

College of Micronesia-FSM

Financial Report to the Board of Regents

as of February 28, 2026

I. Executive Summary

As of February 28, 2026, the College of Micronesia–FSM (COM-FSM) continues to demonstrate a sound and stable financial position. The approved operating budget for Fiscal Year 2026 is \$11.618 million, with personnel services accounting for the largest share at approximately 80 percent of total expenditures. This level of investment supports a workforce of more than 400 faculty and staff members, including both regular and special contract employees, and reflects the College’s commitment to maintaining instructional and administrative capacity.

During the reporting period, the College received an additional allocation of Compact funding amounting to \$1.0 million. Of this total, \$100,000 was designated to support student athletics and co-curricular activities. The remaining \$900,000 was equitably distributed among various departments to address operational priorities and programmatic requirements. Consequently, this funding has increased the total operating budget to **\$12.618** million.

The College continues to advance its long-term financial sustainability through disciplined stewardship of its Endowment Fund and Cash Reserves Fund. As of February 28, 2026, the Endowment Fund balance reached approximately \$15.368 million, representing an increase of \$847,000 since October 31, 2025. This growth reflects favorable investment performance and adherence to prudent financial management practices. Concurrently, the Cash Reserves Fund remains at a strong level of \$3.092 million, providing sufficient liquidity to cover approximately three to four months of operating expenditures. This reserve capacity ensures the College’s ability to meet payroll and sustain essential operations in the event of delays in external funding or other unforeseen contingencies.

In aggregate, the College’s operating budget, continued growth in endowment assets, and adequate reserve levels underscore a solid and resilient financial foundation. Nevertheless, the institution must remain vigilant in addressing emerging fiscal pressures, including escalating personnel costs, rising utility expenses, and ongoing dependence on external grant funding. These factors

necessitate continued monitoring and strategic financial planning to ensure long-term institutional sustainability.

II. Budget

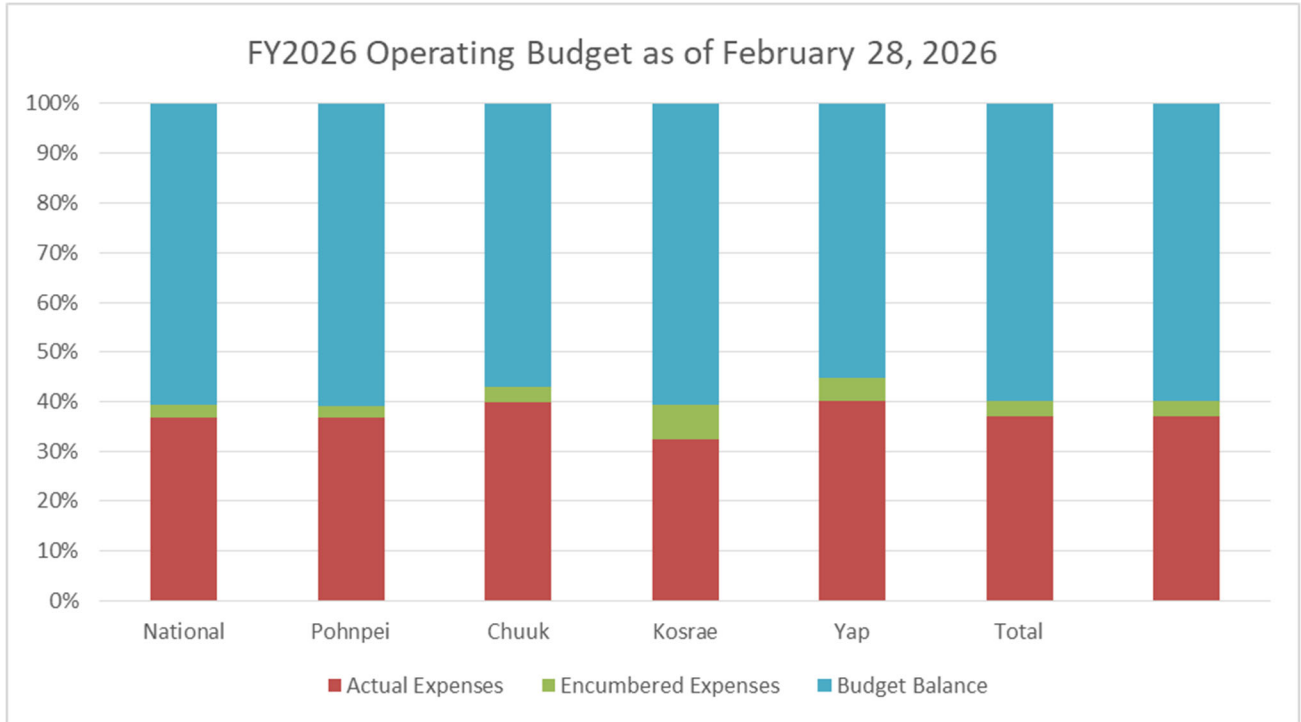
A. FY2026 Operating Budget as of February 28, 2026

| Campus | Approved Budget | Actual Expenses | Encumbered Expenses | Actual & Encumbered | Budget Balance | % |
|----------|-----------------|-----------------|---------------------|---------------------|----------------|-----|
| National | 8,031,483 | 2,965,470 | 209,675 | 3,175,145 | 4,856,338 | 60% |
| Pohnpei | 1,779,717 | 654,336 | 42,346 | 696,682 | 1,083,035 | 61% |
| Chuuk | 1,297,173 | 519,697 | 37,700 | 557,398 | 739,776 | 57% |
| Kosrae | 806,605 | 261,451 | 56,806 | 318,257 | 488,348 | 61% |
| Yap | 703,408 | 282,959 | 32,316 | 315,275 | 388,133 | 55% |
| Total | 12,618,386 | 4,683,914 | 378,842 | 5,062,756 | 7,555,630 | 60% |
| | | 37% | 3% | 40% | 60% | |

As of the current reporting period, total institutional expenditures, including encumbrances, amount to \$5.063 million, representing 40 percent of the total approved system-wide budget of \$12.618 million. This reflects a remaining budget balance of \$7.556 million, or 60 percent, indicating that overall spending is within expected levels at this point in the fiscal year.

At the campus level, the National Campus has utilized \$3.175 million, or 40 percent of its approved budget of \$8.031 million, leaving a remaining balance of \$4.856 million (60 percent). The Pohnpei Campus reports total expenditures and encumbrances of \$696,682, equivalent to 39 percent of its \$1.780 million budget, with a remaining balance of \$1.083 million (61 percent). The Chuuk Campus has expended and encumbered \$557,398, or 43 percent of its \$1.297 million budget, leaving a balance of \$739,776 (57 percent). Similarly, the Kosrae Campus has recorded total expenditures and encumbrances of \$318,257, or 39 percent of its \$806,605 budget, with a remaining balance of \$488,348 (61 percent). The Yap Campus reports utilization of \$315,275, representing 45 percent of its \$703,408 budget, and a remaining balance of \$388,133 (55 percent).

Overall, expenditure trends across all campuses remain within acceptable levels and align with budgetary expectations for the period. The College will continue to practice fiscal discipline and ensure that resources are effectively managed across all campuses.



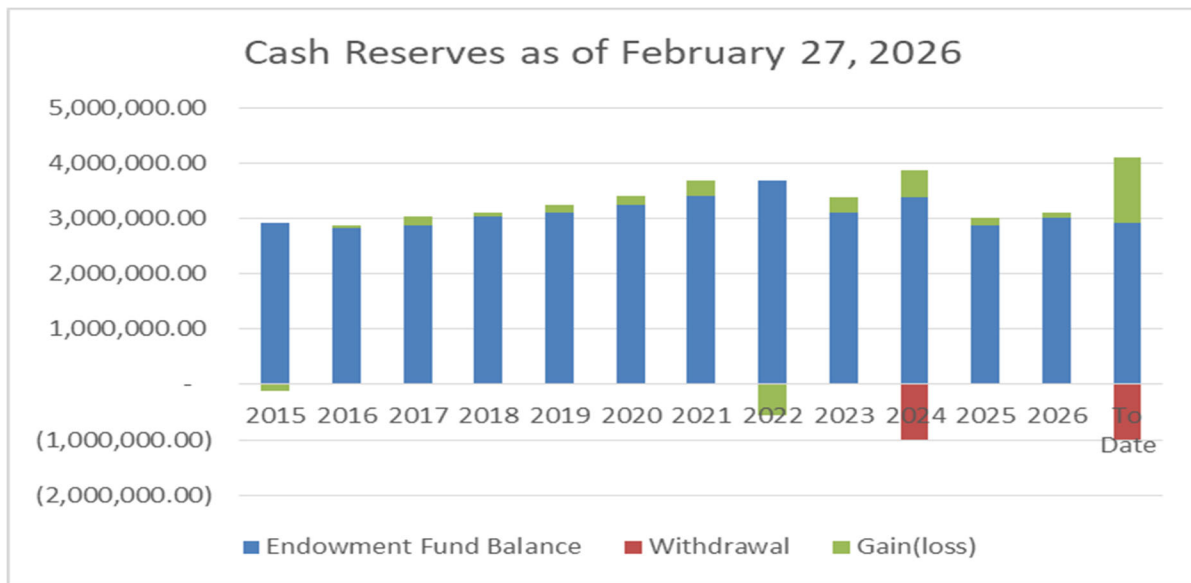
B. Board of Regents Budget as of February 28, 2026

| BOR | Approved Budget | Actual Expenses | Encumbered Expenses | Actual & Encumbered | Budget Balance | % |
|----------------------|-----------------|-----------------|---------------------|---------------------|----------------|------------|
| Travel | 60,000 | 14,363 | 27,616 | 41,979 | 18,021 | 30% |
| Contractual Services | 30,000 | 6,026 | - | 6,026 | 23,975 | 80% |
| Miscellaneous | 15,000 | 772 | - | 772 | 14,228 | 95% |
| Fund Raising | 15,000 | - | - | - | 15,000 | 100% |
| Total | 120,000 | 21,161 | 27,616 | 48,777 | 71,223 | 59% |
| | | 18% | 23% | 41% | 59% | |

The BOR expenditure also remains within acceptable limits and aligns with budgetary expectations within the reporting period.

III. Investments Balance as of February 27, 2026

A. Cash Reserves



(see Appendix 1 for detailed amount)

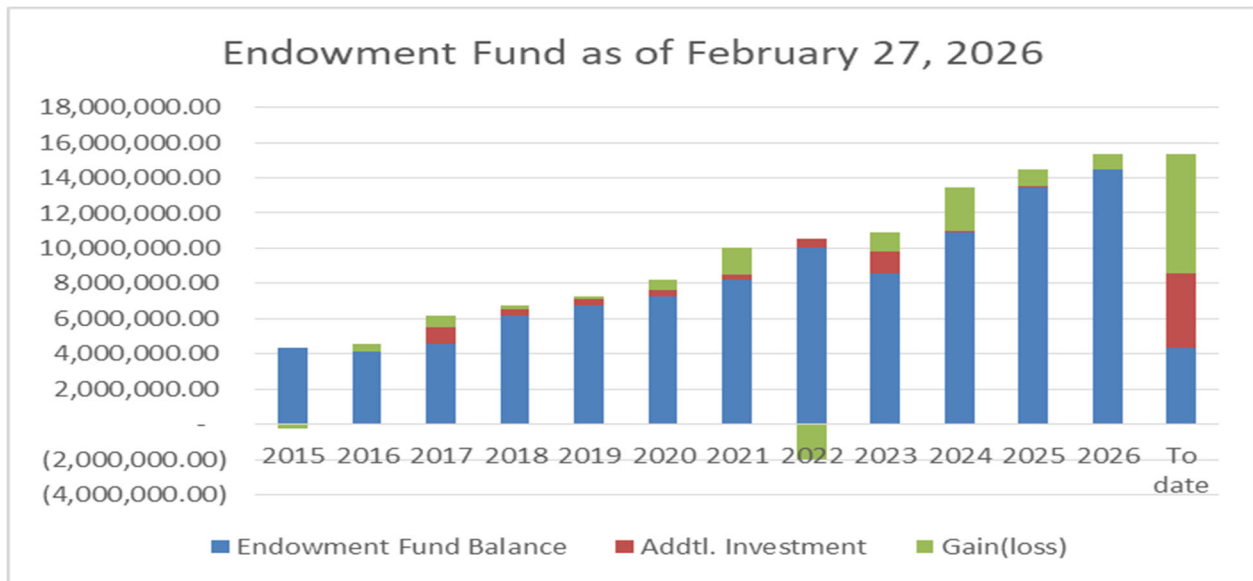
The Cash Reserves have remained relatively stable from 2015 through February 27, 2026, maintaining an average base balance of approximately \$2.8 million to \$3.7 million. Gradual growth was observed from 2016 to 2021, supported by modest gains and minimal withdrawals. However in 2022, the reserves experienced increased volatility causing investment losses in the amount of \$566 thousands. Notably, in 2024, a significant \$1 million withdrawal was made to address the cash flow problem of the college. Despite these fluctuations, the overall cash reserve level has been sustained near the \$3.0 million range, indicating prudent liquidity management. The recent trend suggests a more active utilization of reserves, balanced by investment performance, to support operational or strategic funding needs while maintaining financial stability.

In support of the strategic priority of **Access**, the reserves ensure the timely payment of payroll and essential operating expenses, enabling the uninterrupted delivery of instruction and student services despite potential delays in government appropriations or grant funding.

Aligned with **Innovation**, the reserves are maintained in secure, interest-bearing accounts and managed under a prudent investment strategy that emphasizes capital preservation, liquidity, and modest returns, ensuring both financial stability and sustainability.

Most importantly, the reserves reinforce the College’s commitment to **Resilience**, providing a financial buffer against unforeseen challenges. With sufficient liquidity to sustain operations for approximately three to four months, the College is well-positioned to maintain stability, protect core functions, and uphold its educational mission.

B. Endowment Fund



(see Appendix 1 for detailed amount)

The Endowment Fund has demonstrated sustained growth and financial resilience from 2015 through February 27, 2026. The fund balance increased steadily from approximately \$4.0 million in 2015 to over \$10.0 million by 2021, reflecting consistent accumulation with limited reliance on additional investments. In 2022, the fund experienced a temporary decline due to a market loss of \$1.975 million. The fund recovered strongly in subsequent years, with significant gains recorded from 2023 through 2026, bringing the total value to over \$15.0 million. The “to-date” figures indicate a shift in fund composition, characterized by increased additional investments and higher market gains. Overall, the Endowment Fund remains financially robust, with recent performance highlighting the growing

contribution of investment returns and a more active investment strategy in supporting long-term sustainability.

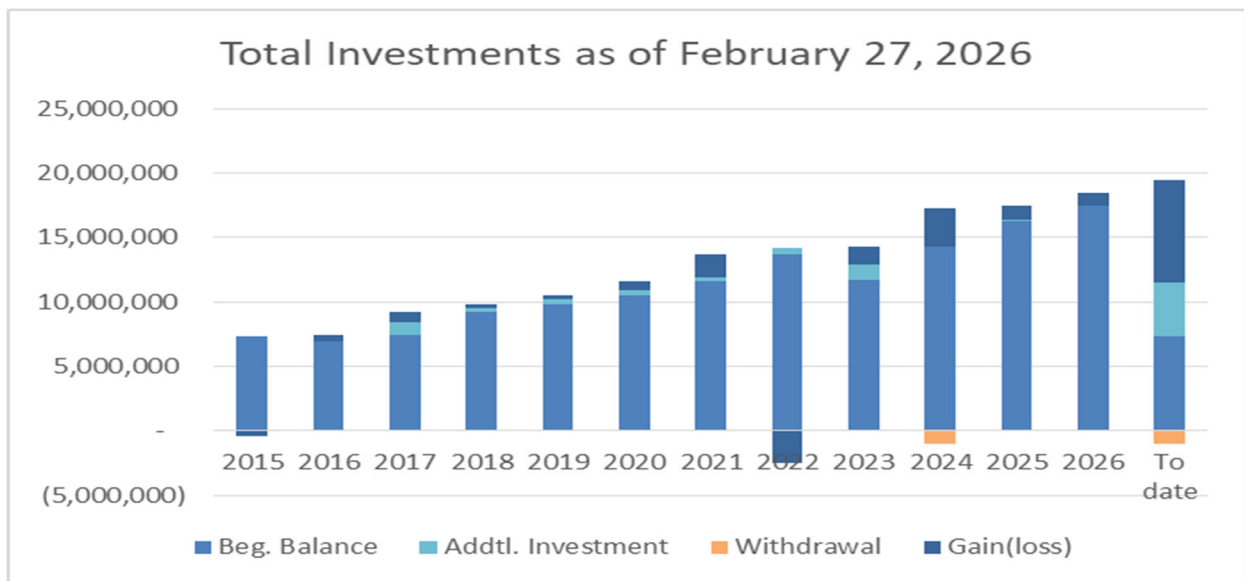
The Fund is maintained strictly as a long-term investment vehicle and is not utilized for short-term operational requirements. Managed in accordance with Board of Regents–approved investment policies, it has continued to demonstrate stability and growth despite market volatility, underscoring prudent oversight and effective resource management.

This strategic approach advances the College’s priority of **Resilience** by enhancing its capacity to withstand fiscal uncertainties and reducing dependence on external funding sources. It further supports **Access** by establishing a foundation for future scholarships, affordability initiatives, and programmatic investments that will expand educational opportunities throughout the Federated States of Micronesia.

Looking ahead, the College remains committed to the continued growth of the Endowment Fund through targeted fundraising initiatives, strengthened alumni engagement, and strategic partnerships with philanthropic organizations. These efforts reflect an emphasis on **Innovation** and the development of sustainable, diversified revenue streams.

In sum, the Endowment Fund represents a strategic and enduring investment in the College’s future, reinforcing institutional stability and ensuring its continued ability to deliver accessible, high-quality, and relevant higher education nationwide.

C. Total Investments



The College’s total investments amount to \$18,460,189.46, representing the combined balances of the Cash Reserves Fund and the Endowment Fund. This consolidated position reflects a strong and strategically managed financial portfolio that underpins both the College’s immediate operational requirements and its long-term financial sustainability objectives.

The Cash Reserves Fund serves as a critical source of liquidity, ensuring the timely fulfillment of payroll and other essential operating obligations, while providing a safeguard against potential delays in external funding and unforeseen financial contingencies. In contrast, the Endowment Fund is maintained as a long-term investment asset, preserved and managed in accordance with Board of Regents–approved policies to promote capital growth and reinforce the institution’s financial capacity over time.

Collectively, these funds exemplify disciplined financial stewardship and a balanced investment approach that emphasizes liquidity, capital preservation, and sustainable growth. This robust investment position strengthens the College’s ability to sustain operations, advance strategic priorities, and ensure the continued delivery of accessible, high-quality education throughout the Federated States of Micronesia.

IV. FY2024 Audit Status – Completed January 29, 2026

FY2025 Audit - will start April 2026

V. Cash Balance (Feb. 27, 2026)

| | | |
|-------------------------------------|--------------|--------------------------|
| Cash Balance -Feb 28, 2026 | | 2,027,680.61 |
| Receivable - FSM Govt | | 698,407.32 |
| Receivable - Federal & Other Grants | | 219,746.08 |
| Receivable - Land Grant | | <u>129,497.51</u> |
| Total | | 3,075,331.52 |
| Expenses: | | |
| Estimated Payroll until May 2026 | 2,277,923.00 | |
| Approved PO for Payment | 314,844.11 | |
| | | <u>(2,592,767.11)</u> |
| Cash Balance | | <u><u>482,564.41</u></u> |

As of the reporting date, the College maintains a sufficient cash position to fully cover operating expenses for March, April, and May 2026. This level of liquidity ensures the uninterrupted payment of payroll, the fulfillment of essential operational obligations, and the continuous delivery of instructional programs and student services across all campuses. The College's strong cash position reflects prudent financial management and reinforces its capacity to sustain operations independently of potential delays in external funding or unforeseen fiscal contingencies.

VI. Statement of Projected Revenue and Actual Expenditure as of February 28, 2026

| College of Micronesia-FSM | | | | | | | | | | | | |
|--|-------------------------------------|-------------------------------|-------------------------------|---|------------------|--------------------------|--------------------------|---------------------------------|------------------|--------------------|------------|--|
| Revenues and Expenditures Report | | | | | | | | | | | | |
| Fiscal Year 2026 | | | | | | | | | | | | |
| As of February 28, 2026 | | | | | | | | | | | | |
| | FSM Appropriation (operation) | FSM Appropriation (FMI) | FSM Appropriation (BOR) | FSM Appropriation (Public Health) | CRE | Federal Grants (Pell) | Federal Grants (Trio) | Federal Grants (FSEOG & FWS) | Other Grants | Total | % | |
| Projected Revenue | 5,018,539 | 850,000 | 120,000 | 250,000 | 2,012,066 | 7,599,848 | 1,054,358 | 368,014 | 1,110,635 | 18,383,460 | | |
| Billed | 1,629,609 | 88,060 | - | - | 539,059 | 3,521,930 | 303,189 | 110,456 | 756,579 | 6,948,880 | 38% | |
| Unbilled | 337,946 | 201,712 | 24,467 | 15,150 | 129,498 | - | 167,787 | 51,959 | - | 928,519 | 5% | |
| Received | 1,308,764 | 88,060 | - | - | 539,060 | 3,521,930 | 303,189 | 110,456 | 652,938 | 6,524,397 | 35% | |
| % Received | 26% | 10% | 0% | 0% | 27% | 46% | 29% | 30% | 59% | | 35% | |
| Actual Expenditures: | | | | | | | | | | | | |
| Office of the President | | | | | | (191,169) | | | | (191,169) | | |
| IRPO | | | | | | (5,934) | | | | (5,934) | | |
| Human Resources Office | | | | | | (72,502) | | | | (72,502) | | |
| Institutional Advancement Office | | | | | | (64,819) | | | | (64,819) | | |
| Business Office | | | | | | (140,473) | | | | (140,473) | | |
| Office of Procurement and Property Management | | | | | | (119,989) | | | | (119,989) | | |
| VP for Innovation and Sustainability | | | | | | (88,164) | | | | (88,164) | | |
| VP for Instructional Affairs | (315,174) | | | | | (25,714) | | | | (340,888) | | |
| Social Science Department | (74,488) | | | | | (6,556) | | | | (81,044) | | |
| Education Department | (108,782) | | | | | (5,712) | | | | (114,494) | | |
| Business and Accounting Depa | (107,845) | | | | | (16,800) | | | | (124,645) | | |
| Math and Science Department | (211,163) | | | | | (15,372) | | | | (226,534) | | |
| LanLit Department | (99,633) | | | | | (9,973) | | | | (109,606) | | |
| Public Health | (28,184) | | | | | (7,082) | | | | (35,266) | | |
| VP for Institutional Effectiveness and Quality Assurance | | | | | | (77,460) | | | | (77,460) | | |
| Learning Resource Center | (73,567) | | | | | (37,661) | | | | (111,228) | | |
| CMO | | | | | | (8,147) | | | | (8,147) | | |
| WDO | | | | | | (2,556) | | | | (2,556) | | |
| Information and Technology Department | | | | | | (122,783) | | | | (122,783) | | |
| VP for Enrollment and Student Services | | | | | | (121,112) | | | | (121,112) | | |
| Office for Admission and Records | | | | | | (68,809) | | | | (68,809) | | |
| Financial Ad Office | | | | | | (37,162) | | | | (37,162) | | |
| Counseling | | | | | | (46,422) | | | | (46,422) | | |
| Recreation and Student Activity | | | | | | (27,330) | | | | (27,330) | | |
| Health Services | | | | | | (20,984) | | | | (20,984) | | |
| Student Life | | | | | | (18,513) | | | | (18,513) | | |
| Security Office | | | | | | (79,351) | | | | (79,351) | | |
| Maintenance | | | | | | (542,209) | | | | (542,209) | | |
| Residence Hall | | | | | | (70,759) | | | | (70,759) | | |
| CTEC | (407,065) | | | | | (289,617) | | | | (696,682) | | |
| Chuuk Campus | (256,961) | | | | | (405,227) | | | | (662,188) | | |
| Kosrae Campus | (151,809) | | | | | (166,448) | | | | (318,257) | | |
| Yap Campus | (132,885) | | | | | (182,391) | | | | (315,275) | | |
| FMI | | (289,772) | | | | | | | | (289,772) | | |
| BOR | | | (24,467) | | | | | | | (24,467) | | |
| Public Health | | | | (15,150) | | | | | | (15,150) | | |
| CRE | | | | | (668,556) | | | | | (668,556) | | |
| Other Grants | | | | | | | (470,976) | (162,415) | (576,432) | (1,209,822) | | |
| Total Actual Expenditures | (1,967,555) | (289,772) | (24,467) | (15,150) | (668,556) | (3,095,202) | (470,976) | (162,415) | (576,432) | (7,270,525) | 40% | |
| Projected Revenue not yet Expended | 3,050,984 | 560,228 | 95,533 | 234,850 | 1,343,510 | 4,504,646 | 583,382 | 205,599 | 534,203 | 11,112,935 | 60% | |

(see Appendix 2 for detailed amount)

As of February 28, 2026, the College of Micronesia-FSM has received **35% of its projected revenue** for the fiscal year, totaling **\$6.52 million** out of **\$18.38 million** projected revenue. Major sources of revenue include Federal Grants (Pell) at **\$3.52 million and FSM Appropriation (Operation) at \$1.31 million**. Other Grants have the highest collection rate at **59%**.

Total expenditures to date are **\$7.27 million**, representing **40% of projected revenues**. The College shows a **strong operating position**, indicating efficient management of resources relative to revenues collected. The college spending is within its approved budget and projected revenue collection as of the reporting period.

VII. Auxiliary Services

A. Bookstore Operation

A.1 Bookstore Website and online payment system - <https://store.comfsm.edu.fm/login>

A.2 Transition to Digital Resources

A.3 Facilitate the transition to a unified college bookstore, encompassing both the range of items offered and the overall physical presentation.

A.4 The bookstore manager has been awarded a travel grant by the National Association of College Stores (NACS) Foundation to participate in the Campus Market Expo (CAMEX) 2026 Conference.

B. Dining Hall Operation

B.1 Assistance was received from CFE for the acquisition of an industrial chiller intended for the storage of locally produced goods.

B.2 Enhance operational strategies to address the rising operational costs and the declining number of students residing in the Residence Hall.

- Manpower training
- Stock monitoring to avoid losses
- Expand services by offering catering to college and non-college activities
- Menu improvement by using more locally produced vegetables

VIII. Business Office

A. Staff Training – CRE Accountant Zsannette Wichap attended NERAOC conference

- Accountant V Angelica Festijo attended the UNICEF training

- Comptroller Roselle Togonon together with VP Delihna Ehmes and Institution Researcher Malintha Perera attended the training for Compact Funding Reporting

B. To mitigate the staff shortage, the office hired Business Administration major students under special contracts.

- 4 special contracts

C. A total of 301 employees, equivalent to 87.5%, received the full adjustment of 10%.

D. As of February 28, 2026, a total of \$2,326,721 in Pell Grant awards was processed. Additionally, a sum of \$946,730.63 was disbursed to students in the form of refunds.

