BENJAMIN FRANKLIN CUMMINGS INSTITUTE OF TECHNOLOGY AND AFFILIATE

Combined Financial Statements
June 30, 2024 and 2023
With Independent Auditor's Report

Benjamin Franklin Cummings Institute of Technology and Affiliate
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June 30, 2024 and 2023

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ADVISORY TAX AUDIT

INDEPENDENT AUDITOR'S REPORT

To the Boards of Trustees of
Benjamin Franklin Cummings Institute of Technology and Affiliate:

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the combined financial statements of Benjamin Franklin Cummings Institute of Technology and Affiliate ("Franklin Cummings Tech"), which comprise the combined statements of financial position as of June 30, 2024 and 2023, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of Benjamin Franklin Cummings Institute of Technology and Affiliate as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 (*"Government Auditing Standards"*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of Benjamin Franklin Cummings Institute of Technology and Affiliate and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the Combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Benjamin Franklin Cummings Institute of Technology and Affiliate's ability to continue as a going concern for one year after the date that the combined financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Combined Financial Statements

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying combined schedule of financial position and the related combined schedule of activities on pages 27-28, the financial responsibility supplemental schedule and disclosures on pages 29-30 and schedule of additional information as required under the United States Department of Education financial responsibility standards on pages 31-32 are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the combined financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2024 on our consideration of the Benjamin Franklin Cummings Institute of Technology and Affiliate's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 Benjamin Franklin Cummings Institute of Technology and Affiliate's internal control over financial reporting and compliance.

Withum Smith+Brown, PC

October 31, 2024

Benjamin Franklin Cummings Institute of Technology and Affiliate
Combined Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents	$ 2,887,270	$ 2,358,390
Restricted Cash	36,352,056	-
Tuition and fees receivable, net of allowance for expected credit losses of approximately $311,000 and $813,000 at June 30, 2024 and 2023, respectively	424,091	827,592
Pledges receivable	2,395,785	2,528,473
Nonfinancial contribution receivable	175,000	-
New Markets Tax Credit note receivable	31,673,000	-
Other receivable	2,595,693	788,148
Investments	1,500,000	1,270,200
Other operating assets	127,312	212,861
Property and equipment, net	19,914,053	14,691,197
Right-of-use assets - operating, net	1,240	19,495
Total assets	$ 98,045,500	$ 22,696,356
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 1,576,266	$ 1,502,932
Deferred revenue	8,512,313	914,324
Operating lease liabilities	1,240	19,774
Notes payable	65,805,926	11,435,155
Total liabilities	75,895,745	13,872,185
Net assets		
Without donor restrictions	13,455,956	1,191,271
With donor restrictions	8,693,799	7,632,900
Total net assets	22,149,755	8,824,171
Total liabilities and net assets	$ 98,045,500	$ 22,696,356

The Notes to Combined Financial Statements are an integral part of these statements.

Benjamin Franklin Cummings Institute of Technology and Affiliate
Combined Statement of Activities
Year Ended June 30, 2024 (with comparative totals for 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues				
Tuition and fees (net of scholarships of of $2,443,496 and $1,630,186 in 2024 and 2023, respectively)	$ 6,711,570	$ -	$ 6,711,570	$ 6,707,737
Investment return	121,984	-	121,984	2,525
Auxiliary enterprises	66,667	-	66,667	392,264
Student provisions	449,455	-	449,455	491,011
Contributions and grants	5,629,836	15,062,948	20,692,784	9,601,434
Contributions of nonfinancial assets	335,767	-	335,767	169,285
Net assets released from restrictions	14,002,049	(14,002,049)	-	-
Total revenue	27,317,328	1,060,899	28,378,227	17,364,256
Expenses				
Instructional costs	4,519,857	-	4,519,857	4,133,271
Academic support	3,528,642	-	3,528,642	3,619,437
Student services	2,675,907	-	2,675,907	2,868,452
Management and general	3,424,554	-	3,424,554	3,395,038
Development fundraising	978,911	-	978,911	831,881
Depreciation	380,543	-	380,543	397,075
Total expenses	15,508,414	-	15,508,414	15,245,154
Change in net assets from operations	11,808,914	1,060,899	12,869,813	2,119,102
Nonoperating activities				
Loan termination fee	(274,438)	-	(274,438)	-
Other income	730,209	-	730,209	383,338
Total nonoperating activities	455,771	-	455,771	383,338
Change in net assets	12,264,685	1,060,899	13,325,584	2,502,440
Net assets				
Beginning of year	1,191,271	7,632,900	8,824,171	6,321,731
End of year	$ 13,455,956	$ 8,693,799	$ 22,149,755	$ 8,824,171

The Notes to Combined Financial Statements are an integral part of this statement.

Benjamin Franklin Cummings Institute of Technology and Affiliate
Combined Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Tuition and fees (net of scholarships of of $1,630,186)	$ 6,707,737	$ -	$ 6,707,737
Investment return	2,525	-	2,525
Auxiliary enterprises	392,264	-	392,264
Student provisions	491,011	-	491,011
Contributions and grants	3,757,997	5,843,437	9,601,434
Contributions of nonfinancial assets	169,285	-	169,285
Net assets released from restrictions	3,605,779	(3,605,779)	-
Total revenue	15,126,598	2,237,658	17,364,256
Expenses			
Instructional costs	4,133,271	-	4,133,271
Academic support	3,619,437	-	3,619,437
Student services	2,868,452	-	2,868,452
Management and general	3,395,038	-	3,395,038
Development fundraising	831,881	-	831,881
Depreciation	397,075	-	397,075
Total expenses	15,245,154	-	15,245,154
Change in net assets from operations	(118,556)	2,237,658	2,119,102
Nonoperating activities			
Other income	383,338	-	383,338
Change in net assets	264,782	2,237,658	2,502,440
Net assets			
Beginning of year	926,489	5,395,242	6,321,731
End of year	$ 1,191,271	$ 7,632,900	$ 8,824,171

The Notes to Combined Financial Statements are an integral part of this statement.

Benjamin Franklin Cummings Institute of Technology and Affiliate
Combined Statement of Functional Expenses
Year Ended June 30, 2024 (with comparative totals for 2023)

	2024				2023
	Program Services	Management and General	Fundraising	Total	Total
Salaries and wages	$ 5,902,382	$ 1,170,510	$ 359,607	$ 7,432,499	$ 6,773,158
Employee benefits	591,529	381,171	32,611	1,005,311	847,259
Payroll taxes	428,590	80,291	27,697	536,578	491,071
Fees for services	1,665,587	632,125	223,244	2,520,956	2,799,725
Advertising and promotion	439,206	-	-	439,206	256,294
Information technology	397,725	2,149	8,894	408,768	382,596
Travel	30,513	11,227	736	42,476	22,927
Conferences, conventions and meetings	36,346	16,801	130	53,277	55,561
Depreciation and amortization	-	380,543	-	380,543	397,075
Insurance	-	125,031	100	125,131	92,056
Student provisions	308,512	49,701	-	358,213	444,740
Student services	211,835	768	4,795	217,398	742,733
Other expenses	191,034	437,597	316,840	945,471	671,361
Utilities	29,395	252,280	60	281,735	212,793
Equipment lease and maintenance	491,752	128,343	197	620,292	628,940
Bad debt	-	136,560	4,000	140,560	426,865
Total functional expenses	$ 10,724,406	$ 3,805,097	$ 978,911	$ 15,508,414	$ 15,245,154

The Notes to Combined Financial Statements are an integral part of this statement.

Benjamin Franklin Cummings Institute of Technology and Affiliate
Combined Statement of Functional Expenses
Year Ended June 30, 2023

	2023			
	Program Services	**Management and General**	**Fundraising**	**Total**
Salaries and wages	$ 5,521,023	$ 883,469	$ 368,666	$ 6,773,158
Employee benefits	492,306	330,441	24,512	847,259
Payroll taxes	413,738	52,463	24,870	491,071
Fees for services	1,718,443	862,857	218,425	2,799,725
Advertising and promotion	187,988	67,707	599	256,294
Information technology	371,836	1,999	8,761	382,596
Travel	12,645	7,007	3,275	22,927
Conferences, conventions and meetings	36,957	15,736	2,868	55,561
Depreciation and amortization	-	397,075	-	397,075
Insurance	-	92,056	-	92,056
Student provisions	444,740	-	-	444,740
Student services	742,733	-	-	742,733
Other expenses	144,315	347,371	179,675	671,361
Utilities	32,981	179,767	45	212,793
Equipment lease and maintenance	501,455	127,300	185	628,940
Bad debt	-	426,865	-	426,865
Total functional expenses	$ 10,621,160	$ 3,792,113	$ 831,881	$ 15,245,154

The Notes to Combined Financial Statements are an integral part of this statement.

Benjamin Franklin Cummings Institute of Technology and Affiliate
Combined Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Operating activities		
Change in net assets	$ 13,325,584	$ 2,502,440
Adjustments to reconcile change in net assets to net cash, cash equivalents, and restricted cash provided by (used in) operating activities		
Depreciation and amortization	380,543	397,075
Amortization of debt issuance costs	47,454	-
Amortization of right-of-use assets - operating	18,255	21,148
Bad debt expense	140,560	426,865
Net realized and unrealized (gains) on investments	(121,984)	(2,525)
Change in operating assets and liabilities		
Tuition and fees receivable	262,941	(163,331)
Pledges receivable	132,688	(1,016,246)
Nonfinancial contribution receivable	(175,000)	-
New Markets Tax Credit note receivable	(31,673,000)	-
Other receivable	(1,807,545)	(788,148)
Other operating assets	85,549	(60,215)
Accounts payable and accrued expenses	73,334	(22,643)
Lease liabilities - operating	(18,534)	(20,869)
Deferred revenue	7,597,989	(332,111)
Net cash, cash equivalents, and restricted cash provided by (used in) operating activities	(11,731,166)	941,440
Investing activities		
Purchases of investments	(107,816)	(317,665)
Capitalized interest and debt issuance costs	(1,074,407)	(722,557)
Purchase of property and equipment	(4,528,992)	(1,602,758)
Net cash, cash equivalents, and restricted cash used in investing activities	(5,711,215)	(2,642,980)
Financing activities		
Proceeds from notes payable	69,973,105	3,333,019
Payments of debt issuance costs	(2,058,629)	-
Payments on notes payable	(13,591,159)	-
Net cash, cash equivalents, and restricted cash provided by financing activities	54,323,317	3,333,019
Net change in cash, cash equivalents, and restricted cash	36,880,936	1,631,479
Cash, cash equivalents, and restricted cash		
Beginning of year	2,358,390	726,911
End of year	$ 39,239,326	$ 2,358,390
Reconciliation of cash, cash equivalents, and restricted cash reported in the statements of financial position:		
Cash and cash equivalents	$ 2,887,270	$ 2,358,390
Restricted cash	36,352,056	-
Total cash, cash equivalents, and restricted cash	$ 39,239,326	$ 2,358,390

The Notes to Combined Financial Statements are an integral part of these statements.

1. NATURE OF ORGANIZATION

Benjamin Franklin Cummings Institute of Technology ("Franklin Cummings Tech") is a non-profit college founded in 1908 from the proceeds of a bequest to the city of Boston from Benjamin Franklin serving students primarily from the Greater Boston area.

Franklin Cummings Tech has an affiliated organization called The Franklin Foundation, Inc ("The Franklin Foundation"), which was established under Internal Revenue Code Section 501(c)(3) as a nonprofit organization to raise funds to support the ongoing educational programs of Franklin Cummings Tech. During the year ended June 30, 2024, The Franklin Foundation was used to accommodate Franklin Cummings Tech's New Markets Tax Credit ("NMTC") Chapter 1 funding of new construction. The operations of The Franklin Foundation were included in the combined financial statements of Benjamin Franklin Cummings Institute of Technology and Affiliate. During the year ended June 30, 2023, The Franklin Foundation did not expend any funds on behalf of Franklin Cummings Tech and an immaterial amount of funds were held by this entity.

Franklin Cummings Tech is committed to student success and career preparation leading to the Associate in Science degree, the Bachelor of Science, a certificate and non-credit programs in engineering technology, industrial technology, and related fields. Most students receive grants or loans via various student financial aid programs sponsored by the United States Department of Education ("DOE") which facilitates the payment of a substantial portion of the costs students incur at Franklin Cummings Tech. Franklin Cummings Tech also receives important annual contributed support. Franklin Cummings Tech strives to empower and inspire every student to reach his or her full potential, through industry-informed curricula, hands-on learning, and personalized support, producing graduates fully prepared for work, life-long learning and citizenship.

Franklin Cummings Tech is accredited by the New England Commission of Higher Education, Inc. ("NECHE"). Franklin Cummings Tech's accreditation status is subject to certain operating and reporting requirements and such accreditation is required to participate in DOE financial aid programs. In addition, Franklin Cummings Tech is subject to various participation requirements as well as oversight by the DOE. Further information on DOE matters is described in Note 12. In March 2022, NECHE voted to renew Franklin Cummings Tech's accreditation for a ten-year period with its next accreditation visit scheduled for the fall of 2031.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Combined Financial Statements

The combined financial statements include the accounts of Franklin Cummings Tech and the Franklin Foundation for the fiscal years ended June 30, 2024 and 2023. All significant interorganizational transactions have been eliminated in the accompanying combined financial statements.

Basis of Presentation

The combined financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America which requires that information regarding its financial position and activities are reported based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets available for general use and not subject to donor restrictions. Net assets without donor restrictions also include investment in property andequipment, net of accumulated depreciation and amortization and related debt obligations.

Net assets with donor restrictions: Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by the passage of time, the events specified by the donor or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity.

Cash and Cash Equivalents

Franklin Cummings Tech considers as cash and cash equivalents any highly liquid debt instruments with maturities at date of purchase of three months or less. Cash and cash equivalents are reported at cost plus accrued interest. Cash and cash equivalents held by investment managers are considered part of investment given the expectation of near-term reinvestment.

Restricted Cash

Franklin Cummings Tech's restricted cash consists of New Market Tax Credit funds designated for purchasing buildings to establish a new campus.

Investments

Investments are reported at fair value. Fair value is determined as per the fair value policies described later in this section. Net investment return is reported in the statements of activities and consists of interest, dividend income, realized and unrealized capital gains and losses, less external investment expenses.

Fair Value Measurements

Franklin Cummings Tech reports certain assets and liabilities at fair value on a recurring and non-recurring basis depending on the underlying accounting policy for the particular item. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Recurring fair value measures include Franklin Cummings Tech's investments. The standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair values of financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique as follows:

Level 1 - Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments which are generally included in this category include listed equity and debt securities publicly traded on an exchange.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 - Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument, as well as the effects of market, interest and credit risk. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that changes in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these combined financial statements.

Tuition and Fees Receivable and Credit Losses

Students are billed based on dates outlined in the academic catalog as agreed in advance of the delivery of the related academic or auxiliary activity. Payments for tuition, fees and auxiliary enterprises charges are generally due by the start of the academic period with the recognition that on behalf payments being made by the DOE or others are subject to specific requirements within those programs as to when those funds can be availed. Certain DOE funding can be availed prior to the commencement of the academic period, while other amounts are paid at specified intervals based on the rules as promulgated by the DOE. Thus, cash flows on accounts receivable balances and the measurement of deferred revenues do not directly depend on meeting specified performance obligations of Franklin Cummings Tech. Student accounts are not collateralized. Student accounts are stated net of an allowance for expected credit losses. The allowance for expected credit losses is established based on historical experience which is reviewed and assessed periodically. The opening balance of tuition and fees receivable at July 1, 2022 was $1,091,126.

Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for tuition and fees receivable held at June 30, 2024, because the composition of the tuition and fees receivable at this date is consistent with that used in developing the historical credit-loss percentages. However, management has determined that the current and reasonable and supportable forecasted economic conditions have improved as compared with the economic conditions included in historical information. Management evaluated the effects of those differences in current conditions and forecasted changes and determined no further changes to loss rates are necessary. Management developed this estimate based on its knowledge of past experience for which there were similar improvements in the economy. Accordingly, the allowance for expected credit losses at June 30, 2024, totaled $310,939. The ultimate collectability of tuition and fees receivable may differ from that estimated by management, and those differences may be significant.

The following is an analysis of the allowance for credit losses for tuition and fees receivable for the year ended June 30, 2024:

Balance at beginning of the year	$ 812,855
Provision for expected credit losses	123,332
Bad debt recovery	-
Receivable written off	(625,248)
Balance at the end of the year	$ 310,939

Pledges Receivable

Pledges receivable are reported at fair value on the date the promise is verifiably committed. Pledges receivable that are expected to be collected within one year are recorded at their net realizable value. Pledges receivable that are expected to be collected beyond one year are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using an interest rate commensurate with the risks involved and the time duration at the time the pledge is received. This is considered a Level 2 fair value method as described elsewhere in these policies.

Property and Equipment

Property and equipment are recorded at cost at the date of acquisition or at fair market value at the date of the donation when the item has a useful life in excess of one year. Donated property and equipment use Level 3 fair value methods as described elsewhere in these policies. Expenditures for maintenance and repairs are charged to income as incurred; replacements and betterments that extend the useful lives are capitalized on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

Franklin Cummings Tech reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amounts of the assets may not be fully recoverable. Management has determined that no triggering event has occurred during the years ended June 30, 2024 and 2023, and therefore, there has been no impairment of long-lived assets.

Leases

Franklin Cummings Tech categorizes leases with contractual terms longer than twelve months as either operating or finance. Finance leases are generally those leases that allow us to substantially utilize or pay for the entire asset over its estimated life. All other leases are categorized as operating leases. Leases with contractual terms of 12 months or less are not recorded on the balance sheet. Franklin Cummings Tech had no finance leases during fiscal year 2024.

Certain lease contracts include obligations to pay for other services, such as operations and maintenance. The services are accounted for separately and Franklin Cummings Tech allocates payments to the lease and other services components based on estimated stand-alone prices.

Lease liabilities are recognized at the present value of the fixed lease payments, using a discount rate based on the risk-free rate. Right of use assets are recognized based on the initial present value of the fixed lease payments, plus any direct costs from executing the leases. Lease assets are tested for impairment in the same manner as long-lived assets used in operations.

Options to extend lease terms, terminate leases before the contractual expiration date, or purchase the leased assets, are evaluated for their likelihood of exercise. If it is reasonably certain that the option will be exercised, the option is considered in determining the classification and measurement of the lease.

Costs associated with operating lease assets are recognized on a straight-line basis within operating expenses over the term of the lease.

Deferred Revenue

Student deposits represent reservation deposits and other advance payments by students on account. Deferred revenue represents the amount of unearned related services that are in progress as of year-end related to net tuition and fees. Such amounts are reflected as revenue ratably over time with such amounts generally being recognized on a current basis given the nature and duration of the underlying services being provided. At June 30, 2024 and 2023, deferred revenue related to tuition and fees were $512,313 and $329,044, respectively. The opening balance of deferred revenue related to tuition and fees at July 1, 2022 was $646,435. Deferred revenue also includes deposited amounts associated with the payment in connection with the campus sale pending.

Revenue Recognition and Operations

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions as follows:

Earned Revenues

Franklin Cummings Tech derives revenues primarily through tuition and fees which are under arrangements that are aligned to an academic semester which is less than one year in length.

Under accounting standards, revenue measurement is driven via a principles-based process that requires the entities to: 1) identify the contract with the customer; 2) identify the performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to the performance obligations; and 5) recognize revenue when (or as) performance obligations are satisfied.

Tuition and fees revenue are recorded at established rates, net of institutional financial aid and scholarships provided directly to students. Such net amounts are recorded as revenue when performance obligations are satisfied, which is generally over time as services are rendered. Auxiliary revenues are likewise recognized. Management believes that recognizing revenue over time is the best measure of services rendered based on its academic calendar and has not made any changes in the timing of satisfaction of its performance obligations or amounts allocated to those obligations. Student provisions revenue is recorded at point of sale. Discounts provided to employees are considered part of fringe benefits within operating expenses and likewise are recorded over time. Management does not consider there to be significant judgment involved in the timing of satisfaction of performance obligations as those are directly linked to the academic calendar of the related academic activity.

Students may withdraw from programs of study within certain time limits as under Franklin Cummings Tech's withdrawal policies by semester. These policies vary by program but allow for up to a 100% refund before the start of classes, declining to no refund shortly after the start of classes. Given the normal timing of Franklin Cummings Tech's programs, the exposure to withdrawal rights is limited at year end.

Payments made by third parties, such as the DOE, relative to loans and grants to students are a mechanism to facilitate payment on behalf of students, and accordingly, such funding does not represent revenue of Franklin Cummings Tech. Cash flows are also impacted by DOE rules which differ for newly enrolled versus continuing students with respect to financial aid. Generally, funds made available by the DOE for new students are available later than for continuing students. Management does not view there to be other qualitative factors that have a significant impact on the nature and amount of revenue and cash flow.

Contributions and Grant Support

Contributions and grant support, including unconditional promises to give, are recognized as revenues as either without or with donor restrictions in the period verifiably committed by the donor. Contributions of assets other than cash are recorded at their estimated fair value and per the fair value policies described elsewhere in these policies. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows using a risk adjusted discount rate depending on the time period involved. Amortization of the discount is included in contribution revenue in accordance with the donor- imposed restrictions, if any, on the contributions. Contributions with donor-imposed restrictions that can be met through the passage of time or upon the incurring of expenses consistent with the purposes are recorded as net assets with donor restrictions and reclassified to net assets without donor restrictions when such time or purposes restriction has been satisfied.

Gifts of property, plant and equipment are recorded as without donor restrictions unless the donor explicitly states how such assets should be used. Gifts of cash or other assets that must be used to acquire long lived assets are reported as net assets with donor restrictions. Franklin Cummings Tech reports expirations of donor restrictions when the donated or acquired long lived asset is placed into service.

Conditional contributions are recorded as revenue when such amounts become unconditional which generally involves the meeting of a barrier to entitlement. This can include items like meeting a matching provision, incurring specified allowable expenses in accordance with a framework of allowable costs or other barriers.

Contributions of Nonfinancial Assets
Franklin Cummings Tech reflects certain donated goods consisting of equipment and materials for students to use as revenue in the combined financial statements. Such amounts are recognized using Level 3 fair value methods as per the fair value polices contained earlier in this section.

Expenses
Expenses are reported as decreases in net assets without donor restrictions. Investment returns are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed restrictions on net assets, such as the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed, are reported as “releases from restrictions” between the classes of net assets.

Advertising and Promotion
Costs for advertising and promotion are expensed as incurred. Such expense totaled $439,206 and $256,294 for the years ended June 30, 2024 and 2023, respectively.

Functional Allocation of Expenses
The cost of providing the various programs and the administration of Franklin Cummings Tech has been summarized on a functional basis in the statement of activities. Expenses are directly charged to the program or management activities based on management’s assessment of their nature other than those that benefit multiple functions. These include student provisions, student services, depreciation expense and bad debt expense. Salaries and payroll taxes and fringe benefits are allocated based on estimates of time and effort. Occupancy, equipment maintenance, information technology, travel, conferences, conventions, meetings expense, and miscellaneous expense are allocated based on the percentages derived from the estimated allocation of salaries. Certain costs are allocated based on cost, usage, and related benefits of the specific expense.

Income Taxes
Franklin Cummings Tech is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code, as amended (the “Code”), and is generally exempt from both federal and state income taxes.

Uncertain Tax Positions
Franklin Cummings Tech accounts for the effect of any uncertain tax positions based on a “more likely than not” threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a “cumulative probability assessment” that aggregates the estimated tax liability for all uncertain tax positions. Franklin Cummings Tech has identified its tax status as a tax-exempt entity and its determinations of which income items are related or unrelated as its only significant tax positions; however, Franklin Cummings Tech has determined that such tax positions do not result in an uncertainty requiring recognition. Franklin Cummings Tech is not currently under examination by any taxing jurisdictions. Franklin Cummings Tech’s federal and state tax returns are generally open for examination for three years following the date filed.

Use of Estimates

The preparation of combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the combined financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncement - Current Expected Credit Losses

In June 2016, the Financial Accounting Standards Board ("FASB") issued an ASU amending the accounting for credit losses on financial instruments. This methodology replaced the incurred loss methodology with the expected credit losses using a wide range of reasonable and supportable information. The amendment affects loans, debt securities, trade receivables, net investments in leases, off-balance sheet credit exposure and other financial instruments recorded at amortized cost.

Franklin Cummings Tech adopted the new standard effective July 1, 2023, using the modified retrospective approach. Comparative prior periods were not adjusted upon adoption. The adoption of this standard did not have a significant impact to Franklin Cummings Tech's combined financial statements.

Reclassification

Certain prior year amounts have been reclassified to conform to the current year's presentation. Such reclassifications pertained to the presentation of revenue. Such reclassifications had no effect on prior reported change in net assets.

3. LIQUIDITY AND AVAILABILITY

Operating Results and Liquidity

Franklin Cummings Tech achieved an operating surplus in 2024 and 2023. Franklin Cummings Tech continues to navigate the complex and multi-step process associated with the ultimate sale of its current campus as further discussed in Note 6. The closing date is subject to change depending on outside factors, zoning and other matters; however, management expects the closing to occur sometime in early 2026. Franklin Cummings Tech has a purchase and sales agreement which calls for gross proceeds of approximately $52,000,000 less $6,000,000 that has already been advanced. Franklin Cummings Tech has a bridge loan mortgage on such premises in the amount of $38,500,000 of which approximately over $22,000,000 has been drawn under the arrangement as of June 30, 2024.

Franklin Cummings Tech regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Franklin Cummings Tech has various sources of liquidity at its disposal, including cash and its existing bank arrangement which include a revolving credit loan agreement.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, management considers all expenditures related to its ongoing program activities as well as the conduct of services undertaken to support those activities to be general expenditures.

The following table shows financial assets available within one year of the balance sheet date to meet general expenditures:

	2024	2023
Financial assets available to meet general expenditures over the next 12 months		
Cash and cash equivalents	$ 2,887,270	$ 2,358,390
Tuition and fees receivable	424,091	827,592
Other receivable in one year or less	2,595,693	788,148
Pledges receivable in one year or less	1,595,012	1,467,575
Investments available	531,470	481,157
Total financial assets available to meet general expenditures over the next 12 months	$ 8,033,536	$ 5,922,862

Other receivable consists of federal and state grants that were requested for reimbursement but have not yet been received as of June 30, 2024 and 2023 and accrued interest receivable on the new markets tax credit note receivable.

4. PLEDGES RECEIVABLE

Pledges receivable discount was calculated using the 1 year treasury rate of 5.09% and 5.43% at June 30, 2024 and 2023, respectively.

Pledges receivable are summarized as follows as of June 30:

	2024	2023
Unconditional promises expected to be collected in		
Less than one year	$ 1,595,012	$ 1,467,575
One year to three years	844,807	1,118,499
	2,439,819	2,586,074
Less: Discounts to net present value	(44,034)	(57,601)
Pledges receivable, net	$ 2,395,785	$ 2,528,473

5. INVESTMENTS

The portfolio of investments was valued using Level 1 methods and was comprised of money market, treasury funds and bond funds as of June 30, 2024 and 2023. Investments were as follows at June 30:

	2024	2023
Money market	$ 1,500,000	$ 1,230,201
Bond funds	-	39,999
Total	$ 1,500,000	$ 1,270,200

Investment return was $50,313 and $2,525 for the years ended June 30, 2024 and 2023, respectively.

On October 6, 2017, Franklin Cummings Tech gained approval from the Supreme Judicial Court of the Commonwealth of Massachusetts in order to borrow from its endowment (“Endowment Loan”). The terms of this approval allowed Franklin Cummings Tech to borrow up to $3,100,000 from the endowment while providing a security interest in all structures which comprise its current premises, along with any related furniture, equipment and other goods to secure repayment. Interest is to accrue at 10% per annum. Interest only payments commenced in September 2018 and semi-annual payments of principal and interest commenced on September 30, 2021 (see Note 8). A total of $2,170,000 and $2,480,000 at June 30, 2024 and 2023, respectively, was drawn down under this arrangement which had the effect of reducing investments. At June 30, 2024 and 2023, additional in-kind interest accruing at 5% per annum of approximately $872,000 and $752,000, respectively is owed back to the endowment that is not accrued for on the accompanying statements of financial position.

6. PROPERTY AND EQUIPMENT

Property and equipment were as follows at June 30:

	2024	2023
Land, buildings and improvements	$ 4,810,166	$ 4,810,166
Computers and other equipment	5,530,249	4,722,747
Construction in process	16,794,485	11,998,588
	27,134,900	21,531,501
Less: Accumulated depreciation and amortization	7,220,847	6,840,304
Property and equipment, net	$ 19,914,053	$ 14,691,197

Depreciation expense for the years ended June 30, 2024 and 2023 was $380,543 and $397,075, respectively.

The sale of Franklin Cummings Tech’s campus is pending under a purchase and sale agreement for an approximate amount of $52,000,000 subject to certain adjustments. Under the terms of the arrangement, $6,000,000 advance payment which is shown as deferred revenue until the sale of the property is finalized. Net Proceeds from the sale are expected sometime in early 2026 and a gain will be recognized upon completion of the agreement.

Construction in process costs relates to costs incurred to date on the construction of the new campus along with the cost of the property acquired for this purpose.

Included in the amount of construction in process is cumulative capitalized interest of approximately $2,560,000 and $1,485,600 at June 30, 2024 and 2023, respectively.

7. NEW MARKETS TAX CREDIT FINANCING

During fiscal year ended 2024, Franklin Cummings Tech entered into a debt transaction to access additional funds through the NMTC program. These funds were used toward the purchase of buildings in qualifying areas where Franklin Cummings Tech will open new campus. The NMTC program permits taxpayers to claim federal tax credits for making qualified equity investments (“QEI”) in a designated Community Development Entity (“CDE”). The CDE must use substantially all of the proceeds to make Qualified Low-Income Community Investments (“QLICI”). The tax credits are claimed over a seven-year period and equate to 39% (5% annually over the first three years and 6% annually for the final four years) of the QLICIs. Franklin Cummings Tech has partnered with investors and JP Morgan Chase Bank to utilize the NMTC program. To facilitate this transaction, Franklin Cummings Tech utilized The Franklin Foundation, as described in Note 1.

Note Receivable

Franklin Cummings Tech issued a loan to the Chase NMTC BFCIT Investment Fund, LLC for $31,673,000. The note receivable was dated on March 19, 2024 with a stated interest rate of 1.225% annually. Franklin Cummings Tech will receive interest payments of $96,999 quarterly until December 15, 2031 and Franklin Cummings Tech will receive interest and principal payments of $442,122 quarterly until the maturity date of March 31, 2052, upon which any remaining interest or principal becomes due. Franklin Cummings Tech recorded accrued interest receivable of $109,932 as of June 30, 2024.

8. NOTE PAYABLE

Franklin Cummings Tech entered into a revolving credit loan agreement ("Agreement") with a financial institution with a limit of $1,000,000. The Agreement is secured by a substantially all property owned by Franklin Cummings Tech and bears interest equal to the published Prime rate (this resulted in an actual rate of 8.25% at June 30, 2024). There was no balance as of June 30, 2024.

During 2023 and prior, Franklin Cummings Tech maintained a revolving credit loan agreement ("Agreement") with a financial institution with a limit of $15,000,000 with a maturity date extended to September 30, 2023. The Agreement was secured by a mortgage, security agreement and assignment in certain property owned by Franklin Cummings Tech and accrued interest at the greater of the published Prime rate plus 1% or 4.40% (this resulted in an actual rate of 9.25% at June 30, 2024 and 2023). On September 28, 2023, the revolving credit loan agreement was amended to have a limit of $12,000,000 and its maturity date was extended to December 31, 2023. There was no balance outstanding and the line of credit was terminated as of June 30, 2024.

In 2022, Franklin Cummings Tech entered into a forgivable loan agreement with the Massachusetts Development Finance Agency for site assessment, demolition, and remediation activities on the land located at 1003-1013 Harrison Avenue in Roxbury, MA in order to develop and use the site as the Nubian Square Campus of Franklin Cummings Tech. According to the agreement, Franklin Cummings Tech shall use good faith efforts to complete the scope of work on or before December 31, 2022 and submitted all of its requests for Mass Development Funds by March 31, 2023. Mass Development has agreed to provide an amount not to exceed $650,000 to be used for reimbursement/payment of estimated costs of the scope of work. Franklin Cummings Tech will be relieved of its repayment obligations once it achieves the "forgiveness event" which is defined as completing the scope of work and is issued a certificate of occupancy for the planned new building. The loan balance as of June 30, 2024 and 2023 were $650,000 and $575,823, respectively.

Franklin Cummings Tech entered into a bridge loan agreement in 2024 with a bank for $2,731,827 in connection with the NMTC transaction in Note 7. This note was paid in full during the fiscal year ended June 30, 2024.

On March 18, 2024, Franklin Cummings Tech entered into two promissory notes with The Property and Casualty Initiative, LLC with a limit of $25,654,249 and $12,845,751 at fixed rates of 7.75% for the construction and completion of the building project in Note 6, with maturity dates that end on the completion of the project or August 27, 2026. The balance as of June 30, 2024 was $21,832,101. The notes are secured by substantially all assets of Franklin Cummings Tech. Management expects the completion to occur in 2026.

On March 18, 2024, Franklin Cummings Tech entered into two promissory notes with Massachusetts Housing Investment Corporation with a limit of $500,000 at a fixed rate of 3.66% annually and $1,000,000 at a fixed rate of 2.00% annually for the construction and completion of the building project in Note 6, with a maturity date that ends on the completion of the project or March 18, 2030. The balance as of June 30, 2024 was $1,500,000. The notes are secured by substantially all assets of Franklin Cummings Tech. Management expects the completion to occur in 2026.

Chase New Markets Corporation, through its Chase NMTC BFCIT Investment Fund, LLC, made a $5,250,000 qualified equity investment in CNMC Sub-CDE 223, LLC (“CNMC”). CNMC made two QLICI loans totaling $5,250,000, net of transaction fees, to The Franklin Foundation on March 19, 2024 as follows:

The first note payable (CNMC CDE A Loan) had a balance of $3,612,000 as of June 30, 2024 at the rate of 1.00% per annum. The note requires quarterly interest only payments partially in arrears, through December 5, 2031. Payments of principal and interest begin March 5, 2032. The note matures December 31, 2058 and is collateralized by substantially all property of The Franklin Foundation.

The second note payable (CNMC CDE B Loan) had a balance of $1,638,000 as of June 30, 2024 at the rate of 1.00% per annum. The note requires quarterly interest only payments partially in arrears, through December 5, 2031. Payments of principal and interest begin March 5, 2032. The note matures December 31, 2058 and is collateralized by substantially all property of The Franklin Foundation.

BlueHub Capital, Inc, through its BH CDE, made a $19,500,000 qualified equity investment in BCC NMTC CDE XXXV LLC (“BCC”). BCC made two QLICI loans totaling $19,110,000 net of transaction fees, to The Franklin Foundation on March 19, 2024 as follows:

The first note payable (BH CDE A Loan) had a balance of $14,001,000 as of June 30, 2024 at the rate of 1.00% per annum. The note requires quarterly interest only payments partially in arrears, through December 5, 2031. Payments of principal and interest begin March 5, 2032. The note matures December 31, 2058 and is collateralized by substantially all property of The Franklin Foundation.

The second payable (BH CDE B Loan) had a balance of $5,109,000 as of June 30, 2024 at the rate of 1.00% per annum. The note requires quarterly interest only payments partially in arrears, through December 5, 2031. Payments of principal and interest begin March 5, 2032. The note matures December 31, 2058 and is collateralized by substantially all property of The Franklin Foundation.

Consortium America, LLC, through its Consortium CDE, made a $5,000,000 qualified equity investment in Consortium America 105, LLC (“Consortium”). Consortium made two QLICI loans totaling $4,875,000, net of transaction fees, to The Franklin Foundation on March 19, 2024 as follows:

The first note payable (Consortium CDE A Loan) had a balance of $3,640,000 as of June 30, 2024 at the rate of 1.00% per annum. The note requires quarterly interest only payments partially in arrears, through December 5, 2031. Payments of principal and interest begin March 5, 2032. The note matures December 31, 2058 and is collateralized by substantially all property of The Franklin Foundation.

The second payable (Consortium CDE B Loan) had a balance of $1,235,000 as of June 30, 2024 at the rate of 1.00% per annum. The note requires quarterly interest only payments partially in arrears, through December 5, 2031. Payments of principal and interest begin March 5, 2032. The note matures December 31, 2058 and is collateralized by substantially all property of The Franklin Foundation.

HEDC New Markets, Inc., through its Grow America CDE, made a $5,000,000 qualified equity investment in NDC New Markets Investments 105, LLC ("NDC"). NDC made two QLICI loans totaling $4,900,000, net of transaction fees, to The Franklin Foundation on March 19, 2024 as follows:

The first note payable (Grow America CDE A Loan) had a balance of $3,540,000 as of June 30, 2024 at the rate of 1.00% per annum. The note requires quarterly interest only payments partially in arrears, through December 5, 2031. Payments of principal and interest begin March 5, 2032. The note matures December 31, 2058 and is collateralized by substantially all property of The Franklin Foundation.

The second payable (Grow America CDE B Loan) had a balance of $1,360,000 as of June 30, 2024 at the rate of 1.00% per annum. The note requires quarterly interest only payments partially in arrears, through December 5, 2031. Payments of principal and interest begin March 5, 2032. The note matures December 31, 2058 and is collateralized by substantially all property of The Franklin Foundation.

Partners for the Common Good, Inc., through its PCG CDE, made a $10,000,000 qualified equity investment in PCG Sub CDE 14, LLC ("PCG"). PCG made two QLICI loans totaling $9,700,000, net of transaction fees, to The Franklin Foundation on March 19, 2024 as follows:

The first note payable (PCG CDE A Loan) had a balance of $6,880,000 as of June 30, 2024 at the rate of 1.00% per annum. The note requires quarterly interest only payments partially in arrears, through December 5, 2031. Payments of principal and interest begin March 5, 2032. The note matures December 31, 2058 and is collateralized by substantially all property of The Franklin Foundation.

The second payable (PCG CDE B Loan) had a balance of $2,820,000 as of June 30, 2024 at the rate of 1.00% per annum. The note requires quarterly interest only payments partially in arrears, through December 5, 2031. Payments of principal and interest begin March 5, 2032. The note matures December 31, 2058 and is collateralized by substantially all property of The Franklin Foundation.

Interest expense related to NMTC financing for the year ended June 30, 2024 was $124,199 which was capitalized to construction in progress.

Franklin Cummings Tech capitalized $1,074,407 and $722,557 of interest and debt issuance costs for the years ended June 30, 2024 and 2023, respectively, which is included in property and equipment, net of the statements of financial position of Franklin Cummings Tech.

In addition, as more fully described in Note 5, Franklin Cummings Tech maintains an internal loan from its endowment which has been used to fund past operations. It is expected that upon sale of the building that this obligation will be paid off by redepositing this amount plus accrued interest into the investment accounts of Franklin Cummings Tech. The obligation to the endowment fund iseliminated in consolidation so the assets of the investments and obligations to the endowment type funds is not presented within the statement of financial position of Franklin Cummings Tech.

Future principal payments are as follows for the years ended June 30:

	Note Payable	Endowment Loan	Total
2025	$ 650,000	$ 310,000	$ 960,000
2026	23,332,101	310,000	23,642,101
2027	-	310,000	310,000
2028	-	310,000	310,000
2029	-	310,000	310,000
Thereafter	43,835,000	620,000	44,455,000
	67,817,101	2,170,000	69,987,101
Less: Unamortized debt issuance costs	(2,011,175)	-	(2,011,175)
Total	$ 65,805,926	$ 2,170,000	$ 67,975,926

9. NET ASSETS AND ENDOWMENTS

Franklin Cummings Tech has a number of donor-restricted endowment funds established to further its educational mission. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowment. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as enacted in Massachusetts as requiring the tracking of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Franklin Cummings Tech tracks the original value of gifts donated to the permanent endowment, subsequent gifts to the permanent endowment and any required additions to these funds per the donor agreement. Any amounts in excess of these levels which is generally accumulated unspent gains on such funds are subject to appropriation for expenditure by Franklin Cummings Tech via the Board of Trustees in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, Franklin Cummings Tech also considers the following factors in making a determination to appropriate endowment funds:

1) The duration and preservation of the fund;
2) The purposes of Franklin Cummings Tech and the donor-restricted endowment fund;
3) General economic conditions;
4) The possible effect of inflation and deflation;
5) The expected total return from income and the appreciation of investments;
6) Other resources of Franklin Cummings Tech; and
7) The investment policies of Franklin Cummings Tech.

Although UPMIFA offers short-term spending flexibility, the explicit consideration of the preservation of funds among factors for prudent spending suggests that a donor-restricted endowment fund is still perpetual in nature. Under UPMIFA, the Board is permitted to determine and continue a prudent payout amount, even if the market value of the fund is below historic dollar value. There is an expectation that, over time, the permanently restricted amount will remain intact. This perspective is aligned with the accounting standards definition that permanently restricted funds are those that must be held in perpetuity even though the historic-dollar-value may be dipped into on a temporary basis.

Franklin Cummings Tech tracks the original value of gifts donated to the endowment, subsequent gifts to the endowment, and accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Endowment Investment Policy

As more fully described in Note 5, Franklin Cummings Tech has borrowed a total of $3,100,000 in funds from its endowment, in addition to spending down all available investment returns to fund cash flows. Accordingly, only a modest amount of invested funds remains pending replenishment.

Endowment net assets were as follows at June 30:

	2024	2023
Without donor restrictions	$ 531,470	$ 481,157
With donor restrictions	3,459,285	3,269,043
	$ 3,990,755	$ 3,750,200

Endowment activity was as follows for the years ended June 30:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Beginning balance	$ 481,157	$ 3,269,043	$ 3,750,200
Additions		190,242	190,242
Investment return	50,313	-	50,313
Ending balance in net assets	531,470	3,459,285	3,990,755
Less: Cumulative amounts borrowed	-	(3,100,000)	(3,100,000)
Plus: Principal repayment	-	930,000	930,000
Invested balance remaining	$ 531,470	$ 1,289,285	$ 1,820,755

	2023		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Beginning balance	$ 470,967	$ 3,269,043	$ 3,740,010
Additions	7,665	-	7,665
Investment loss	2,525	-	2,525
Ending balance in net assets	481,157	3,269,043	3,750,200
Less: Cumulative amounts borrowed	-	(3,100,000)	(3,100,000)
Plus: Principal repayment	-	620,000	620,000
Invested balance remaining	$ 481,157	$ 789,043	$ 1,270,200

Net assets with donor restrictions were as follows at June 30:

	2024	**2023**
Endowment corpus		
Franklin Trust	$ 1,437,661	$ 1,247,419
Other scholarship funds	2,021,624	2,021,624
Total endowment	3,459,285	3,269,043
Pledges receivable	2,395,785	2,528,473
Scholarships and other restricted	2,838,729	1,835,384
Total	$ 8,693,799	$ 7,632,900

Net assets released from donor restrictions by the occurrence of events specified by the donors or by the passage of time were as follows for the years ended June 30:

	2024	**2023**
Time restriction met	$ 1,349,270	$ 1,659,123
Operations and scholarships	12,652,779	1,946,656
Net assets released from restrictions	$ 14,002,049	$ 3,605,779

10. CONTRIBUTIONS OF NONFINANCIAL ASSETS

Franklin Cummings Tech received $335,767 and $169,285 of contributions of nonfinancial assets in 2024 and 2023, respectively, consisting of furniture, equipment and materials restricted by donors for student use, of which approximately $23,500 was capitalized as property and equipment, net in 2023. The contributions are valued at their estimated fair value on the date of receipt. As of June 30, 2024, Franklin Cummings Tech had not yet received all nonfinancial assets and as such, recorded $175,000 as a nonfinancial contribution receivable. The entire amount of restricted contributions of nonfinancial assets for the years ended June 30, 2024 and 2023 was used accordingly to its donor restriction during the respective years.

11. RETIREMENT PLAN

Franklin Cummings Tech has a qualified defined contribution plan under Section 403(b) of the Internal Revenue Code. Franklin Cummings Tech's annual contribution to the plan equals 5% of compensation as defined subject to eligibility requirements such as two years of service and attaining the age of 21 subject to legal limits. Expenses relating to this plan amounted to $183,882 and $169,669 for the years ended June 30, 2024 and 2023, respectively. Employees may make additional voluntary contributions to the plan through payroll deductions subject to legal limits.

Franklin Cummings Tech intends, but does not promise, to pay those who were employed prior to participation in the above-mentioned plan a monthly pension in recognition of prior service. The monthly pension is equal to 1% of regular monthly compensation multiplied by prior service years, as defined. No liability has been recorded in the statements of financial position, as there is no contractual or legal obligation to these employees. Payments to this group of retired employees amounted to $12,474 and $13,814 for the years ended June 30, 2024 and 2023, respectively, pursuant to a vote of the Board of Trustees.

12. DOE MATTERS

The DOE requires the computation of a financial strength indicator each year based on the information in the annual financial statements that results in a pass, in the zone, or a fail based on the computed values. For the years ended June 30, 2024 and 2023, Franklin Cummings Tech has calculated its financial strength indicator and identified a pass rating for 2024 and 2023. Institutions with a failing score for more than three successive years will not be allowed to continue to participate in DOE student financial aid programs. As of June 30, 2024, Franklin Cummings Tech is not required to have a letter of credit posted in favor of the DOE. Franklin Cummings Tech had a letter of credit posted in favor of the DOE in the amount of $358,652 at June 30, 2023. The amount is calculated at 10% of total Title IV funding for the year.

Franklin Cummings Tech is also subject to local accreditation oversight and such accreditation is required to continue to participate in DOE programs. Management believes it will be able to continue to meet these requirements.

13. LEASE OBLIGATIONS

Franklin Cummings Tech leases some of its operating assets for various terms under long-term, non-cancelable operating lease agreements. The leases expire at various dates through August 2024.

The leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

Because the rates implicit in the leases are generally not available, Franklin Cummings Tech utilizes the risk-free rate as the discount rate.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities as of June 30, 2024:

2025	$ 1,240
Less: Imputed interest	-
Lease liability	$ 1,240

Lease expenses are classified under equipment lease and maintenance in the statement of functional expenses. Lease expense comprises the following for the fiscal years ended June 30:

	2024	2023
Operating lease expense	$ 18,433	$ 21,968
Short-term lease expense	-	12,135
	$ 18,433	$ 34,103

The operating cash flow from operating leases is $18,795 and $20,869 for the year ended June 30, 2024 and 2023, respectively. The weighted average remaining lease term and discount rate associated with operating leases is 1 month and 2.84%, respectively as of June 30, 2024 and 1 year and 2.84%, respectively as of June 30, 2023.

14. CONCENTRATIONS, RISKS AND UNCERTAINTIES

Cash, cash equivalents, and restricted cash
Franklin Cummings Tech has significant cash and cash equivalents balances at financial institutions which throughout the year regularly exceed the federally insured limit of $250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Franklin Cummings Tech's financial condition, results of operations, and cash flows. Uninsured cash and cash equivalents totaled $38,679,093 and $2,161,197 as of June 30, 2024 and 2023, respectively.

Student Financial Aid
Through the U.S. Department of Education, Franklin Cummings Tech participates in the Title IV Higher Education Act programs. These programs include Pell Grants, Federal Work Study, Federal Direct Loan Program, and Federal Supplemental Educational Opportunity Grants.

Receipts from these federal programs represent approximately 45% and 54% of tuition and fee revenue, net of scholarships and awards, for the years ended June 30, 2024 and 2023, respectively.

Uncertainties
In addition to revenues from tuition and fees, Franklin Cummings Tech is dependent upon revenues from grants and contributions. Although management believes that it will have sufficient funds to meet its operating expenses between funds already available and promised grants, there is no guarantee that these grants and other sources of funds will continue into future years. As a result, management continues to actively seek new grants and other sources of revenue.

Claims
From time to time, Franklin Cummings Tech may be involved in various claims and lawsuits, both for and against Franklin Cummings Tech, arising in the normal course of business. Management believes that any financial responsibility that may be incurred in settlements of such claims and lawsuits would not be material to the Franklin Cummings Tech’s financial position.

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 31, 2024, the date the combined financial statements were available to be issued. There are no recognized or non-recognized subsequent events, or events that provide additional evidence about conditions that existed at the statement of financial position date, which are necessary to disclose to keep the combined financial statements from being misleading except for the information provided in Note 3 and Note 8.

SUPPLEMENTARY INFORMATION

Benjamin Franklin Cummings Institute of Technology and Affiliate
Combined Schedule of Financial Position
Year Ended June 30, 2024

	Benjamin Franklin Cummings Institute of Technology	The Franklin Foundation, Inc.	Total
Assets			
Cash and cash equivalents	$ 2,887,270	$ -	$ 2,887,270
Restricted Cash	-	36,352,056	36,352,056
Tuition and fees receivable, net of allowance for expected credit losses of approximately $311,000	424,091	-	424,091
Pledges receivable	2,395,785	-	2,395,785
Nonfinancial contribution receivable	175,000	-	175,000
New Markets Tax Credit note receivable	31,673,000	-	31,673,000
Due from (to) related party	60,508	(60,508)	-
Other receivable	2,595,693	-	2,595,693
Investments	1,500,000	-	1,500,000
Other operating assets	127,312	-	127,312
Property and equipment, net	3,391,294	16,522,759	19,914,053
Right-of-use assets - operating, net	1,240	-	1,240
Total assets	$ 45,231,193	$ 52,814,307	$ 98,045,500
Liabilities and Net Assets			
Liabilities			
Accounts payable and accrued expenses	$ 1,576,266	$ -	$ 1,576,266
Deferred revenue	8,512,313	-	8,512,313
Operating lease liabilities	1,240	-	1,240
Notes payable	23,079,668	42,726,258	65,805,926
Total liabilities	33,169,487	42,726,258	75,895,745
Net assets			
Without donor restrictions	3,367,907	10,088,049	13,455,956
With donor restrictions	8,693,799	-	8,693,799
Total net assets	12,061,706	10,088,049	22,149,755
Total liabilities and net assets	$ 45,231,193	$ 52,814,307	$ 98,045,500

See Independent Auditor's Report.

Benjamin Franklin Cummings Institute of Technology and Affiliate
Combined Schedule of Activities
Year Ended June 30, 2024

	Benjamin Franklin Cummings Institute of Technology	The Franklin Foundation, Inc.	Total
Revenues			
Tuition and fees (net of scholarships of of $2,443,496)	$ 6,711,570	$ -	$ 6,711,570
Investment return	117,693	4,291	121,984
Auxiliary enterprises	66,667	-	66,667
Student provisions	449,455	-	449,455
Contributions and grants	20,692,784	-	20,692,784
Contributions of nonfinancial assets	335,767	-	335,767
Total revenue	28,373,936	4,291	28,378,227
Expenses			
Instructional costs	4,519,857	-	4,519,857
Academic support	3,528,642	-	3,528,642
Student services	2,675,907	-	2,675,907
Management and general	3,424,539	15	3,424,554
Development fundraising	978,911	-	978,911
Depreciation	380,543	-	380,543
Total expenses	15,508,399	15	15,508,414
Change in net assets from operations	12,865,537	4,276	12,869,813
Nonoperating activities			
Contributions to the Foundation	(10,083,773)	10,083,773	-
Loan termination fee	(274,438)	-	(274,438)
Other income	730,209	-	730,209
Total nonoperating activities	(9,628,002)	10,083,773	455,771
Change in net assets	3,237,535	10,088,049	13,325,584
Net assets			
Beginning of year	8,824,171	-	8,824,171
End of year	$ 12,061,706	$ 10,088,049	$ 22,149,755

See Independent Auditor's Report.

Benjamin Franklin Cummings Institute of Technology and Affiliate
Financial Responsibility Supplemental Schedule
Year Ended June 30, 2024

Primary Reserve Ratio:				
		Expendable Net Assets:		
1	Statement of Financial Position (SFP)	Net assets without donor restrictions	$ -	$ 13,455,956
2	SFP	Net assets with donor restrictions		8,693,799
3	Not applicable	**Secured and Unsecured related party receivable - Total**	-	
4	Not applicable	Unsecured related party receivables		-
5	SD Line 5	**Property, Plant and Equipment, net (includes Construction in progress) - Total**	19,914,053	
6	SD Line 1d	Property, plant and equipment pre-implementation		1,777,898
7	SD Line 2d	Property, plant and equipment post-implementation with outstanding debt for original purchase		-
8	SD Line 4a	Property, plant and equipment post-implementation without outstanding debt for original purchase		13,340,258
9	SD Line 3	Construction in progress		4,795,897
10	SFP	**Lease right-of-use asset, net - Total**	1,240	
11	SD Line 11	Lease right-of-use, pre-implementation (grandfather of leases option not chosen)		-
12	SD Line 12. Lease right-of-use of asset liability	Lease right-of-use asset, post-implementation		1,240
13	SD Line 11	Intangible assets		-
14	Not applicable	Post-employment and pension liabilities		-
15	SD Lines 6d, 7a-c, 8	**Long-term debt- for long-term purposes - Total**	65,805,926	
16	SD Line 6d	Long-term debt- for long-term purpose pre-implementation		575,823
17	SD Lines 7a-c	Long-term debt- for long-term purposes post-implementation		-
18	SD Line 8	Line of Credit for Construction in progress		65,230,103
19	SFP	**Lease right-of-use asset liability - Total**	1,240	
20	SD Line 14	Pre-implementation right-of-use asset liability (grandfather of leases option not chosen)		-
21	SD Line 15	Post-implementation right-of-use asset liability		1,240
22	Not applicable	**Annuities, term endowment and life income with donor restrictions - Total**	-	
23	Not applicable	Annuities with donor restrictions		-
24	Not applicable	Term Endowments with donor restrictions		-
25	Not applicable	Life income funds with donor restrictions		-
26	Note 8	Net Assets with donor restrictions - restricted in perpetuity		3,459,285
		Total Expenses without Donor Restrictions and Losses without Donor Restrictions:		
27	Statement of Activities (SOA)	Total expenses without donor restrictions- taken directly from Statement of Activities		15,508,414
28	Not applicable	Non-operating and Net Investment (loss)		-
29	Not applicable	Net Investment losses		-
30	Not applicable	Pension-related changes other than net periodic costs		-
Equity Ratio:				
		Modified Net Assets:		
31	SFP	Net assets without donor restrictions		13,455,956
32	SFP	Net assets with donor restrictions		8,693,799
33	SD Line 11	Intangible Assets		-
34	Not applicable	Intangible Assets- Goodwill		-
35	Not applicable	**Secured and unsecured related party receivables- Total**	-	
36	Not applicable	Unsecured related party receivables		-
		Modified Assets:		
37	SFP	Total Assets		98,045,500
38	Not applicable	Lease right-of-use asset pre-implementation		-
39	Not applicable	Pre-implementation right-of-use asset liability		-
40	SD Line 11	Intangible Assets		-
41	Not applicable	Secured and unsecured related party receivables	-	
42	Not applicable	Unsecured related party receivables		-
Net Income Ratio:				
		Change in Net Assets Without Donor Restrictions:		
43	SOA	Change in net assets without donor restrictions		12,264,685
		Total Revenue without Donor Restrictions and Gains without Donor Restrictions		
44	SOA: Total Revenue, Gains and Other Support (Not including Investments)	Total Revenues and Gains		27,195,344
45	SOA	Investments, net (operating and non-operating)		121,984

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Benjamin Franklin Cummings Institute of Technology and Affiliate
Financial Responsibility Supplemental Disclosures
Year Ended June 30, 2024

The Department of Education issued regulations on February 23, 2019, which became effective July 1, 2020, regarding additional disclosures deemed necessary to calculate ratios for determining sufficient financial responsibility under Title IV.

Property, Plant and Equipment, net		
1	Pre-implementation property, plant and equipment, net (PP&E, net)	
	a. Ending balance of last financial statements submitted to the Department of Education (June 30, 2023 financial statement)	$ 1,952,947
	b. Reclassify capital lease assets previously included in PP&E, net prior to the implementation of ASU 2016-02 lease standards	-
	c. Less subsequent depreciation and disposals	175,049
	d. Balance Pre-implementation property, plant and equipment, net	1,777,898
2	Debt Financed Post-Implementation property, plant and equipment, net	
	Long-lived assets acquired with debt subsequent to June 30, 2023:	
	a. Equipment	-
	b. Land Improvements	-
	c. Building	-
	d. Total Property, plant and equipment, net acquired with debt exceeding 12 months	-
3	Construction in progress- acquired subsequent to June 30, 2023	4,795,897
4	Post-implementation property, plant and equipment, net, acquired without debt:	
	a. Long-lived assets acquired without use of debt subsequent to June 30, 2023	13,340,258
5	Total Property, Plant and Equipment, net- June 30, 2024	$ 19,914,053
Debt to be excluded from expendable net assets		
6	Pre-implementation debt:	
	a. Ending balance of last financial statement submitted to the Department of Education (June 30, 2023)	$ 11,435,155
	b. Reclassify capital leases previously included in long-term debt prior to the implementation of ASU 2016-02 leases standards	-
	c. Less subsequent debt repayments	10,859,332
	d. Balance pre-implementation debt	575,823
7	Allowable post-implementation debt used for capitalized long-lived assets:	
	a. Equipment- all capitalized	-
	b. Land Improvements	-
	c. Buildings	-
8	Construction in progress (CIP) financed with short term debt	65,230,103
9	Long-term debt not for the purchase of property, plant and equipment or liability greater than assets value	-
		$ 65,805,926
Lease right-of-use assets and liabilities		
10	Lease right-of-use assets Right-of-use assets as of balance sheet date June 30, 2024	$ 1,240
11	Lease right-of-use assets- Pre-implementation Right-of-use assets as of balance sheet date June 30, 2024 excluding leases entered into before Dec 15, 2018 (grandfather option of leases not chosen)	-
12	Lease right-of-use assets- Post-Implementation Right-of-use assets as of balance sheet date June 30, 2024 excluding leases entered into on or after Dec 15, 2018	$ 1,240
13	Lease right-of-use liability Lease liabilities as of balance sheet dated June 30, 2024	$ 1,240
14	Lease right-of-use liability- Pre-implementation Lease liabilities as of balance sheet dated June 30, 2024 excluding leases entered into before Dec 15, 2018 (grandfathering leases not chosen)	-
15	Lease right-of-use liability- Post-implementation Lease liability as of balance sheet dated June 30, 2024 excluding leases entered into on or after Dec 15, 2018	$ 1,240

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Location of amount in Financial Statements or Disclosure	Element	Amount
Modified Net Assets - Elements		
SFP Page 4: Net assets without donor restrictions	Net assets without donor restrictions	$ 13,455,956
SFP Page 4: Net assets with donor restrictions	Net assets with donor restrictions	8,693,799
Total net assets	Total modified net assets	$ 22,149,755
Modified Assets - Elements		
SFP Page 4: Total assets	Total modified assets	$ 98,045,500
	Equity ratio	23%

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Benjamin Franklin Cummings Institute of Technology and Affiliate
Schedule of Additional Information as Required under the United States Department of Education Financial Responsibility Standards
Year Ended June 30, 2024

Location of amount in Financial Statements or Disclosure	Element	Amount
SOA page 5: Change in net assets without donor restrictions	Changes in net assets without donor restrictions	$ 12,264,685
Total Revenue without Donor Restrictions and Gains without Donor Restrictions - Elements		
SOA page 5	Total revenues without donor restrictions (including net assets released from restrictions)	27,195,344
SOA page 5	Non operating gain on pension/other	-
SOA page 5	Non operating gain on investment	121,984
SOA page 5	Non operating gain on annuity/split interest agreement	-
SOA page 5	Non operating gain on interest rate swap	-
SOA page 5	Non operating gain on sale of PP&E	-
SOA page 5	Non operating grant income	-
	Total revenues and gains without donor restrictions	$ 27,317,328
	Net income ratio	45%

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ADVISORY TAX AUDIT

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

INDEPENDENT AUDITOR'S REPORT

To the Boards of Trustees of
Benjamin Franklin Cummings Institute of Technology and Affiliate:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the combined financial statements of Benjamin Franklin Cummings Institute of Technology and Affiliate ("Franklin Cummings Tech"), which comprise the combined statement of financial position as of June 30, 2024, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements, and we have issued our report thereon dated October 31, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered Franklin Cummings Tech's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of Franklin Cummings Tech's internal control. Accordingly, we do not express an opinion on the effectiveness of Franklin Cummings Tech'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 Franklin Cummings Tech's combined 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 over financial reporting 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 Franklin Cummings Tech's combined financial statements are free of 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 combined 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 Franklin Cummings Tech's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Franklin Cummings Tech's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Withum Smith+Brown, PC

October 31, 2024