Fitchburg State University Foundation, Inc.

Consolidated Financial Statements
(With Supplementary Information)
and Independent Auditor's Report

June 30, 2021

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Fitchburg State University Foundation, Inc.

Index

Independent Auditor's Report

The Board of Directors
Fitchburg State University Foundation, Inc.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Fitchburg State University Foundation, Inc. ("Foundation"), which comprise the consolidated statement of financial position as of June 30, 2021, and 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.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Fitchburg State University Foundation, Inc. as of June 30, 2021, and 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.

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Report on Summarized Comparative Information

We have previously audited the consolidated financial statements of Fitchburg State University Foundation, Inc., and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated November 18, 2020. In our opinion, the summarized comparative consolidated information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2021, on our consideration of Fitchburg State University Foundation, Inc.'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 for the year ended June 30, 2021. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Fitchburg State University Foundation, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fitchburg State University Foundation, Inc.'s internal control over financial reporting and compliance.

CohnReznick LLP

Boston, Massachusetts
November 10, 2021

Fitchburg State University Foundation, Inc.

Consolidated Statement of Financial Position
June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

Assets

	2021	2020
Cash and equivalents	$ 2,499,955	$ 1,866,947
Investments	27,159,824	21,254,142
Accrued investment income receivable	37,849	32,495
Accounts receivable	-	21,195
Contributions receivable, net	372,774	751,904
Prepaid expenses and other current assets	69,247	100,160
Property and equipment, net of accumulated depreciation	7,218,761	6,737,875
Other assets	140,920	146,788
Total assets	$ 37,499,330	$ 30,911,506

Liabilities and Net Assets

	2021	2020
Liabilities		
Bank lines of credit	$ -	$ 250,000
Accounts payable, trade	77,615	96,412
Environmental liability	536,901	100,000
Accrued interest payable	7,470	6,293
Agency fund	31,080	31,080
Deferred revenue	30,000	32,500
Notes payable - bank	453,794	474,685
First mortgage notes payable	3,919,792	3,324,303
Total liabilities	5,056,652	4,315,273
Net assets		
Without donor restriction	6,536,619	5,624,938
With donor restrictions	25,906,059	20,971,295
Total net assets	32,442,678	26,596,233
Total liabilities and net assets	$ 37,499,330	$ 30,911,506

See Notes to Consolidated Financial Statements.

Fitchburg State University Foundation, Inc.

Consolidated Statement of Activities
Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	Without donor restrictions	With donor restrictions	2021 Total	2020 Total
Revenue and support				
Program revenues				
Gifts and donations	$ 72,818	$ 814,558	$ 887,376	$ 1,911,903
State matching donation	-	-	-	277,778
Grants and contracts	-	-	-	45,000
Sales and services	55,560	691	56,251	79,337
Rental income	187,968	-	187,968	189,330
Residence hall income	95,326	-	95,326	263,623
License fee income	356,337	-	356,337	545,661
Contribution in kind income	879,449	-	879,449	163,626
Other revenue				
Interest and dividends	90,920	263,704	354,624	357,813
Gain (loss) on investments, net	1,519,734	4,401,774	5,921,508	1,062,452
Net assets released from restrictions	545,963	(545,963)	-	-
Total revenue and support	3,804,075	4,934,764	8,738,839	4,896,523
Expenses				
Program services	1,932,952	-	1,932,952	1,522,297
Management and general	267,889	-	267,889	251,489
Fundraising	103,972	-	103,972	99,060
Total expenses	2,304,813	-	2,304,813	1,872,846
Losses on transfers and sale of land and building interest	587,581	-	587,581	-
Increase in net assets	911,681	4,934,764	5,846,445	3,023,677
Net assets at beginning of year	5,624,938	20,971,295	26,596,233	23,572,556
Net assets at end of year	$ 6,536,619	$ 25,906,059	$ 32,442,678	$ 26,596,233

See Notes to Consolidated Financial Statements.

Fitchburg State University Foundation, Inc.

Consolidated Statement of Functional Expenses
Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	2021				2020
	Program services	Management and general	Fundraising	Total	Total
Scholarships	$ 349,912	$ -	$ -	$ 349,912	$ 355,106
Community services	19,175	-	-	19,175	22,791
Speakers and cultural programs	14,600	-	-	14,600	11,126
Outside services	2,500	-	17,500	20,000	15,753
Accounting and audit	-	30,600	-	30,600	23,352
Insurance	111,606	25,886	-	137,492	126,599
Affiliate personnel costs	-	105,126	64,823	169,949	161,526
Supplies	-	-	-	-	3,715
Postage	-	-	5,985	5,985	-
Equipment and maintenance	16,135	58,665	-	74,800	64,142
Printing and publications	948	-	14,503	15,451	10,360
Travel	-	-	-	-	6,917
Meetings and conferences	924	-	-	924	28,500
Professional and consulting services	-	11,813	-	11,813	-
Awards and grants	254,221	-	-	254,221	331,030
Contribution made to University	266,000	-	-	266,000	266,000
Fees, fines, licenses, permits	8,250	-	-	8,250	309
Repairs and maintenance	18,545	-	-	18,545	7,700
Property management	-	-	-	-	21,740
Rent	36,941	-	-	36,941	36,328
Utilities	22,601	-	-	22,601	23,130
Interest	178,063	14,598	-	192,661	171,277
Miscellaneous	-	-	1,161	1,161	30
Other financial fees	1,400	8,763	-	10,163	17,614
Credit card fees	-	1,168	-	1,168	868
Real estate and other taxes	-	-	-	-	-
Environmental costs	465,696	-	-	465,696	-
Bad debt expense	-	-	-	-	240
Depreciation	165,435	11,270	-	176,705	166,693
Total expenses	$ 1,932,952	$ 267,889	$ 103,972	$ 2,304,813	$ 1,872,846

See Notes to Consolidated Financial Statements.

Fitchburg State University Foundation, Inc.

Consolidated Statement of Cash Flow
Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	2021	2020
Cash flows from operating activities		
Increase in net assets	$ 5,846,445	$ 3,023,677
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Gain on investments	(6,079,862)	(1,180,612)
Contribution of property and equipment	(709,500)	(2,100)
Losses on transfers and sale of land and buildings	587,581	
Depreciation	176,705	166,693
Discount on pledges	12,817	(21,471)
Amortization of debt issuance costs	14,813	2,404
Contributions restricted for long-term purposes	(345,883)	(1,727,298)
Changes in assets and liabilities		
(Increase) decrease in assets		
Accounts receivable	6,729	(13,550)
Accrued investment income receivable	(5,354)	3,299
Contributions receivable, net	82,757	361,222
Prepaid expenses and other current assets	30,911	(69,842)
Other assets	-	(43,152)
Increase (decrease) in liabilities		
Accounts payable, trade	26,275	(207,185)
Accrued expenses	-	(825)
Due to affiliate	(1,835)	(3,249)
Environmental liability	436,901	-
Accrued interest payable	1,202	(1,695)
Agency fund	-	(22,821)
Deferred revenue	(2,500)	(26,019)
Net cash provided by operating activities	78,202	237,476
Cash flows from investing activities		
Payments for property and equipment	(564,466)	(240,775)
Proceeds from sale of investments	7,540,997	2,699,673
Purchase of investments	(7,349,281)	(2,712,053)
Net cash used in investing activities	(372,750)	(253,155)

Fitchburg State University Foundation, Inc.

Consolidated Statement of Cash Flow
Year Ended June 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	2021	2020
Cash flows from financing activities		
Proceeds of first mortgage notes payable	1,538,000	-
Proceeds of bank lines of credit	250,000	250,000
Payments on bank lines of credit	(250,000)	(250,000)
Payments on first mortgage notes payable	(936,817)	(223,620)
Payments on notes payable - bank	(20,891)	(20,122)
Payments of deferred financing costs	(20,507)	-
Payments on advances from affiliate	(250,000)	-
Proceeds from sale of donated securities restricted for permanent endowment	617,770	890,057
Net cash provided by financing activities	927,556	646,315
Net increase in cash and equivalents	633,008	630,636
Cash and equivalents, beginning of year	1,866,947	1,236,311
Cash and equivalents, end of year	$ 2,499,955	$ 1,866,947

See Notes to Consolidated Financial Statements.

Note 1 - Organization and summary of significant accounting policies

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, 2021, 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.

Accounting pronouncements adopted

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

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

Note 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 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.

The two categories are differentiated as follows:

Without donor restrictions

Net assets without donor restrictions represent funds available for support of the Foundation'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 Foundation 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.

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.

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

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

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

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

All contributions are considered to be without donor restrictions unless specifically restricted by the donor. All donor-restricted contributions are recorded as increases in donor restricted net assets.

Sales and services
Sales and services revenue primarily consists 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 the promised services have been performed. Revenue is not recognized unless collectability under the contract is considered probable, the contract has commercial substance and the contract has been approved. Additionally, the contract must contain payment terms, as well as the rights and commitments of both parties. Revenues received for future programs, functions and events are deferred to the applicable year in which they are earned.

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

Cash and 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. Short-term investments with original maturities of three months or less are considered cash equivalents.

Accounts receivable
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.

Investments
Investments consist of debt, marketable equity securities, mutual funds and other investments, which are carried at their fair values. Unrealized gains and losses are included in revenue. Restricted investment income and gains are reported as increases in without donor restricted net assets, 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 121 and 113 individual funds at June 30, 2021 and 2020, respectively, 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 without donor

restricted net assets were board-designated to function as an endowment (see 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.

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, 2021 and 2020, 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, seven and 10 years for furniture and fixtures, five years for equipment and three 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.

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.

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

Income taxes

The 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 2021 and 2020. 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 2021 and 2020. 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, 2021. 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, 2021 and 2020 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, 2018, 2019, and 2020.

Functional allocation of expenses

The costs related to various activities of the Organization have been summarized on a functional basis in the accompanying consolidated statements of activities and functional expenses. The consolidated 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 based on specific identification.

Summarized comparative financial 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, 2020, from which the summarized information was derived.

Subsequent events

The Organization has evaluated subsequent events through November 10, 2021, the date these consolidated financial statements were available to be issued.

Note 3 - Cash and equivalents

Cash and equivalents consist of the following at June 30:

	2021	2020
Cash and other demand deposits	$ 1,452,405	$ 1,188,810
Money market funds	1,047,550	678,137
	$ 2,499,955	$ 1,866,947

Money market funds include the SSGA US Government Money Market Fund in the aggregate amount of $288,117 and $26,532 at June 30, 2021 and 2020, respectively. 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, and the maintenance of a stable $1.00 per share net asset value. At June 30, 2021 and 2020, the fund's investment securities had a weighted average maturity of 27 days and 37 days, respectively. The fund had an average credit quality rating of AAAm at June 30, 2021 and 2020, respectively.

Money market funds include the Goldman Sachs Financial Square Government Fund in the aggregate amount of $53,742 and $52,419 at June 30, 2021 and June 30, 2020, respectively. The Goldman Sachs Financial Square Government 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, and the maintenance of a stable $1.00 per share net asset value. At June 30, 2021 and 2020, the fund's investment securities had a weighted average maturity of 46 days and 51 days, respectively. The fund had an average credit quality rating of AAAm at June 30, 2021 and June 30, 2020, respectively.

Money market funds include the RWM Cash Management Money Market account in the aggregate amount of $233,743 and $127,633 at June 30, 2021 and 2020, respectively.

Money market funds also include the Fidelity Bank LifeDesign Business Cash Management Money Market account with a balance of $471,948 and $471,553 at June 30, 2021 and 2020, respectively.

The Organization maintains its operating cash balances in financial institutions located in Massachusetts. The balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000.

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.

Note 4 - Liquidity and availability

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

	2021	2020
Financial assets at year end		
Cash and equivalents (excluding agency fund)	$ 2,468,875	$ 1,835,867
Accounts receivable	-	21,195
Contributions receivable	372,774	751,904
Investments (net of donor-restricted endowment)	14,595,375	9,033,514
Total financial assets	17,437,024	11,642,480
Financial assets available to meet general expenditures within one year	$ 17,437,024	$ 11,642,480

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.

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

Note 5 - Investments

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

	2021		2020	
	Cost	Fair value	Cost	Fair value
Equities	$ 7,887,838	$ 14,066,746	$ 5,965,766	$ 11,071,121
Preferred stocks	25,220	26,665	50,683	49,820
Mutual funds	3,452,953	6,907,972	4,496,953	5,063,054
Corporate bonds	3,317,945	3,367,705	2,209,464	2,327,811
U.S. government securities	2,754,977	2,790,736	2,638,105	2,742,336
	$ 17,438,933	$ 27,159,824	$ 15,360,971	$ 21,254,142

At June 30, 2021 and 2020, net unrealized gains in the Organization's investment portfolio amounted to $9,720,891 and $5,893,171, respectively.

At June 30, 2021 and 2020, equities include securities in the consumer goods sector which represent 16% and 12%, respectively, of the fair value of the Organization's investment portfolio.

At June 30, 2021 and 2020, equities include securities in the technology sector which represent 10% and 10%, respectively, of the fair value of the Organization's investment portfolio.

At June 30, 2021 and 2020, 6% and 4% of the fair value, respectively, of the Organization's investment portfolio represents foreign investments.

Investments with an equivalent fair value of $15,398,676 at June 30, 2021 collateralize certain debt agreements (see Notes 11 and 13).

At June 30, 2021, 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	$ 100,452	$ 2,766,530	$ 500,723	$ -	$ 3,367,705
U.S. government securities	272,169	1,905,700	612,867	-	2,790,736
	$ 372,621	$ 4,672,230	$ 1,113,590	$ -	$ 6,158,441

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, 2021.

	Less than 12 months		12 months or greater		Total	
Description of investments	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Equities	$ 108,486	$ 14,066	$ -	$ -	$ 108,486	$ 14,066
Preferred stocks	-	-	-	-	-	-
Mutual funds	509,555	8,336	643,352	2,616	1,152,907	10,952
Corporate bonds	1,614,250	18,925	-	-	1,614,250	18,925
U.S. government securities	1,078,753	7,750	277,117	6,039	1,355,870	13,789
Total	$ 3,311,044	$ 49,077	$ 920,469	$ 8,655	$ 4,231,513	$ 57,732

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, 2020.

	Less than 12 months		12 months or greater		Total	
Description of Investments	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Equities	$ 654,244	$ 54,879	$ 320,866	$ 40,097	$ 975,110	$ 94,976
Preferred stocks	24,503	818	12,605	245	37,108	1,063
Mutual funds	1,037,034	62,424	1,230,002	99,153	2,267,036	161,577
Corporate bonds	-	-	51,018	173	51,018	173
U.S. government securities	-	-	581,838	4,223	581,838	4,223
Total	$ 1,715,781	$ 118,121	$ 2,196,329	$ 143,891	$ 3,912,110	$ 262,012

Equities and preferred stocks
The Organization has 90 investments in equities, of which 2 were in an unrealized loss position at June 30, 2021. The Organization also has 4 investments in preferred stocks, of which none were in an unrealized loss position at June 30, 2021. 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, 2021.

Mutual funds
The Organization has 23 mutual fund investments, of which 6 were in an unrealized loss position at June 30, 2021. 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, 2021.

Corporate bonds
At June 30, 2021, the Organization's investments in corporate debt securities were in the form of interest-bearing securities of top-rated corporate issuers. The Organization has 80 corporate debt security investments, of which 43 were in an unrealized loss position at June 30, 2021. 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, 2021.

U.S. government obligations
The Organization has 26 U.S. government investment securities at June 30, 2021, of which 16 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, 2021.

The following table represents the composition of the Organization's endowment net asset by type of fund at June 30, 2021:

Fund type	Without donor restrictions	With donor restrictions	Total
Donor-restricted funds	$ -	$ 12,054,659	$ 12,054,659
Donor-restricted amounts required to be held in perpetuity	-	12,564,449	12,564,449
Board-designated for endowment fund	25,000	-	25,000
Total funds	$ 25,000	$ 24,619,108	$ 24,644,108

The Board-designated endowment as of June 30, 2021 and 2020, 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, 2021 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	$ 25,000	$ 19,886,466	$ 19,911,466
Investment return			
Investment income	-	263,390	263,390
Appreciation (depreciation), realized and unrealized	-	4,517,470	4,517,470
Total investment return	-	4,780,860	4,780,860
Contributions	-	339,104	339,104
Appropriation of endowment assets for expenditure	-	(256,853)	(256,853)
Investment management fees	-	(117,583)	(117,583)
Reclassification of net assets	-	(12,886)	(12,886)
Other changes			
Transfer upon removal of donor restrictions	-	-	-
Other interdepartmental transfers	-	-	-
Endowment net assets, end of year	$ 25,000	$ 24,619,108	$ 24,644,108

The endowment net asset composition by type of fund at June 30, 2020 is as follows:

Fund type	Without donor restrictions	With donor restrictions	Total
Donor-restricted funds	$ -	$ 7,665,838	$ 7,665,838
Donor restricted amounts required to be held in perpetuity		12,220,628	12,220,628
Board-designated for endowment fund	25,000	-	25,000
Total funds	$ 25,000	$ 19,886,466	$ 19,911,466

Changes in the endowment net assets for the year ended June 30, 2020 are as follows:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	$ 25,000	$ 17,499,346	$ 17,524,346
Investment return			
Investment income	-	259,267	259,267
Appreciation (depreciation), realized and unrealized	-	862,344	862,344
Total investment return	-	1,121,611	1,121,611
Contributions	-	1,731,167	1,731,167
Appropriation of endowment assets for expenditure	-	(368,354)	(368,354)
Investment management fees	-	(84,994)	(84,994)
Reclassification of net assets	-	(11,222)	(11,222)
Other changes			
Transfer upon removal of donor restrictions	-	(240)	(240)
Other interdepartmental transfers	-	(848)	(848)
Endowment net assets, end of year	$ 25,000	$ 19,886,466	$ 19,911,466

Note 6 - Contributions receivable, net

Contributions receivable consist of the unpaid balances (net of discount and any allowance for uncollectible contributions) made on behalf of the Organization. The majority of the contributions 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:

	2021	2020
Receivable in less than one year	$ 301,428	$ 403,375
Receivable in one to five years	80,000	370,000
Receivable in more than five years	-	-
	381,428	773,375
Discount on pledges	(8,654)	(21,471)
	$ 372,774	$ 751,904

Contributions which are to be received in more than one year are reflected net of a discount determined at the time of the contribution ranging from 1% to 2%.

Note 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. 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, 2021 and 2020, Level 2 securities consist primarily of corporate fixed income securities, U.S. government securities and preferred stocks.

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

The fair value of assets measured on a recurring basis at June 30, 2021 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	$ 14,066,746	$ 14,066,746	$ -	$ -
Preferred stocks	26,665	-	26,665	-
Mutual funds	6,907,973	6,907,973	-	-
Corporate bonds	3,367,705	-	3,367,705	-
U.S. government securities	2,790,735	-	2,790,735	-
Total	$ 27,159,824	$ 20,974,719	$ 6,185,105	$ -

The fair value of assets measured on a recurring basis at June 30, 2020 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	$ 11,071,121	$ 11,071,121	$ -	$ -
Preferred stocks	49,820	-	49,820	-
Mutual funds	5,063,054	5,063,054	-	-
Corporate bonds	2,327,811	-	2,327,811	-
U.S. government securities	2,742,336	-	2,742,336	-
Total	$ 21,254,142	$ 16,134,175	$ 5,119,967	$ -

Note 8 - Property and equipment

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

	2021	2020
Real estate under lease		
Land	$ 402,664	$ 402,663
Building	1,557,724	1,557,724
Building improvements	342,079	100,452
	2,302,467	2,060,839
Real estate used for student housing		
Land	236,524	253,555
Building	434,225	434,225
Building improvements	28,600	28,600
	699,349	716,380
Real estate used for faculty and staff housing		
Land	133,619	133,619
Building	533,508	533,508
	667,127	667,127
Other		
Land	1,943,239	1,939,111
Land improvements	96,228	158,127
Buildings	1,935,266	1,517,286
Building improvements	1,109,005	1,109,006
Equipment	117,429	117,429
Computer software	641,878	641,878
Furniture and fixtures	60,773	60,773
Library materials	6,570	6,570
	5,910,388	5,550,180
	9,579,331	8,994,526
Less accumulated depreciation	2,360,570	2,256,651
Property and equipment, net	$ 7,218,761	$ 6,737,875

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

At June 30, 2021 and 2020, property and equipment with a cost of approximately $792,154 were fully depreciated and still in service.

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

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 intends to use this property for green space and possible future parking.

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

On September 18, 2020, the 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 $172,231. The Supporting Organization intends to use this property for green space with possible future parking.

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

On June 2, 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 $240,775. The Supporting Organization intends to use this property for open green space. The acquisition was funded, in part, through the proceeds of an advance $250,000 on a letter of credit.

On November 13, 2019, the Supporting Organization acquired a property in close proximity to the Fitchburg State University campus. The property, which consists of land and a building, was purchased for $1 as current environmental remediation is needed before the property is usable. The property was acquired to support the downtown Theater project and the Supporting Organization intends to raze the building on the property and convert the land to a parking lot. The Supporting Organization was notified by the Massachusetts Department of Environmental Protection ("DEP") about an environmental issue with the property that requires remediation. For the year ended June 30, 2020, the Supporting Organization had purchased an insurance policy with a determined deductible of $100,000, which it determined increased the value of the land and was recorded as land. For the year ended June 30, 2021, the Supporting Organization determined that additional costs of the remediation are expected above the insured policy limits in the amount of $465,696, which has been expensed in the current year and included in environmental costs in the accompanying consolidated schedule of functional expenses. As of June 30, 2021 and 2020, respectively, the remaining environmental liability of $536,901 and $100,000 is shown on the accompanying consolidated statement 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 a theatre renovation. The space is expected to be used by the University and the Fitchburg and surrounding communities. Fitchburg State University will be responsible for the costs of the project's development and construction pursuant to the terms of the license agreement between the University and the Supporting Organization. Funding for the project is expected to come from a variety of sources including, but not limited to, New Market Tax Credits, Historic Tax Credits, bonds, grants and philanthropy. The project is in the very early stages of development and is estimated to require four years to completion. At some point during that period, the property will be transferred to a new entity. The 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. For the year ended June 30, 2021, the Supporting Organization has incurred $73,491 of legal costs related to the project which have been recorded in prepaid expenses and other current assets and in the accompanying consolidated statement of financial position.

Note 9 - Other assets

Other assets at June 30, 2021 and 2020 consist of the cash surrender value of life insurance in the amount of $28,404 and $34,272, 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 $73,491 in both years.

Note 10 - Agency fund

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, 2021, the Supporting Organization did not collect or disburse any monies in connection with this collaboration. For the year ended June 30, 2020, the Supporting Organization collected $49,398 of contributions and disbursed $72,219 in connection with this collaboration. At June 30, 2021 and 2020, the Supporting Organization was holding $31,080 of funds that is to be used exclusively by the members of the coalition.

Note 11 - Lines of credit

Foundation

On August 23, 2017, the Foundation renewed, under substantially the same terms, its existing demand revolving working capital line of credit agreement with Workers' Credit Union which permits the Foundation to borrow up to $250,000. The line of credit agreement, which expired on March 17, 2017, provided for interest at *The Wall Street Journal* Prime Rate, but in no event, less than 6% per annum. Pursuant to the provisions of the line of credit agreement, maximum advances under the line are limited to 70% of the pledged investment collateral unless otherwise approved by the lender. The renewed line of credit provides for interest at 5.25% through September 1, 2017 and, thereafter, at *The Wall Street Journal* Prime Rate plus 1%. The interest rate charged to the Foundation may not exceed a rate of 18%. On January 31, 2020, the line of credit agreement was modified to change the interest rate to *The Wall Street Journal* Prime Rate plus 0%. At June 30, 2021 and 2020, the effective interest rate was 3.00% per annum. In fiscal 2021, $250,000 was borrowed on the line of credit to assist with short-time cash flow in purchasing a property abutting the University. The amount was repaid in full in January 2021. As of June 30, 2021, there was no outstanding liability under the line of credit. For the years ended June 30, 2021 and 2020, interest expense incurred on borrowings under this line of credit amounted to $1,558 and $0, respectively. The interest expense incurred on the borrowings has been reflected as an expense on the books of the Supporting Organization.

Borrowings under the line are secured by investments with an equivalent fair value of $12,543,556 at June 30, 2021. The line is also collateralized by all funds held by the lender. At June 30, 2021, the Foundation has total cash balances of approximately $59,000 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 March 25, 2022.

Supporting Organization

On August 18, 2016, 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 3.0% at June 30, 2021 and 3.25% at June 30, 2020). The line of credit agreement expired on August 18, 2017. The line of credit was extended through November 30, 2017, and again through November 30, 2018, under the same terms and conditions of the previous agreement. On November 30, 2018, the line of credit was renewed through November 30, 2020 and again through November 30, 2021. The Supporting Organization may prepay outstanding revolving loans under the agreement in whole or in part at any time without premium or penalty. The line of credit agreement contains, among other covenants, the maintenance of a debt service coverage ratio, as defined, of at least 1.00 to 1. In addition, the agreement provides that the line of credit be brought to a zero balance for 30 consecutive days annually during the term of the agreement. As June 30, 2021, the Supporting Organization has made payments of $250,000 under the line of credit agreement. As of June 30, 2021 there were no amounts outstanding on this line of credit. As of June 30, 2020, the Supporting Organization has made payments of $250,000 and borrowings of $250,000 under the line of credit agreement. The balance outstanding as of June 30, 2020 was $250,000. For the year's ended June 30, 2021 and 2020, interest expense amounted to $4,406 and $2,036, respectively.

Note 12 - First mortgage notes payable

Foundation

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

The loan agreement has a term of 20 years and provided for a fixed rate of interest of 5.75% per annum for the first 10 years of the loan term. Thereafter, the interest rate was to be fixed at the Federal Home Loan Bank Ten Year Cost of Funds Rate in effect as of the first day of the final 10 years of the term of the loan plus 118 basis points. The interest rate was adjusted to 4.27% per annum for the remainder of the loan term pursuant to the provisions of a Change in Terms Agreement dated October 19, 2016. The loan required monthly installments of principal and interest of $3,862 through October 16, 2016. Thereafter, the loan requires monthly installments of principal and interest of $2,454 commencing on November 16, 2016 with a final principal payment due in the amount of $210,752 at the loan's maturity date of April 16, 2028. The note may be prepaid at any time, in whole or in part, without premium or penalty.

At June 30, 2021 and 2020, the outstanding principal balance of this mortgage note payable amounted to $329,618 and $344.440, respectively.

For the years ended June 30, 2021 and 2020, interest expense on this mortgage note payable amounted to $14,598 and $15,267, respectively.

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

Year	Amount
2022	$ 15,488
2023	16,172
2024	16,886
2025	17,632
2026	18,410
Thereafter	245,030
Total balance due	$ 329,618

Supporting Organization

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

The acquisition and related costs were funded with the proceeds of an offering of tax-exempt revenue bonds, Massachusetts Development Finance Agency Revenue Bonds, FSC Foundation

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

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

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

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

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

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

Debt issuance costs, net of accumulated amortization, totaled $20,507 and $14,813 as of June 30, 2021 and 2020, respectively. During 2021, the loan associated with these debt issuance costs was repaid in full and as such the related debt issuance costs were fully amortized. During 2021, the Supporting Organization paid $20,507 in debt issuance costs related to the new mortgage provided by Rollstone Bank. For the years ended June 30, 2021 and 2020, amortization expenses of $14,813 and $2,404, respectively, were added to interest costs in the accompanying statement of activities. Amortization of debt issuance costs on the above loan was amortized using an imputed interest of 3.64% as at June 30, 2020.

For the years ended June 30, 2021 and 2020, interest expense (including amortization of issuance costs) on the mortgage note payable amounted to $13,018 and $32,294, respectively.

MDFA is providing financing to the Supporting Organization in the form of a General Fund loan in the amount of $500,000 per the agreement dated June 28, 2021. The loan will be disbursed by a series of advances, per the terms and conditions stipulated in the Construction Loan Agreement.

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

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. The note is also collateralized by all funds held by the lender. At June 30, 2021 and 2020, the Supporting Organization has total cash balances of $8,456 and $8,097, respectively, held at WCU which serve as additional collateral for the loan.

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

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

For the years ended June 30, 2021 and 2020, interest expense on this mortgage note amounted to $26,905 and $28,374, respectively.

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

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

Rollstone Bank & Trust 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. The loan requires monthly installments of principal and interest of $1,367 based on a 20-year principal amortization. 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, 2021 and 2020, the outstanding principal balance of the mortgage loan amounted to $178,567 and $188,898, respectively.

For the years ended June 30, 2021 and 2020, interest expense on this mortgage note amounted to $6,070 and $6,422, respectively.

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

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

Rollstone Bank & Trust provided refinancing to the Supporting Organization in the form of a note, dated December 9, 2020 in the amount of $1,538,000. The proceeds of the note was used to (i) refinance existing debt owed by the Supporting Organization, (ii) to purchase, raze and develop the real property located at 175-179 Myrtle Street, Fitchburg, Massachusetts, (iii) to finance a new roof at the property located at 167 Klondike Avenue. This note is secured by a first mortgage interest in the real estate property located at 167 Klondike Avenue in Fitchburg, Massachusetts and an assignment of leases and rents on the property. The note bears interest at a fixed rate of 3.5% per annum until December 9, 2030. Thereafter the note shall bear interest at a per annum rate equal to the Federal Home Loan Bank of Boston Five Year Classic Advance Rate plus 2.25%. The loan requires monthly installments of principal and interest of $11,032 based on a 15-year principal amortization. The loan agreement requires the 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, 2021, the outstanding principal balance of the mortgage loan amounted to $1,498,585.

For the year ended June 30, 2021, interest expense on this mortgage note amounted to $26,776.

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

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

Fidelity Co-Operative Bank 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, and provides for a fixed rate of interest of 3.5% per annum for the first five years of the loan term. Thereafter, the interest rate will be adjusted at five-year intervals (June 26, 2018, 2023 and 2028) to the Federal Home Loan Bank of Boston Classic Advance Five Year Rate plus 2.75% per annum. The loan required monthly installments of principal and interest of $376 through June 26, 2018. The interest rate was adjusted to 5.93% per annum on June 26, 2018 pursuant to the provisions of the loan agreement. The July and August 2018 monthly installments of principal and interest remained at $376. On August 27, 2018, the Supporting Organization entered into a Change in Terms Agreement with the lender in which the interest rate on the note was modified to a fixed rate of 5.20% per annum until June 26, 2023. At that time, the interest rate will be adjusted pursuant to the terms of the original note described above. All other terms, provisions and conditions of the original note agreement remain in full force and effect. Commencing with the September 2018 monthly installment of principal and interest, the monthly installments shall be $450. The note provides for the payment of a prepayment penalty if the loan is paid prior to maturity. The amount of the penalty shall be a specified percentage of the amount prepaid with such percentage ranging from 5% if paid before the loan's first anniversary and decreasing by 1% per year to 1% if paid before the loan's fifth anniversary. The prepayment penalty will reset as defined above at each five-year anniversary date of the note. The loan agreement contains, among other covenants, restrictions relating to future borrowings, making of advances or loans to other parties, sale, lease or transfer of assets, and the granting of further security interests, except as provided for and as more fully described in the loan agreement. The loan is cross-defaulted and cross-collateralized with any and all other loans made by the lender to the Supporting Organization.

As of June 30, 2021 and 2020, the outstanding principal balance of the mortgage loan amounted to $70,255 and $71,916 respectively.

For the years ended June 30, 2021 and 2020, interest expense on this mortgage note amounted to $3,751 and $3,845, respectively.

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

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

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

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

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

For the years ended June 30, 2021 and 2020, interest expense on this mortgage note amounted to $4,209 and $4,404, respectively.

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

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

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

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

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

For the years ended June 30, 2021 and 2020, interest expense on this mortgage note amounted to $9,267 and $9,430, respectively.

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

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

In June 2019, Hometown Bank provided financing to the Supporting Organization in the form of a commercial note, dated June 18, 2019, in the amount of $312,000. The proceeds of the loan were used for the acquisition, at a cost of $393,780, of a real estate property located at 164 Highland Avenue in Fitchburg, Massachusetts. The note is secured by a first mortgage interest in the property and a collateral assignment of rents and leases on the property. In addition, the loan agreement requires the 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.

The commercial note has a term of 10 years, maturing on June 18, 2029, and provides for a fixed rate of interest of 4.60% per annum for the first five years of the loan term. Thereafter, the interest rate will be adjusted at five-year intervals (June 18, 2024) to the Federal Home Loan Bank of Boston Classic Advance Five Year Rate plus 1.75% per annum. Commencing on July 18, 2019, the loan requires monthly installments of principal and interest of $1,752 based on a 25-year principal amortization schedule with a final payment of all unpaid principal and accrued interest thereon due at maturity.

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

For the years ended June 30, 2021 and 2020, interest expense on this mortgage note amounted to $13,887 and $14,168, respectively.

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

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

In June, 2019, Hometown Bank provided financing to the Supporting Organization in the form of a commercial note, dated June 18, 2019, in the amount of $138,400. The proceeds of the loan were used for the acquisition, at a cost of $172,481, of a real estate property located at 174 Highland Avenue in Fitchburg, Massachusetts. The note is secured by a first mortgage interest in the property and a collateral assignment of rents and leases on the property. In addition, the loan agreement requires the 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.

The commercial note has a term of 10 years, maturing on June 18, 2029, and provides for a fixed rate of interest of 4.60% per annum for the first five years of the loan term. Thereafter, the interest rate will be adjusted at five-year intervals (June 18, 2024) to the Federal Home Loan Bank of Boston Classic Advance Five Year Rate plus 1.75% per annum. Commencing on July 18, 2019, the loan requires monthly installments of principal and interest of $777 based on a 25-year principal amortization schedule with a final payment of all unpaid principal and accrued interest thereon due at maturity.

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

For the years ended June 30, 2021 and 2020, interest expense on this mortgage note amounted to $6,160 and $6,285, respectively.

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

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

In April 2019, Fitchburg Historical Society provided financing to the Supporting Organization in the form of a promissory note, dated April 4, 2019, in the amount of $90,000. The proceeds of the loan were used for the acquisition, at a cost of $114,774, of a real estate property located at 0 Main Street in Fitchburg, Massachusetts. The note is secured by a first mortgage interest in the property and a collateral assignment of rents and leases on the property.

The commercial note has a term of five-years, maturing on April 1, 2024, and provides for a fixed rate of interest of 5.00% per annum. Commencing on May 1, 2019, the loan requires monthly installments of principal and interest of $1,694 based on a five-year principal amortization schedule with a final payment of all unpaid principal and accrued interest thereon due at maturity.

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

For the years ended June 30, 2021 and 2020, interest expense on this mortgage note amounted to $3,157 and $3,995, respectively.

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

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

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

The promissory note has a term of 10 years, maturing on November 4, 2026, and thereafter is payable on demand. The note provides for a fixed rate of interest of 4.33% per annum for the first

10 years of the loan term. Thereafter, the interest rate will be adjusted at 10-year intervals to the Daily High Federal Home Loan Bank of Boston Classic Advance 10-Year Regular Rate plus 1.95% per annum. Commencing on January 1, 2017, the loan requires monthly installments of principal and interest of $1,401 based on a 30-year principal amortization schedule. If the note is prepaid in whole or in part during the first 117 months of each fixed rate period for the purpose of refinancing the note with another financial institution, the note provides for a prepayment penalty equal to 3% of any principal reduction. Except for the forgoing, the note may be prepaid in whole or in part without penalty. The loan is cross-defaulted and cross-collateralized with any and all other loans made by the lender to the Supporting Organization.

As of June 30, 2021 and 2020, the outstanding principal balance of the loan amounted to $257,596 and $262,969, respectively.

For the years ended June 30, 2021 and 2020, interest expense on this mortgage note amounted to $11,438 and $11,700, respectively.

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

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

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

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

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

For the years ended June 30, 2021 and 2020, interest expense on this mortgage note amounted to $7,057 and $7,310, respectively.

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

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

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

As of June 30, 2021 and 2020, the outstanding principal balance of the loan amounted to $201,340 and $215,923, respectively.

For the years ended June 30, 2021 and 2020, interest expense on this mortgage note amounted to $7,945 and $8,487, respectively.

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

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

Note 13 - Note payable - bank

Supporting Organization

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

The acquisitions were funded with the proceeds of a note payable in the amount of $680,000, dated April 26, 2007, with Enterprise Bank and Trust Company. The note is secured by investments owned by the Foundation with a fair value of approximately $2,301,000 and $2,250,000 at June 30, 2021 and 2020, respectively. In addition, payment and performance of the Supporting Organization's obligations under the loan agreement have been guaranteed by the Foundation.

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

As of June 30, 2021 and 2020, the outstanding principal balance of the loan amounted to $453,794 and $474,685, respectively.

For the years ended June 30, 2021 and 2020, interest expense on the note amounted to $16,491 and $17,260, respectively.

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

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

Note 14 - Lease and license agreements

As disclosed in Note 12, the Supporting Organization entered into a long-term operating lease agreement with DCAM on behalf of the University. The lease commenced on August 16, 2006 and expired on August 16, 2016. The lease provided for base rent of $165,000 per year, payable in monthly installments of $13,750, for the entire lease term. The University was also responsible for the payment of normal operating, maintenance and repair costs associated with its use of the property. The lease continued in effect, after its expiration, under the same terms and conditions until March 9, 2017 when the Supporting Organization signed a new 10-year lease with the same terms and conditions as the previous agreement. The new lease agreement became effective as of August 16, 2016. For the years ended June 30, 2021 and 2020, rental income amounted to $165,000 in each year.

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

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

On August 6, 2008, the Supporting Organization entered into a 10-year operating lease agreement with an unrelated third party for 2,350 square feet of office space located in Fitchburg, Massachusetts. The lease commenced on November 1, 2008 and expires on October 31, 2018. The space is being used by Fitchburg State University as office and classroom space for its Center for Professional Studies. The lease provided for a base annual rent of $17,625 for each of the first three years of the lease term, payable in monthly installments of $1,469. Beginning with the fourth year of the lease, there will be a 7.5% increase at the commencement of each three-year period of the lease term, including the continuous period of any extensions thereof. On November 1, 2011, the base annual rent increased to $18,947 for the next three-year period of the lease term, payable in monthly installments of $1,579. On July 1, 2014, the Supporting Organization entered into an amended operating lease agreement with the unrelated third party adding 20 parking spaces for use in conjunction with the above-mentioned office space and extending the lease term through June 30, 2019. The amended lease provides for a base annual rent of $28,495 for each of the first three years of the lease term, payable biannually in installments of $14,247. On July 1, 2017, the annual rent on the lease shall increase by 7.5% to $30,632 (biannual installments of $15,316). The Supporting Organization may extend the initial term of the lease, under the same terms and conditions, for successive periods of one year, provided it is not then in default of the lease terms and it gives proper notice. On July 1, 2019, the Supporting Organization entered into a three-year lease agreement with the unrelated third party at a cost of $2,350 per square feet, with a base annual rate of $30,632 and an increase of 2% per year at the end of each year period of the lease term to be effective commencing July 1st of the following year, including the continuous period of any extension. The Supporting Organization may extend the initial term of the lease, under the same terms and conditions, for successive periods of one year, provided it is not then in default of the lease terms and it gives proper notice. The Supporting Organization may cancel the lease at any time with the payment of two months' base rent as a termination charge. 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, 2021 and 2020, rent expense amounted to $31,245 and $30,632 respectively.

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

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

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

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

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 four equal quarterly installments. All costs to operate and maintain the property, including any capital improvements made thereto, shall be borne by the University. The License Agreements may be terminated by either party upon the expiration of the initial term of the agreements and any subsequent renewal term with the giving of proper notice. In addition, the University may terminate the agreements at any time with the giving of proper notice. For the years ended June 30, 2021 and 2020, license fee income amounted to $356,337 and $545,661, respectively.

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

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

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

Note 15 - Net assets with donor restrictions

Net assets with donor restrictions in the amount of $13,341,610, as of June 30, 2021, are available for scholarships to qualified students and to promote cultural programs within Fitchburg State University. Net assets with donor restrictions in the amount of $8,750,667, as of June 30, 2020, 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 $12,564,449 and $12,220,628 as of June 30, 2021 and 2020, respectively, are invested in perpetuity.

Net assets released from restrictions during 2021 represent the satisfaction of program restrictions in the amount of $196,051 and the satisfaction of scholarship-related restrictions in the amount of $349,912.

Note 16 - Transactions with a related party

Fitchburg State University renders certain administrative services to the Foundation and Supporting Organization. These services, with a value of $169,949 and $160,831, respectively, have been recognized as contribution in kind income in the accompanying consolidated statement of activities in accordance with FASB guidance for the years ended June 30, 2021 and 2020.

Because of the reduction in the student population, the student housing owned by the Supporting Organization will no longer be used for student housing and thus the annual repairs and maintenance costs have stopped. Repairs and maintenance expense will be charged on occurrence of the event. Hence in the accompanying 2021 and 2020 consolidated statements of activities, $21,740 is charged to June 30, 2020 only and the full amount was paid in 2020. .

During fiscal 2021 and 2020, the Foundation made a contribution without donor restrictions to Fitchburg State University in the amount of $266,000 each year 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, 2021 and 2020, the Supporting Organization had miscellaneous accounts receivable totaling $0 and $21,195 from the Fitchburg State University, respectively, which are reflected as accounts receivable in the accompanying consolidated statement of financial position.

As of June 30, 2021 and 2020, the Supporting Organization has miscellaneous payables in the amount of $14,359 and $16,194, respectively, to the Fitchburg State University, which are included in accounts payable, trade in the accompanying consolidated statement of financial position.

At June 30, 2021 and 2020, the Foundation has miscellaneous payables to Fitchburg State University in the amounts of $35,497 and $49,963, respectively, which are included in accounts payable, trade in the accompanying consolidated statement of financial position.

Note 17 - Major donors

During fiscal 2021, the Organization received restricted gift and grant donations totaling $100,000, from one donor which represents approximately 11% of total gifts, donations and grant revenue during 2021.

During fiscal 2020, the Organization received restricted grant donations totaling $777,778 from two donors which represents approximately 35% of total gifts, donations and grant revenue during 2020.

Note 18 - Supplemental cash flow information

	2021	2020
Cash paid for interest during the year	$ 176,671	$ 170,568

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

	2021	2020
Costs incurred for purchase of property	$ 584,804	$ 342,875
Amounts funded through contribution income	(709,500)	(2,100)
Transfer of seven properties to the Commonwealth of Massachusetts	660,367	-
Amounts included in accounts payable at the beginning of the year	100,000	-
Amounts included in accounts payable at the end of the year	(71,205)	(100,000)
	$ 564,466	$ 240,775

Note 19 - Contingency

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

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

To the Board of Directors
Fitchburg State University Foundation, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Fitchburg State University Foundation, Inc., which comprise the consolidated statement of financial position as of June 30, 2021, and 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, and have issued our report thereon dated November 10, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Fitchburg State University Foundation, Inc.'s consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fitchburg State University Foundation, Inc.'s consolidated 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

CohnReznick LLP

Boston, Massachusetts
November 10, 2021

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