June 30, 2024. The balance outstanding as of June 30, 2023 was $125,000. The line of credit agreement expires on November 30, 2024.

12 - FIRST MORTGAGE NOTES PAYABLE

Foundation

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

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

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

12 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Supporting Organization

Avidia Bank

Avidia Bank provided financing to the Supporting Organization in the form of a note, dated September 28, 2022, in the amount of $281,200. The note is secured by a first mortgage interest in certain real estate owned by the Supporting Organization and an assignment of certain related leases and rents on the property. Furthermore, any deposits held by the lender serve as additional collateral for the loan.

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

The note has a fixed rate prepayment charge in the event of the prepayment of the note before September 27, 2027. The amount of the penalty shall be a specified percentage of the amount prepaid with such percentage ranging from 5% if paid before the loan's first anniversary and decreasing by 1% per year to 1% if paid before the loan's fifth anniversary.

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

Massachusetts Development Finance Agency (MDFA) - General Fund Loan

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

The note has a term of 5 years, maturing on June 28, 2026 with a fixed rate of interest of 4% per annum and monthly installments of interest only. The entire outstanding principal balance shall be due and paid at the earlier of (i) a triggering event or (ii) at maturity, June 28, 2026. A triggering event occurs when the property is transferred to another, abandoned, or financing of $20 million or more is secured.

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

Massachusetts Development Finance Agency (MDFA) - Brownfields Loan

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

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

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

12 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Supporting Organization (continued)

Workers' Credit Union

Workers' Credit Union ("WCU") provided financing to the Supporting Organization in the form of a note, dated February 27, 2009, in the amount of $750,000. The note is secured by a first mortgage interest in certain real estate owned by the Supporting Organization and an assignment of certain related leases and rents on the property. Furthermore, any deposits held by the lender serve as additional collateral for the loan.

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

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

Rollstone Bank & Trust - 131 Highland Avenue

Rollstone Bank & Trust provided financing to the Supporting Organization in the form of a note, dated December 22, 2014 in the amount of $240,000. The note is secured by a first mortgage interest in the real estate property located at 131 Highland Avenue in Fitchburg, Massachusetts and an assignment of leases and rents on the property.

The note has a term of 20 years, maturing on December 22, 2034, and provides for a fixed rate of interest of 3.25% per annum with monthly installments of principal and interest of $1,367.

The loan agreement requires the Supporting Organization to maintain a ratio of Cash Flow (after distributions), as defined, to the Current Maturity of Long-Term Debt plus interest, as defined, of not less than 1.0 to 1 for any fiscal year. The loan agreement also contains, among other covenants, restrictions relating to future borrowings, capital expenditures by lease or purchase, distributions, making of advances or loans to other parties, making of investments, and sale, lease or transfer of assets, except as provided for and as more fully described in the loan agreement.

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

Rollstone Bank & Trust - 167 Klondike Avenue

Rollstone Bank & Trust provided additional financing to the Supporting Organization in the form of a note, dated December 9, 2020 in the amount of $1,538,000. This note is secured by a first mortgage interest in the real estate property located at 167 Klondike Avenue in Fitchburg, Massachusetts and an assignment of leases and rents on the property.

The note has a term of 15 years maturing on December 9, 2035 with a fixed rate of interest of 3.5% per annum and monthly installments of principal and interest of $11,032 through December 9, 2030. At that point, the interest rate shall be adjusted to the Federal Home Loan Bank of Boston Five Year Classic Advance Rate plus 2.25% and monthly payments adjusted accordingly.

The loan agreement requires the Supporting Organization to maintain a debt service ratio equal to or greater than 1:1. The loan agreement also contains, among other covenants, restrictions relating to future borrowings, capital expenditures by lease or purchase, distributions, making of advances or loans to other parties, making of investments, and sale, lease or transfer of assets, except as provided for and as more fully described in the loan agreement.

As of June 30, 2024 and 2023, the outstanding principal balance of the mortgage loan amounted to $1,248,402 and $1,334,686, respectively.

12 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Supporting Organization (continued)

Fidelity Co-Operative Bank - 340 Highland Avenue

Fidelity Co-Operative Bank provided financing to the Supporting Organization in the form of a note, dated June 26, 2013, in the amount of $83,200. The note is secured by a first mortgage interest in the real estate property located at 340 Highland Avenue in Fitchburg, Massachusetts and an assignment of leases and rents on the property.

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

The note includes a prepayment penalty if the loan is paid prior to maturity. The amount of the penalty shall be a specified percentage of the amount prepaid with such percentage ranging from 5% if paid before the loan's first anniversary and decreasing by 1% per year to 1% if paid before the loan's fifth anniversary. The prepayment penalty will reset as defined above at each five-year anniversary date of the note. The loan agreement contains, among other covenants, restrictions relating to future borrowings, making of advances or loans to other parties, sale, lease or transfer of assets, and the granting of further security interests, except as provided for and as more fully described in the loan agreement. The loan is cross-defaulted and cross-collateralized with any and all other loans made by the lender to the Supporting Organization.

As of June 30, 2024, and 2023, the outstanding principal balance of the mortgage loan amounted to $65,087 and $66,661, respectively.

Fidelity Co-Operative Bank - 198 Pearl Street

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

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

The business loan agreement contains, among other covenants, restrictions relating to future borrowings, making of advances or loans to other parties, sale, lease or transfer of assets, and the granting of further security interests, except as provided for and as more fully described in the business loan agreement. The loan is cross-defaulted and cross-collateralized with any and all other loans made by the lender to the Supporting Organization.

As of June 30, 2024, and 2023, the outstanding principal balance of the loan amounted to $83,626 and $88,726, respectively.

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

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

The promissory note has a term of 10 years, maturing on January 13, 2037 with a fixed rate of interest of 4.76% per annum and monthly installments of principal and interest of $1,431 based on a 20-year principal amortization until the maturity date, at which time the remaining outstanding principal balance and any accrued interest thereon is due.

12 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Supporting Organization (continued)

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

The note provides for the payment of a prepayment penalty if the loan is paid prior to maturity. The amount of the penalty shall be a specified percentage of the amount prepaid with such percentage ranging from 5% if paid before the loan's first anniversary and decreasing by 1% per year to 1% if paid before the loan's fifth anniversary. The prepayment penalty will reset as defined above at each five-year anniversary date of the note. The loan agreement contains, among other covenants, restrictions relating to future borrowings, making of advances or loans to other parties, sale, lease or transfer of assets, and the granting of further security interests, except as provided for and as more fully described in the loan agreement. The loan is cross-defaulted and cross collateralized with any and all other loans made by the lender to the Supporting Organization.

As of June 30, 2024 and 2023, the outstanding principal balance of the loan amounted to $160,963 and $170,104, respectively.

BankHometown - 164 Highland Avenue

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

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

The loan agreement requires the Supporting Organization to maintain a Debt Service Coverage Ratio, as defined, of no less than 1.10 to 1 to be measured annually at the end of the fiscal year. The loan agreement also requires the Supporting Organization to maintain a Loan-to-Value Ratio of no more than 80% at any time during the term of the loan.

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

BankHometown - 174 Highland Avenue

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

The commercial note has a term of 10 years, maturing on June 18, 2029, with a fixed rate of interest of 4.60% per annum and monthly installments of principal and interest of $777 through June 18, 2024, at which point, the interest rate was adjusted to 6.2% per annum with a monthly principal and interest payment of $887. A final payment of all unpaid principal and accrued interest thereon is due at maturity.

The loan agreement requires the Supporting Organization to maintain a Debt Service Coverage Ratio, as defined, of no less than 1.10 to 1 to be measured annually at the end of the fiscal year. The loan agreement also requires the Supporting Organization to maintain a Loan-to-Value Ratio of no more than 80% at any time during the term of the loan.

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

12 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Supporting Organization (continued)

Fitchburg Historical Society

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

The commercial note has a term of 5 years, maturing on April 1, 2024, and provides for a fixed rate of interest of 5.00% per annum and monthly installments of principal and interest of $1,694.

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

Enterprise Bank and Trust Company - 689 - 717 Main Street

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

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

If the note is prepaid in whole or in part during the first 117 months of each fixed rate period for the purpose of refinancing the note with another financial institution, the note provides for a prepayment penalty equal to 3% of any principal reduction. Except for the foregoing, the note may be prepaid in whole or in part without penalty. The loan is cross-defaulted and cross-collateralized with any and all other loans made by the lender to the Supporting Organization.

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

Enterprise Bank and Trust Company - 70 - 78 North Street

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

The promissory note has a term of 20 years, maturing on November 5, 2038 with a fixed rate of interest of 5% per annum and monthly installments of principal and interest of $983 through November 5, 2028. At that point, the interest rate will be adjusted at five-year intervals to the Daily High Federal Home Loan Bank Boston Classic Advance Five Year Regular Rate plus 1.95% per annum with a minimum floor rate of 5% per annum.

If the note is prepaid in whole or in part during the term of the loan for the purpose of refinancing the loan with another financial institution, the loan provides for a prepayment penalty equal to 3% of any principal reduction. Except for the foregoing, the note may be prepaid in whole or in part without penalty. The loan is cross-defaulted and cross-collateralized with any and all other loans made by the lender to the Supporting Organization.

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

12 - FIRST MORTGAGE NOTES PAYABLE (Continued)

Supporting Organization (continued)

Webster First Federal Credit Union

Webster First Federal Credit Union provided financing to the Supporting Organization in the form of a note, dated September 22, 2017, in the amount of $250,000. The note is secured by a first mortgage interest in the real estate properties located at 66 and 0 Day Street and 721-725 Main Street Fitchburg, Massachusetts and an assignment of leases and rents on the properties.

The commercial note has a term of 15 years, maturing on October 1, 2032, with a fixed rate of interest of 3.75% per annum and monthly installments of principal and interest of $1,825 through October 1, 2027. At that point, the interest rate will be adjusted to the Federal Home Loan Bank Boston Classic Advance Five-Year Rate plus 1.5% per annum for the remaining 5 years of the loan term with a floor of 3.75% per annum. A final payment of all unpaid principal and accrued interest thereon is due at maturity.

As of June 30, 2024, and 2023, the outstanding principal balance of the loan amounted to $156,148 and $171,791, respectively.

Aggregate Principal Maturities

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

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

13 - NOTE PAYABLE - BANK

Supporting Organization

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

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

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

13 - NOTE PAYABLE - BANK (Continued)

Supporting Organization (continued)

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

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

14 - LEASES AS LESSEE

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

On July 1, 2022, the Supporting Organization entered into a three-year operating lease agreement with an unrelated third party for 2,350 square feet of office space and 20 parking spaces located in Fitchburg, Massachusetts. The lease has a base annual rent of $31,870 per annum increasing 1% annually effective July 1st. The Supporting Organization is also responsible for the payment of normal operating, maintenance and repair costs associated with the use of the property. For the years ended June 30, 2024 and 2023, rent expense amounted to $31,870.

On July 1, 2017, the Supporting Organization entered into a six-year operating lease agreement with the above-mentioned unrelated third party for an additional 1,424 square feet of office space located in Fitchburg, Massachusetts. The lease has a base annual rent of $5,696 per annum. The Supporting Organization is also responsible for the payment of normal operating, maintenance and repair costs associated with the use of the property. For the years ended June 30, 2024, and 2023, rent expense amounted to $5,696 in each year.

The Supporting Organization may extend the initial terms of each lease under the same terms and conditions, for successive periods of one year provided it is not then in default of the lease terms and it gives proper notice. The Supporting Organization may cancel the lease at any time with the payment of two months base rent as a termination charge. The Supporting Organization considers both agreements to fall under the short-term lease exemption under ASC 842.

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

2025	$ 38,206

15 - LEASES AS LESSOR AND LICENSE AGREEMENTS

On August 16, 2016, the Supporting Organization leased a building consisting of 4,179 square feet of office space and 53,429 square feet of warehouse space located in Fitchburg, Massachusetts near the University campus to the Massachusetts Division of Capital Asset Maintenance (DCAM) on behalf of the University. The lease has a base rent of $165,000 per year payable in monthly installments of $13,750 for the entire lease term of ten years. The University is also responsible for the payment of normal operating, maintenance, and repair costs associated with the use of the property. For the years ended June 30, 2024 and 2023, rental income amounted to $165,000 in each year.

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

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

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

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

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

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

The Supporting Organization and the University are parties to License Agreements whereby the Supporting Organization granted to the University irrevocable and exclusive licenses to occupy, manage, maintain and operate certain property owned by the Supporting Organization. The License Agreements provide for initial terms of one year and automatic annual renewals thereafter. The License Agreements provide for annual license fees payable, in arrears, in 4 equal quarterly installments. All costs to operate and maintain the property, including any capital improvements made thereto, shall be borne by the University. The License Agreements may be terminated by either party upon the expiration of the initial term of the agreements and any subsequent renewal term with the giving of proper notice. In addition, the University may terminate the agreements at any time with the giving of proper notice. For the years ended June 30, 2024, and 2023, license fee income amounted to $430,324 and $496,350, respectively.

16 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions in the amount of $14,396,865, as of June 30, 2024, are available for scholarships to qualified students and to promote cultural programs within Fitchburg State University. Net asset with donor restrictions in the amount of $12,072,726 as of June 30, 2023, are available for scholarships to qualified students and to promote cultural programs within Fitchburg State University.

Remaining net assets with donor restrictions in the amounts of $18,357,000 and $15,975,563 as of June 30, 2024 and 2023, respectively, are invested in perpetuity.

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

17 - TRANSACTIONS WITH RELATED PARTY

Fitchburg State University renders certain administrative services to the Foundation and Supporting Organization. These services, with a value of $235,293 and $212,525, respectively, have been recognized as contribution in kind income in the accompanying consolidated statement of activities for the years ended June 30, 2024 and 2023.

During fiscal 2024 and 2023, the Foundation made contributions without donor restrictions to Fitchburg State University in the amount of $362,000 and $326,000, respectively, to support the activities and further the mission of the University. The Foundation currently expects to make contributions without donor restrictions to the University in future years in amounts that shall be determined each year.

As of June 30, 2024, the Organization has miscellaneous accounts receivable totaling $74,408 from the Fitchburg State University, which is reflected as due from affiliate in the accompanying consolidated statements of financial position.

As of June 30, 2023, the Organization has miscellaneous payables in the amount of $525,509 to the Fitchburg State University, which is reflected as due to affiliate in the accompanying consolidated statement of financial position.

18 - MAJOR DONORS

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

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

19 - SUPPLEMENTAL CASH FLOW INFORMATION

	2024	2023
Cash paid for interest during the year	$ 181,967	$ 189,664

OTHER REPORT

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

Board of Directors
Fitchburg State University Foundation, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the consolidated financial statement of Fitchburg State University Foundation, Inc., which comprise the consolidated statement of financial position as of June 30, 2024, the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements), and have issued our report thereon dated October 30, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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

(Continued)

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ballus Lynch, LLP

Worcester, Massachusetts
October 30, 2024