SALEM STATE UNIVERSITY

(an agency of the Commonwealth of Massachusetts)

FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2026

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Financial Statements

June 30, 2026 and 2025

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SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)
Financial Statements

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Independent Auditor's Report

To the Board of Trustees of
Salem State University:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units, of Salem State University (an agency of the Commonwealth of Massachusetts, the “Commonwealth”) (the "University"), as of and for the years ended June 30, 2026 and 2025, and the related notes to the financial statements, which collectively comprise the University’s basic financial statements as listed in the table of contents.

In our opinions, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University, as of June 30, 2026 and 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the University adopted new accounting guidance, Governmental Accounting Standards Board ("GASB") Statement Number 103, *Financial Reporting Model Improvements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University‘s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS and Government Auditing Standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the University's basic financial statements. The supplemental schedules listed in the accompanying table of contents, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2026 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.



October 25, 2026

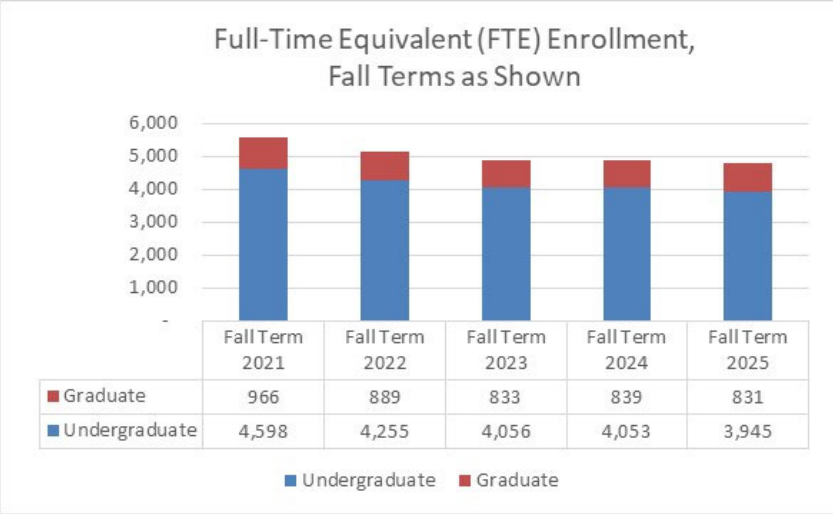
SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)
Management's Discussion and Analysis
(Unaudited)

Introduction

Salem State University (the "University") offers readers this narrative overview and analysis of the financial statements and activities of the University for fiscal years ended June 30, 2026 and 2025. Readers are encouraged to consider the information presented here in conjunction with the financial statements and related footnotes. In accordance with Governmental Accounting Standards Board ("GASB") requirements, the University financial statements report the component unit Salem State University Assistance Corporation ("Assistance Corporation") along with the University Statements. The Salem State University Alumni Association and Foundation, Inc. ("Foundation") component unit is presented separately.

Background

The University was founded in 1854 as the Salem Normal School, at which time it offered innovative, ground-breaking education for women pursuing careers in education. Today, Salem State, which is one of the most diverse state universities in the Commonwealth, thrives as a comprehensive institution of academic strength offering high quality education at the undergraduate and graduate levels. Salem State is located on 115 acres, which is spread across five sites: North Campus, Harrington Campus, South Campus, School of Social Work and International Programs and the O'Keefe Athletic Complex. The curriculum spans the arts, sciences and professional programs contained within the College of Arts and Sciences, the Bertolon School of Business, the Maguire Meservey College of Health and Human Services, the McKeown School of Education, the School of Social Work, the School of Graduate Studies and the School of Continuing and Professional Studies. For the Fall 2025 semester, Full-Time Equivalent (FTE) Enrollments were 3,945 (undergraduate) and 831 (graduate). Total FTE enrollment for the past five years is shown below.



	Fall Term 2021	Fall Term 2022	Fall Term 2023	Fall Term 2024	Fall Term 2025
Graduate	966	889	833	839	831
Undergraduate	4,598	4,255	4,056	4,053	3,945

The university has a 11:1 undergraduate student to faculty ratio and these students select from 33 majors, 100 plus concentrations, and more than 80 minors. In addition, we offer 30 graduate programs, and 22 licensures only and/or graduate certificate programs. University students are diverse, hailing from 40 states and 47 countries. Over 55.5% of our first-year students (freshman) have self-identified as students of color (fall semester 2025). The approximate gender breakdown is 34% male and 66% female. The University operates five residence halls with a design capacity for 1,926 students.

Background - Continued

Salem State fields men's and women's teams in 15 sports; Athletic teams compete in the Massachusetts State College Athletic Conference (MASCAC), the National Collegiate Athletic Conference (NCAA) Division III, and Little East Conference (LEC).

The University is supported by two component units. The Salem State University Assistance Corporation (SSUAC, or the Assistance Corporation), established in 1995 pursuant to legislation enacted by the Commonwealth of Massachusetts, promotes the orderly growth and development of the University. The Salem State University Alumni Association and Foundation (SSUAF, or the Foundation), a separate 501(c)(3) organization, advances the University's mission through fundraising, stewardship of endowment assets, alumni engagement, and philanthropic support. Salem State's alumni network includes more than 75,000 graduates located throughout New England and more than 59,000 within Massachusetts.

Overview of the Financial Statements

Overview of the University's three primary financial statements and notes
The University's financial report consists of the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows, together with the notes to the financial statements and required supplementary information. The Statement of Net Position presents the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at fiscal year-end. The Statement of Revenues, Expenses, and Changes in Net Position reports the results of operations for the fiscal year and the resulting change in net position. The Statement of Cash Flows provides information regarding the sources and uses of cash and cash equivalents and assists users in evaluating the University's ability to meet its financial obligations. The notes provide additional information necessary to understand the financial statements. This report also includes information related to the University's discretely presented component units.

Relationship of those statements to one another
Together, these statements provide complementary information regarding the University's financial condition, operating results, and cash flows. The Statement of Net Position provides a snapshot of financial position at a point in time, while the Statement of Revenues, Expenses, and Changes in Net Position explains how that position changed during the fiscal year. The Statement of Cash Flows presents information regarding cash receipts and disbursements and provides a perspective that differs from the accrual basis of accounting used in the other financial statements. Accordingly, the financial statements should be read collectively because each provides different but related information necessary for understanding the University's overall financial condition and financial performance. See the table below for how these statements relate to one another.

Component Unit Financial Statements
In addition to the University's basic financial statements, this report includes separately presented financial information for the University's discretely presented component units, the Salem State University Foundation and Alumni Association and the Salem State University Assistance Corporation. These organizations are legally separate from the University and maintain their own assets, liabilities, revenues, and expenses.

Overview of the Financial Statements - Component Unit Financial Statements - Continued

The financial statements of the Salem State University Assistance Corporation are prepared in accordance with Governmental Accounting Standards Board (GASB) standards, while the financial statements of the Salem State University Foundation and Alumni Association (Foundation) are prepared in accordance with Financial Accounting

Standards Board (FASB) standards applicable to not-for-profit organizations. Their financial statements provide information regarding the resources entrusted to and managed by these organizations and the activities they undertake in support of the University's educational mission. Because these entities are legally separate from the University, their financial information is reported separately from the University's financial position, operating results, and cash flows. The financial statements of these component units should be considered in conjunction with the University's financial statements to provide a more complete understanding of the financial resources and activities that support the University and its overall financial environment.

The following table summarizes the primary purpose of each financial statement and how the statements collectively provide a comprehensive view of the University's financial condition, operating results, and cash flows.

How the Financial Statements Work Together

Statement	What the Statement Measures	Information Provided	Relationship to the Other Statements
Statement of Net Position	Financial position at fiscal year-end	Assets, deferred outflows, liabilities, deferred inflows, and net position	Provides a snapshot of the University's financial condition at fiscal year-end
Statement of Revenues, Expenses, and Changes in Net Position	Financial performance during the year	Revenues, expenses, and changes in net position	Explains how and why the University's financial position changed during the fiscal year
Statement of Cash Flows	Cash activity during the fiscal year	Cash receipts, cash disbursements and net cash flows	Explains how cash was generated and used during the fiscal year and complements the accrual-based information in the other statements
Notes to the Financial Statements	Additional disclosures and explanations	Detailed qualitative and quantitative information	Provides context and detail necessary to fully understand and interpret the financial statements
Component Unit Financial Statements	Financial position and activities of legally separate affiliated organizations	Financial position, operating results, and cash flows of the Assistance Corporation (GASB) and the Foundation (FASB).	Provides information regarding organizations that support the University's mission but are legally separate from the University

Financial Summary

Statement of Net Position Summary

The Statement of Net Position presents information on the University's assets and deferred outflows of resources, less its liabilities and deferred inflows of resources, with the residual balance being reported as net position. A summarized comparison of the University's assets, deferred outflows, liabilities, deferred inflows and net position at June 30, 2026 and 2025 is presented below. Note that this information includes the impact of the Pension, OPEB and Lease accounting standards.

Statement of Net Position Summary

(In Thousands)

Assets:	**2026**	2025	$ Change
Current Assets	**$ 167,638**	$ 127,264	$ 40,374
Capital and Right to Use Assets (net)	**339,418**	323,120	16,298
Noncurrent Assets	**952**	1,150	(198)
Total Assets	**508,008**	451,534	56,474
Deferred Outflows of Resources	**9,472**	7,696	1,776
Total Assets and Deferred Outflows of Resources	**$ 517,480**	$ 459,230	$ 58,250
Liabilities:			
Current Liabilities	**$ 47,004**	$ 39,812	$ 7,192
Noncurrent Liabilities	**272,194**	255,078	17,116
Total Liabilities	**319,198**	294,890	24,308
Deferred Inflows of Resources	**31,806**	41,437	(9,631)
Net Position:			
Net investment in capital assets	**114,752**	92,590	22,162
Restricted	**14,683**	14,096	587
Unrestricted	**37,041**	16,217	20,824
Total Net Position	**166,476**	122,903	43,573
Total Liabilities, Deferred Inflows of Resources and Net Position	**$ 517,480**	$ 459,230	$ 58,250

The University's financial position strengthened during fiscal year 2026, primarily reflecting increased resources associated with the BOLD capital project, favorable investment performance, and continued investment in campus facilities. Cash and investments increased as the University received bond proceeds and other funding to support the BOLD project. Capital and right-to-use assets increased principally because of ongoing BOLD construction and the implementation of new subscription-based information technology arrangements. Corresponding growth in bonds and notes payable was partially offset by reductions in lease, pension, and other postemployment benefit liabilities. Collectively, these changes contributed to a $43.6 million or 35.5% increase in net position during fiscal year 2026.

Statement of Net Position Detailed Discussion

Total assets and deferred outflows increased by $58.0 million, or 12.7%, during FY2026, primarily due to increases in cash, investments, and capital assets associated with Project BOLD and related financing activities. Cash and investments increased $39.4 million as a result of the acquisition of additional funds to support the BOLD project on Campus, which was primarily accomplished with a bond issuance through MSCBA. In addition, this cash and investment increase improved investment returns which was in part due to a shift from cash to investment positions in the portfolio during the year. Receivables increased $1.2 million or 24.1% primarily due to additional funds transferred over from the Foundation related to the 4th Quarter FY26 fundraising activities. Capital and right to use assets increased $16.3 million or 5.0% primarily due to project BOLD as well as additional new leased assets. These increases in capital and right-to-use assets were offset by current year depreciation and amortization. Increase in deferred outflows are primarily related to adjustments in actuarial pension and OPEB costs from FY 2025 to FY 2026.

Total liabilities increased in FY 2026 by $24.3 million or 8.2% over the prior year. Bonds and notes payable increased $26.3 million primarily due to the issuance of new debt from MSCBA to support project BOLD, offset by principal payments made during the year on all outstanding debt. Lease and SBITA liabilities decreased by a net $6.0 million. Lease liabilities declined by $7.3 million as scheduled principal payments were made, partially offset by a $1.3 million increase in SBITA liabilities related to new software subscription arrangements. Accrued payroll and compensated absences increased $6.3 million primarily as a result of higher salary rates due to collective bargaining increases. Pension and OPEB liabilities decreased $3.0 million as a result of actuarial adjustments. Deferred inflows of resources decreased by $9.6 million, primarily because pension- and OPEB-related deferred inflows declined by approximately $10.4 million. This decrease was partially offset by an approximately $0.8 million increase in the deferred inflow associated with bond refunding activity.

For fiscal 2026 and 2025 total net position amounted to $166.5 million and $122.9 million, respectively. The University's net position in net investment in capital assets (e.g., land, buildings, equipment, leases and SBITA's) less any related debt used to acquire those assets is the largest positive component of the total net position and is detailed below in the next section. The University uses its capital assets to provide services to students, faculty, and staff; consequently, these assets are not available for future spending. Although the University's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, such as room rents, auxiliary and other fees, since the capital assets themselves are not in cash form and cannot be used to satisfy these liabilities.

Statement of Net Position Detailed Discussion. - Continued

Impact of GASB No. 68 and 75 - Accounting and Financial Reporting for Pensions and Other Post-Employment Benefits ("OPEB") on Unrestricted Net Position

The Governmental Accounting Standards Board (GASB) issued two standards that materially impacted the presentation of the university's financial statements, notably GASB Statement No. 68 - Accounting and Financial Reporting for Pensions and GASB Statement 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (commonly referred to as OPEB). The table below shows the impact of GASB 68 (Pension) and GASB 75 (OPEB) on unrestricted net position for the years as presented.

The University reported unrestricted net position of $37.0 million at June 30, 2026. Pension and OPEB liabilities and related deferred resource balances recognized under GASB 68 and GASB 75 significantly affect this reported amount. For analytical purposes only, excluding the net cumulative accounting effects associated with GASB 68 and GASB 75, the corresponding amount would have been approximately $80.5 million, an increase of $5.6 million from the similarly adjusted amount at June 30, 2025. This supplemental calculation is not a measure of net position presented in accordance with generally accepted accounting principles.

	Unrestricted Net Position Impacted by GASB 68 (Pension) and 75 (OPEB) (In Thousands)				
	Without Pension & OPEB	Pension Adjustment	OPEB Adjustment	With Pension and OPEB	Difference
Unrestricted Net Position at June 30, 2024	68,860	(25,474)	(51,931)	(8,545)	$ (77,405)
Unrestricted net increase for FY 2025	6,002	4,956	13,804	24,762	
Unrestricted Net Position at June 30, 2025	74,862	(20,518)	(38,127)	16,217	$ (58,645)
Unrestricted net increase for FY 2026	5,648	5,131	10,045	20,824	
Unrestricted Net Position at June 30, 2026	$ 80,510	$ (15,387)	$ (28,082)	$ 37,041	$ (43,469)

Statements of Revenues Expenses and Changes in Net Position Summary

The Statement of Revenues, Expenses and Changes in Net Position Summary shows how the University's net position changed during the last two fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., the accrual for compensated absences). A summarized comparison of the University's operating, non-capital subsidies and non-operating revenues and expenses and the resulting increase or decrease in net position at June 30, 2026 and 2025 follows. Note that this information includes the impact of the GASB 68 *Pensions*, GASB 75 *OPEB*, GASB 87 *Leases* and GASB 96 *SBITA* accounting standards.

Statement of Revenues, Expenses and Changes in Net Position Summary

(In Thousands)

	2026	2025	$ Change
Operating Revenues:			
Tuition and Fees, Net	**$ 53,019**	$ 52,468	$ 551
Federal, State, and Private Grants	**33,576**	38,923	(5,347)
Sales and Services	**856**	595	261
Auxiliary and Other	**25,328**	24,911	417
Total Operating Revenues	**112,779**	116,897	(4,118)
Operating Expenses:			
Compensation, benefits and other *	**123,478**	115,277	8,201
Supplies and services	**32,855**	35,876	(3,021)
Utilities	**4,275**	4,471	(196)
Depreciation	**9,700**	9,926	(226)
Amortization	**10,780**	10,446	334
Scholarships	**22,668**	24,562	(1,894)
Total Operating Expenses	**203,756**	200,558	3,198
Non-Capital Subsidies:			
Gifts and grants	**2,211**	1,734	477
State appropriations	**91,745**	93,850	(2,105)
Total Non-Capital Subsidies	**93,956**	95,584	(1,628)
Non-Operating Revenues (Expenses):			
Capital Grants	**32,204**	3,464	28,740
Investment Income, net	**11,836**	9,008	2,828
Interest Expense	**(6,620)**	(6,773)	153
Gifts and Other Non-Operating Revenues	**3,173**	2,797	376
Total Non-Operating Revenues, Net	**40,593**	8,496	32,097
Increase in Net Position	**$ 43,572**	$ 20,419	$ 23,153
*** This total is comprised of the following:**			
Compensation and Benefits	**$ 138,654**	$ 134,037	$ 4,617
Pension and OPEB negative expense	**(15,176)**	(18,760)	3,584
	$ 123,478	$ 115,277	$ 8,201

Statements of Revenues Expenses and Changes in Net Position Summary – Continued

The University's operating results in fiscal year 2026 reflected lower grant revenue and higher compensation costs associated with collective bargaining agreements, partially offset by reductions in pension and other postemployment benefit expense, supplies and services, and scholarships. Although these factors increased the operating loss, the University reported a substantial increase in net position because of significant higher capital grant revenue associated with the BOLD project and improved investment income. Noncapital subsidies declined modestly, as the lower state-paid fringe benefits were partially offset by increased general appropriations and gifts and grants.

Statements of Revenues Expenses and Changes in Net Position Detailed Discussion

Operating Revenues

The decrease in total operating revenues of $4.1 million (3.5%) in FY 2026 resulted primarily from the following:

Tuition and Fees, net: Tuition and fees, net of certain scholarships and fellowships increased slightly by 1.1% ($0.6 million) in FY 2026. The increase is due an increase in tuition and fees revenues of $0.6 million and a small decrease in scholarship allowance.

Federal, State and Private Grants: Federal, state and private grant revenues decreased $5.3 million or 13.7% over FY 2025. Federal and state grant revenue decreased a total of $4.4 million primarily due to reductions in student aid and other grants which expired in FY 2025. Private grant revenue had a decrease of $0.9 million during FY26.

Operating Expenses

The increase in total operating expenses of $3.2 million (1.6%) in FY 2026 over prior year resulted primarily from the following:

Compensation and Benefits:

Compensation and benefit expense increased by $8.2 million, or 7.1%, during FY2026. Salaries and related benefits, excluding the effects of GASB 68 and GASB 75, increased by approximately $4.6 million, primarily due to contractual salary increases and retroactive compensation paid under new collective bargaining agreements. Pension and OPEB activity accounted for the remaining $3.6 million increase since the pension and OPEB credits recognized in FY 2026 were lower than those recognized in FY 2025.

Changes in GASB 68, *Pensions* and GASB 75, *OPEB* Activity:

Pension activity under GASB 68 resulted in pension income of approximately $5.1 million during FY 2026, while OPEB activity under GASB 75 resulted in OPEB income of approximately $10.0 million. These amounts reflect the University's proportionate share of pension and OPEB activity reported by the Commonwealth, including current-period changes and the recognition of applicable deferred outflows and inflows of resources based on actuarial information provided by the Commonwealth.

Statements of Revenues Expenses and Changes in Net Position Detailed Discussion - Continued

Supplies and Services: Supplies and services decreased $3.0 million or 8.4% as a result of decreased activity in non-capital construction and improvement due to the ongoing project BOLD activities. This decrease also included a reduction in IT equipment purchases during FY 2026.

Scholarships: Scholarships decreased by $1.9 million (7.7%) in FY 2026 primarily due to a reduction in university sponsored awards along with the expiration of two grants supporting student awards in FY 2025.

Non-Capital Subsidies

This section is presented separately beginning in FY 2026 as a result of GASB Statement No. 103, Financial Reporting Model Improvements. Noncapital subsidies include Commonwealth operating appropriations and certain gifts and grants received without a direct exchange of goods or services and not restricted by the provider for capital purposes. Total noncapital subsidies decreased by $1.6 million in FY 2026. Commonwealth appropriations declined by $2.1 million, primarily due to lower state-funded fringe benefits resulting from a reduced fringe benefit assessment rate, partially offset by increased general appropriations associated with collective bargaining salary adjustments.

Non-Operating Revenues (Expenses)

The increase in non-operating revenues (expenses) in FY 2026 of $32.1 million or 377.8% resulted primarily from the following:

Capital Grants: Capital grant revenue increased by $28.7 million, primarily because DCAMM funded construction costs on the University's behalf for Project BOLD.

Investment Income, net: Investment income increased by $2.8 million or 31.4% for FY 2026 and is attributable to favorable market conditions.

Interest Expense: Interest expense remained relatively consistent with the prior year despite the issuance of additional debt to support the BOLD project. Interest expense is expected to increase beginning in FY 2027 as debt service payments related to the FY 2026 bond issuance commence.

Gifts And Other Non-Operating Revenues: Gifts and other non-operating revenues include gift contributions and MSCBA funds received during FY 2026.

Capital Asset and Long-Term Debt Financing Summary & Discussion

Capital Asset Summary & Discussion

A summarized comparison of the University's capital assets categories at June 30, 2026 and 2025 is as follows:

Capital Asset Summary

(In Thousands)

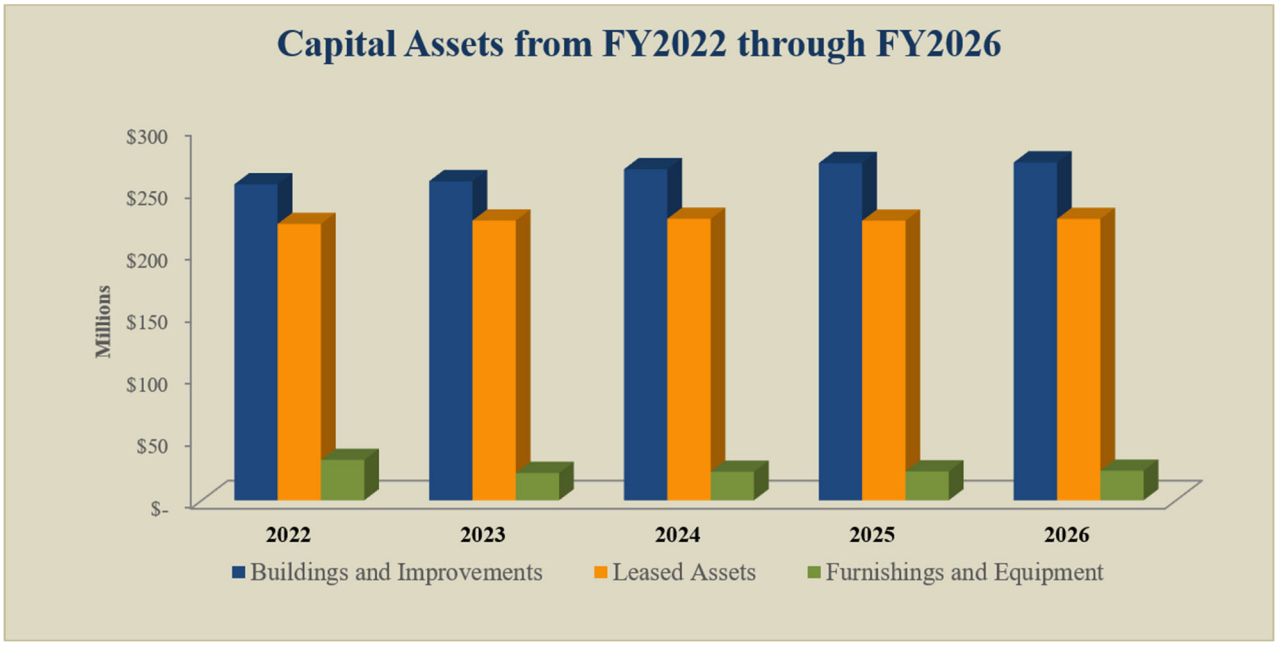
	2026	2025	$ Change
Building and improvements	**$ 271,887**	$ 271,431	$ 456
Construction in Progress	**34,516**	2,714	31,802
Land	**2,536**	2,536	-
Furniture and Equipment	**23,801**	23,319	482
Leased buildings	**204,307**	204,307	-
Leased space	**13,791**	13,791	-
Leased equipment	**858**	868	(10)
Leased software	**7,423**	6,026	1,397
Total capital assets	**559,119**	524,992	34,127
Less: Accumulated Depreciation	**(165,057)**	(155,356)	(9,701)
Less: Accumulated Amortization	**(54,644)**	(46,516)	(8,128)
Total capital assets, net	**$ 339,418**	$ 323,120	$ 16,298

The University continued to make significant investments in its capital infrastructure during FY 2026. Total capital assets increased by $34.1 million before depreciation and amortization, resulting in a net increase of $16.3 million in capital assets. The most significant change was a $31.8 million increase in construction in progress, primarily attributable to ongoing expenditures associated with the University's BOLD initiative, including the Horace Mann renovation and Meier Hall Addition projects. The University also invested in building improvements, furniture and equipment, and new subscription-based information technology arrangements (SBITAs), which increased software-related assets by approximately $1.4 million.

Current-year capital additions exceeded depreciation and amortization expense, reflecting continued investment in the University's physical and technological infrastructure. To support these projects, the University obtained additional financing during FY 2026, including $27.7 million in par debt issued for the BOLD initiative from MSCBA. As a result, long-term debt increased during the year, and future interest expense and debt service requirements are expected to increase beginning in FY 2027 as payments on the new bond issuance commence.

Capital Asset Summary & Discussion - Continued

The following graph shows the progression of certain gross capital asset values over the last five years:



Long-Term Financing Summary & Discussion

Long-Term Financing Summary

(in Thousands)

	2026	2025	$ Change
Bond, loans and note payable:			
Bonds payable	**$ 46,018**	$ 21,818	$24,200
Bond premiums	**2,420**	312	2,108
Loans payable	**687**	674	13
Note payable	**-**	53	(53)
Total bonds, loans and note payable	**49,125**	22,857	26,268
Other long-term liabilities:			
Lease liability	**184,694**	191,977	(7,283)
SBITA liability	**4,502**	3,192	1,310
Total other long-term liabilities	**189,196**	195,169	(5,973)
Total Long-Term Financing	**$238,321**	$218,026	$20,295

Long-Term Financing Summary & Discussion - Continued

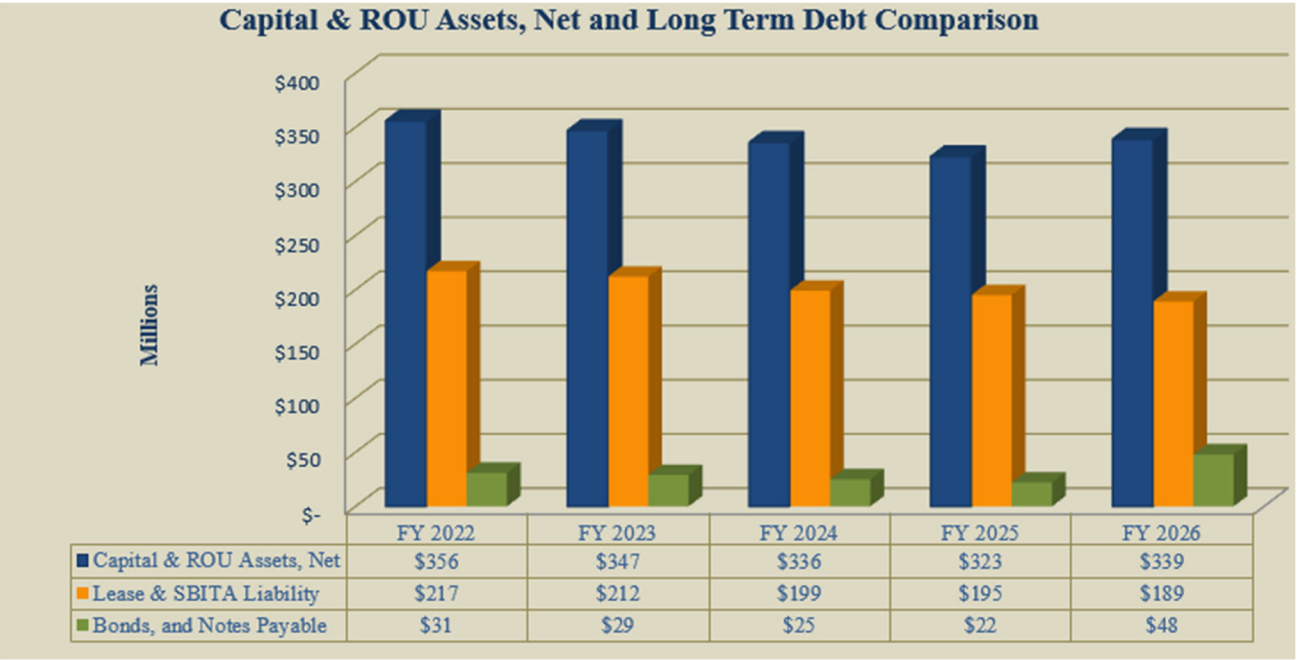
Total long-term financing increased by $20.3 million or 9.3%, from $218.0 million at June 30, 2025, to $238.3 million at June 30, 2026. The increase was primarily attributable to the issuance of additional debt associated with the University's BOLD initiative, including approximately $25.5 million of new bond principal issued during FY2026. As a result, bonds payable and related premiums increased by $26.3 million or 119% during FY 2026.

Partially offsetting this increase was a $7.3 million or 3.8% reduction in lease liabilities as scheduled principal payments continued under existing lease agreements. The University also recorded an increase of $1.3 million or 41.0% in subscription-based information technology arrangement (SBITA) liabilities as additional software subscriptions were implemented during FY2026.

The University incurred approximately $789 thousand and $465 thousand in interest related to bonds, notes, and other borrowings during FY 2026 and FY 2025, respectively. Interest expense associated with leases and software subscription arrangements totaled approximately $5.8 million and $6.3 million during FY 2026 and FY 2025, respectively. Debt service and interest expense are expected to increase in future years as principal and interest payments on the FY 2026 BOLD-related bond issuance are expected to be made.

Net Investment in Capital and ROU Assets and Long-Term Debt Comparison

The following graph displays long-term debt for the Lease Liability and Bond and Notes Payables on the university's books and the Net Investment in Capital Assets balances for fiscal years ended June 30, 2022 through 2026:



	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Capital & ROU Assets, Net	$356	$347	$336	$323	$339
Lease & SBITA Liability	$217	$212	$199	$195	$189
Bonds, and Notes Payable	$31	$29	$25	$22	$48

Net Investment in Capital and ROU Assets and Long-Term Debt Comparison - Continued

It should be noted that the asset category "Capital and ROU assets, net" is not the same as the "Net Investment in Capital Assets" in the net position category. Net Investment in Capital Assets includes the same activity as the Capital and ROU assets but also includes any related debt liabilities and deferred inflow of resources that are attributable to the acquisition, construction, improvement or refinancing of those Capital and ROU assets.

At June 30, 2026, the University reported $184.7 million of lease liabilities and $4.5 million of SBITA liabilities. Lease liabilities declined by $7.3 million during FY2026 as scheduled payments exceeded new lease activity, while SBITA liabilities increased by $1.3 million because of new software subscription arrangements.

Currently Known Facts, Decisions, or Conditions

The University's 2023–2028 strategic plan continues to inform institutional priorities and resource-allocation decisions, including investments in academic programs, campus infrastructure, student success, and the student experience. Changes in the demographics and educational needs of the University's service region also continue to influence academic planning, student-support investments, recruitment strategies, and enrollment-management efforts.

Project BOLD, the University's most significant campus-consolidation and modernization initiative in two decades, is expected to be substantially completed during FY 2028. The project broke ground during April 2025 and includes the renovation of the Horace Mann Building and construction of an addition to Meier Hall. Construction activity will continue to increase construction in progress during FY 2027. When the facilities are placed into service, the related project costs will be transferred to depreciable capital assets, resulting in increased depreciation expense in subsequent periods. Debt service and interest costs also are expected to increase as payments begin on the MSCBA issued bond financing of $27.3 million issued to support the project.

The renovated Horace Mann Building will house the College of Health and Human Services, expand capacity for the nursing program, and provide nursing simulation laboratories and facilities supporting the occupational therapy and criminal justice programs. The Meier Hall addition will provide new laboratories and classrooms supporting multiple science programs, including biology and chemistry. Both facilities are scheduled to open at the beginning of FY 2028 and the 2027–2028 academic year.

Subsequent to June 30, 2026, the University completed the first phase of the South Campus sale in August 2026 for approximately $12.2 million. The remaining phase of the transaction is expected to close in January 2027 for approximately $2.0 million. The transaction is expected to generate an estimated net gain of approximately $11.7 million, with proceeds intended to support the University's BOLD initiative. The sale supports the University's campus-consolidation strategy and is expected to reduce its physical footprint and associated deferred maintenance requirements. Because the transaction occurred subsequent to fiscal year-end, the financial effects of the sale are not reflected in the June 30, 2026 financial statements.

In connection with the BOLD initiative and other campus improvements, the University is advancing three decarbonization projects that began in FY 2027 and are expected to become operational by early FY 2028. The projects include the installation of 100 geothermal wells beneath the Meier Hall parking area. These initiatives are intended to reduce reliance on purchased natural gas and electricity and may affect future utility and operating costs. The University will continue to monitor project costs, funding sources, and anticipated operating savings as implementation progresses.

Currently Known Facts, Decisions, or Conditions - Continued

Commonwealth appropriations remain a significant source of financial support for the University. Management continues to monitor the Commonwealth's FY 2027 budget and other state funding decisions for potential effects on operating appropriations, fringe-benefit funding, and capital support.

Enrollment declines have moderated in recent years, although total FTE enrollment decreased again in fall 2025. Management continues to monitor application, retention, and enrollment trends and to implement recruitment and student-success initiatives intended to support enrollment and the University's financial position.

Requests for Further Information

This financial report is designed to provide a general overview of Salem State University's finances for all those with an interest in the University's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Vice President for Finance and Facilities/CFO, 352 Lafayette Street, Salem, Massachusetts 01970-5353.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statements of Net Position

June 30, 2026 and 2025

Assets and Deferred Outflows of Resources

	Primary Government		Component Unit	
	2026 University	2025 University	**2026 Assistance Corporation**	2025 Assistance Corporation
Current Assets:				
Cash and cash equivalents	**$ 78,982,266**	$ 58,997,684	**$ 328,161**	$ 477,967
Investments	**82,706,123**	63,290,851	**-**	-
Accounts, grants and other receivable, net	**5,863,244**	4,725,301	**14,063**	10,685
Loans receivable	**85,901**	76,285	**-**	-
Lease receivable, current portion	**-**	-	**751,907**	335,185
Other current assets	**650**	174,530	**6,599**	4,950
Total Current Assets	**167,638,184**	127,264,651	**1,100,730**	828,787
Non-Current Assets:				
Investments	**100,000**	100,000	**-**	-
Loans receivable, net of current portion	**346,905**	299,863	**-**	-
Lease receivable, net of current portion	**-**	-	**10,094,596**	10,804,705
Capital assets, net	**339,418,193**	323,119,621	**18,568,661**	19,241,077
Debt service reserve	**504,413**	750,150	**-**	-
Total Non-Current Assets	**340,369,511**	324,269,634	**28,663,257**	30,045,782
Total Assets	**508,007,695**	451,534,285	**29,763,987**	30,874,569
Deferred Outflow of Resources:				
Deferred outflows for pensions	**4,800,149**	3,428,085	**-**	-
Deferred outflows for other post employment benefits	**4,671,993**	4,267,904	**-**	-
Total Deferred Outflows of Resources	**9,472,142**	7,695,989	**-**	-
Total Assets and Deferred Outflows of Resources	**$517,479,837**	$459,230,274	**$29,763,987**	$30,874,569

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statements of Net Position
June 30, 2026 and 2025

Liabilities, Deferred Inflows of Resources and Net Position

	Primary Government		Component Unit	
	2026 University	2025 University	**2026 Assistance Corporation**	2025 Assistance Corporation
Current Liabilities:				
Accounts payable and accrued expenses	**$ 6,428,275**	$ 5,970,278	**$ 56,751**	$ 52,247
Accrued payroll	**15,979,848**	11,117,549	**-**	-
Accrued compensated absences	**8,391,338**	7,387,378	**-**	-
Accrued workers' compensation	**152,278**	249,306	**-**	-
Unearned revenues	**5,998,071**	5,894,430	**8,599**	3,456
Note payable	**-**	53,090	**68,545**	42,230
Bonds payable	**1,737,545**	1,343,399	**-**	-
Lease liability	**6,307,021**	6,058,543	**327,272**	298,178
SBITA liability	**1,706,555**	1,469,951	**-**	-
Deposits	**303,162**	267,552	**-**	-
Total Current Liabilities	**47,004,093**	39,811,476	**461,167**	396,111
Non-Current Liabilities:				
Accrued compensated absences	**5,360,950**	4,948,657	**-**	-
Accrued workers' compensation	**2,012,120**	1,818,923	**-**	-
Notes payable, net of current portion	**-**	-	**1,219,417**	1,305,369
Bond payable, net of current portion	**46,700,615**	20,786,726	**-**	-
Lease Liability, net of current portion	**178,387,103**	185,918,033	**9,913,397**	10,240,670
SBITA Liability, net of current portion	**2,795,854**	1,721,799	**-**	-
Nursing Loans payable	**686,523**	674,358	**-**	-
Net pension liability	**17,905,599**	18,433,165	**-**	-
Net other post employment benefits liability	**18,345,733**	20,776,453	**-**	-
Other non-current liabilities	**-**	-	**47,748**	51,666
Total Non-Current Liabilities	**272,194,497**	255,078,114	**11,180,562**	11,597,705
Total Liabilities	**319,198,590**	294,889,590	**11,641,729**	11,993,816
Deferred Inflows of Resources:				
Public-private partnerships	**164,576**	202,076	**-**	-
Deferred inflows for pensions	**2,280,414**	5,511,846	**-**	-
Deferred inflows for other post employment benefits	**14,409,274**	21,619,815	**-**	-
Deferred inflows for bond refunding	**14,950,952**	14,103,471	**-**	-
Deferred inflows for leases	**-**	-	**8,699,042**	9,238,067
Total Deferred Inflows of Resources	**31,805,216**	41,437,208	**8,699,042**	9,238,067
Net Position:				
Net investment in capital assets	**114,751,842**	92,590,743	**7,040,030**	7,354,630
Restricted:				
Nonexpendable	**110,000**	110,000	**-**	-
Expendable	**14,573,603**	13,986,126	**-**	-
Unrestricted	**37,040,586**	16,216,607	**2,383,186**	2,288,056
Total Net Position	**166,476,031**	122,903,476	**9,423,216**	9,642,686
Total Liabilities, Deferred Inflows of Resources and Net Position	**$517,479,837**	$459,230,274	**$29,763,987**	$30,874,569

See accompanying notes to the financial statements.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statements of Revenues and Expenses

For the Years Ended June 30, 2026 and 2025

	Primary Government		Component Unit	
	2026 University	2025 University	**2026 Assistance Corporation**	2025 Assistance Corporation
Operating Revenues:				
Tuition and fees	**$ 73,752,172**	$ 73,152,530	**$ -**	$ -
Less: scholarships and fellowships	**(20,732,691)**	(20,684,653)	**-**	-
Net tuition and fees	**53,019,481**	52,467,877	**-**	-
Federal grants and contracts	**14,284,389**	15,009,399	**-**	-
State grants and contracts	**18,583,900**	22,301,574	**-**	-
Private grants and contracts	**707,077**	1,612,092	**-**	-
Sales and services of educational departments	**855,765**	594,948	**-**	-
Auxiliary enterprises	**25,149,521**	24,708,941	**-**	-
Investment income, net	**-**	-	**651,137**	649,777
Lease revenue	-	-	**1,032,646**	1,074,035
Other operating revenues	**178,455**	202,065	**60,641**	54,073
Total Operating Revenues	**112,778,588**	116,896,896	**1,744,424**	1,777,885
Operating Expenses:				
Educational and general:				
Instruction	**59,394,788**	56,600,254	**-**	-
Public service	**1,059,818**	1,160,101	**-**	-
Academic support	**20,020,149**	18,802,880	**-**	-
Student services	**22,421,962**	20,623,686	**-**	-
Institutional support	**21,391,100**	20,870,751	**-**	-
Operation and maintenance of plant	**24,295,672**	24,711,910	**-**	-
Scholarships	**22,667,992**	24,561,771	**-**	-
Depreciation & Amortization	**20,480,215**	20,372,228	**724,120**	721,998
Auxiliary enterprises	**12,023,876**	12,854,164	**766,546**	763,451
Total Operating Expenses	**203,755,572**	200,557,745	**1,490,666**	1,485,449
Net Operating (Loss) Revenue	**(90,976,984)**	(83,660,849)	**253,758**	292,436
Non-Capital Subsidies:				
Gifts and Grants	**2,211,245**	1,733,607	**-**	-
State General Appropriations	**91,744,490**	93,849,763	**204,457**	183,973
Total Non-Capital Subsidies	**93,955,735**	95,583,370	**204,457**	183,973
Operating Loss and Non-Capital Subsidies	**2,978,751**	**11,922,521**	**458,215**	476,409
Non-Operating Revenues (Expenses):				
Capital Grants	**32,203,716**	3,464,440	**-**	**-**
MSCBA funds received	**646,522**	399,755	**-**	**-**
Federal grants	**-**	43,693	**-**	-
Gifts	**2,527,283**	2,353,353	**-**	-
Investment income, net	**11,836,185**	9,008,320	**3,850**	4,568
Interest expense	**(6,619,902)**	(6,773,174)	**(681,535)**	(670,307)
Net Non-Operating Revenues (Expenses)	**40,593,804**	8,496,387	**(677,685)**	(665,739)
Total Increase (Decrease) in Net Position	**$ 43,572,555**	**$ 20,418,908**	**$ (219,470)**	**$ (189,330)**

See accompanying notes to the financial statements.

SALEM STATE UNIVERSITY
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Statements of Changes in Net Position

For the Years Ended June 30, 2026 and 2025

	University				
	Net Investment in Capital Assets	Restricted Nonexpendable	Restricted Expendable	Unrestricted	Total
Balance at June 30, 2024	**$ 97,610,893**	**$ 110,000**	**$13,308,310**	**$ (8,544,635)**	**$102,484,568**
Changes in net position for 2025	(5,020,150)	-	677,816	24,761,242	20,418,908
Balance, June 30, 2025	**92,590,743**	**110,000**	**13,986,126**	**16,216,607**	**122,903,476**
Changes in net position for 2026	22,161,099	-	587,477	20,823,979	43,572,555
Balance, June 30, 2026	**$ 114,751,842**	**$ 110,000**	**$14,573,603**	**$ 37,040,586**	**$166,476,031**

	Assistance Corporation				
	Net Investment in Capital Assets	Restricted Nonexpendable	Restricted Expendable	Unrestricted	Total
Balance at June 30, 2024	**$ 8,060,067**	**$ -**	**$ -**	**$ 1,771,949**	**$ 9,832,016**
Changes in net position for 2025	(705,437)	-	-	516,107	(189,330)
Balance, June 30, 2025	**7,354,630**	**-**	**-**	**2,288,056**	**9,642,686**
Changes in net position for 2026	(314,600)	-	-	95,130	(219,470)
Balance, June 30, 2026	**$ 7,040,030**	**$ -**	**$ -**	**$ 2,383,186**	**$ 9,423,216**

See accompanying notes to the financial statements.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statements of Cash Flows

For the Years Ended June 30, 2026 and 2025

	Primary Government	
	2026 University	2025 University
Cash Flows from Operating Activities:		
Tuition and fees	**$ 52,702,002**	$ 53,030,383
Grants and contracts	**32,468,467**	34,719,695
Payments to suppliers and vendors	**(35,183,595)**	(40,669,956)
Payments to employees	**(98,731,240)**	(96,111,802)
Payments for benefits	**(9,500,456)**	(7,795,915)
Payments to students	**(22,797,386)**	(24,561,771)
Loans issued to students	**(9,323)**	(1,536)
Collection of loans to students	**73,988**	223,672
Auxiliary enterprises receipts	**25,100,840**	24,858,238
Sales and services of educational departments	**879,293**	614,134
Other	**179,796**	216,635
Net Cash Applied to Operating Activities	**(54,817,614)**	(55,478,223)
Cash Flows from Non-Capital Financing Activities:		
State appropriations	**68,248,787**	66,164,144
FEMA funds	**43,693**	-
Tuition remitted to State	**(459,695)**	(1,021,377)
Student interest received (paid)	**9,955**	(572,080)
Gifts and grants	**4,669,989**	4,305,003
Net Cash Provided by Non-Capital Financing Activities	**72,512,729**	68,875,690
Cash Flows from Capital Financing Activities:		
Purchases of capital assets	**(829,306)**	(2,958,360)
Principal paid on bonds, notes payable, lease and SBITA liabilities	**(11,393,624)**	(8,984,008)
Interest paid on bonds, notes payable, lease and SBITA liabilities	**(5,776,181)**	(7,922,164)
Debt service reserve releases	**245,737**	-
Proceeds from bond issuance	**27,657,356**	-
Net Cash Provided by / (Applied to) Capital Financing Activities	**9,903,982**	(19,864,532)
Cash Flows from Investing Activities:		
Investment income	**3,356,370**	4,068,463
Proceeds from sale of investments	**33,658,744**	61,303,469
Purchase of investments	**(44,629,629)**	(61,996,233)
Net Cash (Applied to) / Provided by Investing Activities **Net**	**(7,614,515)**	3,375,699
Increase (Decrease) in Cash and Equivalents	**19,984,582**	(3,091,366)
Cash and Cash Equivalents, Beginning of the Year	**58,997,684**	62,089,050
Cash and Cash Equivalents, End of the Year	**$ 78,982,266**	$ 58,997,684

See accompanying notes to financial statements.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statements of Cash Flows - Continued
For the Years Ended June 30, 2026 and 2025

	Primary Government	
Reconciliation of Net Operating Loss to Net Cash Applied to Operating Activities:	**2026 University**	2025 University
Net operating loss	**$ (90,976,984)**	$ (83,660,849)
Adjustments to reconcile net operating loss to net cash applied to operating activities:		
Depreciation and amortization	**20,480,215**	20,372,228
Bad debts	**109,340**	79,578
Fringe benefits provided by State	**24,069,092**	28,706,996
Payments to suppliers and vendors provided by State	**646,522**	399,756
Changes in assets and liabilities:		
Accounts receivable	**(1,188,507)**	331,277
Accounts payable and accrued liabilities	**624,377**	(987,609)
Accrued payroll and benefits	**6,374,729**	1,525,002
Other assets	**173,880**	(133,906)
Loans to/from students	**(64,941)**	220,245
Deposits	**44,933**	(11,522)
Unearned revenues	**66,142**	(3,558,966)
Deferred inflows	**(10,441,973)**	(14,790,130)
Deferred outflows	**(1,776,153)**	2,447,012
Net pension liability	**(527,566)**	(3,677,389)
Net OPEB liability	**(2,430,720)**	(2,739,946)
Net Cash Applied to Operating Activities	**$ (54,817,614)**	$ (55,478,223)

Cash Flow Information

	Primary Government	
For purposes of the statement of cash flows, cash and equivalents are comprised of the following at June 30:	**2026 University**	2025 University
Cash and cash equivalents	**$ 28,114,553**	$ 48,578,601
Restricted cash and cash equivalents	**2,789,443**	3,775,157
Deposits held by State Treasurer	**8,030,423**	2,561,136
Cash held by State Treasurer	**4,502,750**	4,082,790
Deposits held by MSCBA and DCAMM	**35,545,097**	-
Total Cash and Cash Equivalents	**$ 78,982,266**	$ 58,997,684

Supplemental Investing and Financing Activities

	Primary Government	
	2026 University	2025 University
Acquisition of capital assets	**$ 36,821,785**	$ 7,914,357
Accounts and notes payable beginning of year	**178,822**	998,283
Accounts and notes payable end of year	**-**	(178,822)
SBITA acquisitions	**(3,967,585)**	(2,311,018)
Payments made by DCAMM and State	**(32,203,716)**	(3,464,440)
Cash payments for capital assets	**$ 829,306**	$ 2,958,360
Unrealized gain (loss) on marketable securities	**$ 6,284,722**	$ 1,387,260
Fringe benefits paid by the Commonwealth of Massachusetts	**$ 24,069,092**	$ 28,706,996

See accompanying notes to financial statements.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statements of Financial Position of
Salem State University Alumni Association and Foundation, Inc

June 30, 2026 and 2025

Assets

	2026	2025
Current Assets:		
Cash and cash equivalents	**$ 3,733,123**	$ 2,822,242
Restricted cash and cash equivalents	**2,567,285**	1,711,532
Certificates of deposit	**845,420**	816,817
Pledges receivable, net	**3,023,826**	1,041,791
Other current assets	**271,887**	216,989
Total Current Assets	**10,441,541**	6,609,371
Non-Current Assets:		
Investments securities	**90,938,290**	79,547,122
Long-term pledges receivable, net	**4,207,015**	876,780
Total Non-Current Assets	**95,145,305**	80,423,902
Total Assets	**$ 105,586,846**	$ 87,033,273

Liabilities and Net Position

Liabilities:		
Accounts payable and accrued expenses	**$ 1,964,435**	$ 864,483
Net Assets:		
Without donor restrictions:		
Operating	**3,180,679**	3,223,734
Board designated	**1,957,549**	1,396,934
Total net assets without donor restrictions	**5,138,228**	4,620,668
With donor restrictions	**98,484,183**	81,548,122
Total Net Assets	**103,622,411**	86,168,790
Total Liabilities and Net Assets	**$ 105,586,846**	$ 87,033,273

See accompanying notes to the financial statements.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statements of Activities and Changes in Net Assets of
Salem State University Alumni Association and Foundation, Inc

For the Year Ended June 30, 2026

	Without Donor Restrictions	With Donor Restrictions	**Total**
Operating Revenues, Gains and Other Support:			
Contributions and gifts of cash and other financial assets	$ 499,389	$ 11,570,621	**$ 12,070,010**
Investment return appropriated for operations	2,292,119	-	**2,292,119**
Investment return - other	151,809	2,096,648	**2,248,457**
Contributions and gifts of nonfinancial assets	61,913	4,244	**66,157**
	3,005,230	13,671,513	**16,676,743**
Net assets released from restrictions:			
Satisfaction of donor restrictions	4,143,524	(4,143,524)	**-**
Total Operating Revenues, Gains and Other Support	7,148,754	9,527,989	**16,676,743**
Operating Expenses:			
Program services	6,013,605	-	**6,013,605**
Management services	537,339	-	**537,339**
Fundraising	100,915	-	**100,915**
Total Operating Expenses	6,651,859	-	**6,651,859**
Changes in Net Assets from Operating Activities	496,895	9,527,989	**10,024,884**
Non-Operating Activities:			
Investment return appropriated for operations	-	(2,292,119)	**(2,292,119)**
Investment return, net	20,665	9,700,191	**9,720,856**
Changes in Net Assets for Non-Operating Activities	20,665	7,408,072	**7,428,737**
Total Increase in Net Assets	517,560	16,936,061	**17,453,621**
Net Assets, Beginning of Year	4,620,668	81,548,122	**86,168,790**
Net Assets, End of Year	$ 5,138,228	$ 98,484,183	**$ 103,622,411**

See accompanying notes to the financial statements.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Statements of Activities and Changes in Net Assets of
Salem State University Alumni Association and Foundation, Inc

For the Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues, Gains and Other Support:			
Contributions and gifts of cash and other financial assets	$ 794,867	$ 3,472,579	**$ 4,267,446**
Investment return appropriated for operations	1,769,404	-	**1,769,404**
Investment return - other	171,038	1,991,750	**2,162,788**
Contributions and gifts of nonfinancial assets	67,473	1,755	**69,228**
	2,802,782	5,466,084	**8,268,866**
Net assets released from restrictions:			
Satisfaction of donor restrictions	3,387,109	(3,387,109)	**-**
Total Operating Revenues, Gains and Other Support	6,189,891	2,078,975	**8,268,866**
Operating Expenses:			
Program services	4,818,851	-	**4,818,851**
Management services	459,692	-	**459,692**
Fundraising	220,894	-	**220,894**
Total Operating Expenses	5,499,437	-	**5,499,437**
Changes in Net Assets from Operating Activities	690,454	2,078,975	**2,769,429**
Non-Operating Activities:			
Investment return appropriated for operations	-	(1,769,404)	**(1,769,404)**
Investment return, net	8,277	5,836,478	**5,844,755**
Changes in Net Assets for Non-Operating Activities	8,277	4,067,074	**4,075,351**
Total Increase in Net Assets	698,731	6,146,049	**6,844,780**
Net Assets, Beginning of Year	3,921,937	75,402,073	**79,324,010**
Net Assets, End of Year	$ 4,620,668	$ 81,548,122	**$ 86,168,790**

See accompanying notes to the financial statements.

Note 1 - **Summary of Significant Accounting Policies**

Organization

Salem State University (the "University") is a public, State-supported, comprehensive four-year university, located in Salem, Massachusetts, and governed by a local Board of Trustees under the direction of the Massachusetts Department of Higher Education. The University is empowered to award baccalaureate and master's degrees in education, business and arts and sciences, as well as conduct programs of continuing education. The University is accredited by the New England Commission of Higher Education.

Basis of Presentation and Accounting

The University is an agency of the Commonwealth of Massachusetts (the "State" or the "Commonwealth"). The accompanying financial statements reflect only the transactions of the University and its discretely presented component units. Accordingly, the accompanying financial statements may not necessarily be indicative of the conditions that would have existed if the University had been operated independently of the State.

The following discretely presented component unit is disclosed alongside the University and is summarized as follows:

In 1995, Salem State University Assistance Corporation (the "Assistance Corporation") was formed because of legislation established by the Commonwealth of Massachusetts. The Assistance Corporation was created to promote the orderly growth and development of the University and to assist the University in securing physical and financial resources necessary for the acquisition and development of a site formerly known as the GTE Sylvania plant. In June 2012, legislation was approved further defining the parameters of this "site" to include other such properties determined by the Assistance Corporation to fulfill its mission. The Assistance Corporation financial statements have been prepared using the economic resources measurement and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by the *Governmental Accounting Standards Board* ("GASB").

The Assistance Corporation owns and operates commercial lease properties at this site in Salem, Massachusetts and is legally separate from the University, and the University is not financially accountable for the Assistance Corporation. The Assistance Corporation serhas been included because of the nature and significance of its relationship with the University.

Note 1 - **Summary of Significant Accounting Policies – Continued**

Basis of Presentation and Accounting - Continued

The following component unit is presented separately within these financial statements and is summarized as follows:

> The Salem State University Alumni Association and Foundation, Inc. (the "Foundation") was formed in 1977 to render financial assistance and support to the educational programs and development of the University. The Foundation is legally separate from the University, and the University is not financially accountable for the Foundation. The Foundation has been included because of the nature and significance of its relationship with the University. Complete financial statements can be obtained from the Foundation's administrative offices in Salem, Massachusetts.

Salem State University Alumni Association and Foundation, as a nonprofit organization, reports under Financial Accounting Standards Board ("FASB") guidance on financial reporting for Not-for-Profit Entities. As such, certain revenue and lease recognition criteria and presentation features are different from GASB revenue and lease recognition criteria and presentation features. No modifications have been made to the Foundation's financial information within their report.

During the years ended June 30, 2026 and 2025, the Foundation distributed scholarships in the amount of $1,754,515 and $1,766,555, respectively, directly to students of the University.

Complete financial statements for the Foundation and the Assistance Corporation are also available from the Office of the Vice President for Finance and Facilities, Salem State University, 352 Lafayette Street, Salem, MA 01970.

The University has determined that it functions as a business-type activity, as defined by the GASB. The basic financial statements and required supplementary information for general-purpose governments consist of management's discussion and analysis, basic financial statements and required supplementary information. The University presents statements of net position, revenues, expenses and subsidies, changes in net position and cash flows on a combined University wide basis.

Note 1 - **Summary of Significant Accounting Policies – Continued**

Basis of Presentation and Accounting – continued

The University's financial statements have been prepared using the "economic resources measurement focus" and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by GASB. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

The University distinguishes operating revenues and expenses from non-operating revenues and expenses in accordance with Governmental Accounting Standards Board Statement No. 103, Financial Reporting Model Improvements. Operating revenues and expenses are revenues and expenses other than those classified as nonoperating. Non-operating revenues and expenses include capital subsidies received and provided, contributions to permanent and term endowments, revenues and expenses related to financing, resources from the disposal of capital assets and inventory, and investment income and expenses. Non-capital subsidies, including applicable operating appropriations from the Commonwealth of Massachusetts, are presented following operating income or loss, with a subtotal for operating income or loss and non-capital subsidies. Capital subsidies are presented with other non-operating revenues and expenses following that subtotal.

The accompanying statement of revenues, expenses, and changes in net position presents operating revenues, subsidy revenue and expenses separately from non-operating revenues and expenses. The University evaluates Commonwealth appropriations, grants, gifts, contributions, and similar resources based on the substance of the underlying transactions and applicable external limitations to determine whether they meet the definition of subsidies and, if so, whether they are classified as non-capital or capital subsidies. The University's use of any subsidy resources that may exist for capital purposes does not, by itself, result in classification as a capital subsidy unless use of the resources is limited to capital purposes by the provider or another external requirement.

In accordance with the requirements of the Commonwealth of Massachusetts, the University's operations are accounted for in several trust funds. All of those trust funds have been consolidated and are included in these financial statements.

Note 1 - **Summary of Significant Accounting Policies – Continued**

Basis of Presentation and Accounting – continued

Net Position

GASB Statement No. 34, Basic Financial Statements- and Management's Discussion and Analysis- For State and Local Governments, requires that resources be classified for accounting purposes into the following three net position categories:

Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt are also included in this component of net position.

Restricted:

Nonexpendable – Component of net position whose net assets are subject to externally imposed stipulations or by law that they be maintained permanently by the University. Such assets include the University's permanent endowment funds.

Expendable - Component of net position whose use by the University is subject to externally imposed stipulations or by law that can be fulfilled by the actions of the University pursuant to those stipulations or that expire by the passage of time.

Unrestricted: All other categories of net position. Unrestricted net assets may be designated for specific purposes by action of management or the Board of Trustees.

When both restricted and unrestricted resources are available for use, it is the University's policy to use the restricted resources first, then unrestricted resources as they are needed.

Note 1 - **Summary of Significant Accounting Policies - Continued**

Cash and Cash Equivalents and Deposits

The University's cash and cash equivalents are considered cash on hand, cash deposits held with the Commonwealth's State Treasurer and Receiver-General, Massachusetts State College Building Authority ("MSCBA") and the Division of Capital Asset Management and Maintenance ("DCAMM"), which are short-term, highly liquid investments with original maturities of three months or less from the date of acquisition.

Accounts Receivable

Accounts receivable are stated at the amount the University expects to collect from outstanding balances. Provisions for losses on accounts receivable are determined on the basis of loss experience, known and inherent risks in the receivable portfolio, and the estimated value of underlying collateral and current economic conditions.

Pledges Receivable - Foundation

Unconditional promises to give that are expected to be collected or paid within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included in support until the conditions are met.

The Foundation provides an allowance for doubtful accounts equal to estimated pledge defaults. The estimated defaults are based on historical collection experience together with a review of the current status of the existing receivables.

Investments

Investments held with the Commonwealth's State Treasurer and Receiver-General in the Massachusetts Municipal Depository Trust ("MMDT") are reported at amortized cost. The MMDT is an investment pool for political subdivisions in the Commonwealth that was designed as a legal means to safely invest temporarily available cash. Its primary purpose is to provide a safe, liquid, high-yield investment vehicle offering participation in a diversified portfolio of high-quality money market instruments. MMDT, an instrumentality of the State Treasurer, is not a bank, savings institution or financial institution, and is not subject to FDIC insurance. MMDT operates as a qualifying external investment pool and is valued by MMDT's management on an amortized cost where the net asset value is $1 per share.

Note 1 - **Summary of Significant Accounting Policies - Continued**

Investments - continued

Investments include marketable debt and equity securities which are carried at their readily determinable fair values. Realized and unrealized gains and losses are included in non-operating revenues. Gains and losses on the disposition of investments are determined based on specific identification of securities sold or the average cost method. Investment income is recognized when earned and is generally credited to the trust fund holding the related assets.

Dividends, interest and net gains or losses on investments are reported in the Statement of Revenues and Expenses. Any net earnings not expended are included in net position categories as follows:

i. as increases in restricted - nonexpendable net position if the terms of the gift require that they be added to the principal of a permanent endowment fund;

ii. as increases in restricted - expendable net position if the terms of the gift or the University's interpretation of relevant state law impose restrictions on the current use of income or net gains. The University has relied upon the Attorney General's interpretation of state law that unappropriated endowment gains should be classified as restricted - expendable; and,

iii. as increases in unrestricted net position in all other cases.

Massachusetts General Law, Chapter 15, grants authority to the University's Board of Trustees to administer the general business of the University. Inherent in this is the authority to invest the funds of the University. Chapter 15 further grants the Trustees the authority to delegate to the President any said powers or responsibilities. The Board of Trustees of Salem State University has delegated the authority to make specific investment decisions to the President of the University and the Finance Committee of the Board of Trustees. The University's investments consist of debt, marketable equity securities, mutual funds and other investments which are carried at their fair values. The primary cash equivalent funds are within the MMDT, the external investment pool for political subdivisions of the Commonwealth.

Note 1 - **Summary of Significant Accounting Policies - Continued**

Investments - continued

The Foundation's investments consist of debt securities, marketable equity securities, mutual funds, and other investments, which are reported at fair value. Realized and unrealized gains and losses are included in investment return. Investment return, including interest, dividends, and net realized and unrealized gains and losses, is recognized when earned. Dividends are recorded on the ex-dividend date. Investment return is reported as an increase in net assets without donor restrictions unless its use is restricted by explicit donor stipulations or applicable law. Investment return subject to donor restrictions is reported as an increase in net assets with donor restrictions. Gains and losses on the disposition of investments are principally determined using the first-in, first-out method or the specific identification method.

Loan Receivable and Payable

The Loan receivable consists of the Federal Nursing Student Loan Program ("NSL"). The Federal Government provides the majority of the funds to support this program. Loan payments received from students made under the NSL loan program provided by the Federal Government are refundable to the Federal Government upon ending (liquidation) of the University's participation in the program. The amount due to the Federal Government upon liquidation is included as a noncurrent liability in the accompanying financial statements.

The prescribed practices for the NSL program do not provide for accrual of interest on student loans receivable or for the provision of an allowance for doubtful loans. Accordingly, interest on loans is recorded as received and loan balances are reduced subsequent to the determination of their uncollectability and have been accepted (assigned) by the Department of Education and the Department of Health and Human Services. Management closely monitors outstanding balances and assigns loans to the Department of Education based upon such factors as student payment history, current status of applicable students and the results of collection efforts.

Capital Assets

Capital assets are controlled but not owned by the University. The University is not able to sell or otherwise pledge its assets, since the assets are all owned by the Commonwealth of Massachusetts. Capital assets, which include land, construction in process, buildings, building and land improvements and furniture and equipment, are reported in the statement of net position at cost or fair market value, if donated. Capital assets are defined by the University as assets with an initial individual cost of more than $50,000 for equipment and $100,000 for buildings and improvements in accordance with the Commonwealth's capitalization policy.

Note 1 - **Summary of Significant Accounting Policies - Continued**

Capital Assets - Continued

The University does not hold collections of historical treasures, works of art or other items not requiring capitalization or depreciation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets, with the exception of land and construction in process , are depreciated using the straight- line method over estimated useful lives which range from 3 to 40 years.

Right of use assets are recorded in these financial statements in accordance with GASB 87 and represent the University's authority (right) to utilize a leased item over the duration of an agreed-upon lease term with another entity or vendor. The right to use assets, measured at the shorter of the estimated useful life or lease term, within these financials are for buildings with the MSCBA, equipment and space leased from the Assistance Corporation.

The land on which the residence halls stand is leased by the MSCBA from the Commonwealth of Massachusetts at an annual cost of one dollar. The residence halls have various lease terms and can be extended at the end of these terms for additional 10-year periods each.

Subscription based information technology arrangements are recorded in these financial statements in accordance with GASB 96 and represent the University's authority (right) to utilize software over the duration of an agreed-upon arrangement term with another entity or vendor. The right to use assets are measured based on the term of the arrangement.

The University, in accordance with a management and services agreement between the MSCBA and the Commonwealth of Massachusetts, is charged with a semi-annual revenue assessment which is based on a certified occupancy report, the current rent schedule and the design capacity for each of the residence halls. This revenue assessment is used by MSCBA to pay principal and interest due on its long-term debt obligations and operating costs. These obligations may include the costs of periodic renovations and improvements to the residence halls. The revenue assessment amounts are included in the residential life auxiliary enterprises in the accompanying statements of revenue and expenses. All facilities and obligations of the MSCBA are included in the financial statements of the MSCBA. The leases the University has with the MSCBA are recorded in the financial statements as right to use assets and lease liabilities under the requirements of GASB 87.

Note 1 - **Summary of Significant Accounting Policies - Continued**

Capital Assets - continued

The Assistance Corporation capitalizes property and equipment in excess of $1,000. Purchased property and equipment is capitalized at cost and depreciated using the straight-line method over the estimated useful lives of the respective assets or term of the lease.

Contributions - Foundation

In-kind rent and services contributed are recorded as contributions in revenues and other support at their fair market values on the date of receipt. The related expenses or assets are also recorded depending on the form of benefits received.

Deposits Held by Other State Agencies

Funds held by the MSCBA and the DCAMM are primarily for ongoing construction projects and are from bond proceeds and University sources.

Pensions

For purposes of measuring the net pension liability, deferred outflow of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Massachusetts State Employees' Retirement System plan ("SERS") and the additions to/deductions from SERS' fiduciary net position have been determined on the same basis as they are reported by SERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Post- employment Benefits Other Than Pensions ("OPEB")

For purposes of measuring the University's net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State Retirees' Benefit Trust ("SRBT") and additions to/deductions from SRBT's fiduciary net position have been determined on the same basis as they are reported by SRBT. For this purpose, SRBT recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating in interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Note 1 - **Summary of Significant Accounting Policies - Continued**

Interest Costs

During 2026 and 2025, total interest costs incurred were as follows:

	2026	2025
Interest expense on bonds & notes	**$ 789,120**	$ 464,858
Equipment lease interest - GASB 87	**31,537**	16,150
Building lease interest - GASB 87	**450,926**	465,874
MSCBA lease interest - GASB 87	**5,183,057**	5,698,629
Software lease interest - GASB 96	**165,262**	127,663
Total	**$6,619,902**	$6,773,174

Tax Status

The University is an agency of the Commonwealth of Massachusetts and is therefore generally exempt from income taxes under Section 115 of the Internal Revenue Code.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions about future events. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Management evaluates the estimates and assumptions on an ongoing basis using historical experience and other factors that management believes to be reasonable under the circumstances. Adjustments to estimates and assumptions are made as facts and circumstances require. As future events and their effects cannot be determined with certainty, actual results may differ from the estimates used in preparing the accompanying financial statements. Significant estimates and assumptions are required as part of estimating an allowance for doubtful accounts, depreciation, net position classification, and determining the net pension and OPEB liabilities.

Note 1 - **Summary of Significant Accounting Policies - Continued**

Adopted and Upcoming Governmental Accounting Pronouncements

Implementation of GASB Statement No. 103
Effective July 1, 2024, the University adopted Governmental Accounting Standards Board Statement No. 103, Financial Reporting Model Improvements. GASB Statement No. 103 modifies certain financial reporting requirements related to Management's Discussion and Analysis, the reporting of unusual or infrequent items, the presentation of operating and non-operating revenues and expenses for proprietary funds, major component unit reporting, and budgetary comparison information, as applicable. The implementation of GASB Statement No. 103 resulted in revisions to certain financial statement presentation and disclosure requirements. State appropriations, certain Federal grants and gifts/scholarships were reclassified from nonoperating revenues to noncapital subsidies. Capital appropriations and grants were reclassified from other revenues to other non-operating revenues.

Implementation of GASB No. 104
Effective July 1, 2024, the Organization adopted Governmental Accounting Standards Board (GASB) Statement No. 104, Disclosure of Certain Capital Assets. The objective of this Statement is to provide users of governmental financial statements with essential information regarding certain types of capital assets, including capital assets held for sale and capital assets donated to governments. GASB 104 also clarifies disclosure requirements related to collections and capital assets reported by governmental entities.

Management evaluated the requirements of GASB Statement No. 104 and incorporated the applicable disclosure provisions into the accompanying financial statements. The adoption of this Statement did not have a material impact on the financial statements.

GASB Statement 105 – Subsequent Events is effective for fiscal years beginning after June 15, 2026. The objective of the statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. Management has not completed its review of the requirements of this standard and their applicability.

Reclassifications
Certain amounts in the 2025 financial statements have been reclassified to conform with the 2026 presentation.

Note 2 - **Cash and Cash Equivalents and Deposits**

The carrying amounts of the University's cash and cash equivalents and deposits, net of amounts in transit at June 30, 2026 and 2025 were as follows:

	2026	2025
Cash and cash equivalents - Unrestricted	**$28,114,553**	$48,578,601
Cash and cash equivalents - Restricted	**2,789,443**	3,775,157
Cash held by State Treasurer	**4,502,750**	4,082,790
Deposits held by State Treasurer	**8,030,423**	2,561,136
Deposits held by MSCBA and DCAMM	**35,545,097**	-
Total	**$78,982,266**	$58,997,684

Custodial Credit Risk

Custodial credit risk is the risk associated with the failure of a depository financial institution. The occurrence of such an event would limit the University's recovery of funds deposited with the institution to those amounts covered by the Federal Deposit Insurance Corporation ("FDIC") and other third-party insurance in effect at the time of the failure. The University's goal is to mitigate as much custodial risk associated with its cash assets as possible. Deposits in the bank in excess of the insured amounts are uninsured and uncollateralized.

The University places funds with the MMDT, which is an instrumentality of the Treasurer of the Commonwealth and therefore is not covered by FDIC insurance and its political sub-divisions. It is designed as a legal means to temporarily invest available cash in safe, liquid and high yield investment vehicles by offering participation in a diversified portfolio of high-quality money market instruments.

The University does not have a formal policy with respect to custodial credit risk. Custodial credit risk is that, in the event of a failure of the counterparty, the University will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

Note 2 - **Cash and Cash Equivalents and Deposits – Continued**

Custodial Credit Risk- continued

Amounts that may be exposed to custodial risk at June 30, 2026 and 2025 were $29,291,631 and $53,720,026, respectively, which are primarily maintained as part of the University's investment portfolio.

The University maintains a $100,000 target balance in its clearing account which is fully covered under FDIC limits. Any amounts greater than the target balance are transferred based on an overnight purchase agreement. The investments in these agreements are U.S. agency issued securities fully backed by the U.S. Government. At June 30, 2026 and 2025 the University does not have any cash that is collateralized.

Credit Risk

The University is required to comply with the Commonwealth of Massachusetts' deposit and investment policies which are principally defined in the Massachusetts General Laws, Chapter 29. State Statutes permit investment in obligations of the U.S. Treasury, authorized bonds of all states, bankers' acceptances, certificates of deposit, commercial paper rated within the three highest classifications established by Standard & Poor's Corporation and Moody's Commercial Paper Record and repurchase agreements secured by any of these obligations. The University has also adopted its own formal investment policy, the objectives of which are: safety of principal; liquidity for operating needs; and return on investment. The University's investment policy generally limits the maturities of investments to not more than seven years. The University may also appoint a professional fund manager and invest in equity and bond funds. Eligible investments shall be consistent with those permitted by State Statutes.

As of June 30, 2026, and 2025, the fair values of the University's deposits held at the MMDT were $28,998,540 and $42,121,576, respectively. At June 30, 2026, the approximate percentage of the University's deposits held at the MMDT and the respective investment maturities in days were as follows: 60% at 30 days or less; 26% at 31-90 days; 6% at 91-180 days and 8% at 181 days or more. At June 30, 2025, the approximate percentage of the University's deposits held at the MMDT and the respective investment maturities in days were as follows: 59% at 30 days or less; 20% at 31-90 days; 14% at 91-180 days and 7% at 181 days or more.

Note 3 - **Cash and Deposits Held By State Treasurer**

Cash forwarded by the University to and held by the State Treasurer for payment of so-called "non-appropriated" liabilities at June 30, 2026 and 2025 through Massachusetts Statewide Financial Management System (MOSAIC) were recorded in the sums of $8,030,423 and $2,561,136, respectively.

Liabilities to be funded by state appropriations at June 30, 2026 and 2025 were $4,502,750 and $4,082,790, respectively.

Note 4 - **Investments**

The University's investments have been categorized based upon the fair value hierarchy in accordance with GASB 72 below. The Foundation follows similar guidance in accordance with Financial Accounting Standards Codification ASC 820-10 which prioritizes the inputs to valuation techniques used to measure fair value of investment assets into three levels also.

Level 1 - Observable market prices (unadjusted) in active markets for identical assets or liabilities that the University can access at measurement date.

Level 2 - Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3 - Unobservable inputs that are not corroborated by observable market data.

Mutual funds and common stock are valued at daily closing prices as reported by the fund while common stocks and corporate bonds are valued either by using pricing models maximizing the use of observable inputs for similar securities or valued by the investment manager. The stock and mutual funds are classified as Level 1 are deemed to be actively traded. U.S. Government obligations are classified as Level 1 and valued using quoted prices, documented trade history in the security and pricing models maximizing the use of observable inputs. Corporate bonds are valued as Level 2 based on the closing price reported in the active market in which the individual securities are traded.

Note 4 - **Investments – Continued**

University

The University's investments at fair value measurement are as follows at June 30, 2026:

	Level 1	Level 2	Level 3	Total
Mutual funds:				
International equities	$ 7,488,740	$ -	$ -	$ 7,488,740
U.S. equities	3,980,880	-	-	3,980,880
Corporate bonds	1,343,479	-	-	1,343,479
U.S. treasuries	1,251,924	-	-	1,251,924
Emerging markets bonds	880,287	-	-	880,287
International emerging	3,290,064	-	-	3,290,064
Total mutual funds	18,235,374	-	-	18,235,374
Common stocks	39,402,987	-	-	39,402,987
Corporate bonds	-	11,343,741	-	11,343,741
Government agencies	7,331,954	-	-	7,331,954
U.S. Treasury bonds	6,492,067	-	-	6,492,067
Total investment assets	$ 71,462,382	$ 11,343,741	$ -	$ 82,806,123

Note 4 - **Investments – Continued**

The University's investments at fair value measurement are as follows at June 30, 2025:

	Level 1	Level 2	Level 3	Total
Mutual funds:				
International equities	$ 2,660,921	$ -	$ -	$ 2,660,921
U.S. equities	968,160	-	-	968,160
Corporate bonds	8,655,985	-	-	8,655,985
U.S. treasuries	6,972,426	-	-	6,972,426
Emerging markets bonds	1,677,342	-	-	1,677,342
International emerging	977,108	-	-	977,108
Small and Mid-Cap equities	600,683	-	-	600,683
Total mutual funds	22,512,625	-	-	22,512,625
Common stocks	33,041,078	-	-	33,041,078
Corporate bonds	-	$ 5,159,734	-	5,159,734
Government agencies	824,450	-	-	824,450
U.S. Treasury bonds	1,852,964	-	-	1,852,964
Total investment assets	$ 58,231,117	$ 5,159,734	$ -	$ 63,390,851

Note 4 - **Investments - Continued**

Foundation

The Foundation's investments at fair value measurement are as follows at June 30, 2026:

	Level 1	Level 2	Level 3	Total
Common stocks	$ 27,305,752	$ -	$ -	$ 27,305,752
Corporate bonds		13,367,844	-	13,367,844
Mutual funds:				
Corporate bonds	18,370,653	-	-	18,370,653
International equities	8,965,529	-	-	8,965,529
Large cap equities	4,431,683	-	-	4,431,683
International emerging	1,371,666	-	-	1,371,666
Small and mid-cap equities	661,762	-	-	661,762
Total mutual funds	33,801,293	-	-	33,801,293
Money market	5,524,946	-	-	5,524,946
U.S. Government Obligations	10,938,455	-	-	10,938,455
Certificates of deposits	-	845,420	-	845,420
Total assets at fair value	$ 77,570,446	$ 14,213,264	$ -	$ 91,783,710

Note 4 - **Investments – Continued**

Foundation - continued

The Foundation's investments at fair value measurement are as follows at June 30, 2025:

	Level 1	Level 2	Level 3	Total
Common stocks	$ 34,425,893	$ -	$ -	$ 34,425,893
Corporate bonds	-	18,991,362	-	18,991,362
Mutual funds:				
Corporate bonds	1,339,958	-	-	1,339,958
International equities	6,725,359	-	-	6,725,359
Large cap equities	653,666	-	-	653,666
Small and mid-cap equities	2,756,980	-	-	2,756,980
Total mutual funds	11,475,963	-	-	11,475,963
Money market	5,054,070	-	-	5,054,070
Exchange-traded funds	3,038,646	-	-	3,038,646
U.S. Government Obligations	5,953,738		-	5,953,738
State municipal bonds	-	435,852	-	435,852
Certificates of deposits	-	933,403	-	933,403
Variable rate bonds	-	55,012	-	55,012
Total assets at fair value	$ 59,948,310	$ 20,415,629	$ -	$ 80,363,939

University

The University categorizes short-term investments according to the level of risk assumed by the University. At June 30, 2026 and 2025, investments totaled $82,806,123 and $63,390,851, respectively. These holdings represent investments that are insured, registered and held by the University's investment agent in the University's name. On June 30, 2026 and 2025 there were no individual investments that represented 5% or more of the University's portfolio. The University currently follows investment policies largely defined by the Commonwealth of Massachusetts as well as internal policies approved by the University's Board of Trustees.

Note 4 - **Investments – Continued**

University - continued

Investments of the University are exposed to interest rate and market risk. They are stated at fair market value and consist of the following:

June 30, 2026 Investment Maturity in Years

Investment Type:	Fair Value	Less than 1	1-5	6-10	> 10
Corporate bonds	$ 11,343,741	$1,037,164	$ 7,524,470	$ 2,782,107	$ -
Government Agency bonds	7,331,954	-	7,331,954	-	-
US Treasury bonds	6,492,067	551,368	2,479,042	3,311,610	150,047
Total bonds	25,167,762	$1,588,532	$ 17,335,466	$ 6,093,717	$ 150,047
Corporate bond funds	2,223,766				
US Treasury bond funds	1,251,924				
Total fixed income	28,643,452				
Equity securities	54,162,671				
Total investments	$ 82,806,123				

June 30, 2025 Investment Maturity in Years

Investment Type:	Fair Value	Less than 1	1-5	6-10
Corporate bonds	$ 5,159,734	$773,230	$ 2,992,816	$ 1,393,688
Government Agency bonds	824,450	-	824,450	-
US Treasury bonds	1,852,964	-	1,131,430	721,534
Total bonds	7,837,148	$773,230	$ 4,948,696	$ 2,115,222
Corporate bond funds	10,333,327			
US Treasury bond funds	6,972,426			
Total fixed income	25,142,901			
Equity securities	38,247,950			
Total investments	$ 63,390,851			

Note 4 - **Investments - Continued**

University - continued

The following table summarizes the quality ratings of the University's debt investments at June 30, 2026:

		Quality Ratings						
	Fair Value	Baa1	Baa2	A1	A2	A3	Aa1	Not Rated
Corporate bonds	$ 11,343,741	$1,555,154	$ 647,203	$2,657,711	$2,497,167	$3,062,787	$ -	$ 923,719
Government Agency bond	7,331,954	-	-	-	-	-	7,331,954	-
US Treasury bonds	6,492,067	-	-	-	-	-	6,492,067	-
Total bonds	$ 25,167,762	$1,555,154	$ 647,203	$2,657,711	$2,497,167	$3,062,787	$ 13,824,021	$ 923,719

The following table summarizes the quality ratings of the University's debt investments at June 30, 2025:

		Quality Ratings						
	Fair Value	Baa1	Baa2	A1	A2	A3	Aa1	Not Rated
Corporate bonds	$ 5,159,734	$1,604,456	$1,194,709	$ 147,421	$ 535,065	$1,482,661	$ -	$ 195,422
Government Agency bond	824,450						824,450	
US Treasury bonds	1,852,964						1,852,964	
Total bonds	$ 7,837,148	$1,604,456	$1,194,709	$ 147,421	$ 535,065	$1,482,661	$2,677,414	$ 195,422

Investment Income, net

The following schedule summarizes the investment income in the statements of revenues and expenses for the University and the Foundation for the years ended June 30:

	University 2026	University 2025	**Foundation 2026**	Foundation 2025
Interest and dividends	**$ 3,750,297**	$ 4,197,626	**$ 2,292,119**	$ 2,162,788
Net realized and unrealized gain	**8,444,388**	5,081,925	**10,121,324**	6,235,081
Investment fees	**(358,500)**	(271,231)	**(444,130)**	(390,326)
Total investment income	**$11,836,185**	$ 9,008,320	**$11,969,313**	$ 8,007,543

Note 5 - **Accounts, Grants and Other Receivables**

The accounts, grants and other receivables balances were comprised of the following at June 30:

	2026	2025
Student accounts	**$ 6,347,290**	$ 6,536,943
Foundation gifts and grants	**1,554,463**	458,325
Foundation payroll reimbursement	**406,890**	327,940
Grants	**657,861**	911,230
Other	**537,148**	633,064
Total gross receivables	**9,503,652**	8,867,502
Less: allowance for doubtful accounts	**(3,640,408)**	(4,142,201)
Total accounts, grants and other receivables, net	**$ 5,863,244**	$ 4,725,301

Note 6 - **Pledges Receivable**

Pledges Receivable - Foundation
Pledges receivable for the Foundation consisted of the following as of June 30 and are expected to be realized as follows:

	2026	2025
Receivable in less than one year	**$ 3,080,190**	$ 1,067,601
Between one to five years	**4,606,256**	1,007,725
Receivable after five years	**-**	10,000
Less: allowance for doubtful accounts	**(125,000)**	(100,000)
Total pledges receivables	**7,561,446**	1,985,326
Less: discount to net present value at 4.0%	**(330,605)**	(66,755)
Pledges receivable, net	**7,230,841**	1,918,571
Less: current portion of receivable	**(3,023,826)**	(1,041,791)
Long-term pledges receivable, net	**$ 4,207,015**	$ 876,780

Note 7 - **Loan Receivable and Payable**

Loan receivable and payable consist of the Federal Nursing Loan Program ("NSL"). The Federal Government originally provided the majority of the funds to support these programs. The portion of the NSL Program provided by the Federal Government is refundable to the Federal Government upon the ending ("liquidation") of the University's participation in the programs.

Loan receivable from students include the following at June 30:

	2026	2025
Nursing	**$ 432,806**	$ 376,148
Less: amount due in one year	**(85,901)**	(76,285)
Long-term loan receivables	**$ 346,905**	**$ 299,863**

As of June 30, amounts that are expected to be repaid to the Federal Government by the University upon ending of the University's participation in the program (liquidation), are as follows:

	2026	2025
Nursing loans payable	**$ 686,523**	$ 674,358

Note 8 - **Capital Assets**

University

Capital asset activity for the University for the year ended June 30, 2026 is as follows:

	Beginning Balance	Additions	Disposals	Transfer to Capital Assets	**Ending Balance**
Capital assets not depreciated or amortized:					
Land	$ 2,536,173	$ -	$ -	$ -	**$ 2,536,173**
Construction in process	2,714,428	32,193,814	-	(391,744)	**34,516,498**
Total capital assets not depreciated or amortized	5,250,601	32,193,814	-	(391,744)	**37,052,671**
Capital assets depreciated or amortized:					
Buildings	90,030,416	-	-	-	**90,030,416**
Buildings and land improvements	181,400,327	64,745	-	391,744	**181,856,816**
Furniture and equipment	23,318,810	481,958	-	-	**23,800,768**
Leased buildings - MSCBA	204,306,528	-	-	-	**204,306,528**
Leased space - SSUAC	13,791,047	-	-	-	**13,791,047**
Leased equipment	868,064	585,291	(595,856)	-	**857,499**
Intangible Right-to-Use Software agreements	6,026,176	3,495,977	(2,098,774)	-	**7,423,379**
Total capital assets depreciated and amortized	519,741,368	4,627,971	(2,694,630)	391,744	**522,066,453**
Total capital assets	524,991,969	36,821,785	(2,694,630)	-	**559,119,124**
Less: accumulated depreciation and amortization:					
Buildings	42,158,306	1,723,005	-	-	**43,881,311**
Building improvements	91,918,715	7,605,908	-	-	**99,524,623**
Furniture and equipment	21,279,128	371,580	-	-	**21,650,708**
Leased buildings - MSCBA	40,003,388	7,978,387	-	-	**47,981,775**
Leased space - SSUAC	3,242,912	648,582	-	-	**3,891,494**
Leased equipment	641,224	193,309	(595,856)	-	**238,677**
Intangible Right-to-Use Software agreements	2,628,675	1,959,444	(2,055,776)	-	**2,532,343**
Total accumulated depreciation and amortization	201,872,348	20,480,215	(2,651,632)	-	**219,700,931**
Capital assets, net	$ 323,119,621	$ 16,341,570	$ (42,998)	$ -	**$ 339,418,193**

Note 8 - **Capital Assets – Continued**

University - continued

Capital asset activity for the University for the year ended June 30, 2025 is as follows:

	Beginning Balance	Additions/ (Remeasurement)	Disposals	Transfer to Capital Assets	**Ending Balance**
Capital assets not depreciated or amortized:					
Land	$ 2,536,173	$ -	$ -	$ -	**$ 2,536,173**
Construction in process	2,548,388	5,342,481	-	(5,176,441)	**2,714,428**
Total capital assets not depreciated or amortized	5,084,561	5,342,481	-	(5,176,441)	**5,250,601**
Capital assets depreciated and amortized:					
Buildings	90,030,416	-	-	-	**90,030,416**
Buildings and land improvements	176,487,391	-	(117,010)	5,029,946	**181,400,327**
Furniture and equipment	23,022,054	233,536	(83,275)	146,495	**23,318,810**
Leased buildings - MSCBA	204,343,570	-	(37,042)	-	**204,306,528**
Leased space - SSUAC	14,657,474	-	(866,427)	-	**13,791,047**
Leased equipment	596,060	272,208	(204)	-	**868,064**
Intangible Right-to-Use Software agreements	6,896,451	2,066,132	(2,936,407)	-	**6,026,176**
Total capital assets depreciated and amortized	516,033,416	2,571,876	(4,040,365)	5,176,441	**519,741,368**
Total capital assets	521,117,977	7,914,357	(4,040,365)	-	**524,991,969**
Less: accumulated depreciation and amortization:					
Buildings	40,229,332	1,928,974	-	-	**42,158,306**
Building improvements	84,425,395	7,593,320	(100,000)	-	**91,918,715**
Furniture and equipment	20,958,656	403,747	(83,275)	-	**21,279,128**
Leased buildings - MSCBA	32,031,905	7,971,483	-	-	**40,003,388**
Leased space - SSUAC	3,457,098	647,738	(861,924)	-	**3,242,912**
Leased equipment	501,944	139,280	-	-	**641,224**
Intangible Right-to-Use Software agreements	3,870,191	1,687,686	(2,929,202)	-	**2,628,675**
Total accumulated depreciation and amortization	185,474,521	20,372,228	(3,974,401)	-	**201,872,348**
Capital assets, net	$ 335,643,456	$ (12,457,871)	$ (65,964)	$ -	**$ 323,119,621**

BOLD Project (BOLD)

The university's project BOLD is designed to address major capital needs of the university identified in the Campus Master Vision plan by modernizing facilities on North Campus. This includes the sale of South Campus with a historical cost of $11.2 million and accumulated depreciation of $10.9 million at June 30, 2026 ; the renovation of the Horace Mann Building; and the construction of a Meier Hall Addition. The estimated cost of project BOLD approximates $108 million, of which the university will contribute $59.6 million, which has been partly funded through the issuance of bonds ($27.3 million) through the MSCBA, the proceeds of the sale of South Campus (Approximating $14 million), campaign contributions and other funding while DCAMM will pay for the remainder of the total project cost.

Note 8 - **Capital Assets - Continued**

Assistance Corporation

Capital asset activity of the Assistance Corporation for the year ended June 30, 2026 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets at historical cost:				
Land	$ 8,023,132	$ -	$ -	$ 8,023,132
Buildings	1,508,859	-	-	1,508,859
Building improvements	4,720,094	45,464	-	4,765,558
Furniture and equipment	220,473	6,240	-	226,713
Leased equipment	11,111	-	(11,111)	-
Leased building	11,321,248	-	-	11,321,248
Total capital assets at historical cost	25,804,917	51,704	(11,111)	25,845,510
Less accumulated depreciation:				
Buildings	858,553	37,722	-	896,275
Building improvements	2,820,544	149,344	-	2,969,888
Furniture and equipment	210,429	3,673	-	214,102
Leased equipment	10,494	617	(11,111)	-
Leased building	2,663,820	532,764	-	3,196,584
Total accumulated depreciation	6,563,840	724,120	(11,111)	7,276,849
Capital assets, net	$ 19,241,077	$ (672,416)	$ -	$ 18,568,661

Note 8 - **Capital Assets - Continued**

Assistance Corporation – continued

Capital asset activity of the Assistance Corporation for the year ended June 30, 2025 was as follows:

	Beginning Balance	Additions	Ending Balance
Capital assets at historical cost:			
Land	$ 8,023,132	$ -	$8,023,132
Buildings	1,508,859	-	1,508,859
Building improvements	4,561,604	158,490	4,720,094
Furniture and equipment	218,305	2,168	220,473
Leased equipment	11,111	-	11,111
Leased building	11,321,248	-	11,321,248
Total capital assets at historical cost	25,644,259	160,658	25,804,917
Less accumulated depreciation:			
Buildings	820,832	37,721	858,553
Building improvements	2,675,887	144,657	2,820,544
Furniture and equipment	207,277	3,152	210,429
Leased equipment	6,790	3,704	10,494
Leased building	2,131,056	532,764	2,663,820
Total accumulated depreciation	5,841,842	721,998	6,563,840
Capital assets, net	$ 19,802,417	$ (561,340)	$19,241,077

Note 9 - **Accounts Payable and Accrued Expenses**

Accounts payable and accrued expenses include the following at June 30, 2026 and 2025:

	2026	2025
Accounts payable - trade	**$ 4,084,335**	$ 3,227,079
Accrued interest payable	**1,328,029**	1,315,595
Tuition due to state	**-**	156,123
State grants refundable	**392,678**	438,046
Other	**623,233**	833,435
Total accounts payable and accrued expenses	**$ 6,428,275**	$ 5,970,278

Note 10 - **Unearned Revenues**

Unearned revenues include tuition received in advance from students for courses commencing after June 30 primarily for the following fiscal year's summer and fall semesters revenue and grant funds received in advance. Unearned revenues of the University include the following at June 30:

	2026	2025
Tuition and fees	**$2,520,695**	$2,440,210
Grants	**3,447,297**	3,424,940
Other	**30,079**	29,280
Total unearned revenue	**$5,998,071**	$5,894,430

Note 11 - **Long-Term Liabilities**

Long-term liabilities of the University at June 30, 2026 consist of:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bond, loans and note payable:					
Bonds payable	$ 21,818,356	$25,530,000	$ 1,329,949	$ 46,018,407	$ 1,652,990
Bond premiums	311,769	2,127,356	19,372	2,419,753	84,555
Loans payable	674,358	12,165	-	686,523	-
Note payable	53,090	-	53,090	-	-
Total bonds, loans and note payable	22,857,573	27,669,521	1,402,411	49,124,683	1,737,545
Other long-term liabilities:					
Lease liability	191,976,576	585,291	7,867,743	184,694,124	6,307,021
SBITA liability	3,191,750	3,495,977	2,185,318	4,502,409	1,706,555
Accrued compensated absences	12,336,035	1,416,253	-	13,752,288	8,391,338
Workers' compensation	2,068,229	96,169		2,164,398	152,278
Net pension liability	18,433,165		527,566	17,905,599	
Net OPEB liability	20,776,453		2,430,720	18,345,733	
Total other long-term liabilities	248,782,208	5,593,690	13,011,347	241,364,551	16,557,192
Total long-term liabilities	$ 271,639,781	$ 33,263,211	$ 14,413,758	$ 290,489,234	$ 18,294,737

Note 11 - **Long-Term Liabilities - Continued**

Long-term liabilities of the University at June 30, 2025 consist of:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bond, loans and note payable:					
Bonds payable	$ 24,396,416	$ -	$ 2,578,060	$ 21,818,356	$ 1,329,952
Bond premiums	325,216	-	13,447	311,769	13,447
Loans payable	1,240,831	-	566,473	674,358	-
Note payable	155,767	-	102,677	53,090	53,090
Total bonds, loans and note payable	26,118,230	-	3,260,657	22,857,573	1,396,489
Other long-term liabilities:					
Lease liability	196,323,720	272,208	4,619,352	191,976,576	6,058,543
SBITA liability	2,872,291	2,038,810	1,719,351	3,191,750	1,469,951
Accrued compensated absences	11,757,641	578,394	-	12,336,035	7,387,378
Workers' compensation	2,068,229	-	-	2,068,229	249,306
Net pension liability	22,110,554	-	3,677,389	18,433,165	-
Net OPEB liability	23,516,399	-	2,739,946	20,776,453	-
Total other long-term liabilities	258,648,834	2,889,412	12,756,038	248,782,208	15,165,178
Total long-term liabilities	$ 284,767,064	$ 2,889,412	$ 16,016,695	$ 271,639,781	$ 16,561,667

Note 11 - **Long-Term Liabilities - Continued**

MSCBA Bonds Payable University

On January 24, 2024, Revenue Bond Series 2014A, 2014B, and 2014C, initially issued by the MSCBA for the benefit of capital projects at the University, were partially refunded as part of the MSCBA's Refunding Revenue Bonds Series 2024A. The purpose of the issuance was to provide budgetary savings to the University. The refunding resulted in an economic gain of approximately $7.4 million and a deferred gain of approximately $760 thousand. The first principal payment is due on May 1, 2024, and the final payment is due on May 1, 2049, with an interest rate that ranges from 2.25% to 3.05%. Total principal related to 2024A partial refunding was $20,755,924. As of June 30, 2026 and 2025 the outstanding amounts related to all MSCBA bond series were $45,690,913 and $18,928,668 and is included in the project related bond payable amounts described below.

O'Keefe Athletic Complex Fields:

During fiscal year 2005, the University entered into an agreement with the MSCBA to initiate a construction project to upgrade the University's athletic field at the O'Keefe Athletic Complex. The scope of the services provided by MSCBA included planning and design as well as project management and construction. The project was completed during fiscal year 2006. The source of financing for the project is based on the issuance of Project Revenue Bonds issued by MSCBA on behalf of the University (Series 2005A, 2012B, 2019C, 2020A). Through its agreement with MSCBA, the University has an agreement to re-pay this debt in semi-annual installments, which started June 30, 2005 and ends May 2049 at an annual variable coupon rate averaging approximately 2.44%. The outstanding balance of this obligation including unamortized bond premium was $42,083 and $42,305 at June 30, 2026 and 2025, respectively.

Note 11 - **Long-Term Liabilities – Continued**

MSCBA Bonds Payable University - continued

Central Campus Athletic Field and Tennis Court:
During fiscal year 2006, the MSCBA issued Project 2006A bonds to support a project for the construction of a multi-purpose athletic field and tennis courts on the Central Campus of the University. The source of financing for the project is based on the issuance of Project Revenue Bonds issued by MSCBA on behalf of the University (Series 2006A, 2012B, 2019C, 2020A). The University has an agreement with the MSCBA to re-pay this debt in semi-annual installments, which started May 1, 2006 and ends May 1, 2049, at an annual coupon rate of approximately 2.25%. The outstanding balance of this obligation including unamortized bond premium was $47,367 and $124,473 at June 30, 2026 and 2025, respectively.

Harold E. and Marilyn J. Gassett Fitness & Recreation Center at the O'Keefe Athletic Complex:
In January of 2012, the University was allotted $16,028,603 for the construction of a Fitness Center as part of the O'Keefe Athletic Complex. The source of financing for the project is based on the issuance of Project Revenue Bonds issued by MSCBA on behalf of the University (Series 2012A, 2019C, 2020A). At the issuance of this debt, the University's portion of this issue consisted of principal of $14,230,000 with a premium of $1,798,603. The term of this debt extends to May 1, 2049, and has an annual coupon rate of approximately 3.02%. The outstanding balance of this obligation including unamortized bond premium was $7,677,024 and $8,480,580 at June 30, 2026 and 2025, respectively. A debt service reserve remains for these bonds in the amount of $58,290 and $86,688 at June 30, 2026 and 2025, respectively.

Note 11 - **Long-Term Liabilities – Continued**

MSCBA Bonds Payable University - continued

Sophia Gordon Center for Creative and Performing Arts Theatre and Other Projects:

During January 2014, the MSCBA issued 2014 project bonds on behalf of the University. These bond proceeds along with other University funds are being used to fund the construction of various projects on campus. These projects include the creation of the Student Navigation Center, comprehensive renovations to the Sophia Gordon Center for Creative and Performing Arts Theatre, relocation of the Public Safety station and the development and creation of a parking lot on Assistance Corporation owned land. These bonds consist of principal in the amount of $19,030,000, issued at a premium of $2,243,187. The average annual coupon rate is approximately 2.91% over the life of the issue, and the term of this debt extends to June 30, 2033. The outstanding balance of this obligation including unamortized bond premium was $8,674,544 and $8,682,001 at June 30, 2026 and 2025, respectively. A debt service reserve remains for the 2014 bonds in the amount of $433,498 and $644,687 at June 30, 2026 and 2025, respectively.

Land Acquisition Bond:

In 2014 the MSCBA held bond proceeds for the University to use for future land acquisitions. These bond proceeds were used for land acquisitions on behalf of the Assistance Corporation during the 2016 fiscal year. The source of financing for the project is based on the issuance of Project Revenue Bonds issued by MSCBA on behalf of the University (Series 2005A and 2020A). This bond amount consists of principal in the amount of $1,090,000, issued at a premium of $53,758. The average annual coupon rate is approximately 3.05% over the life of the issue, and the term of this debt extends to June 30, 2048. The outstanding balance of this obligation including unamortized bond premium was $1,461,879 and $1,462,667 at June 30, 2026 and 2025, respectively.

Note 11 - **Long-Term Liabilities – Continued**

MSCBA Bonds Payable University - continued

Property Acquisition - Garage Bond:
MSCBA held excess bond proceeds on behalf of the University for future real estate Acquisitions. These bond proceeds were used for property acquisitions on behalf of the Assistance Corporation during June 2017. This bond amount consists of principal in the amount of $136,585 and $136,642 as of June 30, 2026 and 2025, respectively. There was a reduction of this bond by MSCBA during 2018. The average annual coupon rate is approximately 2.49% over the life of the issue, and the term of this debt extends to June 30, 2044. A debt service reserve remains for these excess bond proceeds in the amount of $12,625 and $18,775 at June 30, 2026 and 2025, respectively.

BOLD Project:
During May 2026, the MSCBA issued Series 2026A project revenue bonds on behalf of the University. These bond proceeds along with other University funds are being used to fund project BOLD which is designed to address major capital needs of the university identified in the Campus Master Vision plan by modernizing facilities on North Campus. The bond consists of principal par amount of $25,530,000, issued at a premium of $2,127,356. The average annual coupon rate is approximately 5.0% over the life of the issue, and the term of this debt extends to June 30, 2056. The outstanding balance of this obligation including unamortized bond premium was $27,651,430 at June 30, 2026.

Other Bonds Payable University

In September 2010, the Commonwealth of Massachusetts issued Clean Renewable Energy Bonds ("CREBS") at 3.5%. From this bond issue, the University received $289,995 for the purpose of acquiring and installing solar panels on the O'Keefe Center. The University makes semi-annual payments of interest and principal. The bond holder is Century Bank. The term of the bond extends to May 2027. The outstanding balance of the obligation was $17,059 and $34,118 at June 30, 2026 and 2025, respectively.

Note 11 - **Long-Term Liabilities – Continued**

Other Bonds Payable University - continued

Clean Energy Investment Program:
During July 2013, the University entered into a Memorandum of Agreement with the Commonwealth of Massachusetts' DCAMM to undertake a Comprehensive Energy Performance Contracting Project – Phase 1 (the project). In addition, during February 2014, the University entered into a second Memorandum of Agreement with DCAMM related to the same project but known as Phase 2. The project's goal is to upgrade the University campus wide lighting and lighting controls, water conservation and vending machine controls, motors, steam traps, pipe insulation, kitchen hood controls, energy management system upgrades, high efficiency gas boilers and HVAC modifications.

During March 2016, the University entered into a Memorandum of Agreement with the Commonwealth of Massachusetts' DCAMM to undertake a Comprehensive Energy Performance Contracting Project - Phase 3 (the project). The project's goal is a comprehensive energy and water saving performance contract which includes ice rink renovations, lighting upgrades, EMS and HVAC upgrades.

The total project cost for Phase 1 is $1,694,560 and is to be repaid over 15 years at 4.0% interest per annum. Annual payments of principal and interest for Phase 1 in the amount of $152,411 commenced in January 2015. The total project cost for Phase 2 is $2,291,402 and is to be repaid over 15 years at 3.75% interest per annum. Annual payments of principal and interest for Phase 2 in the amount of $202,505 commenced in January 2015. The total project cost for the University for Phase 3 is $2,801,950 and will be repaid over 20 years at 3.0% interest per annum commenced on January 1, 2018. The annual payments of principal and interest for Phase 3 amount to $188,335 per annum. The outstanding balance of the obligations for Phase 1, 2 and 3 was $2,730,185 and $3,167,339 at June 30, 2026 and 2025, respectively.

Note 11 - **Long-Term Liabilities - Continued**

Bond Payable Maturities University

Maturities of the bonds payable subsequent to June 30, 2026 are as follows:

Years Ending June 30,	Principal	Amortization of Premium	Interest	Total
2027	$ 1,652,990	$ 84,555	$ 1,734,640	$ 3,472,185
2028	3,028,307	84,556	1,840,935	4,953,798
2029	2,932,610	84,556	1,747,602	4,764,768
2030	1,371,196	84,556	1,664,009	3,119,761
2031	1,406,003	84,556	1,605,964	3,096,523
2032-2036	9,573,280	422,780	7,175,876	17,171,936
2037-2041	4,235,928	422,780	5,673,376	10,332,084
2042-2046	8,003,058	422,534	4,344,836	12,770,428
2047-2051	6,645,035	385,233	2,800,777	9,831,045
2052-2056	7,170,000	343,647	1,167,863	8,681,510
Total	$ 46,018,407	$2,419,753	$ 29,755,878	$ 78,194,038

Notes Payable University

During March of 2023, a note payable was acquired for $199,019 to purchase assorted fitness equipment. The note payable is for three years, requires monthly payments of $6,045 which includes principal and interest, has an average interest rate of 0.5% and is payable through March of 2026.

Note 11 - **Long-Term Liabilities – Continued**

Lease Liability University

The University is a lessee of multiple long-term leases for buildings and improvements with MSCBA and equipment with vendors and space leased from the Assistance Corporation.

Significant lease terms are described below for fiscal year 2026:

Description	Maturity Date	Payment Amount	Rate Type	Interest Rate	Lease Liability 6/30/26
MSCBA - Atlantic Hall	10/31/2049	Varies	Implicit Rate	3.55%	$ 32,968,243
MSCBA - Marsh Hall	10/31/2049	Varies	Implicit Rate	3.13%	47,557,442
MSCBA - Marsh Hall (Refinance Savings)	5/31/2030	Varies	Implicit Rate	2.92%	(1,558,334)
MSCBA - Marsh Dining Commons	4/30/2040	Varies	Implicit Rate	3.04%	1,996,884
MSCBA - Marsh Dining Commons (Refinance Savings)	5/31/2030	Varies	Implicit Rate	2.47%	(110,396)
MSCBA - Viking Hall	10/31/2048	Varies	Implicit Rate	3.11%	57,454,244
MSCBA - Viking Hall (Starbucks)	10/31/2046	Varies	Implicit Rate	3.13%	4,425,828
MSCBA - Peabody/Bowditch Hall	10/31/2039	Varies	Implicit Rate	3.53%	5,676,563
MSCBA - Parking Lot (Canal St.)	10/31/2049	Varies	Implicit Rate	2.71%	26,601
MSCBA - Parking Garage	10/31/2041	Varies	Implicit Rate	3.05%	22,189,184
MSCBA - 03A - Renewal	10/31/2049	Varies	Implicit Rate	4.31%	24,846
MSCBA - 04A - Renewal	10/31/2049	Varies	Implicit Rate	3.99%	55,781
MSCBA - 05A - Renewal	10/31/2049	Varies	Implicit Rate	3.12%	170,246
MSCBA - 10B - Renewal	10/31/2049	Varies	Implicit Rate	4.97%	194,071
MSCBA - 99A Pooled Debt Service	10/31/2028	Varies	Implicit Rate	30.70%	1,186,299
SSUAC - 287 Lafayette	6/30/2040	Varies	IBR	3.75%	4,936,021
SSUAC - 331 Lafayette	10/31/2042	Varies	IBR	3.75%	6,878,979
Bloomberg	8/20/2027	Varies	IBR	4.24%	82,736
Fowler Equipment	6/30/2030	Varies	IBR	6.24%	191,818
Ricoh, Copiers	7/31/2030	Varies	IBR	4.24%	347,067
					$ 184,694,124

Note 11 - **Long-Term Liabilities – Continued**

Lease Liability University - continued

Significant lease terms are described below for fiscal year 2025:

Description	Maturity Date	Payment Amount	Rate Type	Interest Rate	Lease Liability 6/30/25
MSCBA - Atlantic Hall	10/31/2049	Varies	Implicit Rate	3.55%	$ 33,431,734
MSCBA - Marsh Hall	10/31/2049	Varies	Implicit Rate	3.13%	49,842,384
MSCBA - Marsh Dining Commons	4/30/2040	Varies	Implicit Rate	3.04%	3,985,846
MSCBA - Viking Hall	10/31/2048	Varies	Implicit Rate	3.11%	57,512,823
MSCBA - Viking Hall (Starbucks)	10/31/2046	Varies	Implicit Rate	3.13%	4,428,615
MSCBA - Peabody/Bowditch Hall	10/31/2039	Varies	Implicit Rate	3.53%	6,085,905
MSCBA - Parking Lot (Canal St.)	10/31/2049	Varies	Implicit Rate	2.71%	26,601
MSCBA - Parking Garage	10/31/2041	Varies	Implicit Rate	3.05%	22,197,442
MSCBA - 03A - Renewal	10/31/2049	Varies	Implicit Rate	4.31%	24,846
MSCBA - 04A - Renewal	10/31/2049	Varies	Implicit Rate	3.99%	55,781
MSCBA - 05A - Renewal	10/31/2049	Varies	Implicit Rate	3.12%	214,300
MSCBA - 10B - Renewal	10/31/2049	Varies	Implicit Rate	4.97%	229,564
MSCBA - 99A Pooled Debt Service	10/31/2028	Varies	Implicit Rate	30.70%	1,452,881
SSUAC - 287 Lafayette	6/30/2040	Varies	IBR	3.75%	5,180,260
SSUAC - 331 Lafayette	10/31/2042	Varies	IBR	3.75%	7,078,597
Fowler Equipment	6/30/2030	Varies	IBR	6.24%	228,998
					$ 191,976,576

MSCBA

The lease term is completed when the final bond payment is made. The lease liability was calculated based upon the discounting of the future bond service payments using the average interest rate of the bond issuance associated with that lease. If MSCBA refunds the bonds, any cost savings are passed on to the University. Leases expire at various times, as noted in the above charts.

Payments to MSCBA are due in semi-annual installments that occur during the fall and spring academic semesters. For the year ended June 30, 2026, debt service payments and operating costs paid by the University were $10,767,147 and $2,113,540, respectively. For the year ended June 30, 2025, debt service payments and operating costs paid by the University was $10,441,056 and $1,862,997, respectively.

Note 11 - **Long-Term Liabilities – Continued**

Lease Liability University - continued

Interest Expense and Net Remaining Right of Use Assets

Lease interest expense for the years ended June 30, 2026 and 2025 was $5,665,521 and $6,180,653, respectively. The right-of-use assets are amortized on a straight-line basis over the lease term for each lease. The remaining unamortized right of use asset related to lease obligations was $166,843,128 and $175,078,115 at June 30, 2026 and 2025, respectively.

Related Party Leases

The University leases property located at 287-291 Lafayette Street from the Assistance Corporation, beginning in August 2014. These terms stipulate 240 monthly payments varying between approximately $28,000 and $42,000. There were no other payments made other than the monthly payments for the years ended June 30, 2026 and 2025. The right of use asset was amortized on a straight-line basis over the lease term. The remaining unamortized right of use asset related to these lease obligations were $4,163,745 and $4,461,156 at June 30, 2026 and 2025, respectively.

The University leases property located at 331 Lafayette Street from the Assistance Corporation, beginning in October 2017. These terms stipulate 268 monthly payments varying between approximately $34,000 and $58,000. The right of use asset was amortized on a straight-line basis over the lease term. The remaining unamortized right of use asset related to these lease obligations were $5,735,808 and $6,086,980 at June 30, 2026 and 2025, respectively.

During the years ended June 30, 2026 and 2025 the University made payments of principal and interest totaling $896,106 and $828,188, respectively, to the Assistance Corporation for the above disclosed related party leases.

Note 11 - **Long-Term Liabilities – Continued**

For the years ended June 30, 2026 and 2025, the total right of use assets were $218,955,074 and $218,965,639, respectively. For the years ended June 30, 2026 and 2025, the accumulated amortization related to the right of use assets was $52,111,946 and $43,887,524, respectively.

Future Lease Payments

Lease payments due subsequent to June 30, 2026 are as follows:

Years Ending June 30,	Principal	Interest	Total
2027	$ 6,307,021	$ 6,402,115	$ 12,709,136
2028	5,457,175	6,101,488	11,558,663
2029	5,968,568	5,637,070	11,605,638
2030	8,043,009	5,425,339	13,468,348
2031	8,646,436	5,121,414	13,767,850
2032-2036	45,961,327	21,378,331	67,339,658
2037-2041	53,026,091	13,114,499	66,140,590
2042-2046	35,751,007	5,602,996	41,354,003
2047-2051	15,533,490	933,019	16,466,509
	$ 184,694,124	$ 69,716,271	$ 254,410,395

SBITA Liability University

The University has entered into subscription-based information technology arrangements (SBITAs) for various software and vendors. There were no payments made for additional services not included in the annual SBITA payments. The University has no options to renew these agreements and there is no option to purchase the software products.

Note 11 - **Long-Term Liabilities – Continued**

SBITA Liability University - continued

Significant arrangement terms are described below for fiscal year 2026:

Description	Maturity Date	Payment Amount	Rate Type	Interest Rate	SBITA Liability 6/30/26
Blackbaud 2026-2029	6/30/2029	Varies	IBR	**4.24%**	281,800
BlackBeltHelp	6/30/2027	Varies	IBR	**7.25%**	63,694
Bloomberg Anywhere 2026-2028	4/20/2028	Varies	IBR	**4.24%**	45,319
CampusESP	10/30/2028	Varies	IBR	**4.24%**	69,353
Carahsoft Technology Corporation AKiPS	9/7/2027	Varies	IBR	**6.24%**	25,099
Connection Adobe '25-'29	7/14/2029	Varies	IBR	**4.24%**	411,104
EdVisorly	4/30/2031	Varies	IBR	**4.24%**	190,010
IntraSystems Citrix	8/31/2028	Varies	IBR	**4.24%**	83,514
Konica Minolta 2025-2028	11/30/2028	Varies	IBR	**4.24%**	175,485
Modern Campus	6/30/2028	Varies	IBR	**4.24%**	36,351
PageUp People Limited	6/30/2027	Varies	IBR	**7.25%**	129,739
Pantheon 2026-2029	5/31/2029	Varies	IBR	**4.24%**	42,607
Point N Click	12/31/2030	Varies	IBR	**4.24%**	207,235
Scenario Learning	5/31/2028	Varies	IBR	**4.24%**	32,879
SHI - Microsoft 2026	6/30/2029	Varies	IBR	**4.24%**	832,459
Siteimprove	10/31/2027	Varies	IBR	**6.24%**	34,750
Software House International Mindbreeze Inspire	8/16/2027	Varies	IBR	**7.25%**	60,667
StarRez	6/30/2030	Varies	IBR	**4.24%**	160,549
TargetX 2023	11/21/2028	Varies	IBR	**6.24%**	147,392
Terra Dotta LLC	6/30/2029	Varies	IBR	**6.24%**	43,415
Touchnet 2026 to 2030	6/30/2030	Varies	IBR	**6.24%**	1,194,480
Troubadour Varonis	11/20/2028	Varies	IBR	**4.24%**	195,528
ZeeMee	6/30/2027	Varies	IBR	**4.24%**	38,983
					$ 4,502,409

Note 11 - **Long-Term Liabilities – Continued**

SBITA Liability University - continued

Significant arrangement terms are described below for fiscal year 2025:

Description	Maturity Date	Payment Amount	Rate Type	Interest Rate	SBITA Liability 6/30/25
Blackbaud	6/30/2026	Varies	IBR	4.75%	86,895
BlackBeltHelp	6/30/2027	Varies	IBR	7.25%	122,945
Carahsoft - Elasticsearch	7/31/2026	Varies	IBR	7.25%	60,281
Carahsoft Technology Corporation AKiPS	9/7/2027	Varies	IBR	6.24%	47,817
Instructure	7/31/2026	Varies	IBR	7.25%	258,434
PageUp People Limited	6/30/2027	Varies	IBR	7.25%	244,254
Parchment	6/30/2027	Varies	IBR	7.25%	42,479
SHI- Microsoft	6/30/2026	Varies	IBR	7.25%	333,341
Siteimprove	10/31/2027	Varies	IBR	6.24%	67,402
Software House International Mindbreeze Inspire	8/16/2027	Varies	IBR	7.25%	117,103
TargetX 2023	11/21/2028	Varies	IBR	6.24%	213,472
Terra Dotta LLC	6/30/2029	Varies	IBR	6.24%	55,032
Touchnet 2026 to 2030	6/30/2030	Varies	IBR	6.24%	1,542,295
					$ 3,191,750

Lease interest expense for the years ended June 30, 2026 and 2025 was $165,262 and $127,663, respectively. For the years ended June 30, 2026 and 2025, the total right to use software arrangement assets were $7,423,379 and $6,026,176, respectively. For the years ended June 30, 2026 and 2025 the accumulated amortization related to the right of use assets was $2,532,343 and $2,628,675, respectively.

Note 11 - **Long-Term Liabilities – Continued**

SBITA Liability University – continued

Future SBITA Payments

SBITA payments due subsequent to June 30, 2026 are as follows:

Years Ending June 30,	Principal	Interest	Total
2027	1,706,555	181,752	1,888,307
2028	1,329,854	142,901	1,472,755
2029	982,941	77,231	1,060,172
2030	483,059	27,748	510,807
	$ 4,502,409	$ 429,632	$ 4,932,041

Long-term Liabilities – Assistance Corporation

Long-term liabilities for the Assistance Corporation at June 30, 2026 consisted of:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Non-Current Portion
Bonds and notes payable:						
Notes payable	$ 1,347,599	$ -	$ 59,637	$ 1,287,962	$ 68,545	$ 1,219,417
Other long-term liabilities:						
Security deposits	51,666	2,603	6,521	47,748	-	47,748
Lease liability	10,538,848	-	298,179	10,240,669	327,272	9,913,397
Total	$ 11,938,113	$ 2,603	$ 364,337	$ 11,576,379	$ 395,817	$ 11,180,562

Note 11 - **Long-Term Liabilities – Continued**

Notes Payable Assistance Corporation - continued

Long-term liabilities for the Assistance Corporation at June 30, 2025 consisted of:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Non-Current Portion
Bonds and notes payable:						
Notes payable	$ 984,149	$ 400,000	$ 36,550	$ 1,347,599	$ 42,230	$ 1,305,309
Other long-term liabilities:						
Security deposits	31,544	25,492	5,370	51,666	-	51,666
Lease liability	10,758,201	-	219,353	10,538,848	298,178	10,240,670
Total	$ 11,773,894	$ 425,492	$ 261,273	$ 11,938,113	$ 340,408	$ 11,597,645

Notes Payable Assistance Corporation

The Assistance Corporation maintains a loan with a bank which was refinanced during the year ended June 30, 2021. The loan is a five-year adjustable-rate mortgage due September 2037 with a 25-year amortization. Payments in the amount of $5,739, including principal and interest at 3.95% are due monthly. Interest will be adjusted to the Federal Home Loan Bank of Boston 5-year Classic Advance Rate plus 2.25% in September 2025 and each five year period thereafter. Minimum interest on this loan is 3.95%. A final balloon payment representing the outstanding balance is due in September 2037. The loan is secured by a mortgage on real estate owned by the Assistance Corporation.

The Assistance Corporation also maintains a loan with a bank which was funded during the year ended June 30, 2025. The loan is a five-year adjustable-rate mortgage due October 2034 with payments in the amount of $3,079, including principal and interest at 6.81% due monthly. Interest will be adjusted to the Federal Home Loan Bank of Boston 5-year Classic Advance Rate plus 2.50% in October 2029 and each five-year period thereafter. Minimum interest on this loan is 6.50%. A final balloon payment representing the outstanding balance is due in October 2034. The loan is secured by a mortgage on real estate owned by the Assistance Corporation.

Note 11 - **Long-Term Liabilities – Continued**

Notes Payable Assistance Corporation - continued

The annual debt service requirements to maturity for the note payable are as follows:

Years Ending June 30,	Principal	Interest	Total
2027	$ 68,545	$ 81,774	$ 150,319
2028	73,097	77,223	150,320
2029	77,950	72,369	150,319
2030	83,127	67,193	150,320
2031	88,647	61,672	150,319
2032-2036	768,532	183,827	952,359
2037-2041	128,064	5,195	133,259
Total	$ 1,287,962	$ 549,253	$ 1,837,215

Lease Liability Assistance Corporation

The Assistance Corporation is a lessee of two long-term leases for office space for Salem State University as disclosed above.

Lease interest expense for the years ended June 30, 2026 and 2025 was $598,269 and $612,927, respectively. The right of use asset was amortized on a straight-line basis over the lease term. There were no additional payments made as part of these agreements.

For the years ended June 30, 2026 and 2025, the total right of use assets were $11,321,248 and $11,332,359, respectively. For the years ended June 30, 2026 and 2025 the total accumulated amortization related to the right of use assets was $3,196,584 and $2,674,314, respectively.

Note 11 - **Long-Term Liabilities – Continued**

Lease Liability Assistance Corporation - continued

The annual debt service requirements to maturity for the leases payable for the Assistance Corporation are as follows:

Years Ending June 30,	Principal	Interest	Total
2027	$ 327,272	$ 580,377	$ 907,649
2028	358,741	560,740	919,481
2029	392,372	539,237	931,609
2030	428,300	515,741	944,041
2031	466,668	490,115	956,783
2032-2036	3,072,337	1,979,294	5,051,631
2037-2041	4,315,566	867,037	5,182,603
2042-2043	879,413	36,409	915,822
	$ 10,240,669	$ 5,568,950	$ 15,809,619

Note 12 - **Pensions**

Defined Benefit Plan Description

Certain employees of the University participate in a cost-sharing multiple-employer defined benefit pension plan – the Massachusetts State Employees' Retirement System – administered by the Massachusetts State Board of Retirement (the "Board"), which is a public employee retirement system ("PERS"). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits through the plan, regardless of the status of the employers' payment of its pension obligations to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries.

The Massachusetts State Employees' Retirement System does not issue stand-alone financial statements. Additional information regarding the plan is contained in the Commonwealth's financial statements, which is available on-line from the Office of State Comptroller's website.

Note 12 Pensions – Continued

Benefit Provisions

SERS provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws ("MGL") establishes uniform benefit and contribution requirements for all contributory PERS. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated based on the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Massachusetts State Legislature (the "Legislature").

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65; for certain hazardous duty and public safety positions, normal retirement is at age 55. Most employees who joined the system after April 1, 2012 are not eligible for retirement until they have reached age 60.

Contributions

The SERS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the SERS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Costs of administering the plan are funded out of plan assets.

Member contributions for SERS vary depending on the most recent date of membership:

Hire Date	Percent of Compensation
Prior to 1975	5% of regular compensation
1975 - 1983	7% of regular compensation
1984 - 6/30/1996	8% of regular compensation
7/1/1996 - present	9% of regular compensation
7/1/2001 - present	11% of regular compensation
1979 - present	An additional 2% of regular compensation in excess of $30,000

Note 12 - **Pensions – Continued**

Contributions - continued

The Commonwealth does not require the University to contribute funding from its local trust funds for employees paid by state appropriations. Pension funding for employees is provided from state appropriations are made through a benefit charge assessed by the Commonwealth. Such pension contributions amounted to $14,887,174, $12,306,453, and $10,612,983, for the years ended June 30, 2026, 2025, and 2024, respectively.

For employees covered by SERS but not paid from state appropriations, the University is required to contribute at an actuarially determined rate. The rate was 17.60%, 18.63%, and 16.69% of annual covered payroll for the fiscal years ended June 30, 2026, 2025, and 2024, respectively. The University contributed $2,960,084, $2,244,561, and $1,971,828, for the fiscal years ended June 30, 2026, 2025, and 2024, respectively, equal to 100% of the required contributions for each year.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2026, 2025 and 2024, the University reported a liability of $17,905,599 $18,433,165, and $22,110,554, respectively, for its proportionate share of the net pension liability related to its participation in SERS. The net pension liability as of June 30, 2026, the reporting date, was measured as of June 30, 2025, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2025 rolled forward to June 30, 2025. The net pension liability as of June 30, 2025, the reporting date, was measured as of June 30, 2024, the , measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024 rolled forward to June 30, 2024.

The University's proportion of the net pension liability was based on its share of the Commonwealth of Massachusetts' collective pension amounts allocated on the basis of actual fringe benefit charges assessed to the University for the fiscal years 2026 and 2025. The Commonwealth's proportionate share was based on actual employer contributions to the SERS for fiscal years 2025 and 2024 relative to total contributions of all participating employers for the fiscal year. At June 30, 2026 and 2025, the University's proportion was 0.127% and 0.130%, respectively.

For the year ended June 30, 2026 the University recognized pension income of $5,131,064. For the year ended June 30, 2025 the University recognized pension income of $4,956,100.

Note 12 - **Pensions – Continued**

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – continued

The University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30,:

	2026	2025
Deferred Outflows of Resources Related to Pension		
Difference between expected and actual experience	**$ 710,337**	$ 923,861
Net difference between projected and actual Investment earnings	**-**	-
Change in plan actuarial assumptions, net	**57,561**	132,282
Changes in proportion from Commonwealth	**113,698**	-
Changes in proportion due to internal allocation	**958,469**	127,381
Contributions subsequent to the measurement date	**2,960,084**	2,244,561
Total deferred outflows related to pension	**$ 4,800,149**	$ 3,428,085

	2026	2025
Deferred Inflows of Resources Related to Pension		
Difference between expected and actual experience	**$ -**	$ 236,163
Net differences between projected and actual earnings on pension plan investments	**539,926**	239,676
Changes in proportion from Commonwealth	**79,171**	118,467
Changes in proportion due to internal allocation	**1,661,317**	4,917,540
Total deferred inflows related to pension	**$ 2,280,414**	$ 5,511,846

The University's contributions of $2,960,084 and $2,244,561 made during the fiscal years ending 2026 and 2025, respectively, subsequent to the measurement date will be recognized as a reduction of the net pension liability in each of the succeeding years.

Note 12 - **Pensions – Continued**

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - continued

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as increases (decreases) in pension expense as follows:

Years Ending June 30:	
2027	$ (1,944,622)
2028	232,999
2029	761,258
2030	510,016
Total	$ (440,349)

Actuarial Assumptions

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement date	**June 30, 2025**	June 30, 2024
Inflation	2.50%	2.50%
Salary increases	4.00% to 9.00%	4.00% to 9.00%
Investment rate of return	7.00%	7.00%
Interest rate credited to annuity savings fund	3.50%	3.50%

For measurement dates June 30, 2025 and 2024, mortality rates were based on:

- Pre-retirement - reflects RP-2014 Blue Collar Employees table projected generationally with Scale MP-2021 set forward 1 year for females.
- Post-retirement - reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2021 set forward 1 year for females
- Disability - reflects the post-retirement mortality described above, set forward 1 year.

Note 12 - **Pensions – Continued**

The 2026 pension liability for the June 30, 2025 measurement date was determined by an actuarial valuation as of January 2025 and rolled forward to June 30, 2025. The 2025 pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of January 2024 and rolled forward to June 30, 2024

Investment assets of SERS are with the Pension Reserves Investment Trust ("PRIT") Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, are summarized in the following table:

	2026		2025	
Asset Class	Target Allocation	Long-term expected real rate of return	Target Allocation	Long-term expected real rate of return
Global Equity	36%	4.9%	36%	4.6%
Private Equity	16%	7.7%	16%	7.4%
Core Fixed Income	15%	2.6%	15%	2.1%
Portfolio Completion Strategies	10%	4.1%	10%	3.7%
Real Estate	10%	4.1%	10%	3.9%
Value Added Fixed Income	9%	5.3%	9%	5.1%
Timber/Natural Resources	4%	4.1%	4%	4.4%
	100%		100%	

Note 12 - **Pensions – Continued**

Discount Rate

The discount rate used to measure the total pension liability was 7.00% at June 30, 2026 and 2025. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table illustrates the sensitivity of the net pension liability calculated using the discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate at June 30:

2026		
1.00% Decrease 6.00%	Current Discount Rate 7.00%	1.00% Increase 8.00%
$ 26,177,819	$ 17,905,599	$ 10,912,946

2025		
1.00% Decrease 6.00%	Current Discount Rate 7.00%	1.00% Increase 8.00%
$ 25,896,214	$ 18,433,165	$ 12,119,439

Note 13 - **Other Post-Employment Benefits**

Plan Description

As an agency of the Commonwealth, certain employees of the University participate in the Commonwealth's single employer defined benefit-OPEB plan – the State Retirees' Benefit Trust ("SRBT"). Benefits are managed by the Group Insurance Commission ("GIC") and investments are managed by the Pension Reserves Investment Management ("PRIM") Board. The GIC has representation on the Board of Trustees of the State Retirees' Benefits Trust ("Trustees").

The SRBT is set up solely to pay for OPEB benefits and the cost to administer those benefits. It can only be revoked when all such health care and other non-pension benefits, current and future, have been paid or deceased. The GIC administers benefit payments, while the Trustees are responsible for investment decisions.

Management of the SRBT is vested with the board of trustees, which consists of seven members (or their designatee) and includes the Secretary of Administration and Finance, the Executive Director of the GIC, the Executive Director of PERAC, the State Treasurer, the Comptroller, one person appointed by the Governor and one person appointed by the State Treasurer. These members elect one person to serve as chair of the board.

The SRBT does not issue a stand-alone audited financial statement but is reflected as a fiduciary fund in the Commonwealth's audited financial statements.

Benefits Provided

Under Chapter 32A of the Massachusetts General Laws, the Commonwealth is required to provide certain health care and life insurance benefits for retired employees of the Commonwealth, housing authorities, redevelopment authorities and certain other governmental agencies. Substantially all of the Commonwealth's employees may become eligible for these benefits if they reach retirement age while working for the Commonwealth. Eligible retirees are required to contribute a specified percentage of the health care / benefit costs, which are comparable to contributions required from employees. Dental and vision coverage may be purchased by these groups with no subsidy from the Commonwealth.

Note 13 - **Other Post-Employment Benefits – Continued**

Contributions

Employer and employee contribution rates are set by MGL. The Commonwealth recognizes its share of the costs on an actuarial basis. As of June 30, 2026 and 2025, and as of the valuation date (January 1, 2025 and 2024), participants contributed 10% to 20%, respectively, of premium costs, depending on the date of hire and whether the participant's status is active, retired, or survivor. As part of the fiscal year 2010 General Appropriation Act, all active employees pay an additional 5% of premium costs.

The Massachusetts General Laws governing employer contributions to SRBT determine whether entities are billed for OPEB costs. Consequently, SRBT developed an effective contribution methodology which allocates total actual contributions amongst the employers in a consistent manner (based on an employer's share of total covered payroll). The University is required to contribute based on Massachusetts General Laws; the rate was 6.79% and 7.49% of annual covered payroll for the fiscal years ended June 30, 2026 and 2025, respectively. The University contributed $1,142,216 and $902,557 for the fiscal years ended June 30, 2026 and 2025, respectively, equal to 100% of the required contribution for the year.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2026 and 2025, the University reported a liability of $18,345,733 and $20,776,453, respectively, for its proportionate share of the net OPEB liability related to its participation in SRBT. The net OPEB liability was measured as of June 30, 2025 and 2024, respectively, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2025 and 2024, respectively. The University’s proportion of the net OPEB liability was based on its share of the Commonwealth's collective OPEB amounts allocated on the basis of an effective contribution methodology which allocates total actual contributions amongst the employers in a consistent manner based on the University's share of total covered payroll for the fiscal years 2025 and 2024. The University's proportionate share was based on the actual employer contributions to the SRBT for fiscal years 2025 and 2024 relative to total contributions of all participating employers for the fiscal year. At June 30, 2025 and 2024, the University’s proportion was 0.144% and 0.152%, respectively.

Note 13 - **Other Post-Employment Benefits – Continued**

For the year ended June 30, 2026 the University recognized income related to OPEB of $10,045,347. For the year ended June 30, 2025 the University recognized income related to OPEB of $13,743,163. The University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30:

	2026	2025
Deferred Outflows of Resources Related to OPEB		
Contributions subsequent to the measurement date	**$ 1,142,216**	$ 902,557
Changes in OPEB plan actuarial assumptions	**-**	405,056
Differences between expected and actual experience	**1,900,668**	577,498
Net differences between projected and actual earnings on OPEB plan investments	**-**	-
Changes in the proportion from Commonwealth	**115,948**	-
Changes in the proportion due to internal allocation	**1,513,161**	2,382,793
Total deferred outflows related to OPEB	**$ 4,671,993**	$ 4,267,904

	2026	2025
Deferred Inflows of Resources Related to OPEB		
Change in assumptions	**$ 5,978,716**	$ 4,635,509
Differences between expected and actual experience	**653,210**	1,604,943
Difference between projected and actual investment earnings	**46,733**	8,261
Changes in proportion due to internal allocations.	**7,605,447**	15,171,001
Changes in OPEB from Commonwealth	**125,168**	200,101
Total deferred inflows related to OPEB	**$14,409,274**	$21,619,815

Note 13 - **Other Post-Employment Benefits – Continued**

Contributions

The University's contributions of $1,142,216 and $902,557 made during the fiscal years 2026 and 2025, respectively, subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in each of the succeeding years.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as increases (decreases) in OPEB expense as follows:

Years Ending June 30,	
2027	$ (3,720,627)
2028	(2,569,192)
2029	(1,997,279)
2030	(1,938,108)
2031	(654,291)
	$ (10,879,497)

Actuarial Assumptions

The total OPEB liability for 2026 and 2025 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2025	June 30, 2024
Inflation	2.50%	2.50%
Salary increases	Rates vary by years of service and group classification, consistent with SERS	Rates vary by years of service and group classification, consistent with SERS
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation	7.00%, net of OPEB plan investment expense, including inflation
Health care cost trend rates	Developed based on the most recent published SAO-Getzen trend rate model, version 2025_1b. Medicare and non-Medicare benefits range from 3.94% to 9.60%	Developed based on the most recent published SAO-Getzen trend rate model, version 2024_1b. Medicare and non-Medicare benefits range from 3.94% to 8.03%

Note 13 - Other Post-Employment Benefits – Continued

The mortality rate was in accordance with RP 2014 Blue Collar Mortality Table projected with scale MP-2021 from the central year, with females set forward one year.

The participation rates are actuarially assumed as below:

- 100% of all retirees who currently have health care coverage will continue with the same coverage, except that retirees under age 65 with POS/PPO coverage switch to Indemnity at age 65 and those over 65 with POS/PPO coverage switch to HMO.
- All current retirees, other than those indicated on the census data as not being eligible by Medicare, have Medicare coverage upon attainment of age 65, as do their spouses. All future retirees are assumed to have Medicare coverage upon attainment of age 65.
- 85% of current and future contingent eligible participants will elect health care benefits at age 55, or current age if later.
- Actives, upon retirement, take coverage, and are assumed to have the following coverage:

	2026		2025	
	Under 65	Age 65+	Under 65	Age 65+
Indemnity	18.0%	96.0%	18.0%	96.0%
POS/PPO	72.0%	0.0%	72.0%	0.0%
HMO	10.0%	4.0%	10.0%	4.0%

The actuarial assumptions used in the January 1, 2025 and 2024 valuations were based on the results of an actuarial experience study for the periods ranging July 1, 2025 and 2024 through December 31, 2025 and 2024, depending upon the criteria being evaluated**.**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future rates of return by the target asset allocation percentage.

The SRBT is required to invest in the PRIT Fund. Consequently, information about SRBT's target asset allocation and long-term expected real rate of return as of June 30, 2026 and 2025, are the same as discussed in the pension footnote.

Note 13 - **Other Post-Employment Benefits – Continued**

Investment assets of SERS are with the Pension Reserves Investment Trust ("PRIT") Fund. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, are summarized in the following table:

	2026		2025	
Asset Class	Target Allocation	Long-term expected real rate of return	Target Allocation	Long-term expected real rate of return
Global Equity	36%	4.9%	36%	4.6%
Private Equity	16%	7.7%	16%	7.4%
Core Fixed Income	15%	2.6%	15%	2.1%
Portfolio Completion Strategies	10%	4.1%	10%	3.7%
Real Estate	10%	4.1%	10%	3.9%
Value Added Fixed Income	9%	5.3%	9%	5.1%
Timber/Natural Resources	4%	4.1%	4%	4.4%
	100%		100%	

Discount Rate

The discount rate used to measure the total OPEB liability for 2025 and 2024 was 5.94% and 4.61%, respectively. These rates were based on a blend of the Bond Buyer Index rate (3.93% and 3.65%) as of the measurement date and the expected rate of return. The OPEB plan's fiduciary net position was not projected to be available to make all projected future benefit payments for current plan members. The projected "depletion date" when projected benefits are not covered by projected assets is 2043 and 2042 for the fiscal years 2025 and 2024, respectively. Therefore, the long-term expected rate of return on OPEB plan investments is 7.00% per annum which was not applied to all periods of projected benefit payments to determine the total OPEB liability.

Note 13 - **Other Post-Employment Benefits – Continued**

Sensitivity of the University's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the University's proportionate share of the net OPEB liability, as well as what the University's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	June 30, 2026 Current	
1.00% Decrease	Discount Rate	1.00% Increase
4.94%	5.94%	6.94%
$ 21,242,248	$ 18,345,733	$ 15,937,528

	June 30, 2025 Current	
1.00% Decrease	Discount Rate	1.00% Increase
3.61%	4.61%	5.61%
$ 24,197,802	$ 20,776,453	$ 17,952,691

Sensitivity of the University's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the University's proportionate share of the net OPEB liability, as well as what the University's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

		2026	
	1.00% Decrease (B)	Current Healthcare Cost Trend Rate (A)	1.00% Increase (C)
Net OPEB liability	$ 15,635,900	$ 18,345,733	$ 21,682,043

		2025	
	1.00% Decrease (B)	Current Healthcare Cost Trend Rate (A)	1.00% Increase (C)
Net OPEB liability	$ 17,441,466	$ 20,776,453	$ 24,971,445

(A) - Current healthcare cost trend rates, as disclosed in the actuarial assumptions

(B) - 1- percentage decrease in current healthcare cost trend rate, as disclosed in the actuarial assumptions

(C) - 1- percentage increase in current healthcare cost trend rate, as disclosed in the actuarial assumptions

Note 14 - **Deferred Inflows of Resources**

Public- Private Partnerships

The University has entered into agreements with a nongovernmental operator for management of the food services operations, vending machines, related dining facilities, and bookstore of the University (the "agreements"). Pursuant to the terms of these agreements, financial commitments totaling approximately $623,000 were made at the beginning of each agreement and are being amortized over the agreement term expiring in 2025 and 2031. The financial commitments are for facilities' renovations to the University, including areas of the dining facilities, vending machines, and bookstore. This financial commitment is categorized as a public-private partnership under GASB 94, *Public-Public and Public-Private Partnerships and Availability Payment Arrangements*. The University has accounted for these monies as deferred inflows of resources. The balance of deferred inflows of resources at June 30, 2026 and 2025 is $164,576 and $202,076, respectively.

Note 15 - **Restricted Net Position**

The University is the recipient of funds that are subject to various external constraints upon their use, either as to purpose or time. These funds are comprised of the following at June 30:

	2026	2025
Restricted - nonexpendable:		
Scholarship and fellowship	**$ 110,000**	$ 110,000
Restricted - expendable:		
Scholarship, fellowship loans, gifts and research grants and contracts	**$14,573,603**	$13,986,126

The Foundation's restricted – nonexpendable and expendable net position consists of investments to be utilized for various scholarships and program support.

Note 16 - **Commitments, Contingencies, Concentrations and Constraints**

Commitments and Contingencies

The University is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions and natural disasters for which the Commonwealth is self-insured.

Various lawsuits are pending or threatened against the University which arise in the ordinary course of operations. In the opinion of management, no litigation is now pending or threatened which would materially affect the University's financial position.

The University receives significant financial assistance from federal and state agencies in the form of grants. Expenditures of funds under these programs require compliance with the grant agreements and are subject to audit. Any disallowed expenditure resulting from such audits becomes a liability of the University. In the opinion of management, such adjustments, if any, are not expected to materially affect the financial condition of the University.

The University participates in the Massachusetts College Savings Prepaid Tuition Program (the "Program"). This Program allows individuals to pay in advance for the future tuition at the cost of tuition at the time of election to participate, increased by changes in the Consumer Price Index plus 2%. The University is obligated to accept as payment of tuition the amount determined by this Program without regard to standard tuition rates in effect at the time of the individual's enrollment at the University. The effect of the program cannot be determined as it is contingent on future tuition increases and the Program participants who attend the University.

The U.S. Environmental Protection Agency ("EPA") notified the University in August 1998 that it is a potential responsible party with respect to environmental impacts resulting from contaminated soil upon the removal of underground oil tanks in 1991. The EPA has not closed out their investigation. During fiscal years 2026 and 2025, the University paid no remediation costs and received no communication from federal or state agencies. In the opinion of management, such adjustments, if any, are not expected to materially affect the financial condition of the University.

Note 16 - **Commitments, Contingencies, Concentrations and Constraints**

The university's major capital project, SSU BOLD project, was created to develop new science labs as an addition to Meier Hall and completely renovate the Horace Mann building as the new home of the McGuire Meservey College of Health and Human Services. As part of SSU BOLD, the sale of South Campus was consummated during FY2027. As part of the SSU Bold project the University obtained additional bond financing in the par amount of $27.3 million from the MSCBA during fiscal year 2026. The beginning of construction commenced during the spring of 2025 and is expected to be completed during the summer of 2027. See Note 8 for further details.

Concentrations and Constraints

Providers of Financial Resources

State Appropriations

As disclosed in Note 1, the University is a public, State-supported, comprehensive four-year university, located in Salem, Massachusetts, and governed by a local Board of Trustees under the direction of the Massachusetts Department of Higher Education. As such, the University receives general state appropriations for a portion of its annual operations for employee salaries and fringe benefits reported on the Statement of Revenues and Expenses and Note 19 of these financial statements.

Lease Agreements

As disclosed in Note 11, the University is a lessee of multiple long-term leases for buildings, dormitories and improvements owned by the Massachusetts College Building Authority (MSCBA). Repayments are pledged and structured based on student occupancy revenues and resources held by the University. Repayment of lease obligations are dictated based on issued public bond debt with the University receiving notice from the MSCBA regarding payments due in November and May of each year.

Debt

In addition to the leases disclosed in the preceding paragraph, MSCBA provides bond funds for the construction of campus buildings and project improvements. Repayment of bond obligations is dictated based on issued public bond debt with the University receiving notice from the MSCBA regarding payments due in November and May of each year. In addition, the Massachusetts Division of Capital Asset Management and Maintenance (DCAMM) provides resources to fund capital construction and renovation projects on campus. The University will incur debt owed to DCAMM to pay for certain projects or partially pay for the cost of a project that they manage for the university's benefit. This includes repayment for maintenance and other costs on these projects.

Note 16 - **Commitments, Contingencies, Concentrations and Constraints - Continued**

Concentrations and Constraints - Continued

Providers of Financial Resources - Continued.

Federal Student Financial Assistance and other grants

The University participates in the Federal Financial Assistance (Title IV) programs along with federal grants related to various university programs and operations. These programs allow for grants, scholarship aid, and other awards to be issued to students and the university to cover qualified education and related costs. During the fiscals year ended June 30, 2026 and 2025, Federal funds expended to students and the university totaled approximately $39.5 and $40.2 million, respectively.

State Student Financial Assistance and other grants

The University participates in the Massachusetts State student financial assistance programs. These programs allow for grants, scholarship aid, and other awards to be issued to students to cover qualified education costs. During the fiscal year ended June 30, 2026 and 2025, expended Massachusetts funds awarded to students totaled approximately $15.9 and $22.4 million, respectively.

Workforce Covered by Collective Bargaining Agreements:

The university is comprised of State Employees hired and employed by the Commonwealth of Massachusetts. The Massachusetts Board of Higher Education negotiates collective bargaining agreements (CBA) with the majority of university employees. During the fiscal years ended June 30, 2026 and 2025, the University employed individuals belonging to the following unions:

American Federation of State, County and Municipal Employees (AFSCME)

The CBA for AFSCME union covers the period from July 1, 2024 to June 30, 2027. This Agreement is entered into by and between the Board of Higher Education and the American Federation of State, County and Municipal Employees Local 1067, Council 93, AFL-CIO and sets forth procedures for the equitable resolution of grievances, the terms of employment with respect to wages and working conditions and means by which the parties may consult periodically on mutually perceived issues.

Note 16 - **Commitments, Contingencies, Concentrations and Constraints - Continued**

Concentrations and Constraints - Continued

Workforce Covered by Collective Bargaining Agreements - Continued

Association of Professional Administrators (APA)

The CBA for the APA union covers the period from July 1, 2024 to June 30, 2027. This Agreement is entered into by and between the Board of Higher Education and the Association of Professional Administrators, Massachusetts Teachers Association / National Education Association as the exclusive bargaining agent for positions in the bargaining unit. As of June 30, 2025 negotiations between the Board of Higher Education and APA final legislative approval for the above CBA was signed during August 2025.

Massachusetts State College Association (MSCA)

The CBA for the MSCA covers the period from July 1, 2023, to June 30, 2024. This Agreement is entered into by and between the Board of Higher Education, acting through the Council of Presidents of the State Universities, and the Massachusetts Teachers Association/NEA, acting through the Massachusetts State College Association, as the exclusive collective bargaining agent for members of the bargaining unit. During May 2026 negotiations between the Board of Higher Education and MSCA were finalized in obtaining an updated CBA.

Limitation on raising tuition rates:

Tuition rates are determined by the Massachusetts Board of Higher Education and cannot be adjusted without their authorization. Fees, however, are established by the University's Board of Trustees and adjusted annually as deemed appropriate.

Note 17 - **Operating Expenses**

The University's operating expenses, on a natural classification basis, are comprised of the following at June 30:

	2026	2025
Compensation and benefits	**$123,477,583**	$ 115,276,472
Supplies and services	**32,854,885**	35,875,965
Utilities	**4,274,897**	4,471,309
Depreciation	**9,700,493**	9,926,040
Amortization	**10,779,722**	10,446,188
Scholarships	**22,667,992**	24,561,771
Total operating expenses	**$203,755,572**	$ 200,557,745

Note 18 - **Fringe Benefit Program**

The University participates in the Commonwealth's Fringe Benefit programs, including active employee and post-employment health insurance, unemployment, pension and workers' compensation benefits. Health insurance costs for active employees and retirees are paid through a fringe benefit rate charged to the University by the Commonwealth.

The overall fringe benefit charge decreased slightly from 45.06% in 2025 to 37.81% in 2026 which includes 1.62% and 2.21% in payroll taxes, respectively. The retirement portion of the fringe benefit charge decreased from 18.63% in 2025 to 17.60% in 2026. In addition to providing pension benefits, under Chapter 32A of the Massachusetts General Laws, the Commonwealth is required to provide certain health care and life insurance benefits for retired employees of the Commonwealth, housing authorities, redevelopment authorities and certain other governmental agencies. Substantially all of the Commonwealth's employees may become eligible for these benefits if they reach retirement age while working for the Commonwealth. Eligible retirees are required to contribute a specified percentage of the health care benefit costs which is comparable to contributions required from employees. The Commonwealth is reimbursed for the cost of benefits to retirees of the eligible authorities and non-state agencies.

Note 18 - **Fringe Benefit Program - Continued**

The amount of funding by the University related to benefits other than pensions for the years ended June 30, 2026, 2025, and 2024 were $3,173,631, $3,035,183 and $3,047,003, respectively, which equaled the required contributions each year charged to it through the Commonwealth's fringe benefit recovery program.

Insurance

The Group Insurance Commission ("GIC") was established by the Legislature in 1955 to provide and administer health insurance and other benefits to the Commonwealth's employees, retirees, their dependents and survivors. The GIC also covers housing and redevelopment authorities' personnel, participating municipalities and retired municipal employees and teachers in certain governmental units.

Health coverage options include an Indemnity plan, Preferred Provider-type Organizations ("PPO"), an Exclusive Provider Organization ("EPO") and multiple HMO plans. The GIC also manages basic and optional life insurance coverage. As part of its UniCare State indemnity and active employee Tufts Health plans, it manages mental health/substance abuse benefits and also manages pharmacy benefits for the indemnity plans.

For active state employees only, the GIC offers a long-term disability ("LTD") program, two pre-tax employee programs - Health Care Spending Account ("HCSA") and Dependent Care Assistance Program ("DCAP"), and for managers, legislators, legislative staff and certain Executive Office staff, a dental/vision plan. The GIC also offers a discount vision and a dental plan for Commonwealth retirees.

The GIC administers a plan included within the State Retiree Benefits Trust Fund, an irrevocable trust. Any assets accumulated in excess of liabilities to pay premiums or benefits, or administrative expenses are retained in that fund. The GIC's administrative costs are financed through Commonwealth appropriations and employee investment returns. The Legislature determines employees' and retirees' contribution ratios. The GIC does not issue separately audited financial statements. The financial position and results of operations of the plan are incorporated in the Commonwealth's financial statements, a copy of which may be obtained from the Office of the State Comptroller, Commonwealth of Massachusetts, One Ashburton Place, Room 901, Boston, MA 02108.

Note 18 - **Fringe Benefit Program - Continued**

Insurance - continued

The GIC is a quasi-independent state agency governed by a 17-member body (the "Commission") appointed by the Governor. The GIC is located administratively within the Executive Office of Administration and Finance and is responsible for providing health insurance and other benefits to the Commonwealth's employees and retirees and their survivors and dependents. During the fiscal years ended June 30, 2026 and 2025, the GIC provided health insurance for its members through indemnity, PPO and HMO plans. The GIC also administered carve-outs for the pharmacy benefit and mental health and substance abuse benefits for certain of its health plans. In addition to health insurance, the GIC sponsors life insurance, long-term disability insurance (for active employees only), dental and vision coverage for employees not covered by collective bargaining, a retiree discount vision plan and retiree dental plan, and finally, a pre-tax health care spending account and dependent care assistance program (for active employees only).

Note 19 - **Massachusetts Statewide Financial Management System ("MOSAIC")**

Section 15C of Chapter 15A of the Massachusetts General Laws requires Commonwealth Colleges and Universities to report activity of campus-based funds to the Comptroller of the Commonwealth on the Commonwealth's Statewide Financial Management System, MOSAIC, using the statutory basis of accounting. The statutory basis of accounting is a modified accrual basis of accounting and differs from the information included in these financial statements. The amounts reported on MOSAIC meet the guidelines of the Comptroller's Guide for Higher Education Audited Financial Statements.

The University's state appropriations are composed of the following at June 30:

	2026	2025
General Appropriations	**$ 67,985,669**	$ 65,993,744
Other Appropriations	**149,424**	170,400
Total Appropriations	**68,135,093**	66,164,144
Add:		
Fringe benefits for benefited employees on the state payroll	**24,069,092**	28,706,996
Less:		
Day school tuition remitted to the state and included in tuition and fee revenue	**(459,695)**	(1,021,377)
Total unrestricted appropriations	**$ 91,744,490**	$ 93,849,763

A reconciliation between the University and MOSAIC fund 901 activity as of June 30 is as follows (unaudited):

	2026	2025
Revenue per MOSAIC	**$ 173,765,093**	$ 145,144,921
Revenue per University	**173,765,093**	145,144,921
Difference	**$ -**	$ -

Note 20 - **Pass-Through Student Federal Loans**

The University distributed approximately $25,174,000 and $25,245,000 for the years ended June 30, 2026 and 2025 respectively for student loans through the William D. Ford Federal Direct Lending Program. These distributions and related funding sources are not included in the accompanying financial statements.

Note 21 - **Massachusetts State College Building Authority ("MSCBA")**

The MSCBA was created pursuant to Chapter 703 of the Act of 1963 of the Commonwealth as a public instrumentality for the general purpose of providing residence halls and other facilities for use by students of the state universities of the Commonwealth, as well as major construction projects on their campuses. The residence halls are leased from the MSCBA for various terms.

The University is charged a semi-annual revenue assessment that is based on a certified occupancy report, the current lease schedule and the design capacity for each of the residence halls, as well as debt service on instruments issued for dormitory and other major construction projects for the University. This revenue assessment is used by MSCBA to pay principal and interest due on its long-term debt obligations and certain MSCBA operating costs.

These obligations may include the costs of periodic renovations and improvements to the residence halls, as well as other major construction performed on campus, which has included athletic field construction and repair.

The portions of the semi-annual Revenue Assessments paid to the MSCBA by the University for building leases mainly for residence halls, related maintenance, insurance, other costs, historical pooled obligations and other major renovations and improvements for the University for the years ended June 30, 2026 and 2025 were $12,880,687 and $12,304,053, respectively. The debt portion of these payments for building leases are accounted for under GASB 87 and are included within these financial statements within capital assets as right to use assets, net of amortization and offset to a lease liability.

Note 22 - **Subsequent Events**

Management has evaluated subsequent events through October 25, 2026, the date for which the financial statements were available for issuance. Management did not identify any events subsequent to June 30, 2026, other than the event mentioned below, requiring additional disclosure in these financial statements.

In FY2027, the University entered into a definitive purchase and sale agreement to sell held for sale real estate property located at 8 Harrison Road and 262-C Loring Avenue, Salem MA for a gross sales price of $12,200,000. The transaction closed on August 13, 2026.

REQUIRED SUPPLEMENTARY INFORMATION

SALEM STATE UNIVERSITY

(an agency of the Commonwealth of Massachusetts)

Schedule of Proportionate Share of Net Pension Liability (Unaudited)

Massachusetts State Employees' Retirement System

Year ended	June 30, 2026	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Measurement date	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Valuation date	January 1, 2025	January 1, 2024	January 1, 2023	January 1, 2022	January 1, 2021	January 1, 2019	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016
Proportion of the collective net pension liability	0.127%	0.130%	0.151%	0.151%	0.151%	0.233%	0.278%	0.341%	0.347%	0.341%
Proportionate share of the collective net pension liability	$ 17,905,599	$ 18,433,165	$ 22,110,554	$ 20,946,990	$ 15,782,623	$ 39,993,737	$ 40,623,739	$ 45,107,543	$ 44,564,278	$ 46,973,396
College's covered payroll	$ 12,048,100	$ 11,814,428	$ 13,327,614	$ 13,156,710	$ 12,271,296	$ 17,889,520	$ 22,921,548	$ 26,467,350	$ 27,303,392	$ 25,885,577
College's proportionate share of the net pension liability as a percentage of its covered payroll	148.62%	156.02%	165.90%	159.21%	128.61%	223.56%	177.23%	170.43%	163.22%	181.47%
Plan fiduciary net position as a percentage of the total pension liability	76.10%	72.90%	70.71%	71.05%	77.54%	62.48%	66.28%	67.91%	67.21%	63.48%

See accompanying notes to the required supplementary information.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Schedule of Contributions - Pension (Unaudited)

Massachusetts State Employees' Retirement System

For the Years Ended June 30,

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contribution	$ 2,960,084	$ 2,244,561	$ 1,971,828	$ 2,225,712	$ 2,119,546	$ 1,798,972	$ 2,518,943	$ 2,764,339	$ 3,117,853	$ 2,716,688
Contributions in relation to the statutorily required contribution	(2,960,084)	(2,244,561)	(1,971,828)	(2,225,712)	(2,119,546)	(1,798,972)	(2,518,943)	(2,764,339)	(3,117,853)	(2,716,688)
Contribution (excess)/deficit	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 16,818,659	$ 12,048,100	$ 11,814,428	$ 13,327,617	$ 13,156,710	$ 12,271,296	$ 17,889,187	$ 22,921,548	$ 26,467,350	$ 27,303,397
Contribution as a percentage of covered payroll	17.60%	18.63%	16.69%	16.70%	16.11%	14.66%	14.08%	12.06%	11.78%	9.95%

Notes:

Employers participating in the Massachusetts State Employees' Retirement System are required by MA General Laws, Section 32, to contribute an actuarially determined contribution rate each year.

See accompanying notes to the required supplementary information.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Required Supplementary Information - Pension (Unaudited)

June 30, 2026 and 2025

Note 1 - **Change in Plan Actuarial and Assumptions**

Measurement date – June 30, 2023
The mortality rates were changed as follows:

- Pre-retirement mortality reflects RP-2014 Blue Collar Employees table projected generationally with Scale MP-2021, set forward 1 year for females
- Post-retirement mortality reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2021, set forward 1 year for females
- For disabled retirees, mortality reflects the post-retirement mortality described above, set forward 1 year.

Measurement date – June 30, 2021
The investment rate of return changed from 7.15% to 7.00%. In conjunction with the investment rate of return changing, the discount rate was also changed to mirror the new investment rate of return.

The mortality rates were changed as follows:

- Pre-retirement mortality reflects RP-2014 Blue Collar Employees table projected generationally with Scale MP-2020, set forward 1 year for females
- Post-retirement mortality reflects RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2020, set forward 1 year for females
- For disabled retirees, mortality reflects the post-retirement mortality described above, set forward 1 year.

Measurement Date – June 30, 2020
The investment rate of return changed from 7.25% to 7.15%. In conjunction with the investment rate of return changing, the discount rate was also changed to mirror the new investment rate of return.

Measurement Date – June 30, 2019
The investment rate of return changed from 7.35% to 7.25%. In conjunction with the investment rate of return changing, the discount rate was also changed to mirror the new investment rate of return.

Measurement date – June 30, 2018
The investment rate of return changed from 7.50% to 7.35%. In conjunction with the investment rate of return changing, the discount rate was also changed to mirror the new investment rate of return.

The mortality rate assumptions were changed as follows:

- Disabled members – the amount reflects the same assumptions as for superannuation retirees, but with an age set forward of one year

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Required Supplementary Information - Pension (Unaudited)

June 30, 2026 and 2025

Note 1 - **Change in Plan Actuarial and Assumptions - Continued**

Measurement date – June 30, 2017
The mortality rates were changed as follows:

- Pre-retirement – was changed from RP-2000 Employees table projected generationally with Scale BB and a base year of 2009 (gender distinct) to RP-2014 Blue Collar Employees Table projected generationally with Scale MP-2016 and set forward 1 year for females
- Post-retirement – was changed from RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2009 (gender distinct) to RP-2014 Blue Collar Healthy Annuitant Table projected generationally with Scale MP-2016 and set forward 1 year for females
- Disability – did not change

Measurement date – June 30, 2016
The assumption for salary increases changed from a range of 3.5% to 9.0% depending on group and length of service to a range of 4.0% to 9.0% depending on group and length of service.

Chapter 176 of the Acts of 2011 created a one-time election for eligible members of the Optional Retirement Plan ("ORP") to transfer to the SERS and purchase service for the period while members of the ORP. As a result, the total pension liability of SERS increased by approximately 400 million as of June 30, 2016.

Measurement date – June 30, 2015
The discount rate to calculate the pension liability decreased from 8.0% to 7.5%.

In May 2015, Chapter 19 of the Acts of 2015 created an Early Retirement Incentive ("ERI") for certain members of SERS who upon election of the ERI retired effective June 30, 2015. As a result, the total pension liability of SERS increased by approximately $230 million as of June 30, 2015.

The mortality rates were changed as follows:

- Pre-retirement – was changed from RP-2000 Employees table projected 20 years with Scale AA (gender distinct) to RP-2000 Employees table projected generationally with Scale BB and a base year of 2009 (gender distinct)
- Post-retirement – was changed from RP-2000 Healthy Annuitant table projected 15 years with Scale AA (gender distinct) to RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2009 (gender distinct)
- Disability – was changed from RP-2000 table projected 5 years with Scale AA (gender distinct) set forward three years for males to RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2015 (gender distinct)

SALEM STATE UNIVERSITY

(an agency of the Commonwealth of Massachusetts)

Schedule of Proportionate Share of Net OPEB Liability (Unaudited)

Massachusetts State Retirees' Benefit Trust

Year ended	June 30, 2026	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Measurement date	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Valuation date	January 1, 2025	January 1, 2024	January 1, 2023	January 1, 2022	January 1, 2021	January 1, 2020	January 1, 2019	January 1, 2018	January 1, 2017	January 1, 2016
Proportion of the collective net OPEB liability	0.144%	0.152%	0.166%	0.197%	0.173%	0.249%	0.439%	0.531%	0.496%	0.441%
Proportionate share of the collective net OPEB liability	$ 18,345,733	$ 20,776,453	$ 23,516,399	$ 26,361,589	$ 27,710,622	$ 51,462,578	$ 76,582,635	$ 98,703,864	$ 86,677,734	$ 83,576,460
College's covered payroll	$ 12,048,100	$ 11,814,428	$ 13,327,617	$ 13,156,708	$ 12,271,298	$ 17,889,520	$ 22,921,548	$ 26,467,350	$ 27,303,392	$ 25,885,577
College's proportionate share of the net OPEB liability as a percentage of its covered payroll	152.27%	175.86%	176.45%	200.37%	225.82%	287.67%	334.11%	372.93%	317.46%	322.87%
Plan fiduciary net position as a percentage of the total OPEB liability	18.10%	15.60%	13.80%	13.00%	10.70%	6.40%	6.96%	6.01%	5.39%	5.39%

Notes:

The GASB pronouncement requiring the presentation of the information on this schedule became effective for years beginning after June 15, 2017 and is intended to provide data for the most recent ten years.

See accompanying notes to the required supplementary information.

SALEM STATE UNIVERSITY

(an agency of the Commonwealth of Massachusetts)

Schedule of Contributions - OPEB (Unaudited)

Massachusetts State Retirees' Benefit Trust

For the Year Ended June 30,

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contribution	$ 1,142,216	$ 902,557	$ 925,007	$ 969,945	$ 1,006,598	$ 944,662	$ 1,304,875	$ 2,015,741	$ 2,360,585	$ 2,181,990
Contributions in relation to the statutorily required contribution	(1,142,216)	(902,557)	(925,007)	(969,945)	(1,006,598)	(944,662)	(1,304,875)	(2,015,741)	(2,360,585)	(2,181,990)
Contribution (excess)/deficit	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 16,818,659	$ 12,048,100	$ 11,814,428	$ 13,327,617	$ 13,156,708	$ 12,271,298	$ 17,889,520	$ 22,921,548	$ 26,467,350	$ 25,885,577
Contribution as a percentage of covered payroll	6.79%	7.49%	7.83%	7.28%	7.65%	7.70%	7.29%	8.79%	8.92%	8.43%

Notes:

Employers participating in the Massachusetts State Retirees' Benefit Trust are required by MA General Laws, Section 32, to contribute an actuarially determined contribution rate each year.

The GASB pronouncement requiring the presentation of the information on this schedule became effective for years beginning after June 15, 2017 and is intended to provide data for the most recent ten years.

See accompanying notes to the required supplementary information.

SALEM STATE UNIVERSITY
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Notes to the Required Supplementary Information – OPEB (Unaudited)

June 30, 2026 and 2025

Note 1 - **Change in Plan Assumptions**

Fiscal year June 30, 2026

Assumptions:

Change in per capita claims costs

Per capita claims costs were updated based on the changes in the underlying claims and benefit provisions.

Change in medical trend rates

The medical trend rates were updated based on the SOA-Getzen trend rate model version 2025_1b. The healthcare trend rates were updated to reflect short-term expectations based on a review of the Commonwealth's historical trend rates.

Change in Discount Rate

The discount rate was increased to 5.94% (based upon a blend of the Bond Buyer Index rate (5.2%) as of the measurement date as required by GASB Statement 74.

Fiscal year June 30, 2025

Assumptions:

Change in per capita claims costs

Per capita claims costs were updated based on the changes in the underlying claims and benefit provisions.

Change in medical trend rates

The medical trend rates were updated based on the SOA-Getzen trend rate model version 2024_1f. The healthcare trend rates were updated to reflect short-term expectations based on a review of the Commonwealth's historical trend rates.

Change in Discount Rate

The discount rate was increased to 4.61% (based upon a blend of the Bond Buyer Index rate (3.93%) as of the measurement date as required by GASB Statement 74.

SALEM STATE UNIVERSITY
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Notes to the Required Supplementary Information – OPEB (Unaudited)- Continued

June 30, 2026 and 2025

Note 1 - **Change in Plan Assumptions – Continued**

Fiscal year June 30, 2024

Assumptions:

Change in per capita claims costs

Per capita claims costs were updated based on the changes in the underlying claims and benefit provisions.

Change in medical trend rates

The medical trend rates were updated based on the SOA-Getzen trend rate model version 2023_1f. The healthcare trend rates were updated to reflect short-term expectations based on a review of the Commonwealth's historical trend rates.

Change in Discount Rate

The discount rate was increased to 4.34% (based upon a blend of the Bond Buyer Index rate (3.65%) as of the measurement date as required by GASB Statement 74.

Fiscal year June 30, 2023

Assumptions:

Change in per capita claims costs

Per capita claims costs were updated based on the changes in the underlying claims and benefit provisions.

Change in medical trend rates

The medical trend rates were updated based on the SOA-Getzen trend rate model version 2022_f4. The healthcare trend rates were updated to reflect short-term expectations based on a review of the Commonwealth's historical trend rates.

Change in Discount Rate

The discount rate was increased to 4.00% (based upon a blend of the Bond Buyer Index rate (3.54%) as of the measurement date as required by GASB Statement 74.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Required Supplementary Information – OPEB (Unaudited)- Continued

June 30, 2026 and 2025

Note 1 - **Change in Plan Assumptions – Continued**

Fiscal year June 30, 2022

Assumptions:

Change in per capita claims costs

Per capita claims costs were updated to reflect lower-than-expected FY22 rates, driven primarily by an increase in expected Pharmacy Benefits Manager rebates.

Change in medical trend rates

The medical trend rates were updated based on the SOA-Getzen trend rate model version 2021_b. The healthcare trend rates were updated to reflect short-term expectations based on a review of the Commonwealth's historical trend rates.

Change in Investment Rate

The investment rate of return decreased from 7.15% to 7.00%.

Change in Mortality Rates

The mortality projection scale was updated from MP-2016 to MP-2020.

Change in Discount Rate

The discount rate was increased to 2.77% (based upon a blend of the Bond Buyer Index rate (2.16%) as of the measurement date as required by GASB Statement 74.

Fiscal year June 30, 2021

Assumptions:

Change in per capita claims costs

Per capita claims costs were updated based on the changes in the underlying claims and benefit provisions.

Change in medical trend rates

The medical trend rates were updated based on the SOA-Getzen trend rate model version 20920_b, the impact of the discontinuation of the ACA Health Insurer Fee and Excise Tax.

Change in Investment Rate

The investment rate of return decreased from 7.25% to 7.15%.

Change in Salary Scale

The salary scale assumption was updated from a constant 4% assumption to rates that vary by years of service and group classification, consistent with SERS.

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Notes to the Required Supplementary Information – OPEB (Unaudited)- Continued

June 30, 2026 and 2025

Note 1 - **Change in Plan Assumptions – Continued**

Fiscal year June 30, 2021
Assumptions:
Change in Discount Rate
The discount rate was decreased to 2.28% (based upon a blend of the Bond Buyer Index rate (2.21%) as of the measurement date as required by GASB Statement 74.

Fiscal year June 30, 2020

Assumptions:
Change in Inflation
The inflation rate decreased from 3.0% to 2.5%.

Change in Salary Assumptions
Salary decreased from 4.5% to 4.0%.

Change in Investment Rate
The investment rate of return decreased from 7.35% to 7.25%.

Change in Trend on Future Costs
The healthcare trend rate decreased from 8.0% to 7.5%, which affects the high-cost excise tax.

Change in Discount Rate
The discount rate was decreased to 3.63% (based upon a blend of the Bond Buyer Index rate (3.51%) as of the measurement date as required by GASB Statement 74.

SALEM STATE UNIVERSITY
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Notes to the Required Supplementary Information – OPEB (Unaudited)- Continued

June 30, 2026 and 2025

Note 1 - **Change in Plan Assumptions - Continued**

Fiscal year June 30, 2019

Assumptions:
Change in Trend on Future Costs
The healthcare trend rate decreased from 8.5% to 8.0%, which impact the high cost excise tax.

Change in Mortality Rates
The following mortality assumption changes were made in the January 1, 2018 Actuarial Valuation:

- Disabled members – would reflect the same assumptions as for superannuation retirees, but with an age set forward of one year

Change in Discount Rate
The discount rate was increased to 3.95% (based upon a blend of the Bond Buyer Index rate (3.87%) as of the measurement date as required by GASB Statement 74.

Fiscal year June 30, 2018

Assumptions:
Change in Discount Rate
The discount rate was increased to 3.63% (based upon a blend of the Bond Buyer Index rate (3.58%) as of the measurement date as required by GASB Statement 74. The June 30, 2016 discount rate was calculated to be 2.80%.

SUPPLEMENTARY INFORMATION

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Schedules of Net Position
Dormitory Trust Fund Report (Unaudited)

June 30, 2026 and 2025

Assets

	2026	2025
Assets:		
Cash and equivalents	**$ 1,873,741**	$ 2,472,186
Accounts receivable, net	**320,558**	340,442
Total Assets	**$ 2,194,299**	$ 2,812,628
Liabilities and Net Position		
Liabilities:		
Accounts payable	**$ 469,382**	$ 449,767
Accrued payroll and fringe benefits	**215,193**	170,691
Accrued compensated absences	**422,925**	382,441
Total Liabilities	**1,107,500**	1,002,899
Net Position	**1,086,799**	1,809,729
Total Liabilities and Net Position	**$ 2,194,299**	$ 2,812,628

SALEM STATE UNIVERSITY
(an agency of the Commonwealth of Massachusetts)

Schedules of Revenues, Expenses, and Changes in Net Position
Dormitory Trust Fund Report (Unaudited)

For the Years Ended June 30, 2026 and 2025

	2026	2025
Revenues:		
Student fees	**$ 17,164,145**	$ 17,236,534
Less: scholarships and fellowships	**(2,733,719)**	(2,029,302)
Commissions	**20,029**	22,535
Leases	**393,324**	383,646
State grant	**-**	35,965
Total Revenues	**14,843,779**	15,649,378
Expenses:		
Regular employee compensation	**2,518,562**	2,615,988
Special employee compensation	**680,013**	612,773
Fringe benefits	**1,178,239**	1,242,190
Administrative	**7,433**	23,289
Facility operational	**106,430**	91,548
Energy and space rental	**1,608,490**	1,641,005
Operational services	**85,866**	82,405
Equipment maintenance	**921,552**	928,994
Loans and special payments	**10,286,111**	10,733,547
Information technology	**4,013**	3,694
Total Expenses	**17,396,709**	17,975,433
Excess of Expenses over Revenues Before Transfers	(2,552,930)	(2,326,055)
Net Transfers	1,830,000	2,100,000
Total Increase (Decrease) in Net Position	**(722,930)**	(226,055)
Net Position, Beginning of Year	**1,809,729**	2,035,784
Net Position, End of Year	**$ 1,086,799**	$ 1,809,729

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*

Independent Auditor's Report

To the Board of Trustees of
Salem State University:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business-type activities of Salem State University (the "University"), and its discretely presented component units, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 25, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Withum Smith + Brown, PC

October 25, 2026