College of Micronesia-FSM

Financial Report to the Board of Regents
as of October, 2025

I. Executive Summary

As of **October 31, 2025**, the College of Micronesia–FSM (COM-FSM) remains in a stable financial position. The approved budget for FY2025 is **$12.618 million**, with payroll remaining the largest expenditure category, accounting for approximately 82% of the total budget. This supports more than 400 faculty and staff members, including those on regular and special contracts.

The College also continues to strengthen its long-term financial sustainability through its **Endowment Fund** and C**ash Reserves Fund**. As of October 31, 2025, the **Endowment Fund balance** stands at approximately **$14.521 million**, reflecting consistent growth. The fund's positive performance demonstrates prudent financial stewardship and a commitment to long-term investment strategies. In addition, the **Cash Reserves Fund** remains at a healthy level of **$3.025 million**, sufficient to cover approximately three to four months of operating expenses if needed. These reserves provide the College with essential liquidity, enabling it to manage payroll and operational obligations even in the event of delays in external funding or other unforeseen disruptions.

Taken together, the College's operating budget, endowment growth, and reserve levels reflect a sound financial base. However, rising payroll obligations, increasing utility costs, and reliance on external grant funding continue to pose risks that require ongoing monitoring.

II. Budget Overview

A. FY 2025 Approved budget by the FSM Govt.

FY2025 Budget	Summited to the FSM Govt.	Approved by the FSM Govt.
Tuition	$7,377,049	$7,377,049
Student Activity/ Health/ Registration	272,487	272,487
Total Cost of Ownership (Facility)	686,879	686,879
RH/Others	192,861	192,861
FSM (ESG)	1,000,000	4,018,539
FSM (General Fund)	7,058,451	0
Total	$16,587,727	$12,547,815

B. FY2025 Actual Expenses as of October 31, 2025

Campus	Budget	Actual	Balance	
National	7,356,926.84	7,146,659.24	210,267.60	3%
CTEC	2,062,540.00	1,530,768.28	531,771.72	26%
Chuuk	1,394,992.21	1,152,031.70	242,960.51	17%
Kosrae	879,485.00	641,343.75	238,141.25	27%
Yap	853,870.95	626,423.78	227,447.17	27%
Total	12,547,815.00	11,097,226.75	1,450,588.25	12%
		0.88	12%	

C. FY2026 Approved Budget

	FY2026 Budget Submitted to BOR	Summited to the FSM Govt.	Approved by the FSM Govt.	Budget used for FY2026
Tuition	6,538,130	$7,377,049	$7,377,049	6,538,130
Student Activity/ Health/ Registration	229,898	272,487	272,487	229,898
Total Cost of Ownership (Facility)	613,922	686,879	686,879	613,922
RH/Others	217,898	192,861	192,861	217,898
FSM (ESG)	4,018,539	1,000,000	5,018,539	5,018,539
FSM (General Fund)	0	7,058,451	0	0
Total	11,618,387	$16,587,727	$13,547,815	12,618,387

D. Proposed Budget for FY2027

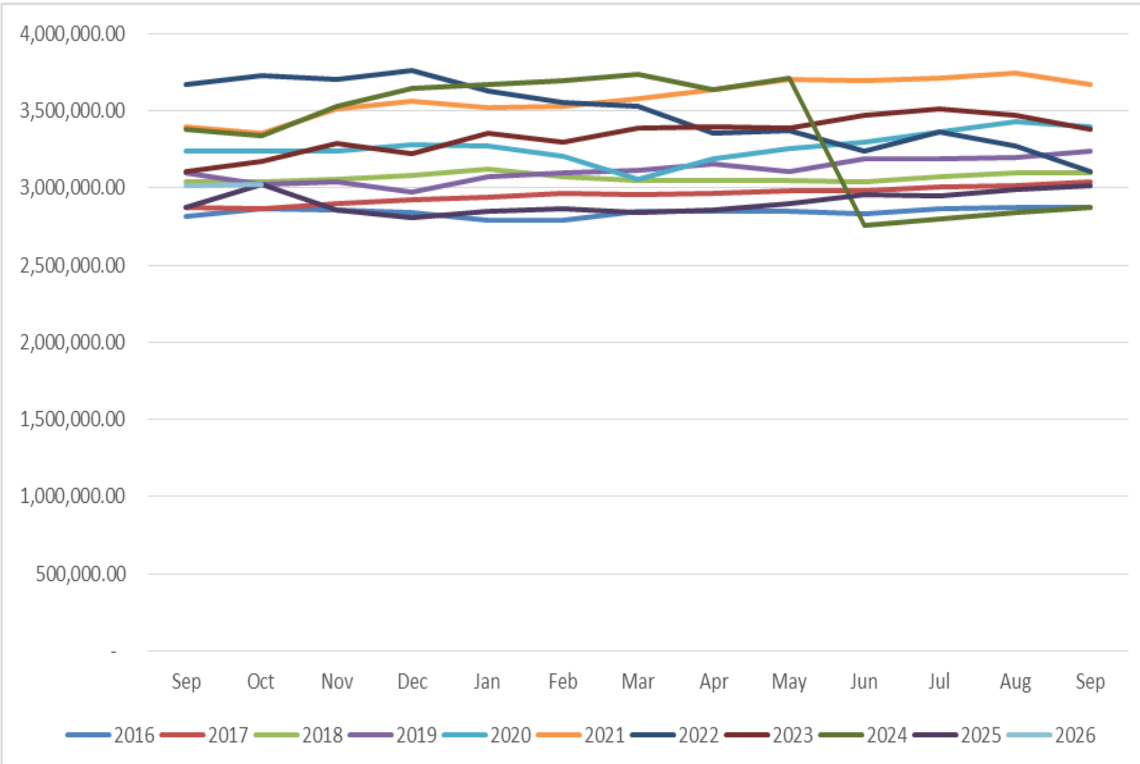
	FY2027 Budget Submitted to BOR	Summited to the FSM Govt.
Tuition	6,154,742	
Student Activity/ Health/ Registration	218,100	
Total Cost of Ownership (Facility)	582,585	
RH/Others	125,406	
FSM (ESG)	5,018,539	
FSM (General Fund)	0	
Total	12,099,372	

III. Cash Status

Bank of FSM -	$833,350.26
Bank of Guam -	223,995.58
Total	$1,057,345.84

VI. Investments Balance as of October 31, 2025

A. Cash Reserves



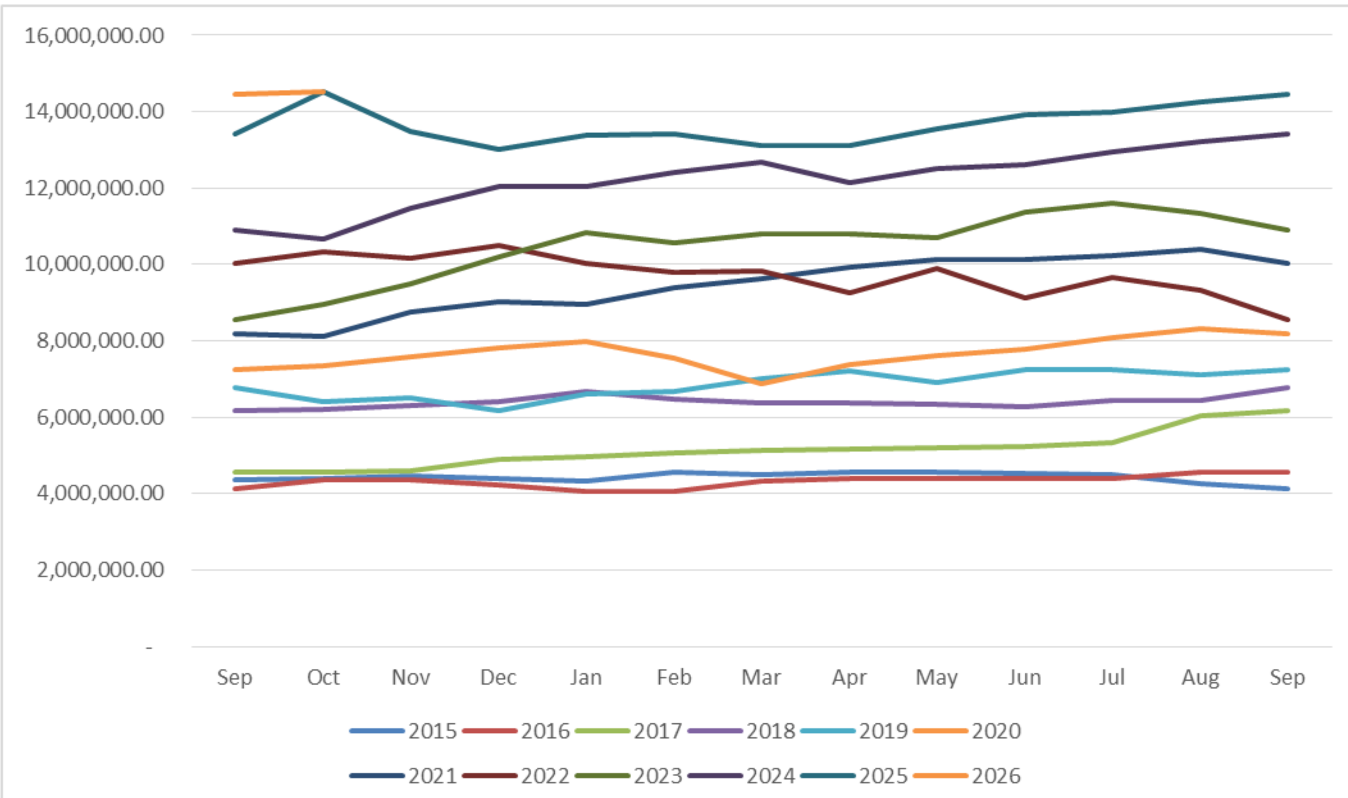
As of October 31, 2025, the College of Micronesia–FSM maintains cash reserves totaling **$3,025,142.45**, a level of financial strength that reflects both prudent fiscal management and direct alignment with the College's Strategic Plan 2025–2030. These reserves are essential to supporting the College's mission and ensuring operational continuity across its system of campuses, which are geographically dispersed throughout the Federated States of Micronesia.

In alignment with the strategic priority of **Access**, the reserves ensure that payroll and essential operating costs are met on time, thereby guaranteeing uninterrupted delivery of instruction and services across all campuses. By maintaining this financial cushion, the College is able to overcome potential timing gaps in government appropriations or grant disbursements, ensuring that students and communities continue to receive equitable access to education regardless of funding uncertainties.

The management of these funds also supports the College's commitment to **Innovation**. Reserves are held in secure, interest-bearing accounts and managed under an investment strategy that emphasizes capital preservation, liquidity, and modest returns. This approach reflects forward-thinking financial stewardship, striking a balance between safety and performance to ensure that resources remain readily available while also contributing to institutional sustainability.

Most importantly, the reserves embody the College's focus on **Resilience**, providing a vital safeguard against unforeseen financial and operational challenges. Whether responding to delayed revenues, natural disasters, or other unexpected events, the reserves serve as a stabilizing force that protects instructional quality, institutional services, and long-term planning efforts. With sufficient funds to sustain operations for approximately three to four months, the College demonstrates its capacity to remain resilient, uphold its policies, and protect the integrity of its educational mission.

B. Endowment Fund



The **Endowment Fund** of the College of Micronesia–FSM is a vital cornerstone of the institution's long-term financial stability and sustainability. As of **October 31, 2025**, the Fund balance stands at approximately **$14,521,449.43**, reflecting consistent growth over the past five years. This steady progress demonstrates the College's commitment to prudent financial stewardship and its forward-looking approach to strengthening the institution's fiscal foundation in line with the **Strategic Plan 2025–2030**.

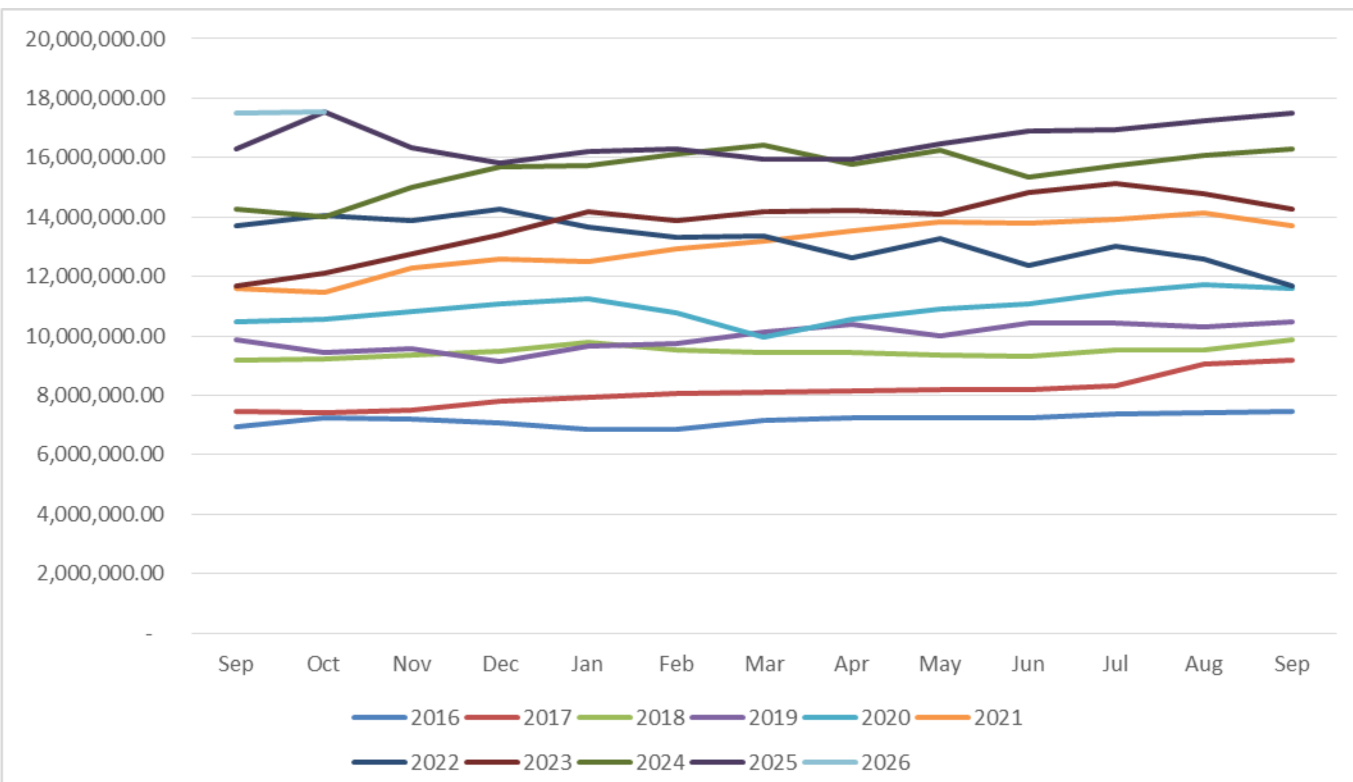
The Endowment Fund is not intended to provide short-term operational support or annual payouts. Instead, it is preserved and managed as a **long-term investment vehicle**, ensuring that the College builds financial capacity for the future. Guided by the Board of Regents' investment policies, the Fund has continued to grow despite global market fluctuations, underscoring the College's resilience and careful management of resources.

This focus on long-term sustainability directly advances the **strategic priority of Resilience**. By safeguarding and expanding the Endowment Fund, the College strengthens its ability to withstand fiscal uncertainties, reduces dependence on external funding, and ensures institutional stability across all campuses. At the same time, growing the Endowment supports the priority of **Access** by laying the groundwork for future affordability initiatives, scholarship opportunities, and academic investments that will expand educational opportunities for students throughout the Federated States of Micronesia.

Looking forward, the College is committed to expanding the Endowment Fund through **targeted fundraising campaigns, stronger alumni engagement, and partnerships with philanthropic organizations**. These initiatives reflect the College's focus on **Innovation**, as it explores new and creative approaches to resource generation that will secure sustainable revenue streams for the decades ahead.

Ultimately, the Endowment Fund represents far more than accumulated financial assets—it is a **strategic investment in the future of the nation's only national college**. By continuing to build and safeguard this resource, COM–FSM ensures that it will remain a resilient, innovative, and accessible institution that fulfills its mission of delivering quality, affordable, and relevant higher education to the people of the Federated States of Micronesia.

C. Total Investments



The total investments of the college is $17,546,591.88.

V. FY2024 Audit Status

College of Micronesia-FSM
(A Component Unit of the Federated States of Micronesia National Government)

Statements of Net Position

	September 30, 2024	September 30, 2023
Assets		
Current assets:		
Cash	$ 2,081,790	$ 4,359,972
Investments	2,607,623	3,051,379
Due from FSM National Government, net of allowance for doubtful accounts of $1,049,637 and $999,569, respectively	707,482	1,229,768
Tuition receivable, net of allowance for doubtful accounts of $6,475,124 and $5,781,463, respectively	3,633,430	3,479,972
Grants and contracts receivable, net of allowance for doubtful accounts of $408,407 and $553,829, respectively	1,667,152	848,089
Other receivables, net of allowance for doubtful accounts of $547,332 and $338,976, respectively	74,043	257,802
Inventories, net of allowance for obsolescence of $557,115 and $551,106, respectively	1,164,356	916,589
Prepaid expenses	237,584	433,363
Total current assets	12,173,460	14,576,934
Investments	13,418,592	10,909,450
Capital assets:		
Subscription-based information technology assets, net	21,429	58,125
Lease assets, net	202,899	451,943
Nondepreciable capital assets	5,543,461	2,720,923
Depreciable capital assets, net	3,459,502	3,982,503
Total assets	$34,819,343	$32,699,878
Liabilities		
Current liabilities:		
Accounts payable	1,334,406	1,529,421
Accrued liabilities	1,492,803	894,865
Current portion of lease liability	73,168	108,467
Current portion of subscription-based information technology liability	14,781	43,594
Current portion of accrued annual leave	285,407	278,084
Unearned revenue	2,328,064	2,238,325
Total current liabilities	5,528,629	5,092,756
Non-current liabilities:		
Lease liability, net of current portion	162,118	348,796
Subscription-based information technology liability, net of current portion	---	14,531
Accrued annual leave, net of current portion	472,852	489,605
Total liabilities	6,163,599	5,945,688
Net position:		
Net investment in capital assets	8,977,222	6,698,106
Restricted – nonexpendable	165,000	165,000
Unrestricted	19,513,522	19,891,084
Total net position	28,655,744	26,754,190
Total liabilities and net position	$34,819,343	$32,699,878

College of Micronesia-FSM

(A Component Unit of the Federated States of Micronesia National Government)

Statements of Revenues, Expenses and Changes in Net Position

	Years ended September 30, 2024	2023
Operating revenues:		
Student tuition and fees	$ 7,790,128	$ 8,081,331
Less scholarship discounts and allowances	(5,822,227)	(5,575,131)
	1,967,901	2,506,200
Sales and services of auxiliary enterprises	1,604,296	1,714,888
Other revenues	300,103	378,286
Total operating revenues	3,872,300	4,599,374
(Less) add bad debts (expense) recovery	(790,309)	254,056
Net operating revenues	3,081,991	4,853,430
Operating expenses:		
Institutional support	8,943,346	12,958,068
Instruction	7,588,945	7,647,804
Student financial assistance	4,089,306	3,752,841
Auxiliary enterprises	1,656,280	2,081,122
Student services	1,614,508	1,428,545
Depreciation	1,027,911	1,092,502
Academic support	609,134	632,178
Operations and maintenance, plant	18,857	144,524
Total operating expenses	25,548,286	29,737,584
Operating loss	(22,466,295)	(24,884,154)
Nonoperating revenue:		
Federal grants and contracts	15,660,244	18,96
Government grants and contracts	2,915,671	4,310,340
Government contributions to the Endowment Fund	---	500,000
Other contributions to Endowment Fund	---	230,042
Net investment gain	2,969,395	1,359,654
Total nonoperating revenues, net	21,545,310	24,505,032
Operating loss	(920,985)	(379,122)
Federal capital grants	2,822,538	1,265,238
Change in net position	1,901,553	886,116
Net position at beginning of year	26,754,190	25,868,074
Net position at end of year	$28,655,744	$26,754,190

College of Micronesia-FSM
(A Component Unit of the Federated States of Micronesia National Government)

Statements of Cash Flows

	Years ended September 30, 2024	2023
Cash flows from operating activities:		
Student tuition and fees	$ 1,113,873	$ 3,690,312
Sales and services of auxiliary services	1,604,296	1,714,888
Other revenues	483,862	221,480
Payments to suppliers and others	(9,669,146)	(12,330,003)
Payments to employees for salaries and benefits	(10,399,999)	(10,017,265)
Payments to students	(4,089,306)	(3,752,841)
Net cash used in operating activities	(20,956,420)	(20,473,429)
Cash flows from noncapital and related financing activities:		
Federal grants and contracts	15,660,244	18,104,996
Government grants and contracts	2,618,894	3,999,416
Government contributions to Endowment Fund	---	500,000
Other contributions to Endowment Fund	---	230,042
Net cash provided by noncapital and related financing activities	18,279,138	22,834,454
Cash flow from capital and related financing activities:		
Federal grants and contracts	2,822,538	1,265,238
Purchase of capital assets	(3,327,448)	(1,869,674)
Net cash used in capital and related financing activities	(504,910)	(604,436)
Cash flow from investing activities:		
Net sale (purchase) of investments	904,010	(1,282,215)
Net change in cash	(2,278,182)	474,374
Cash at beginning of year	4,359,972	3,885,598
Cash at end of year	$ 2,081,790	$ 4,359,972

Summary of Audit Findings		
Audit Findings	FY2023	FY2024
2023-01	Finding 2023-01 - Application of GASB Cod. N50, Nonexchange Transactions and GASB Cod. 2200, Annual Comprehensive Financial Report	-
2023-02	Interfund payables/receivables	-
2023-03	Grants and contracts receivables subsidiary ledgers	2024-02(pending resolution)
2023-04	Reporting	2024-03
2023-05	Special Tests and Provisions: Verification	2024-04
2023-06	Special Tests and Provisions: Gramm-Leach-Bliley Act-Student Information Security	2024-05
2023-07	Special Tests and Provisions: Disbursements to or on Behalf of Students	2024-06
2023-08	Special Tests and Provisions: Disbursements to or on Behalf of Students	2024-07
2023-09	Procurement, Suspension, and Debarment	-
2024-01		Financial statement close process to effectively meet the external financial reporting objectives (pending resolution)

VI. Statement of Revenue and Expenditure as of October 2025

College of Micronesia-FSM
Revenues and Expenditures Report
Fiscal Year 2026
As of October 31, 2025

	FSM Appropriation (operation)	FSM Appropriation (FMI)	FSM Appropriation (BOR)	FSM Appropriation (Public Health)	CRE	Federal Grants (Pell)	Federal Grants (Trio)	Other Grants	All Others	Total
Projected Revenue	**5,018,539.00**	**850,000.00**	**120,000.00**	**250,000.00**	**2,012,066.00**	**7,599,848.00**	**1,054,357.69**	**1,524,730.75**	**-**	**18,429,541.44**
Billed	-	-	-	-	-	525,621.00	127,957.36	239,528.12	-	893,106.48
Unbilled	672,713.64	16,825.20	3,383.08	2,025.57	95,572.99	13,192.74	51,399.77	11,760.42	-	866,873.41
Received	-	-	-	-	-	-	-	-	-	-
% Received	-	-	-	-	-	-	-	-	-	-
Expenditures:										
Office of the President						(45,013.29)				(45,013.29)
Human Resources Office						(21,188.60)				(21,188.60)
Institutional Advancement Office						(18,062.16)				(18,062.16)
Business Office						(39,843.13)				(39,843.13)
Office of Procurement and Property Management						(9,519.71)				(9,519.71)
VP for Innovation and Sustainability						(10,453.71)				(10,453.71)
VP for Instructional Affair	(129,274.85)									(129,274.85)
Social Science Department	(18,815.99)									(18,815.99)
Education Department	(18,284.03)									(18,284.03)
Business and Accounting Departm	(38,371.52)									(38,371.52)
Math and Science Department	(62,853.59)									(62,853.59)
LanLit Department	(21,998.45)									(21,998.45)
Public Health	(15,050.92)									(15,050.92)
VP for Institutional Effectivenes and Quality Assurance						(23,676.02)				(23,676.02)
Learning Resource Center	(30,672.61)									(30,672.61)
Information and Technology Department						(20,299.18)				(20,299.18)
VP for Enrollment and Student Services						(14,379.36)				(14,379.36)
Office for Admission and Records						(16,117.51)				(16,117.51)
Financial Adi Office						(5,854.91)				(5,854.91)
Counselling						(12,937.40)				(12,937.40)
Recreation and Student Activity						(8,308.30)				(8,308.30)
Health Services						(9,726.24)				(9,726.24)
Student Life						(227.90)				(227.90)
Security Office						(13,219.34)				(13,219.34)
Maintenance						(130,408.65)				(130,408.65)
Residence Hall						(11,467.60)				(11,467.60)
CTEC	(135,809.34)					(26,150.09)				(161,959.43)
Chuuk Campus	(79,274.82)					(31,919.84)				(111,194.66)
Kosrae Campus	(71,167.94)					(24,933.58)				(96,101.52)
Yap Campus	(51,139.58)					(45,107.22)				(96,246.80)
FMI		(16,825.20)								(16,825.20)
BOR			(3,383.08)							(3,383.08)
Public Health				(2,025.57)						(2,025.57)
CRE					(95,572.99)					(95,572.99)
Other Grants							(179,357.13)	(251,288.54)		(430,645.67)
Total	(672,713.64)	(16,825.20)	(3,383.08)	(2,025.57)	(95,572.99)	(538,813.74)	(179,357.13)	(251,288.54)	-	(1,329,334.22)
Operating Income (loss)	**4,345,825.36**	**833,174.80**	**116,616.92**	**247,974.43**	**1,916,493.01**	**7,061,034.26**	**875,000.56**	**1,273,442.21**	**-**	**17,100,207.22**