

UNIVERSITY OF MASSACHUSETTS BUILDING AUTHORITY
(A Component Unit of the University of Massachusetts)

Financial Statements

June 30, 2025 and 2024

(With Independent Auditors' Report Thereon)

UNIVERSITY OF MASSACHUSETTS BUILDING AUTHORITY
(A Component Unit of the University of Massachusetts)
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Independent Auditors' Report

Members of the Board
University of Massachusetts Building Authority:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the University of Massachusetts Building Authority (the Authority), a component unit of the University of Massachusetts, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements for the years then ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2025 and 2024, and the changes in its financial position and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, 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 Authority'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.

Auditors' 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 auditors' 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 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 Authority'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 Authority'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

U.S. generally accepted accounting principles require that the management's discussion and analysis 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 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 audits 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2025, on our consideration of the Authority'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 Authority'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 Authority's internal control over financial reporting and compliance.

KPMG LLP

Boston, Massachusetts
December 12, 2025

Management's Discussion and Analysis (unaudited)

This section of the annual financial statements of the University of Massachusetts Building Authority (the "Authority") presents a discussion and analysis of the Authority's financial activity for the fiscal years ended June 30, 2025 and 2024. This discussion and analysis have been prepared by management and should be read in conjunction with the Authority's financial statements and related note disclosures, which follow.

INTRODUCTION

The Authority is an independent body politic and corporate and a public instrumentality of the Commonwealth of Massachusetts (the "Commonwealth"), which was created by Chapter 773 of the Acts of 1960 of the Commonwealth, as amended (the "Enabling Act"). The Authority was created with the general purposes of providing dormitories, dining commons and other buildings and structures for use by the University of Massachusetts (the "University"), its students, staff and their dependents and other entities associated with the University as specified in the Enabling Act, as requested by authority of the Trustees of the University (the "Trustees").

The Authority is empowered to acquire, construct, remove, demolish, add to, alter, enlarge, reconstruct, remodel and do other work upon any building or structure and to provide and install furnishings, furniture, machinery, equipment, approaches, driveways, walkways, parking areas, planting, landscaping and other facilities therein. The Enabling Act authorizes the Authority to acquire property from the Commonwealth or others (but the Authority has no eminent domain power), to rent or lease as lessor or lessee any portion of a project, to operate projects, to employ experts and other persons, to enter into contracts, to borrow money to finance and refinance projects it undertakes, and to issue and sell its revenue bonds and notes which are payable solely from its revenues. The Authority's assets and projects are located on all five campuses of the University. The eleven members of the Authority are appointed by the Governor. Five of the members must be Trustees. Two of the other members must be graduates of the University. Non-trustee members serve terms of approximately six years. Trustee members serve as long as they are Trustees. Members whose terms expire continue as members until they are reappointed or replaced.

FINANCIAL HIGHLIGHTS

- The net position of the Authority was \$1.34 billion as of June 30, 2025, compared to \$1.29 billion as of June 30, 2024. The increase in net position is due to a combination of limiting expenses while generating a surplus through revenue, contributions, and interest income.
- Capital spending totaled \$213.3 million in fiscal year 2025, representing a \$5.9 million increase compared to fiscal year 2024. A majority of the capital spending in fiscal year 2025 relates to continued investments in new buildings and renovation projects, which include: Goodell Hall Renovations, Computer and Information Science Building, School of Public Health and Heath Sciences Hub, Sustainable Engineering Laboratories and North Energy Exchange Center at the Amherst campus; the Substructure Demolition and Quadrangle Development at the Boston campus; the Science and Engineering Building (SENG) Renovation and the Liberal Arts (LARTS) Building Restoration at the Dartmouth campus; the Olsen Hall Renovations, Olney Instructional Modernization and certain property acquisitions at the Lowell campus; and the New Education and Research Building at the Chan Medical School campus.

USING THE ANNUAL FINANCIAL REPORT

This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The Authority's financial statements comprise of two primary components: 1) the financial statements, and 2) the notes to the financial statements.

Management's Discussion and Analysis (unaudited)

Financial statements and notes

The University's financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"), which establishes financial reporting standards for governmental entities. The Authority's financial statements report its activities as business-type using the economic resources measurement focus, and the full accrual basis of accounting. The Authority is a blended component unit of the University. Therefore, the results of the Authority's operations, its net position, and its cash flows are included in the University's financial statements. Further information on the operations of the Authority and significant accounting policies is summarized in Notes 1 and 2 of the accompanying financial statements.

The accompanying financial statements are designed to provide readers with a broad overview of the Authority's finances and are comprised of three basic statements.

The Statements of Net Position present information on all of the Authority's assets, deferred outflows, and liabilities, and deferred inflows with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statements of Revenues, Expenses, and Changes in Net Position present information that shows how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., the payments to vendors after year-end for services prior to year-end).

The Statements of Cash Flows are reported on the direct method. The direct method of cash flow reporting portrays net cash flows from operations as major classes of operating receipts (e.g., income from contracts) and disbursements (e.g., cash paid to vendors for services), as well as capital and related financing and noncapital financing, if any, and investing activities.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes provide information regarding the accounting policies the Authority has adopted as well as additional details of certain amounts contained in the financial statements.

NET POSITION

As noted earlier, over time the Authority's net position may serve as a useful indicator of the Authority's financial position. In the case of the Authority, assets and deferred outflows exceeded liabilities and deferred inflows by \$1.34 billion at the close of the most recent fiscal year.

A portion of the Authority's net position reflects its investment in capital assets (e.g., buildings, equipment and furnishings) less any related debt used to acquire those assets that is still outstanding for the most recent fiscal year. The Authority uses these capital assets to provide services to students, faculty and administration; consequently, these assets are not available for future spending. Although the Authority's investment in 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, since the capital assets themselves cannot be used to liquidate these liabilities. The Authority's primary sources of funds used to repay the debt are receipts related to the Authority's financial contracts with the University. These contracts generally call for the Authority to bill and collect all revenue from the projects and remit to the Trustee under the Authority's trust agreements (the "Bond Trustee") funds sufficient to cover debt service on its bonds, its costs of operations, and its financial obligations with respect to the projects.

Management's Discussion and Analysis (unaudited)

The Authority's net position (in thousands) is as follows:

Condensed Schedules of Net Position			
As of June 30, 2025, 2024, 2023			
(\$ in thousands)			
	2025	2024	2023
ASSETS			
Current assets	\$ 209,115	\$ 209,536	\$ 125,038
Noncurrent assets	4,806,028	4,905,352	4,605,729
Total assets	5,015,143	5,114,888	4,730,767
DEFERRED OUTFLOWS OF RESOURCES			
	81,931	91,277	100,624
LIABILITIES			
Current liabilities	280,725	286,883	250,892
Noncurrent liabilities	3,185,190	3,329,283	3,315,033
Total liabilities	3,465,915	3,616,166	3,565,925
DEFERRED INFLOWS OF RESOURCES			
	295,398	301,028	59,660
NET POSITION			
Net investment in capital assets	1,239,717	1,192,046	1,109,616
Unrestricted	96,044	96,925	96,190
Total net position	\$ 1,335,761	\$ 1,288,971	\$ 1,205,806

Current assets decreased by \$0.4 million in fiscal year 2025 compared to 2024 primarily due to the overall timing of the Commonwealth's grants received in fiscal year 2025. Intergovernmental receivables, representing grants from the Commonwealth for the new and on-going projects at Dartmouth and Lowell campuses, decreased by \$31.9 million and were offset by the increase in cash and cash equivalents by \$31.6 million mostly due to large funding from the Commonwealth received at year-end. Current assets increased by \$84.5 million in fiscal year 2024 compared to 2023 primarily due to an increase in the intergovernmental receivables and cash and cash equivalents by \$60.1 million and \$24.4 million, respectively. Intergovernmental receivables represent grants from the Commonwealth for the new and on-going projects at the Amherst, Dartmouth and Lowell campuses. The increase in cash and cash equivalents was due to an additional \$14 million of nonrefundable deposits and \$3.9 million in fees received in connection with the Bayside project.

Noncurrent assets decreased by \$99.3 million in fiscal year 2025 compared to fiscal year 2024, mostly due to the decrease in restricted cash and cash equivalents as construction cash spending in 2022 and 2024 bond series accelerated in FY25, payout of commercial paper for Lowell, and spending of Division of Capital Assets Management and Maintenance (DCAMM) funds. Noncurrent assets increased by \$299.6 million in fiscal year 2024 compared to fiscal year 2023, mostly due to the \$266.4 million increase in capital assets, including the \$246 million of non-cash P3 asset and corresponding deferred inflows of resources, brought to the Authority's books as a result of the Student Housing project at the Amherst campus, and increased capital spending on new and existing capital projects. Also

Management's Discussion and Analysis (unaudited)

contributing to the increase was an increase of \$77.2 million in restricted cash and cash equivalents mostly due to the new 2024-1 bond issuance partially offset by decreases in investments of \$15.6 million due to maturity in fiscal year 2024, loans receivable of \$21.1 million, and lease receivable of \$6.6 million.

Deferred outflows of resources totaled \$81.9 million and \$91.3 million at the end of fiscal year 2025 and 2024, respectively. Deferred outflows of resources totaled \$100.6 million at the end of fiscal year 2023. The year-over-year decreases relate to amortization of loss on bond refundings.

Current liabilities decreased in fiscal year 2025 compared to 2024 by \$6.2 million primarily due to partial paydown of commercial paper during fiscal year 2025 in the amount of \$5.3 million and slight net increase of \$1.1 million in combined accounts payable, retainage and construction accruals, related to ongoing construction projects at year end, including Goodell Hall, Engineering Building at Amherst, Liberal Arts and Sciences Building Restoration at Dartmouth and New Education and Research Building (NERB) at UMass Chan. Current liabilities increased in fiscal year 2024 compared to 2023 by \$36.0 million primarily due to an increase of \$20.8 million in commercial paper notes, the \$14.0 million increase in deferred revenue related to the Bayside project, and the \$1.8 million increase in accrued arbitrage liability related to the 2020-1 bond series, partially offset by a decrease of \$2.1 million in current portion of bond payable.

Noncurrent liabilities decreased in fiscal year 2025 compared to 2024 by \$144.1 million due to a reduction in bonds payable by \$144.4 million, partially offset by a \$0.5 million net increase in other noncurrent liabilities.

Noncurrent liabilities increased in fiscal year 2024 compared to 2023 by \$14.3 million due to an increase of \$18.9 million in bonds payable and a decrease of \$1.8 million reduction in lease liability, partially offset by a \$2.8 million net increase in other non-current liabilities.

Deferred inflows of resources totaled \$295.4 million and \$301.0 million at the end of fiscal year 2025 and 2024, respectively. The year-over-year decrease primarily relates to amortization of Student Housing Public-Private Partnership project at Amherst.

Net investment in capital assets represents capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt, as well as deferred outflows of resources and deferred inflows of resources, if any, that are attributable to the acquisition, construction, or improvement of those assets or related debt.

Unrestricted net position represents those funds that are not subject to restrictions, or for which restrictions have expired. In 2025, the Authority reported a \$96.0 million balance in the unrestricted component of net position, a \$0.9 million decrease from fiscal year 2024. In 2024, the Authority reported a \$97.0 million balance in the unrestricted component of net position, a \$0.7 million increase from fiscal year 2023.

As of June 30, 2025 and 2024, there were no restricted net position balances.

The Authority's changes in net position (in thousands) are presented in the table below for the years ended June 30:

Management's Discussion and Analysis (unaudited)

Condensed Schedules of Revenues, Expenses, and Changes in Net Position			
As of June 30, 2025, 2024, 2023			
(\$ in thousands)			
	2025	2024	2023
OPERATING REVENUES			
Income from contracts for financial assistance, management, and services	\$ 260,587	\$ 257,305	\$ 245,084
Total operating revenues	260,587	257,305	245,084
OPERATING EXPENSES			
Facility operating costs	7,971	7,640	6,861
Depreciation and amortization	198,925	184,219	169,512
General and administrative expenses	8,584	6,510	6,761
Total operating expenses	215,480	198,369	183,134
Net operating gain	45,107	58,936	61,950
NON-OPERATING INCOME (EXPENSES)			
Other non-operating income (expense)	23,386	22,529	8,678
Interest expense	(128,213)	(125,511)	(125,216)
Total net non-operating expenses	(104,827)	(102,982)	(116,538)
CAPITAL CONTRIBUTIONS	106,510	127,211	49,923
CHANGE IN NET POSITION	46,790	83,165	(4,665)
Net position at the beginning of the year	1,288,971	1,205,806	1,210,471
Net position at the end of the year	\$ 1,335,761	\$ 1,288,971	\$ 1,205,806

Income from contracts for financial assistance, management, and services is primarily related to contracts the Authority has with the University. The Authority has entered into various contracts with the University, acting by and through the Trustees, related to the management of certain Authority projects and the payment to the Authority of certain fees and operating costs. The Authority fixes fees, rents, rates and other charges for the use of its projects in amounts sufficient to provide for the debt service and other payments related to the Authority's obligations and for the Authority's operating expenses. These contracts generally call for the Trustees to bill and collect all revenue derived from the projects and remit to the Authority or to the Trustee under the Authority's trust agreements, funds sufficient to cover debt service on its bonds, its costs of operations, and its financial obligations with respect to the projects. The amounts fluctuate based on the debt service requirements of the Authority bonds in any particular year. Revenue increased by \$3.3 million in fiscal year 2025 compared to fiscal year 2024 primarily as a result of an increase in annual debt service.

Facility operating costs include operating costs of the Authority, rental expenses, and expenses paid by the Authority out of reserves for maintenance of Authority-owned buildings. Facility operating costs increased in fiscal year 2025 compared to fiscal year 2024 due to an increase in Authority operating costs and utilities.

Depreciation and amortization increased by \$14.7 million in fiscal year 2025 compared to fiscal year 2024 and \$14.7 million in fiscal year 2024 versus fiscal year 2023 as additional new capital assets were placed into service during those years.

Interest expense represents interest paid to the holders of Authority issued debt. In fiscal year 2025 interest expense

Management's Discussion and Analysis (unaudited)

increased by \$2.7 million over fiscal year 2024 primarily due to scheduled interest payments, including full year of interest on the 2024-1 bond issuance. In fiscal year 2024 interest expense increased by \$0.3 million over fiscal year 2023 primarily due to scheduled interest payments and primarily due to additional interest payments on the new bond issuance, 2024-1.

Capital contributions represent certain grants and gifts provided to the Authority for capital construction at the five campuses. During fiscal year 2025, the Authority received contributions totaling \$106.5 million. The University contributed net \$41.0 million to fund various projects including, the Goodell Hall Renovation, School of Public Health and Health Sciences Renovation, Thermal Energy Storage System, North Energy Exchange Center, Flint Hall Renovation at the Amherst campus, Cooling Capacity project and Nursing School Study at the Boston campus, Olsen Hall Infrastructure improvements and certain real estate acquisitions at Lowell. The Authority also received grants totaling \$97.3 million from the Commonwealth's Division of Capital Asset Management and Maintenance and the Executive Office of Economic Development to fund projects at the Amherst, Dartmouth, and Lowell campuses. The Authority received \$10.4 million from the U.S. Government as an Inflation Reduction Act tax credit related to the New England Research Building at UMass Chan and transferred the same amount to UMass Chan. The Authority also transferred Bayside-related deposits and fees, totaling \$31.8 million to the UMass Treasury.

During fiscal year 2024, the Authority received contributions totaling \$127.2 million. The University contributed \$28.1 million to fund various projects including, the Goodell Hall Renovation, School of Public Health and Health Sciences Renovation, North Energy Exchange Center at the Amherst campus, Nursing School Study at the Boston campus, Ball Hall Lecture Hall Renovation at Lowell. The Authority also received grants totaling \$99.1 million from the Commonwealth's Division of Capital Asset Management and Maintenance and the Executive Office of Economic Development to fund projects at the Amherst, Dartmouth, and Lowell campuses.

CAPITAL ASSETS OF THE AUTHORITY

The Authority's investment in capital assets as of June 30, 2025 and 2024 amounted to \$4.3 billion and \$4.2 billion, net of accumulated depreciation and amortization. This investment in capital assets included land, buildings, improvements, furnishings, equipment, construction in progress as well as various right of use assets under office space leases where the Authority is a lessee.

Net capital assets increased by \$15.7 million or 0.4% in fiscal year 2025 mostly due to capital improvements and construction in progress outpacing depreciation and amortization expenses:

- Buildings and building components decreased by \$88.0 million, net of accumulated depreciation, in fiscal year 2025, primarily due to a decrease in projects placed in service during the fiscal year 2025 and an increase in projects in the construction phase.
- Construction In Progress ("CIP") increased by \$106.8 million in fiscal year 2025 as several major construction projects were completed and transferred to depreciable property. Projects with significant progress, some of which were completed during fiscal year 2025 include: Goodell Hall Renovation, Computer and Information Science Building, Engineering Building Renovation, School of Public Health and Health Sciences Renovation, North Energy Exchange Center at the Amherst campus; the Substructure Demolition & Quadrangle Development at the Boston campus; the Liberal Arts (LARTS) Restoration at the Dartmouth campus; Olsen Hall critical infrastructure capital repairs and the Olney Instructional Modernization at the Lowell campus; the New Education and Research Building at the Chan Medical School campus.
- Significant projects that remain in progress either in the design or construction phase at the end of the fiscal year 2025 included the Computer and Information Science Building, School of Public Health and Health Sciences Renovation, North Energy Exchange Center, Engineering Building Renovation at the Amherst campus; Liberal Arts Building Restoration at the Dartmouth campus.

DEBT OF THE AUTHORITY

The Authority carries debt in the form of bond obligations. This debt was \$3.2 billion and \$3.4 billion as of June 30, 2025 and 2024, respectively. The decrease of \$146.2 million in fiscal year 2025 is primarily due to \$122.6 million of principal payments and the amortization of \$23.6 million of bond premiums.

The Authority utilizes the commercial paper program to finance projects until issuing long-term debt. The Authority has \$52.8 million in commercial paper outstanding associated with the Substructure Demolition & Quadrangle Development at the Boston campus at an interest rate of 3.02%.

Management's Discussion and Analysis (unaudited)

As of June 30, 2025, the ratings assigned to the Authority's bonds are as follows: Aa2 by Moody's Investor Service, AA by Fitch Ratings, and AA- by Standard and Poor's Global Rating.

THE UNIVERSITY OF MASSACHUSETTS CLUB

The Authority operates the University of Massachusetts Club (the "Club"). The Club is a private club open to membership for alumni, faculty, staff, and friends of the University and is located on the 32nd floor of One Street Beacon in Boston, Massachusetts. Financial activities of the Club are included in the financial statements of the Authority.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in them. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, University of Massachusetts Building Authority, 100 Carlson Avenue, Newton, Massachusetts 02459. Additional information on the Authority can be found on its web site, www.umassba.org

UNIVERSITY OF MASSACHUSETTS BUILDING AUTHORITY
(A Component Unit of the University of Massachusetts)
Statements of Net Position
June 30, 2025 and 2024
(\$ in thousands)

ASSETS	2025	2024
Current assets		
Cash and cash equivalents	\$ 94,480	\$ 62,864
Accounts receivable (net of allowances of \$153 at June 30, 2025 and \$160 at June 30, 2024)	1,121	1,018
Intergovernmental receivables:		
Commonwealth of Massachusetts	25,415	60,500
U.S. government	4,376	1,152
University of Massachusetts	625	625
Loans receivable, current portion	15,036	19,055
Lease receivable, current portion	8,771	8,257
Prepays and other current assets	3,437	3,227
Restricted receivables - University of Massachusetts	55,854	52,838
Total current assets	209,115	209,536
Noncurrent assets		
Restricted cash and cash equivalents	269,322	362,267
Loans receivable, non-current portion	147,523	164,336
Lease receivable, non-current portion, net	134,464	139,894
Capital assets, net	4,254,109	4,238,452
Other assets	610	403
Total noncurrent assets	4,806,028	4,905,352
Total assets	5,015,143	5,114,888
DEFERRED OUTFLOWS OF RESOURCES		
Debt refundings	81,931	91,277
Total deferred outflows of resources	81,931	91,277
Total assets and deferred outflows of resources	\$ 5,097,074	\$ 5,206,165

See accompanying notes to the financial statements.

UNIVERSITY OF MASSACHUSETTS BUILDING AUTHORITY
(A Component Unit of the University of Massachusetts)
Statements of Net Position
June 30, 2025 and 2024
(\$ in thousands)

LIABILITIES

Current liabilities

	2025	2024
Accounts payable	\$ 18,259	\$ 22,100
Retainage payable to contractors	11,159	17,538
Bonds payable, current portion	120,825	122,560
Commercial paper notes	52,817	58,067
Accrued bond and lease interest payable	22,264	23,069
Lease liability, current portion	3,766	3,252
Other current liabilities	51,635	40,297
Total current liabilities	280,725	286,883

Noncurrent liabilities

Bonds payable, net of current portion and unamortized bond premium	3,116,823	3,261,255
Lease liability, net of current portion	22,628	22,788
Other noncurrent liabilities	45,739	45,240
Total noncurrent liabilities	3,185,190	3,329,283
Total liabilities	3,465,915	3,616,166

DEFERRED INFLOWS OF RESOURCES

Leases	56,040	57,379
Service Concession Arrangement	239,358	243,649
Total deferred inflows of resources	295,398	301,028
Total liabilities and deferred inflows of resources	\$ 3,761,313	\$ 3,917,194

NET POSITION:

Net investment in capital assets	1,239,717	1,192,046
Unrestricted	96,044	96,925
Total net position	\$ 1,335,761	\$ 1,288,971

See accompanying notes to the financial statements.

UNIVERSITY OF MASSACHUSETTS BUILDING AUTHORITY
(A Component Unit of the University of Massachusetts)
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2025 and 2024
(\$ in thousands)

REVENUES	2025	2024
Operating Revenues		
Income from contracts for financial assistance, management, and services	\$ 260,587	\$ 257,305
Total operating revenues	260,587	257,305
EXPENSES		
Operating expenses		
Facility operating costs	7,971	7,640
Depreciation	195,647	181,380
Amortization of lease right-of-use assets	3,278	2,839
Insurance	4,131	4,159
Professional fees	4,340	2,171
General and administrative expenses	113	180
Total operating expenses	215,480	198,369
Operating income	45,107	58,936
NONOPERATING REVENUES (EXPENSES)		
Interest subsidy - U.S. government	6,716	6,990
Interest income	22,110	20,569
Interest expense	(128,213)	(125,511)
Other expenses	(5,440)	(5,030)
Total nonoperating expenses	(104,827)	(102,982)
CAPITAL CONTRIBUTIONS		
University of Massachusetts	46,266	30,260
Disbursements to the University of Massachusetts	(47,444)	(2,143)
Commonwealth of Massachusetts	97,284	99,094
U.S. government	10,404	-
Total capital contributions	106,510	127,211
Change in net position	46,790	83,165
NET POSITION		
Net position at beginning of year	1,288,971	1,205,806
Net position at end of year	\$ 1,335,761	\$ 1,288,971

See accompanying notes to the financial statements.

UNIVERSITY OF MASSACHUSETTS BUILDING AUTHORITY
(A Component Unit of the University of Massachusetts)
Statements of Cash Flows
June 30, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from income from contracts for financial assistance	\$ 245,307	\$ 255,521
Payments to vendors and suppliers	(7,473)	(17,232)
Payments of salaries and benefits	(5,312)	(4,831)
Net cash provided by operating activities	232,522	233,458
CASH FLOWS FROM CAPITAL AND OTHER FINANCING ACTIVITIES		
Capital asset expenditures	(217,819)	(202,102)
Repayment of bond principal	(122,560)	(124,725)
Interest payments to bondholders	(139,271)	(136,462)
Proceeds from commercial paper	-	80,050
Repayment of commercial paper obligations	(5,250)	(59,233)
Build America Bonds interest subsidy	3,492	7,212
Demolition costs	-	(372)
EMKI lease receipts	5,159	2,849
Cash received from other leases	5,164	4
Interest received on lease receivable	307	519
Interest paid on leases payable	(7)	(24)
Principal paid on leases payable	(3,547)	(3,181)
Loans receivable receipts	16,813	16,388
Deposits received (Bayside)	2,100	17,665
Capital contribution receipts	178,636	67,055
Capital contribution receipts - Federal Government	10,404	-
Capital contribution disbursements - Campuses	(47,444)	-
Proceeds from bond obligations	-	150,480
Proceeds from premiums	-	15,593
Net cash used in capital financing activities	(313,823)	(168,284)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of investments	-	15,706
Interest income	19,972	20,647
Net cash provided by investing activities	19,972	36,353
CHANGE IN CASH AND CASH EQUIVALENTS	(61,329)	101,527
Cash and cash equivalents — beginning of the year	425,131	323,604
Cash and cash equivalents — end of the year	\$ 363,802	\$ 425,131
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 45,107	\$ 58,936
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	198,925	184,219
Loss on disposal of capital assets	-	(3,907)
Bad debt expense	-	(812)
Rental income	(7,538)	(5,429)
Income from other sources	(4,598)	-
Changes in assets and liabilities:		
Accounts receivable, net	(3,144)	4,457
Prepays and other current assets	(181)	523
Deferred revenue	5	-
Other liabilities	2,547	(4,352)
Accounts payable — non-construction related	1,399	(177)
Net cash provided by operating activities	\$ 232,522	\$ 233,458

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SUPPLEMENTAL DISCLOSURE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:

Loss on disposal of capital assets	\$	(4,859)	\$	-
Bad debt expense		(1,012)		-
Change in accounts and retainage payable and other liabilities related to capital assets		2,296		4,922
Capital assets received as part of Service Concession Arrangement		-		245,794
	\$	(3,575)	\$	250,716

See accompanying notes to the financial statements.

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1) OPERATIONS OF THE AUTHORITY

The University of Massachusetts Building Authority (the "Authority" or "UMBA") is a body politic and corporate and a public instrumentality of The Commonwealth of Massachusetts (the "Commonwealth"). The Authority was created by Chapter 773 of the Acts of 1960 of the Commonwealth, as amended (the "Enabling Act"). The purposes of the Authority are to provide dormitories, dining commons, and other buildings and structures for use by the University of Massachusetts (the "University"), its students, staff and their dependents, and other entities associated with the University as requested by authority of the Trustees of the University (the "Trustees").

The Enabling Act provides that the Authority shall have eleven members, five of whom shall also be trustees of the University. Members of the Authority are appointed by the Governor of the Commonwealth. Two of the other members must be graduates of the University. Non-trustee members serve terms of approximately six years while trustee members serve until they are no longer trustees of the University. Members whose terms have expired continue to be members until reappointed or replaced.

The major functions of the Authority include the issuance of bonds to finance projects requested by the Trustees; the planning and construction or renovations related to those projects; the setting and collection of fees, rents, rates, and other charges related to such projects; debt service administration; and maintenance and repair of its projects. In conjunction with its financings, the Authority has entered into contracts with the Commonwealth, acting by and through the Trustees, with respect to its projects that provide payments for debt service and other costs of the financing as well as the operating costs of the Authority and its projects.

As stated in the Enabling Act, the Authority may sell bonds and notes, in either a public or private sale, at a price and with such terms as it may determine are in the best interest of the Authority, provided that the bonds of each issue mature no later than fifty years from their date and the sale and terms thereof have been approved by the Treasurer and Receiver-General and the Secretary of Administration and Finance of the Commonwealth or their designees.

The Authority is exempt from federal and state income tax under the doctrine of intergovernmental tax immunity found in the U.S. Constitution. The Authority qualifies as a public charity under Section 170(b)(1)(A)(iv) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

The Authority's financial statements are included in the University's financial statements as a blended component unit.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) *Basis of accounting*

The Authority's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") as applied to governmental entities. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Under the economic resources measurement focus, the Authority distinguishes operating revenues and expenses from nonoperating revenues and expenses. Operating revenues and expenses result primarily from providing, operating, and maintaining Authority facilities for use by the University. The principal sources of operating revenues include income from contracts for financial assistance, which represents amounts needed for debt service and related expenses received from the University and fees charged to the University for services. Operating expenses for the Authority include facility operating costs, depreciation of capital assets, professional fees, and other administrative costs. All revenues and expenses not categorized as operating revenues and expenses are reported as nonoperating.

Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of when the related cash flow takes place.

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b) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

c) Restricted Assets

Certain proceeds of the Authority's bonds, as well as certain resources set aside for their repayment, are classified as restricted assets in the accompanying Statements of Net Position because their use is limited by bond trust agreements.

The following sets forth the restricted cash and cash equivalent and investment balances as of June 30 (\$ in thousands):

	<u>2025</u>	<u>2024</u>
Restricted cash and cash equivalents:		
Capital projects fund	\$ 269,322	\$ 362,267

d) Capital Assets and Depreciation (excluding right of use assets related to leases)

Property, plant, and equipment are stated at cost on the date of acquisition or at fair market value if contributed. Construction in progress is included as a capital asset. Construction in progress is stated at cost, which includes direct construction costs and other expenditures related to construction including capitalized interest, if any. All construction costs related to projects that are not yet completed are charged to construction in progress until such time as the projects are completed and placed in operation.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets from the date the property is placed in operation. Land is not depreciated. The useful lives applicable to the Authority are as follows:

Buildings	12 to 65 years
Building and land improvements	3 to 20 years
Equipment	3 to 20 years
Furnishings	3 to 10 years
Software	3 to 10 years

e) Cash and Cash Equivalents

Cash and cash equivalents include cash balances maintained in checking accounts and amounts held in permitted money market mutual funds with an original maturity date of three months or less. The Authority is authorized to invest in the Massachusetts Municipal Depository Trust ("MMDT"), a pooled money market-like fund, established under General Laws, Chapter 29, Section 38A. MMDT is an external investment pool that meets the criteria established by GASB 79 to report its holdings at amortized cost. As such, the Authority reports its position in MMDT at amortized cost, which approximates the net asset value of \$1.00 (one dollar) per share. MMDT has a maturity of less than one year and is not rated.

f) Investments

Investments in marketable securities are stated at fair value.

Realized and unrealized gains (losses) on investments, if any, include the net changes in the fair value of investments.

g) Net Position

Net position is reported in the following categories:

Net investment in capital assets — This category consists of capital assets and leases, net of accumulated depreciation and amortization, restricted cash, unspent bond proceeds, as well as deferred inflows of resources derived from service concession arrangement and reduced by outstanding balances for bonds, notes, and other

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debt, as well as deferred outflows of resources that are attributed to the acquisition, construction, or improvement of capital assets.

Restricted component of net position — This category consists of assets whose use is restricted either through external restrictions imposed by creditors, grantors, contributors and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation. At June 30, 2025 and 2024, there was no restricted net position balance.

Unrestricted component of net position — This category consists of net assets that do not meet the definition of the two preceding categories and are available to support the Authority's operations.

For purposes of net position classification, when both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first and then unrestricted resources.

h) Capital Contributions

Capital contributions are for capital asset acquisition, facility development, and long-term planning studies and are reported in the accompanying Statements of Revenues, Expenses, and Changes in Net Position after nonoperating revenues and expenses as capital contributions when the associated capitalized expenditures are incurred.

i) Insurance

The Authority carries a full complement of third-party insurance, including workers' compensation, property, general liability, hire and non-owned auto coverage, an umbrella policy complemented with an excess policy, director and officers (D&O) complemented with an excess policy, crime coverage, and social engineering coverage.

In addition, the Owner-controlled Consolidated Insurance Program ("OCIP") was established to provide insurance coverage for contractors on selected Authority capital projects. This program provides workers' compensation and general liability insurance coverage for most contractors working on projects in the program. The program has a deductible component that is funded by the Authority. The deductible component is limited on both a per-occurrence basis and an aggregate basis for all OCIP-covered projects by stop-loss insurance.

This exposure is partially secured by and paid out of an escrow trust fund set up for this purpose as a requirement of the stop-loss insurer. The total deductible exposure, plus unpaid OCIP-related insurance premiums and expenses committed to the OCIP, is addressed by the Authority with an OCIP reserve of \$3.8 million and \$3.8 million as of June 30, 2025 and June 30, 2024, respectively, which is presented as other noncurrent liabilities in the accompanying Statements of Net Position.

j) Revenue Recognition

The Authority's major source of revenue is fees for services that are primarily related to contracts with the University. The Authority has entered into various contracts with the University, acting by and through the Trustees, related to the management of certain Authority projects and the payment to the Authority of certain fees and operating costs. The Authority fixes fees, rents, rates, and other charges for the use of its projects in amounts sufficient to provide for the debt service and other payments related to the Authority's obligations and for the Authority's operating expenses. These contracts generally call for the University to bill and collect all revenue derived from the projects and remit to the Authority or to the Trustee under the Authority's trust agreements funds sufficient to cover debt service on its bonds, its costs of operations, and its financial obligations with respect to the projects. Revenue is recognized when earned, consistent with the accrual basis of accounting and is included in income from contracts for financial assistance, management, and in the accompanying statement of revenues, expenses, and changes in net position.

The Authority records revenue associated with the interest rate subsidy provided by the United States Government related to the Authority's issuance of bonds under the Build America Bond ("BAB") program. Under the program, the Government provides a direct 35% subsidy of the interest rate paid to bondholders. During fiscal year 2013, the federal government implemented automatic budget cuts imposed through sequestration required pursuant to the Budget Control Act of 2011. In fiscal year 2025, the Authority's November 1, 2024 and May 1, 2025 original subsidy payments related to the Senior Series 2009-2 Project Revenue Build America Bonds and the Senior Series 2010-2 Project Revenue Build America Bonds were reduced by 5.7%.

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k) Adoption of New Accounting Standards

Effective for the fiscal year 2025, the Authority adopted GASB Statement No. 101, *Compensated Absences*, and GASB Statement No. 102, *Certain Risk Disclosures, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. Adoption of these standards did not have a material effect on the Authority's financial statements.

l) Lease Accounting

The Authority is a lessee for various noncancellable real estate leases and a lessor for various real estate and ground leases.

Short-term Leases

For lease arrangements with a maximum possible term of 12 months or less at commencement, the Authority recognizes an expense based on the provisions of the lease contract.

Leases Arrangements Other than Short Term

For all other leases (i.e., those that are not short term) where the Authority is a lessee, the Authority recognizes a lease liability and an intangible right-to-use lease asset.

For leases, where the Authority is a lessor, the Authority recognizes a lease receivable and a deferred inflow of resources.

Measurement of Lease Amounts

As a lessee, at lease commencement, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term.

Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized into amortization expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. If the Authority is reasonably certain of exercising a purchase option contained in a lease, the lease asset will be amortized over the useful life of the underlying asset.

As a lessor, at lease commencement, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflows of resources are initially measured as the initial amount of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. Subsequently, the deferred inflows of resources are amortized into lease revenue on a straight-line basis over the shorter of the lease term or the useful life of the underlying lease receivable.

Key Estimates and Judgments

Key estimates and judgments include how the Authority determines (1) the discount rate it uses to calculate the present value of the expected lease payments, (2) lease term, and (3) lease payments:

- The Authority generally uses its estimated incremental borrowing rate (IBR) as the discount rate for leases unless the rate that the lessor/vendor charges is known. The Authority IBR for leases is based on the rate of interest it would need to pay if it issued general obligation bonds to borrow an amount equal to the lease payments, respectively, under similar terms at the commencement or remeasurement date. To determine its IBR, the Authority used historical bond yield curves to determine the appropriate rate. For lease commencing during the fiscal year 2025 the Authority applied the 4.42% IBR. For leases commencing during the fiscal year 2024, the Authority applied the 4.77% IBR.
- The lease includes the noncancellable period of the lease plus any additional periods covered by either the Authority or lessor unilateral option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both the Authority and the lessor/vendor/lessee have an option to terminate (or if both parties have to agree to extend) are excluded from the lease term.

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- Payments are evaluated by the Authority to determine if they should be included in the measurement of the lease liabilities or lease receivables, including those payments that require a determination of whether they are reasonably certain of being made, such as purchase options, payments for termination penalties, and other payments.

Remeasurement of Lease Amounts

The Authority monitors changes in circumstances that may require remeasurement of a lease. When certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable, the liability or receivable is remeasured, and a corresponding adjustment is made to the lease asset (for lessee arrangements) or deferred inflows of resources (for lessor arrangements).

Presentation in Statement of Net Position

Right-to-use lease assets are reported within capital assets in the accompanying Statements of Net Position. Lease receivables are reported within current assets if lessor payments are due within one year. If lease receivables are due after one year, they are reported within noncurrent assets.

m) *Deferred Outflows of Resources and Deferred Inflows of Resources*

Deferred outflows of resources are defined as a consumption of net assets that is applicable to a future reporting period. Deferred inflows of resources are defined as an acquisition of net assets that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets, whereas deferred inflows of resources decrease net position, similar to liabilities.

3) CASH DEPOSITS AND INVESTMENTS

Cash Deposits – Custodial Credit Risk

The Authority's cash and cash equivalents held on deposit consisted of the following as of June 30 (\$ in thousands):

	2025	2024
Cash	\$ 73,156	\$ 12,706
MMDT	290,646	412,425
Total cash and cash equivalents	<u>\$ 363,802</u>	<u>\$ 425,131</u>

Custodial credit risk is the risk that, in the event of a bank failure, the Authority will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Authority does not have a deposit policy for custodial credit risk. As of June 30, 2025 and 2024, the bank balances of uninsured deposits totaled \$72.9 million and \$12.5 million, respectively.

Investments

The Authority had no investments as of June 30, 2025 and 2024.

Interest Rate Risk

The Authority has a formal investment policy that establishes minimum credit quality of certain instruments, outlines investment procedures, and provides for periodic reporting. Generally, the Authority holds its investments until maturity.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The risk is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The Enabling Act specifies the permitted investments of the Authority. These permitted investments include direct obligations of or obligations that are unconditionally guaranteed by the United States of America ("Treasuries"),

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obligations of an agency or organization created pursuant to an act of Congress of the United States as an agency or instrumentality thereof ("Agencies"), time deposits or certificates of deposits fully secured by Treasuries or Agencies, and Treasuries and Agencies subject to repurchase agreements. Other legislation allows the Authority to invest in MMDT. Additionally, in accordance with the Authority investment policy, the Authority's Bond Trustee may invest some of the Authority's funds in money market accounts, permitted and collateralized by Treasuries.

Investments — Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Authority's Enabling Act does not contain legal or policy requirements that would limit the exposure to custodial credit risk, except that interest-bearing time deposits or certificates of deposit of banking institutions or trust companies must be continuously and fully secured by Treasuries or Agencies.

Fair Value Measurements

GASB No. 72, *Fair Value Measurements and Application*, sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 – inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access.
- Level 2 – inputs other than Level 1 that are observable, either directly or indirectly, and include:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability; and,
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 – unobservable inputs that are supported by little or no market activity and that are significant to the fair value measurement. Unobservable inputs are developed based on the best information available in the circumstances and may include the Authority's own data.

The Authority had no investments at June 30, 2025 or 2024. Cash accounts held at MMDT are considered level 1 assets.

4) CAPITAL ASSETS

A summary of changes in capital assets follows (\$ in thousands):

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	Balance June 30, 2023	Additions	Retirements/ Adjustments	Balance June 30, 2024	Additions	Retirements/ Adjustments	Balance June 30, 2025
Land	\$ 122,094	\$ 9,325	\$ -	\$ 131,419	\$ 241	\$ -	\$ 131,660
Buildings	4,021,252	645,714	(4,343)	4,662,623	71,532	-	4,734,155
Building and land improvements	964,266	48,226	(642)	1,011,850	33,061	(46,926)	997,985
Equipment and furnishings	84,237	34,048	-	118,285	3,764	(632)	121,417
Software	-	140	-	140	-	-	140
Construction in progress	401,844	190,748	(475,131)	117,461	168,344	(61,525)	224,280
Subtotal	5,593,693	928,201	(480,116)	6,041,778	276,943	(109,083)	6,209,637
Less accumulated depreciation:							
Buildings	(1,147,916)	(124,492)	764	(1,271,644)	(136,276)	-	(1,407,920)
Building and land improvements	(434,590)	(49,963)	314	(484,239)	(51,470)	42,100	(493,609)
Equipment and furnishings	(62,247)	(6,911)	-	(69,158)	(7,872)	629	(76,401)
Software	-	(14)	-	(14)	(28)	-	(42)
Subtotal	(1,644,753)	(181,380)	1,078	(1,825,055)	(195,646)	42,729	(1,977,972)
Total capital assets, net excluding lease assets	3,948,939	\$ 746,821	\$ (479,038)	4,216,723	\$ 81,296	\$ (66,353)	4,231,665
Lease assets, net (Note 9)	23,150			21,729			22,444
Total capital assets, net as reported in the statements of net position	\$ 3,972,089			\$ 4,238,452			\$ 4,254,109

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5) BONDS PAYABLE

The following is a summary of bonds outstanding for the year ended June 30, 2025 and the related activity during the fiscal year (\$ in thousands):

Bond Description	Original Borrowing	Current Maturity Year	Interest Rate	Outstanding June 30, 2024	Additions	Reductions	Outstanding June 30, 2025	Insured	Callable	Call Date Beginning
Project Revenue Bonds, Senior Series 2009-2 (Federally Taxable - Build America Bonds - Direct Pay to Issuer)	\$ 271,855	2039	6.42% to 6.57%	16,180	-	(795)	15,385	No	At Par	Anytime
Project Revenue Bonds, Senior Series 2009-3 (Federally Taxable)	28,570	2039	5.82% to 6.17%	20,805	-	(870)	19,935	No	*	Anytime
Project Revenue Bonds, Senior Series 2010-2 (Federally Taxable - Build America Bonds - Direct Pay to Issuer)	430,320	2040	3.80% to 5.45%	378,925	-	(18,030)	360,895	No	*	Anytime
Project Revenue Bonds, Senior Series 2010-3 (Federally Taxable)	3,005	2040	5.75%	2,265	-	(85)	2,180	No	*	Anytime
Project Revenue Bonds, Senior Series 2013-1	212,585	2039	2.00% to 5.00%	1,230	-	-	1,230	No	At Par	Anytime
Project Revenue Bonds, Senior Series 2013-2 (Federally Taxable)	71,970	2041	0.43% to 4.26%	24,560	-	-	24,560	No	At Par	Anytime
Project Revenue Bonds, Senior Series 2014-1	293,890	2044	3.00% to 5.00%	54,400	-	(4,675)	49,725	No	At Par	Anytime
Refunding Revenue Bonds, Senior Series 2014-3	67,635	2026	2.00% to 5.00%	15,135	-	(4,835)	10,300	No	At Par	Anytime
Refunding Revenue Bonds, Senior Series 2014-4 (Federally Taxable)	157,855	2025	0.20% to 3.38%	4,490	-	(2,205)	2,285	No	*	Anytime
Project Revenue Bonds, Senior Series 2015-1	298,795	2045	4.00% to 5.00%	266,880	-	-	266,880	No	At Par	Nov-25
Refunding Revenue Bonds, Senior Series 2015-2	191,825	2036	3.00% to 5.00%	90,360	-	(10,035)	80,325	No	At Par	Nov-25
Project Revenue Bonds, Senior Series 2017-1	165,130	2047	4.00% to 5.25%	165,130	-	-	165,130	No	At Par	Nov-27

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Bond Description	Original Borrowing	Current Maturity Year	Interest Rate	Outstanding June 30, 2024	Additions	Reductions	Outstanding June 30, 2025	Insured	Callable	Call Date Beginning
Project Revenue Bonds, Senior Series 2017-2 (Federally Taxable)	\$ 19,510	2027	1.58% to 3.37%	9,745	-	(2,320)	7,425	No	No	-
Refunding Revenue Bonds, Senior Series 2017-3 Direct Placement	187,680	2038	3.00% to 5.00%	144,660	-	(5,335)	139,325	No	At Par	Nov-27
Project Revenue Bonds, Senior Series 2018-1	37,650	2043	2.00% to 2.93%	35,995	-	(1,690)	34,305	No	At Par	Anytime
Refunding Revenue Bonds, Senior Series 2019-1	208,725	2039	5.00%	202,055	-	(13,650)	188,405	No	At Par	May-29
Project Revenue Bonds, Senior Series 2020-1	200,840	2050	5.00%	200,840	-	(2,645)	198,195	No	At Par	Nov-29
Project Revenue Bonds, Senior Series 2020-2 (Federally Taxable)	129,830	2050	1.76 to 3.54%	123,770	-	(2,095)	121,675	No	At Par	Nov-29
Refunding Revenue Bonds, Senior Series 2020-3 (Federally Taxable)	319,345	2044	1.71 to 3.50%	308,945	-	(4,315)	304,630	No	At Par	Nov-29
Refunding Revenue Bonds, Senior Series 2020-4 (Federally Taxable)	329,930	2043	.43% to 3.013%	307,655	-	(15,650)	292,005	No	*	Anytime
Refunding Revenue Bonds, Senior Series 2021-1	312,330	2037	5.00%	230,350	-	(25,510)	204,840	No	At Par	May-31
Refunding Revenue Bonds, Senior Series 2021-2 (Federally Taxable)	46,585	2036	0.145% to 2.652%	30,320	-	(260)	30,060	No	At Par	May-31
Project Revenue Bonds, Senior Series 2022-1	188,650	2052	4.00% to 5.00%	187,690	-	(1,010)	186,680	No	At Par	May-30
Project Revenue Bonds, Senior Series 2022-2 (Federally Taxable)	211,270	2045	2.2% to 4.3%	204,865	-	(6,550)	198,315	No	At Par	May-32
Project Revenue Bonds, Senior Series 2024-1	150,480	2054	5.00%	150,480	-	-	150,480	No	At Par	May-34
Unamortized bond premium				206,085	-	(23,607)	182,478			
Total				\$ 3,383,815	\$ -	\$ (146,167)	\$ 3,237,648			

*These series of bonds are callable at the Make-Whole Redemption Price, which equals the greater of the outstanding principal balance or the present value of the scheduled future principal and interest payments; payments are discounted at the Treasury Rate plus 25 basis points (2009 Series Bonds) or 30 basis points (2010 Series Bonds).

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The following is a summary of bonds outstanding for the year ended June 30, 2024 and the related activity during the fiscal year (\$ in thousands):

Bond Description	Outstanding June 30, 2023	Additions	Reductions	Outstanding June 30, 2024
Project Revenue Bonds, Senior Series 2009-2 (Federally Taxable - Build America Bonds - Direct Pay to Issuer)	\$ 16,945	\$ -	\$ (765)	\$ 16,180
Project Revenue Bonds, Senior Series 2009-3 (Federally Taxable)	21,625	-	(820)	20,805
Project Revenue Bonds, Senior Series 2010-2 (Federally Taxable - Build America Bonds - Direct Pay to Issuer)	396,485	-	(17,560)	378,925
Project Revenue Bonds, Senior Series 2010-3 (Federally Taxable)	2,345	-	(80)	2,265
Project Revenue Bonds, Senior Series 2013-1	2,565	-	(1,335)	1,230
Project Revenue Bonds, Senior Series 2013-2 (Federally Taxable)	27,105	-	(2,545)	24,560
Project Revenue Bonds, Senior Series 2014-1	58,800	-	(4,400)	54,400
Refunding Revenue Bonds, Senior Series 2014-3	19,845	-	(4,710)	15,135
Refunding Revenue Bonds, Senior Series 2014-4	6,630	-	(2,140)	4,490

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Bond Description	Outstanding June 30, 2023	Additions	Reductions	Outstanding June 30, 2024
Project Revenue Bonds, Senior Series 2015-1	266,880	-	-	266,880
Refunding Revenue Bonds, Senior Series 2015-2	107,710	-	(17,350)	90,360
Refunding Revenue Bonds, Senior Series 2017-1	165,130	-	-	165,130
Refunding Revenue Bonds, Senior Series 2017-2	12,000	-	(2,255)	9,745
Refunding Revenue Bonds, Senior Series 2017-3	148,500	-	(3,840)	144,660
Direct Placement Project Revenue Bonds, Senior Series 2018-1	37,650	-	(1,655)	35,995
Refunding Revenue Bonds, Senior Series 2019-1	208,725	-	(6,670)	202,055
Project Revenue Bonds, Senior Series 2020-1	200,840	-	-	200,840
Project Revenue Bonds, Senior Series 2020-2 (Federally Taxable)	125,825	-	(2,055)	123,770
Refunding Revenue Bonds, Senior Series 2020-3 (Federally Taxable)	313,500	-	(4,555)	308,945
Refunding Revenue Bonds, Senior Series 2020-4 (Federally Taxable)	320,585	-	(12,930)	307,655
Refunding Revenue Bonds, Senior Series 2021-1 (Federally Taxable)	261,785	-	(31,435)	230,350
Refunding Revenue Bonds, Senior Series 2021-2 (Federally Taxable)	30,580	-	(260)	30,320
Project Revenue Bonds, Senior Series 2022-1	188,650	-	(960)	187,690
Project Revenue Bonds, Senior Series 2022-2 (Federally Taxable)	211,270	-	(6,405)	204,865
Project Revenue Bonds, Senior Series 2024-1	-	150,480	-	150,480
Unamortized bond premium	215,153	15,593	(24,661)	206,085
Total	\$ 3,367,128	\$ -	\$ (149,386)	\$ 3,383,815

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Aggregate annual maturities of principal and interest on bonds outstanding as of June 30, 2025 are as follows (\$ in thousands):

	Bonds			Direct Placement Bonds		Total
	Principal	Interest	Interest Subsidy*	Principal	Interest	
Fiscal year-end						
2026	\$ 119,100	\$ 130,318	\$ (6,445)	\$ 1,725	\$ 684	\$ 245,382
2027	122,625	124,997	(6,153)	1,760	649	243,877
2028	127,575	119,528	(5,858)	1,790	615	243,650
2029	132,065	113,928	(5,547)	1,600	827	242,873
2030	134,525	108,076	(5,219)	1,605	799	239,786
2031–2035	663,225	451,854	(20,318)	8,785	3,244	1,106,790
2036–2040	721,630	297,069	(8,891)	10,175	1,846	1,021,829
2041–2045	584,980	150,827	(258)	6,865	344	742,757
2046–2050	280,590	63,356	-	-	-	343,946
2051–2056	134,550	11,260	-	-	-	145,810
	<u>\$ 3,020,865</u>	<u>\$ 1,571,212</u>	<u>\$ (58,689)</u>	<u>\$ 34,305</u>	<u>\$ 9,007</u>	<u>\$ 4,576,701</u>

*These interest rate subsidies are provided by the United States Government related to the Authority's issuance of bonds under the Build America Bond ("BAB") program. Under the BAB program, the Government provides a direct subsidy of the interest rate paid to bondholders up to 35%. The Authority's November 1, 2024, and May 1, 2025 subsidy payments related to the Senior Series 2009-2 Project Revenue Build America Bonds and the Senior Series 2010-2 Project Revenue Build America Bonds were 33.00%. For fiscal year 2026 through fiscal year 2043, the estimated subsidy reflected in the table above is 33.00%. As of June 30, 2025, the Authority has not received the November 2024 2010-2 subsidy payment. Accordingly, the Authority has recorded a receivable from the Federal Government.

Bond Activity

The Authority did not issue any new bonds and there was no refunding activity in the fiscal year 2025. In fiscal year 2024, the Authority issued \$150.5 million of Senior Series 2024-1 Project Revenue Bonds to finance construction projects at Amherst campus.

Bond Premium and Issuance Expenses

The Authority amortizes the premiums received as a reduction of interest expense over the life of the respective bond issue. No bond activity occurred in the fiscal year 2025, thus no new bond premium, discount or bond issuance costs were recorded in the fiscal year 2025.

In the fiscal year 2024, the Authority received \$15.6 million as premiums at issuance. In connection with the Authority's bond issues, the Authority incurred certain issuance costs associated with the bond offerings. In fiscal year 2024, issuance costs were \$1.02 million and were expensed in accordance with the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

6) COMMERCIAL PAPER

The maximum aggregate principal amount of commercial paper which may be outstanding at one time is \$200,000,000. The Commercial Paper Notes Series 2013-A are secured by a standby liquidity facility agreement with TD Bank, that expires on July 24, 2030. As of June 30, 2025, the outstanding commercial paper had a term of 37 days with a maturity date July 31, 2025. On July 24, 2025, the Authority amended the standby liquidity facility agreement with TD Bank and extended it through July 24, 2030.

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The following is a summary of commercial paper issues for the year ended June 30 (\$ in thousands):

	Balance June 30, 2024	Issues	Repayments	Balance June 30, 2025
CP series 2013-B tax exempt	\$ 52,817	\$ -	\$ -	\$ 52,817
CP series 2013-A taxable	5,250	-	(5,250)	-
	\$ 58,067	\$ -	\$ (5,250)	\$ 52,817

	Balance June 30, 2023	Issues	Repayments	Balance June 30, 2024
CP series 2013-A tax exempt	\$ 31,000	\$ 15,000	\$ (46,000)	\$ -
CP series 2013-B tax exempt	-	58,800	(5,983)	52,817
CP series 2013-A taxable	-	6,250	(1,000)	5,250
	\$ 31,000	\$ 80,050	\$ (52,983)	\$ 58,067

The Authority incurred interest and fees associated with its commercial paper credit facility of \$2.2 and \$2.6 million for fiscal years 2025 and 2024, respectively.

7) PLEDGED REVENUES

The Authority has pledged as security for its revenue bonds the payments made by the University to the Authority to pay the debt service on its outstanding revenue bonds. The general purpose of such revenue bonds issued by the Authority is to finance the University's capital projects and are payable through fiscal year 2055. Such pledges remain in place until the revenue bonds outstanding are defeased or paid. The total amount of pledged revenues in fiscal year 2025 was \$272.1 million. Total debt service (principal and interest) paid during fiscal year 2025 on outstanding revenue bonds was \$255.9 million, representing 94.1% of pledged revenues.

8) CONTRIBUTIONS FROM THE UNIVERSITY OF MASSACHUSETTS, THE COMMONWEALTH OF MASSACHUSETTS, AND THE U.S. GOVERNMENT (IRA CREDIT)

During fiscal year 2025, the Authority received net capital contributions from the University in the amount of \$41.0 million to fund the Thermal Energy Storage System, Flint Hall and Curry Hicks Cage renovations at Amherst, the Cooling Capacity Project at the Boston campus, and certain property acquisitions at the Lowell campus. During fiscal year 2024, the Authority received capital contributions from the University in the amount of \$28.1 million to fund the Goodell Hall, Engineering Building and Service Workers Honor Pavilion renovations at Amherst and the Nursing School Study at the Boston campus.

During fiscal years 2025 and 2024, the Authority received grants totaling \$97.3 million and \$99.1 million from the Commonwealth, respectively. These grants were from Division of Capital Asset Management and Maintenance and the Executive Office of Economic Development to fund projects at the Amherst, Boston, Dartmouth and Lowell campuses.

During fiscal year 2025 the Authority applied for and received the Inflation Reduction Act (IRA) tax credit related to the New Education and Research Building on the campus of the UMass Chan Medical School, in the amount of \$10.4 million. The IRA credit is considered a capital contribution from the U.S. Government. As per the Authority's policy, these grants are presented in the Statements of Revenues, Expenses and Changes in Net Position as capital contributions.

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9) PUBLIC-PRIVATE PARTNERSHIPS AND LEASES

The Authority has entered into three Public-Private Partnerships (PPP), one of which meets the definition of a service concession arrangement (SCA). The remaining two do not meet the definition of an SCA.

a) PPPs meeting the definition of an SCA

On July 7, 2022, the Authority entered into an SCA with Mass Ave Housing Partners LLC ("Project Company"), to carry out the design, construction, financing, operation, management, and maintenance of a portion of the Student Housing Project on the Amherst campus consisting of approximately 600 beds of undergraduate apartment-style housing and approximately 200 beds of graduate student apartment-style housing and related infrastructure, including parking. The Project Company will manage, maintain, and operate the Student Housing Facilities and be entitled to all user fees associated with the project as defined, for a term of 65 years. At the end of the arrangement, operation of the Student Housing Project will be transferred to the University. The accumulated cost of construction of the Student Housing Project was \$245.8 million. In accordance with GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, the Authority recorded an asset and corresponding deferred inflow for the cost of the Student Housing Project when the related asset was placed into service in January 2024. The deferred inflow is being amortized over the life of the asset.

In accordance with SCA agreements, the Authority received from the Project Company a lump-sum payment of \$20 million, which is included in other noncurrent liabilities in the accompanying financial statements. The payment is being amortized over the 65-year term of the agreement.

b) PPPs not meeting the definition of an SCA

On November 8, 2016, the Authority entered into an agreement with Commonwealth Educational Resources, Inc. (PCER), a Massachusetts not-for-profit corporation, to construct and operate for 40 years a 1,082-bed student housing facility at its Boston campus (the "Boston Project"). The Boston Project reverts to the Authority in 2056. The Boston Project was financed with \$130.08 million of revenue bonds issued on October 26, 2016 (Series 2016 Bonds) by the Massachusetts Development Finance Agency ("MassDevelopment") pursuant to a Loan and Trust Agreement between MassDevelopment and PCER. Neither the Authority, University, nor the Boston campus have pledged revenues to secure the payment of the Series 2016 bonds nor do they have any obligation with respect to payment of the Series 2016 bonds.

On November 14, 2018, the Authority entered into an agreement with Provident Commonwealth Educational Resources II, Inc. (PCER II), a Massachusetts not-for-profit corporation to construct and operate for 45 years a 1,210-bed student housing facility at its Dartmouth campus (the "Dartmouth Project"). The Dartmouth Project reverts to the Authority in 2064. The Dartmouth Project was financed with \$132.19 million of revenue bonds issued on November 14, 2018 (Series 2018 Bonds) by the Massachusetts Development Finance Agency ("MassDevelopment") pursuant to a Loan and Trust Agreement between MassDevelopment and PCER II. Neither the Authority, University nor Dartmouth campus have pledged revenues to secure the payment of the Series 2018 bonds or have any obligation with respect to payment of the Series 2018 bonds.

Management has evaluated relevant GASB guidance as to the underlying Boston and Dartmouth Project agreements and indentures and has concluded that the associated debt should not be recognized in the financial statements of the Authority.

In accordance with GASB Statement No. 94, PPPs that do not meet the definition of an SCA are recorded based upon the operators' (PCER and PCER II) estimated carrying value of the underlying PPP assets as of the expected date of transfer in ownership to the Authority. As of June 30, 2025 and 2024, the estimated carrying values of the assets upon ownership transfer for the Boston Project (2056) and the Dartmouth Project (2064) were deemed immaterial, and therefore, no amounts have been recorded in the accompanying financial statements.

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c) Ground Leases

Pursuant to the Boston and Dartmouth Project PPP agreements, the Authority entered into the following ground leases. For the Boston Project, commencing January 1, 2019, and continuing for a term of 40 years, the annual rental amount payable to the Authority is \$1.025 million. For the Dartmouth Project, commencing January 1, 2021, and continuing for a term of 45 years, the rental amount payable to the Authority is \$625,000, increasing by 3% every five years.

d) Direct Financing Lease

In accordance with the GASB Statement No. 87, *Leases*, transition guidance, the Authority has not restated the underlying assets related to its direct finance lease.

On October 27, 2009, the Authority entered into an agreement to lease its facility located on Morrissey Boulevard in Dorchester, Massachusetts (the Facility) to the Edward M. Kennedy Institute for the United States Senate ("EMKI"), a charitable corporation registered in the District of Columbia. The lease agreement provides for an initial term of ninety-nine years commencing in October 2009, and thereafter, at the option of EMKI, may be extended for two additional ninety-nine-year periods.

EMKI has an option to purchase the Facility for one dollar at any time after the earlier of: (i) payment of no less than 51% or (ii) defeasement of the original amount of the associated revenue bonds. The University has right of first refusal in the event EMKI decides to sell or otherwise dispose of the ownership of the Facility.

The project was financed with \$74.38 million of revenue bonds. Rent is equal to the debt service on the outstanding bonds and payable semiannually through fiscal year 2043.

At June 30, 2025 and 2024, the Authority recorded gross lease receivable of approximately \$83.9 million and \$88.9 million, respectively, related to the EMKI lease. Also at June 30, 2025 and 2024, the Authority recorded unearned interest income of approximately \$19.4 million and \$21.5 million, respectively, related to the EMKI lease. The Authority presents the unearned interest income associated with the EMKI lease as other current liabilities of approximately \$2.1 million and \$2.2 million and other noncurrent liabilities of approximately \$17.3 million and \$19.4 million as of June 30, 2025 and 2024, respectively.

For the years ended June 30, 2025 and 2024, the Authority recognized \$2.1 million and \$2.2 million, respectively, of interest income related to its EMKI direct financing lease.

e) Other Leases

The Authority has executed long-term leases, as a lessee, with the Commonwealth, acting by and through the Trustees, covering the land on which facilities owned by the Authority are located on the University's campuses. These leases call for nominal annual payments to the Commonwealth. Certain of these leases renew automatically for subsequent 5- or 10-year periods unless the Authority notifies the University that it does not wish to renew. Other leases require the Authority to notify the University of its desire to renew. As of June 30, 2025, all leases with the Commonwealth were in good standing and any leases requiring action by the Authority during the year to facilitate their renewals were properly renewed.

As provided in the Enabling Act, each of the above-referenced leases also terminates when the Authority no longer has any bonds outstanding, at which time all Authority property becomes the property of the Commonwealth.

On April 1, 2014, the Authority entered into a lease, as lessee, with Massachusetts Mutual Life Insurance Company, as lessor, for space at Tower Square, 1500 Main Street, Springfield, Massachusetts. The lease, as amended, ends on July 31, 2029. Annual rent is \$320,736, escalating annually by consumer price index (CPI). The Authority subleases the space to the University, as lessor, to be used as classroom space for its Springfield satellite campus.

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with a monthly payment of \$26,728 with CPI annual escalation through July 31, 2029

On July 17, 2014, the Authority entered into a lease, as lessee, with One Beacon Street Limited Partnership for space at One Beacon Street, Boston, Massachusetts. The lease ends December 31, 2030. Annual rent payments range from \$2.10 million to \$2.55 million.

In April 2021, the Authority entered into a lease-leaseback agreement with the University. The purpose of the agreement was to allow the Authority to control additional square footage at the One Beacon Street office building in order to facilitate a future sublease of a portion of that space to a third party. The term of the agreement ends in December 2030. The agreement was for the same square footage and at the same terms. In March 2022 and in October 2024, the amount of square footage in the lease-leaseback agreement was revised such that the Authority became a net lessee to that agreement. Accordingly, at June 30, 2025 and 2024, the Authority, as net lessee, recorded a lease right-of-use asset and corresponding lease liability for its net lease-leaseback agreement with the University.

Also in March 2022, the Authority entered into a sublease, as lessor, with a third party (HYM) for certain of the square footage it controlled at the One Beacon Street office building. The HYM lease expires in December 2030 and requires annual rental payments in the range of \$0.6 million to \$0.7 million.

On May 12, 2022, the Authority entered into a lease agreement, as lessee, with the University to lease office space at Mt. Ida for the Authority's use. The lease ends in June 2051, and the annual rent payments range from \$150,000 to \$600,000. Also on May 12, 2022 the Authority entered into a sublease agreement, as lessor, with the University of Massachusetts Foundation (the Foundation), a related party, to sublease 47% of office space at Mt Ida site through June 2051, for an up-front payment of \$3.5 million to cover rent payments from fiscal year 2022 through fiscal year 2039. Thereafter through June 2051, the Foundation's annual rent payment will be \$205 thousand/year.

In July 2024, the Authority identified and entered into a sublease, as lessor, with a third party (Boston Partners) for certain of the square footage it controlled at the One Beacon Street office building. The Boston Partners lease expires in December 2030 and requires annual rental payments in the range from \$0.6 million to \$0.7 million.

A summary of lease asset activity during the year ended June 30 is as follows (\$ in thousands):

	Balance at 6/30/2023	Additions	Remeasurements/ Deductions	Balance at 6/30/2024	Additions	Deductions	Balance at 6/30/2025
Lease right-of-use assets - office space:							
One Beacon - UMBA Lessee	\$ 18,914	\$ -	\$ -	\$ 18,914	\$ -	\$ -	\$ 18,914
University (One Beacon) - UMBA Sublessee	4,762	-	-	4,762	3,993	-	8,755
Mass Mutual (Satellite) - UMBA Lessee	1,279	1,418	-	2,697	-	-	2,697
University (Mt. Ida) - UMBA sublessee	5,472	-	-	5,472	-	-	5,472
Total lease assets	\$ 30,427	\$ 1,418	-	\$ 31,845	\$ 3,993	\$ -	\$ 35,838
Less accumulated amortization:							
One Beacon - UMBA Lessee	(5,405)	(1,801)	-	(7,207)	(1,801)	-	(9,008)
University (One Beacon) - UMBA Sublessee	(719)	(539)	-	(1,258)	(1,005)	-	(2,263)
Mass Mutual (Satellite) - UMBA Lessee	(939)	(311)	-	(1,250)	(285)	-	(1,535)
University (Mt. Ida) - UMBA sublessee	(214)	(188)	-	(401)	(187)	-	(588)
Total accumulated amortization	(7,277)	(2,839)	-	(10,117)	(3,277)	-	(13,394)
Total lease right-of-use assets, net	\$ 23,150	\$ (1,421)	-	\$ 21,729	\$ 716	-	\$ 22,444

Lease assets are reported as capital assets in the accompanying financial statements. See note 4 for rollforward of all of the Authority's capital assets.

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Lease Liabilities

A summary of changes in the lease liabilities during the year ended June 30, 2025, is as follows (\$ in thousands):

	Balance at 7/1/2024	Additions	Remeasurements/ Deductions	Balance at 6/30/2025	Amounts due within one year
Lease liability - office space:					
One Beacon - UMBA Lessee	\$ 15,524	\$ -	\$ (2,399)	\$ 13,124	\$ 2,326
University (One Beacon) - UMBA Sublessee	3,688	3,993	(881)	6,800	1,066
Mass Mutual (Satellite) - UMBA Lessee	1,445	-	(257)	1,188	270
University (Mt. Ida) - UMBA sublessee	5,383	-	(101)	5,282	104
Total lease liability	\$ 26,040	\$ 3,993	\$ (3,639)	\$ 26,394	\$ 3,766

A summary of changes in the related lease liabilities during the year ended June 30, 2024, is as follows (\$ in thousands):

	Balance at 7/1/2023	Additions	Remeasurements/ Deductions	Balance at 6/30/2024	Amounts due within one year
Lease liability - office space:					
One Beacon - UMBA Lessee	\$ 17,837	\$ -	\$ (2,313)	\$ 15,524	\$ 2,399
University (One Beacon) - UMBA Sublessee	4,158	-	(470)	3,688	495
Mass Mutual (Satellite) - UMBA Lessee	345	1,418	(318)	1,445	257
University (Mt. Ida) - UMBA sublessee	5,463	-	(80)	5,383	101
Total lease liability	\$ 27,803	\$ 1,418	\$ (3,181)	\$ 26,040	\$ 3,252

Future annual lease payments are as follows (\$ in thousands):

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	Principal amount	Interest amount	Total
Year ending June 30:			
2026	\$ 3,766	\$ 705	\$ 4,471
2027	3,778	598	4,377
2028	3,952	488	4,441
2029	4,137	369	4,506
2030	4,022	254	4,276
2031–2035	2,659	693	3,352
2036–2040	754	573	1,328
2041–2045	533	458	991
2046–2050	2,201	295	2,496
2051 and thereafter	591	9	599
Total to maturity	\$ 26,394	\$ 4,443	\$ 30,837

A summary of changes in the lease receivable during the year ended June 30, 2025, is as follows (\$ in thousands):

	Balance at 7/1/2024	Additions	Deductions/ Corrections	Balance at 6/30/2025	Amounts due within one year
Lease receivable					
One Beacon office space lease	\$ 11,813	\$ -	\$ (2,342)	\$ 9,471	\$ 1,660
Dartmouth P3 ground lease	18,755	-	-	18,755	230
Boston P3 ground lease	25,241	-	-	25,241	499
Amherst Satellite office space lease	1,446	-	(258)	1,188	270
One Beacon office space HYM sublease	3,775	-	(502)	3,273	529
One Beacon office space Boston Partners sublease	-	3,343	-	3,343	423
Mt Ida, office space Foundation sublease	1,202	235	-	1,437	-
Less: lease receivable allowance					
Dartmouth P3 ground lease	(2,698)	(390)	-	(3,088)	-
Boston P3 ground lease	(266)	-	-	(266)	-
Subtotal	59,267	3,188	(3,102)	59,353	3,611
 EMKI direct financing lease	 88,884	 -	 (5,002)	 83,882	 5,160
 Total lease receivable	 \$ 148,151	 \$ 3,188	 \$ (8,104)	 \$ 143,235	 \$ 8,771

A summary of changes in the lease receivable during the year ended June 30, 2024, is as follows (\$ in thousands):

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	Balance at 7/1/2023	Additions	Deductions/ Corrections	Balance at 6/30/2024	Amounts due within one year
Lease receivable					
One Beacon office space lease	\$ 13,553	\$ -	\$ (1,740)	\$ 11,813	\$ 1,810
Dartmouth P3 ground lease	18,755	-	-	18,755	204
Boston P3 ground lease	25,241	-	-	25,241	485
Amherst Satellite office space lease	346	1,418	(318)	1,446	256
One Beacon office space HYM sublease	4,082	-	(307)	3,775	500
Mt Ida, office space Foundation sublease	1,202	-	-	1,202	-
Less: lease receivable allowance					
Dartmouth P3 ground lease	(2,307)	(391)	-	(2,698)	
Boston P3 ground lease	(266)	-	-	(266)	
Subtotal	60,606	1,027	(2,365)	59,267	3,255
EMKI direct financing lease	91,549	-	(2,665)	88,884	5,002
Total lease receivable, net of lease receivable allowance	\$ 152,155	\$ 1,027	\$ (5,031)	\$ 148,151	\$ 8,257

For the years ended June 30, 2025 and 2024, the Authority recognized \$7.5 million and \$4.9 million, respectively, of rental income and \$1.5 million and \$1.4 million, respectively interest revenue related to its lessor operating leases.

For the years ended June 30, 2025 and 2024, the Authority recognized \$0.7 million and \$0.6 million, respectively, of interest expense and \$3.3 million and \$2.8 million, respectively amortization of the ROU lease asset related to its lessee operating leases.

10) COMMITMENTS AND CONTINGENCIES

In June 2019, the Authority entered into an agreement to lease property located at 200 Mount Vernon Street in Dorchester, Massachusetts, the former Bayside Convention center land, to an unrelated party (the "Developer"). The Developer plans to develop a mixed-use opportunity at the site. Under the terms of the agreement, the Developer, subject to certain contingencies, may enter into a 99-year ground lease for an initial fixed rent up-front payment of up to \$235 million, with a minimum payment due of \$192.5 million. It is an ongoing transaction to be negotiated on terms acceptable to the Authority while the parties agree to a closing date. At June 30, 2025, the Authority held \$27.3 million that is deemed a fully nonrefundable deposit toward the initial fixed rent up-front payment. The Authority has the right to terminate the agreement subject to the terms of the agreement. The deposit is recorded within other current liabilities on the Authority balance sheet.

The Authority has outstanding purchase commitments with contractors for the construction of certain facilities as of June 30, 2025 and 2024 of \$277.9 million and \$179.4 million, respectively.

As of June 30, 2025 and 2024, the Authority had a working capital deficiency of \$71.1 million and \$77.4 million, respectively. As stated in the various contracts between the Authority and the University, the University is required to provide necessary funding to the Authority to meet its obligations through June 30, 2026 and beyond.

From time to time, the Authority is involved in routine litigation that arises in the ordinary course of business. There are

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no significant legal proceedings to which the Authority is a party for which management believes the ultimate outcome would have a material adverse effect on the Authority's financial position.

11) RELATED PARTY TRANSACTIONS

The following table details the amounts due to the various campuses of the University at June 30, which are recorded as part of accounts payable and other current liabilities in the accompanying Statements of Net Position (\$ in thousands):

	<u>2025</u>	<u>2024</u>
Campus		
Amherst Campus	\$ 1,604	\$ 569
Boston Campus	1,098	396
Dartmouth Campus	1,077	398
Lowell Campus	576	2,273
Chan Medical School	622	50
UMass President's Office	205	48
Total	<u><u>\$ 5,182</u></u>	<u><u>\$ 3,734</u></u>

The table below outlines revenues received by the Authority from various campuses and related organizations for the year, ended June 30 and presented as part of operating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Position (\$ in thousands):

	<u>2025</u>			<u>2024</u>		
Source	Financial assistance, management, and other	Rental	Total			
Amherst Campus	\$ 98,947	\$ 375	\$ 99,322	\$ 93,150	\$ 392	\$ 93,542
Chan Medical School	49,485	26	49,511	49,379	26	49,405
Lowell Campus	35,804	-	35,804	35,704	25	35,729
Boston Campus	31,911	-	31,911	36,514	25	36,539
Dartmouth Campus	17,162	-	17,162	17,306	25	17,331
Other related party	19,739	1,017	20,756	20,349	673	21,022
Other third party	-	6,121	6,121	-	3,736	3,736
Total revenues	<u><u>\$ 253,048</u></u>	<u><u>\$ 7,539</u></u>	<u><u>\$ 260,587</u></u>	<u><u>\$ 252,402</u></u>	<u><u>\$ 4,902</u></u>	<u><u>\$ 257,304</u></u>

The Authority has issued debt, the proceeds of which were loaned to the Worcester City Campus Corporation (WCCC") for the purpose of University capital improvements. The current and noncurrent balance of the outstanding WCCC loan receivable amounted to \$14.6 million and \$125.2 million, respectively, as of June 30, 2025, and \$18.6 million and \$141.5 million, respectively, as of June 30, 2024. In fiscal year 2020, the Authority has issued debt, the proceeds of which were loaned to the University for the purpose of University capital improvements. The current and noncurrent balance of the outstanding University loan receivable amounted to \$0.5 million and \$22.3 million, respectively, as of June 30, 2025 and \$0.5 million and \$22.8 million, respectively, as of June 30, 2024.

In May 2016, the Authority entered into an agreement with the University to loan \$3.7 million to the Authority for a term of 14 years for the purposes of lease improvements. The current and noncurrent balance of the outstanding loan payable amounted to \$1.9 million and \$1.8 million as of June 30, 2025 and \$1.5 million and \$2.1 million as of June 30, 2024, reported within current and noncurrent other liabilities.

UNIVERSITY OF MASSACHUSETTS BUILDING AUTHORITY
(A Component Unit of the University of Massachusetts)
Notes to Financial Statements
June 30, 2025 and 2024

12) SUBSEQUENT EVENTS

Subsequent to the year ended June 30, 2025, and through December 12, 2025, the Authority rolled \$52.8 million and issued an additional \$1.5 million of tax-exempt commercial paper with an interest rate of 2.70% and a maturity date of February 3, 2026 to fund construction projects at the Boston and Dartmouth campuses.

For purposes of determining the effects of subsequent events on these financial statements, management has evaluated events subsequent to June 30, 2025 and through December 12, 2025, the date on which the financial statements were issued.



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**Independent Auditors' 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**

Members of the Board
University of Massachusetts Building Authority:

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 University of Massachusetts Building Authority (the Authority), a component unit of the University of Massachusetts, which comprise the statement of net position as of June 30, 2025, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 12, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Boston, Massachusetts
December 12, 2025